



May 13, 2010

Mr. Alan Rosenzweig, Assistant County Administrator
Leon County Courthouse
301 S Monroe St.
Tallahassee, FL 32301

Dear Mr. Rosenzweig;

Attached please find a request for payment to the City of Tallahassee in the amount of \$156,250. This payment is associated with the Delta Revenue Guaranty agreement. As you will recall, in January of 2009 the City received financial support from Leon County and the State of Florida to provide a revenue guaranty to Delta Airlines for the expansion of intra-state air service at Tallahassee Regional Airport. It was understood that the shortfall would be shared 25%/25%/50% between the City, County and State of Florida, respectively.

I am enclosing copies of OAG Aviation Solutions, the City's Air Service Consultant, Review of Delta Air Lines' Final Report relative to the Delta Revenue Guaranty Agreement indicating a total revenue shortfall amount of \$625,000. In accordance with the referenced Agreement, the Revenue Shortfall Payment is due within 45 days of receipt of Delta's Final Report, which was received April 29, 2010. This obligates payment to Delta Air Lines by June 13, 2010. The OAG Report, in addition to their Review, contains Delta's Final Report, Supplemental Data from Delta, and Agreement and associated Amendment.

Should you have any questions please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Raoul A. Lavin".

Raoul A. Lavin, Director
Department of Management & Administration

Enc: OAG Delta Revenue Guaranty Report

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City Auditor

GIL D. ZILFER
Commissioner



**TALLAHASSEE REGIONAL AIRPORT
AVIATION DEPARTMENT**

(850) 891-7802

MEMORANDUM

TO: Raoul Lavin, Director of Management and Administration
FROM: Kenneth M. Austin, Director of Aviation
DATE: May 5, 2010
SUBJECT: Delta Revenue Guaranty Agreement No. 998853
Revenue Shortfall Payment (\$625,000)

The City entered into the Subject Agreement to provide air service from Tallahassee to Fort Lauderdale, Orlando and Tampa. The Agreement provided Delta with a revenue shortfall guaranty not to exceed \$1.5 million. The Agreement was later amended to terminate the Tampa and Orlando service because of poor performance as of August 31, 2009. The Amendment limited the shortfall guaranty to \$625,000 through August 31, 2009, and the shortfall for the Fort Lauderdale service for the balance of the Agreement to \$306,250.

The City under this Agreement is obligated to pay Delta the revenue shortfall due within 45 days of receipt of Delta's Final Report. The City received Delta's Final Report on April 29, 2010. The Report indicates the amount payable to Delta for the service through August 31, 2009 is \$625,000 and no payment is due for the balance of the service through March 31, 2010.

In accordance with the Agreement, the City is obligated to pay the \$625,000 to Delta by June 13, 2010. Delta has indicated they will be invoicing the City shortly. It is our understanding that the City Commission has authorized your Office to provide funding for this obligation. Accordingly, once Delta's invoice is received it will be forwarded to your office for payment.

Further, the City solicited and received financial support from Leon County and the State of Florida, for which it was understood that the parties would share the shortfall 25%/25%/50% between the City, County and State, respectively.

The City engaged OAG Aviation Solutions, the City's Air Service Consultant, to review Delta's Final Report for reasonableness, for which they found it to be so.

Enclosed are a number of copies of the OAG Review to support Delta's anticipated invoice that should be shared with the parties involved in support of this Agreement. The Review includes Delta's Final Report, Supplemental Data from Delta, the Revenue Guaranty Agreement and associated Amendment.

Enclosures

cc: Anita Favors Thompson, City Manager
Jay Townsend, Assistant City Manager



Independent Review of Delta Revenue Guaranty Agreement
May 5, 2010

Background

The City of Tallahassee entered into a one-year Revenue Guaranty Agreement with Delta Air Lines for service from Tallahassee Regional Airport (TLH) to three intra-Florida markets: Ft. Lauderdale (FLL), Orlando (MCO) and Tampa (TPA). The service began April 1, 2009 and was operated by Delta Connection carrier Mesaba, using 32-seat Saab 340 turboprop aircraft.

The agreement was structured around a minimum revenue per flight, which varied based on the stage-length of each market served. At the end of the revenue guaranty period, the agreement stated that Delta would calculate the cumulative surplus/shortfall for all three markets. The City of Tallahassee would then be responsible for any shortfall up to \$1.5 million. In order to cover the costs of this agreement, the City formed a consortium with Leon County and the State of Florida. The consortium agreed that the costs would be split 25%/25%/50% between the City, County and State, respectively.

Minimum Revenue Per Flight	
Ft. Lauderdale (FLL)	\$3,500
Orlando (MCO)	\$2,850
Tampa (TPA)	\$2,750

During the first three months of service, the City closely monitored the performance of the routes and observed significant shortfalls on the Orlando and Tampa segments. The City brought the issue to the attention of its consortium partners, who in turn presented the findings to Delta. Both parties agreed to modify the contract as of September 1, 2009, at which time the Orlando and Tampa services were eliminated. The maximum amount payable by the City was revised to \$625,000 for the first 5-month period and \$306,250 for the remaining 7 months. Additionally, Delta elected to upgrade the Ft. Lauderdale service to a 50-seat CRJ 200 regional jet. Because this decision was made outside of the agreement, no additional minimum revenue was required.

The shortfall reported by Delta for the first 5 months of service totaled \$1,407,903 and thus the City of Tallahassee owes the maximum payable amount of \$625,000. The changes to the agreement proved favorable for TLH and its passengers. Following upgrade to the regional jet, TLH-FLL traffic grew by more than 40 percent. This resulted in a surplus of \$1,126,212 for the second part of the agreement. OAG has been asked to conduct a review of the figures in order to determine the reasonableness of Delta's calculations.

Delta plans to continue its TLH-FLL service, but will be reduced its frequency to one daily flight as of April 7, 2010. OAG believes that Delta will likely increase its frequency during peak periods, including the Florida legislative session.

Delta Monthly Summary Reports and Data Structure

Delta provided monthly summary reports throughout the guaranty period. The summary reports included origin and destination (O&D) data as well as on-board passenger and revenue figures, which were used to calculate the surplus/shortfall. The O&D data was provided from

Delta's preliminary data set, which is fed from the passenger ticket database. Internally, Delta utilizes this data to monitor traffic flows, however, due to incomplete ticket information, irregular operations, incomplete ticket reissue data and other factors, Delta does not consider this dataset to be comprehensive. For this reason, Delta scrubs the ticket revenue information in a process utilizing the passenger manifest records and other revenue sources to better portray the revenue information by flight segment. It is this data that is used to populate the revenue in the Flight Profitability System, which is the source of data for determining the average revenue per flight for markets, as well as what is used for the formal revenue guaranty tracking.

Review

OAG conducted its review in two steps as outlined below. Because no payment was due for the second part of the agreement, this review focuses on the first five month period from April to August 2009.

Step 1 - Review of Delta Calculations and Summary Reports

OAG requested two sets of data to supplement the monthly summary reports and verify that the information provided by Delta was complete and reasonable. The first set of information was a comparison of passengers travelling in the local market versus connecting¹, necessary to verify that revenues for both types of passengers were included in Delta's calculations per specifications in the guaranty agreement. A summary of this information is provided in the table below.

April - August 2009 Local vs. Connecting								
Market	Passengers				Revenue			
	Local	Connecting	Total	Local %	Local	Connecting	Total	Local %
FLL	7,391	846	8,237	89.7%	\$1,347,287	\$44,558	\$1,391,846	96.8%
MCO	2,876	3,195	6,071	47.4%	\$515,619	\$171,692	\$687,310	75.0%
TPA	3,808	2,206	6,014	63.3%	\$687,495	\$100,621	\$788,115	87.2%

After verifying that both components were indeed included in the revenue calculations, OAG proceeded to confirm Delta accounted for the connecting revenue as stated in the contract. For example, 9 passengers travelled from TLH to Los Angeles via Ft. Lauderdale in April of 2009. A portion of the total revenue for these passengers was to be allocated to the TLH-FLL segment based on a formula agreed upon in the guaranty agreement. OAG conducted a random sampling of three markets and has successfully verified within a 5 percent margin that the proper allocation formula was applied.

The second set of supplemental data obtained was a breakdown of revenue by category to ensure all revenue associated with the TLH segment was included in the calculation as specified in the agreement. Delta provided revenue breakdowns using the following categories:

- Passenger Revenue - Revenue from passenger tickets
- Cargo Revenue - Revenue from freight and mail
- Partner Revenue - Non-mileage related frequent flyer partner revenue, including credit card partnerships, hotels, car rentals, etc.

¹ A connecting passenger is a passenger who purchases a ticket that includes a segment beyond TLH-FLL, TLH-MCO or TLH-TPA.

- Ticket Change Fee Revenue - Revenue from administrative service charges and cancellation fees
- Station Fee Revenue - Revenue from station charges such as baggage, upgrades, dog kennels, etc.
- Miscellaneous Revenue - Includes Sky Club revenue, charter revenue, net maintenance insourcing, material sales, web advertising revenues, Sky Magazine, unearned ticket revenue, Delta Vacations revenue, etc.

On-board sales of food and beverages are not included in Delta's revenue figures. Such sales are used to offset catering costs.

OAG has summarized the revenue by market in the table below.

April - August 2009 Revenue Breakdown by Market							
Market	Miscellaneous Revenues	Station Fee Revenue	Ticket Change Fee Revenue	Partner Revenue	Cargo Revenue	Passenger Revenue	Total Revenue
FLL	\$14,811	\$52,668	\$54,748	\$67,347	\$722	\$1,391,846	\$1,582,143
MCO	\$6,277	\$35,722	\$37,065	\$26,641	\$186	\$687,311	\$793,202
TPA	\$5,465	\$32,071	\$33,084	\$25,631	\$938	\$788,115	\$885,305

Step 2 - Validation of Traffic and Revenue Numbers

Following confirmation that Delta had accounted for traffic and revenue per the guaranty agreement, OAG began the task of validating the data with external sources. OAG compared the reports provided by Delta to public information reported by the U.S Department of Transportation (U.S. DOT) via OAG's in-house databases.

First, OAG compared the segment traffic figures with those reported in the U.S. DOT's T100 database. T100 data consists of on-board passenger counts for carriers operating between U.S. airports or between U.S. airports and international airports. Based on the strict reporting requirements of the U.S. DOT, OAG would expect the T100 data to match the data provided by Delta within a 1 percent margin of error. After reviewing the figures, OAG found zero variation from April through July and just 0.1% variation in August.

Next, OAG reviewed the average local fares provided by Delta versus average fares reported in the U.S. DOT's OD1a data sample. OD1a data is based on a 10 percent survey of all passengers traveling on U.S. carriers. Because the data is a sample of all tickets sold, OAG would expect variation of up to 5 percent. Actual variation, however,

Average Fare Comparison			
Market	Delta	DOT	Variation
FLL	\$185.60	\$184.38	-0.7%
MCO	\$179.28	\$179.85	0.3%
TPA	\$180.54	\$178.85	-0.9%

U.S. DOT data via OAG Od1a iNet; 2Q -3Q2009 Average

was less than 1 percent in each of the three intra-Florida markets.

Lastly, OAG checked the volume of ancillary revenues (i.e., revenues other than passenger ticket revenues) reported by Delta with market averages to test the reasonableness of the data. Carriers report revenue breakdowns to the U.S. DOT which are then accessible via OAG's Form41 iNet database. During the second and third quarter of 2009, Mesaba reported a

total of 86.8 percent of its revenue from passenger tickets. The data provided by Delta for the intra-Florida service indicates that 87.7% of revenues were from passenger tickets. OAG believes that this is reasonable given the short-haul, business nature of these routes. Passengers are less likely to check bags on such routes and the small aircraft used to fly them cannot handle significant freight volume, thereby increasing the share of passenger ticket revenues.

Conclusions

OAG has found no "manifest errors"² in the revenue calculations provided by Delta. Furthermore, in OAG's opinion all figures provided are reasonably aligned with external data sources. Based on this analysis, the maximum payment of \$625,000 is owed for the first five months of the agreement; however, no balance is due for the remaining seven months.

According to the agreement, payment is due forty-five (45) days after receipt of Delta's final report or by May 15, 2010, whichever is later. Delta provided the final report on April 29, 2010, thus the payment is anticipated to be due by June 13, 2010. Delta stated in its cover letter accompanying the final report that the invoice would be mailed the week of May 3, 2010.

Attachments

OAG has provided the following attachments to this review:

- 1 - Final Report provided by Delta Air Lines
- 2 - Supplemental Data provided by Delta Air Lines
*Local versus Connecting Passengers and Revenues
Revenue Breakdown by Market*
- 3 - Revenue Guaranty Agreement
- 4 - Amendment to Revenue Guaranty Agreement

² "Manifest Errors" is a term used in the Revenue Guaranty Agreement to refer to apparent, evident or obvious errors.

Attachment 1 - Final Report provided by Delta Air Lines

Tallahassee Revenue Guarantee 2009/2010

Confidential

Contract Period: April 1, 2009 - August 31, 2009
 Equipment: Saab SF-3
 Contract Cap: \$625,000

September 1, 2009 - March 31, 2010
 Saab SF-3
 \$306,250

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Total
Tallahassee - Fort Lauderdale (TLH-FLL)						
Minimum Revenue per Flight	3,500	3,500	3,500	3,500	3,500	
Operations	101	104	104	107	101	517
Passengers	1,723	1,776	1,698	1,523	1,540	8,260
Actual Revenue	373,398	351,558	324,998	262,759	282,560	1,595,273
Minimum Revenue	353,500	364,000	364,000	374,500	353,500	1,809,500
Surplus / Shortfall	19,898	(12,442)	(39,002)	(111,741)	(70,940)	(214,227)
Tallahassee - Orlando (TLH-MCO)						
Minimum Revenue per Flight	2,850	2,850	2,850	2,850	2,850	
Operations	102	104	101	106	103	516
Passengers	1,027	1,211	1,595	1,289	949	6,071
Actual Revenue	153,081	167,962	186,007	156,018	132,672	795,739
Minimum Revenue	290,700	296,400	287,850	302,100	293,550	1,470,600
Surplus / Shortfall	(137,619)	(128,438)	(101,843)	(146,082)	(160,878)	(674,861)
Tallahassee - Tampa (TLH-TPA)						
Minimum Revenue per Flight	2,750	2,750	2,750	2,750	2,750	
Operations	96	101	102	108	105	512
Passengers	1,196	1,169	1,157	1,376	1,124	6,022
Actual Revenue	185,866	169,474	190,053	182,578	161,215	889,185
Minimum Revenue	264,000	277,750	280,500	297,000	288,750	1,408,000
Surplus / Shortfall	(78,134)	(108,276)	(90,447)	(114,422)	(127,535)	(518,815)
Total Surplus / Shortfall						(374,029,909)

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Total
Minimum Revenue per Flight	3,500	3,500	3,500	3,500	3,500	3,500	3,500	
Operations	118	124	96	110	104	101	124	777
Passengers	1,957	3,400	2,811	2,613	2,794	2,294	2,920	18,789
Actual Revenue	389,055	586,523	560,979	499,675	600,858	525,443	683,178	3,845,712
Minimum Revenue	413,000	434,000	336,000	385,000	364,000	353,500	434,000	2,719,500
Surplus / Shortfall	(23,945)	152,523	224,979	114,675	236,858	171,943	249,178	1,126,212

Maximum Payable for Apr1 - Aug31
 Total Payable for Apr1 -Aug31

\$625,000
 \$ 625,000

Maximum Payable for Sep1 - Mar31
 Total Payable for Sep1 - Mar31

\$306,250
 \$ -

Cumulative Payable to Delta through March 2010

\$ 625,000

Apr-09		May-09		Jun-09		Jul-09		Aug-09		Sep-09		Oct-09		Nov-09		Dec-09		Jan-10		Feb-10		Mar-10			
Page	Revenue																								
FLITLH 1,694	219,433	FLITLH 1,721	244,518	FLITLH 1,627	224,419	FLITLH 1,248	219,318	FLITLH 1,285	223,254	FLITLH 1,179	227,227	FLITLH 2,283	472,314	FLITLH 2,466	447,233	FLITLH 2,174	399,182	FLITLH 2,436	487,555	FLITLH 2,119	418,345	FLITLH 2,633	574,407		
LACTLH 1,168	3,236	JFKTCLH 20	2,166	PRKTLH 59	3,816	LGATLH 211	19,448	LGATLH 119	11,143	LGATLH 81	8,248	JFKTCLH 228	26,977	JFKTCLH 192	28,997	JFKTCLH 195	19,431	LGATLH 98	10,116	LGATLH 11	6,205	LGATLH 13	11,143		
NWHTLH 1,168	1,168	LACTLH 4	1,433	LACTLH 44	14,313	JFKTCLH 49	6,613	LACTLH 21	2,494	JFKTCLH 22	2,494														
JFKTCLH 3	1,398	CVGTCLH 7	1,398	CVGTCLH 4	654	CVGTCLH 15	1,945	PRKTLH 4	249	CVGTCLH 10	1,325	LACTLH 27	2,261	LACTLH 21	9,118	CVGTCLH 23	2,461	LACTLH 18	8,976	WFTLH 24	2,115	WFTLH 25	3,575		
SWHTLH 2	1,172	ROTLH 7	1,416	ROTLH 4	1,742	SWHTLH 3	588	PRATLH 4	1,774	JFKTCLH 8	484	CVGTCLH 10	2,094	CAETLH 4	2,239	LACTLH 19	4,313	FLPSTL 10	1,812	WHTLH 12	2,477	WHTLH 16	4,518		
DENTLH 2	248	SHHTLH 3	388	LGATLH 4	-	DVTLH 3	412	DTWTLH 3	374	SHHTLH 3	374														
SHHTLH 1	1,815	DTWTLH 3	439	AGTTLH 3	1,483	BOHTLH 2	134	BTWTLH 1	643	PRKTLH 2	1,810	WHTLH 4	1,352	WHTLH 2	936	ALHTLH 2	819	BOHTLH 3	450	FLPSTL 5	2,409	CVGTCLH 11	2,511		
TUPTLH 1	224	DPWTLH 3	499	TLHPYH 3	1,261	CAETLH 2	475	CVGTCLH 3	294	SEATLH 2	1,248	DCATLH 4	1,919	TLHPYH 2	487	WHTLH 2	954	FLPSTL 5	2,217	CVGTCLH 5	188	FLPSTL 8	3,078		
TUPTLH 1	535	MONLH 2	135	NOHTLH 1	454	TLHPYH 2	915	NOHTLH 3	323	PLSTLH 2	408	WHTLH 4	1,467	TLHPYH 2	547	CRATLH 2	174	CLPSTL 3	2,217	CVGTCLH 5	188	FLPSTL 8	3,078		
TUPTLH 1	364	CAETLH 2	833	NWHTLH 2	2,453	MSPTLH 2	-	CAETLH 2	314	NOHTLH 2	194	NOHTLH 3	807	NOHTLH 1	549	ARCTLH 2	719	CVGTCLH 5	831	FLPSTL 4	219	DTWTLH 7	637		
CVGTCLH 1	328	LGATLH 2	156	ATLH 2	376	EDITLH 2	208	EDITLH 1	1,181	ICHTLH 1	940	SAHTLH 3	831	DELTLH 1	-	DCATLH 1	177	FLPSTL 5	1,498	FLPSTL 3	1,374	FLPSTL 7	597		
ATLH 1	218	TLHPYH 2	199	PLSTLH 2	-	ARHTLH 1	1,234	TLHPYH 1	-	SAHTLH 1	-	NOHTLH 1	2,408	NOHTLH 1	343	SEATLH 1	318	DEPTLH 4	2,132	HWFTLH 3	234	DCATLH 4	1,722		
FOTLH 1	141	SWFTLH 2	794	OPWTLH 2	327	WHTLH 1	133	TLHPYH 1	-	SEATLH 1	-	WHTLH 2	1,810	TLHPYH 1	440	SEATLH 1	82	ATLH 4	814	FLPSTL 2	716	FLPSTL 4	2,827		
CVGTCLH 1	328	LGATLH 2	156	ATLH 2	376	EDITLH 2	208	EDITLH 1	1,181	ICHTLH 1	940	SAHTLH 3	831	DELTLH 1	-	DCATLH 1	177	FLPSTL 5	1,498	FLPSTL 3	1,374	FLPSTL 7	597		
OPWTLH 1	101	PLSTLH 1	51	TLHPYH 1	772	SPOTLH 1	353	CAETLH 1	560	-	-	WHTLH 1	641	WHTLH 2	1,119	TLHPYH 1	45	FLPSTL 3	1,248	FLPSTL 2	143	BTWTLH 3	584		
LAHTLH 1	-	HWFTLH 1	694	BOHTLH 1	-	SWHTLH 1	228	CAETLH 1	218	SWHTLH 1	218														

Apr-09		May-09		Jun-09		Jul-09		Aug-09			
Page	O&D Revenue	Page	O&D Revenue	Page	O&D Revenue	Page	O&D Revenue	Page	O&D Revenue		
MCOTLH	578	100,617	MCOTLH	511	102,587	MCOTLH	677	116,348	MCOTLH	477	90,979
LGATLH	68	8,876	LGATLH	168	12,945	LGATLH	383	40,164	LGATLH	81	9,325
BOSTLH	65	7,253	JFKTLH	65	7,462	BOSTLH	121	12,844	BOSTLH	55	6,398
JFKTLH	30	4,082	CVGTLH	39	4,255	SLCTLH	58	9,840	SEATLH	75	13,017
CVGTLH	26	3,501	BDLTLH	27	5,141	SEATLH	47	10,217	CVGTLH	57	7,895
DWTLH	24	4,335	SEATLH	22	3,203	JFKTLH	46	9,724	DWTLH	46	7,602
BOSTLH	23	2,480	BOSTLH	21	3,152	CVGTLH	39	5,332	SLCTLH	39	5,645
LAXTLH	12	2,588	LAXTLH	20	3,613	DTWTLH	30	5,218	JFKTLH	35	4,857
SLCTLH	17	2,492	SLCTLH	19	3,638	BDLTLH	23	4,777	MSPTLH	24	3,217
DWTLH	8	1,903	DTWTLH	15	2,444	LAXTLH	13	1,878	HEXTLH	18	5,938
PHLTLH	7	1,476	ACCTLH	14	13,937	MSPTLH	11	1,509	BDLTLH	15	3,908
POXTLH	7	1,226	SLCTLH	10	1,154	RNOUTLH	7	1,444	ACCTLH	12	11,394
IAHTLH	6	263	DWTLH	8	1,043	SLCTLH	7	740	CIOTLH	11	2,146
LHRTLH	5	2,223	POXTLH	8	2,279	AAQTLH	6	1,017	LAXTLH	11	2,288
BWTLH	5	891	MSPTLH	7	1,546	TLHZRH	4	612	ABQTLH	9	1,251
ATLTLH	5	859	SBATLH	6	1,003	POXTLH	4	651	ANGTLH	9	3,242
ANCTLH	4	2,457	STLTLH	6	943	HEXTLH	4	1,197	BVTLH	8	1,182
SEATLH	4	2,110	GEOTLH	5	943	BRDTLH	4	822	EWKTLH	7	453
HAATLH	4	944	PHLTLH	5	1,354	ATLTLH	4	531	TLHZRH	6	1,668
MSPTLH	4	805	BZNTLH	5	580	PSCTLH	3	503	RNOUTLH	6	1,542
SBATLH	4	677	SBATLH	4	490	ALBTLH	3	599	COOTLH	6	1,056
EWKTLH	4	672	EWKTLH	4	229	SNATLH	3	876	SLCTLH	5	785
ELSTLH	3	617	GEOTLH	4	765	GEOTLH	4	555	ALBTLH	5	628
CIOTLH	3	595	OHATLH	4	958	BZNTLH	3	810	ASTLH	5	1,293
EGUHLH	3	494	IAHTLH	4	1,017	EWKTLH	3	-	AMHTLH	4	2,051
BZETLH	2	1,648	LHRTLH	4	1,009	MSNTLH	3	710	SGRTLH	4	680
GRRTLH	2	1,068	ATLTLH	3	142	IAOTLH	2	330	SBATLH	4	1,023
LSSETLH	2	814	ORFTLH	3	881	SNATLH	2	797	HFRTLH	4	690
RAPTLH	2	756	MCOTLH	3	121	BDLTLH	2	529	MSOTLH	4	1,098
DENTLH	2	702	PHLTLH	2	339	TLHYYS	2	727	LASTLH	4	568
LASTLH	2	595	BRDTLH	2	264	LWSTLH	2	540	BTMTLH	4	1,028
ELMTLH	2	510	ROCTLH	2	707	DENTLH	2	212	IAHTLH	4	731
PSPTLH	2	453	TLHYEG	2	697	GTPTLH	2	838	SHATLH	4	670
RNOUTLH	2	389	SYRTLH	2	184	LANTLH	2	568	DPWTLH	4	568
HEMTLH	2	374	AHTLH	2	258	SYRTLH	2	304	MSOTLH	4	577
ORDTLH	2	327	HEMTLH	2	546	NEMTLH	2	641	SLTLH	4	885
DCATLH	2	242	AMHTLH	2	1,032	TLHYOW	2	835	POXTLH	4	472
SANTLH	2	233	IDATLH	2	463	DCATLH	2	208	BHRTLH	4	1,563
CLETLH	2	201	PHLTLH	2	574	GRUHLH	2	307	SHATLH	4	1,803
ABQTLH	2	149	CTLTLH	2	350	BRDTLH	1	730	CRWTLH	4	548
FOCTLH	1	918	LONWTLH	2	405	GRKTLH	1	119	BOUHLH	4	513
HGKTLH	1	521	TLHYUL	2	784	MANLTLH	1	305	IDATLH	3	838
TLHYYZ	1	497	DENTLH	2	382	CHOTLH	1	120	SNATLH	3	1,104
SITLH	1	469	ALBTLH	2	558	TLHZRH	1	-	FATLH	3	1,498
RCTLH	1	423	SHPTLH	2	337	HFRTLH	1	198	CAKTLH	3	484
QUATLH	1	401	GRDHLH	2	773	ATWTLH	1	237	FATLH	3	609
LIMTLH	1	384	DCATLH	2	217	MGWTLH	1	346	GEGTLH	3	827
BISTLH	1	380	SEATLH	2	101	IAHTLH	1	-	FCATLH	3	679
URDTLH	1	340	PSPTLH	2	176	TLKQVR	1	614	DAYTLH	3	482
TLHYUL	1	313	RNOUTLH	2	435	POXTLH	1	209	PSPTLH	3	767
SFDLH	1	297	MSNTLH	2	434	ANETLH	1	107	ACCTLH	3	1,272
CMKTLH	1	283	TLHYUH	1	331	CRPTLH	1	941	TLHYYZ	3	717
BZNTLH	1	281	STXTLH	1	305	OWATLH	1	284	SANTLH	2	687
FWATLH	1	266	FNVTLH	1	211	TLHYTT	1	385	AUSTLH	2	822
AUSTLH	1	258	MSYTLH	1	397	IDATLH	1	214	PHLTLH	2	283
SKPTLH	1	232	TLHYTT	1	431	MSYTLH	1	294	TLHZRH	2	-
INDTLH	1	204	CRPTLH	1	232	AUSTLH	1	344	TLHYYS	2	396
FSDTLH	1	199	FULTLH	1	311	ORDTLH	1	332	HEMTLH	2	665
DSMTLH	1	194	FATLH	1	607	PHLTLH	1	313	CAUHLH	2	8,348
MSNTLH	1	162	CPTRLH	1	593	OPWTLH	1	118	HIATLH	2	396
PWMTLH	1	143	BRDTLH	1	416	EGUHLH	1	466	GRKTLH	2	829
BGHTLH	1	137	HGUTLH	1	169	PHATLH	1	246	TLHTOL	1	148
ALBTLH	1	111	ANCTLH	1	319	PSPTLH	1	238	MSSTLH	1	294
SBNTLH	1	107	BILLH	1	176	GRRTLH	1	232	MGWTLH	1	185
BRDTLH	1	94	GRKTLH	1	383	CAUHLH	1	-	TLHYYS	1	143
SYRTLH	1	89	TLHYUS	1	269	BWTLH	1	118	AZOTLH	1	282
STLTLH	1	82	TLHYOW	1	313	BRDTLH	1	376	OFFTLH	1	139
			LASTLH	1	1	CAUHLH	1	10	ATLTLH	1	165
			IAHTLH	1	277	STLTLH	1	178	ORDTLH	1	-
			HFRTLH	1	57	HFRTLH	1	165	PWMTLH	1	147
			ISTLH	1	155	CMHTLH	1	189	SHLTLH	1	93
			SNATLH	1	309	ATHLH	1	258	DCATLH	1	118
			TLHYEG	1	209	PROTLH	1	-	ISTLH	1	5,614
			ACVTLH	1	106	GEGTLH	1	176	DNHTLH	1	248
			CIOTLH	1	207	SMPTLH	1	395	CRPTLH	1	269
			PHLTLH	1	257	LYSTLH	1	690	MGUHLH	1	183
			CHMTLH	1	313				CHWTLH	1	284
			TLHYEG	1	327				POXTLH	1	-
			DAYTLH	1	92				TLHYQB	1	627
			AUSTLH	1	381				BDLTLH	1	279
			SNHTLH	1	224						
			TLHYRI	1	325						
			BRDTLH	1	419						
			HIATLH	1	154						
			MANLTLH	1	256						

Apr-09	O&D		May-09	O&D		Jun-09	O&D		Jul-09	O&D		Aug-09	O&D	
	Psgrs	Revenue		Psgrs	Revenue		Psgrs	Revenue		Psgrs	Revenue		Psgrs	Revenue
TLHTPA	863	149,572	TLHTPA	801	137,381	TLHTPA	889	162,182	TLHTPA	800	142,213	TLHTPA	693	125,662
LGATLH	151	16,118	LGATLH	166	15,058	JFKTLH	106	10,537	JFKTLH	419	40,907	JFKTLH	301	26,779
BOSTLH	110	13,719	JFKTLH	94	8,952	LGATLH	60	4,847	LGATLH	36	2,148	SLCTLH	40	6,685
JFKTLH	35	2,829	BOSTLH	82	10,152	SLCTLH	27	3,735	SLCTLH	32	5,632	RNODTLH	17	3,020
MIATLH	33	6,135	CVGTLH	9	1,193	RNODTLH	20	6,580	LAXTLH	13	83	EYWTLLH	9	174
TLHYYZ	4	1,349	POXTLH	6	830	SBATLH	9	1,430	FCATLH	10	2,075	GEGTLH	8	2,105
BDLTLH	3	550	ONTTLH	6	899	PWMTLH	7	1,317	BOITLH	8	2,195	LGATLH	8	720
SLCTLH	3	465	SLCTLH	5	784	DFWTLH	7	1,066	EWRTLH	8	768	CVGTLH	5	833
CRPTLH	2	1,046	DFWTLH	5	319	LAXTLH	7	-	GEGTLH	7	527	MSPTLH	4	-
SANTLH	2	785	LHRTLH	5	234	MSPTLH	5	350	MIATLH	5	653	PDXTLH	3	482
EYWTLLH	2	764	GRRTLH	3	1,012	PSCTLH	5	919	MSPTLH	5	-	FCATLH	3	742
RTBTLH	2	682	SJCTLH	3	460	CVGTLH	5	374	PSPTLH	4	859	SMFTLH	3	644
LWSTLH	2	587	ATLTLH	3	264	ONTTLH	4	817	RNODTLH	4	882	JACTLH	3	-
GEGTLH	2	484	BDLTLH	3	-	BOSTLH	4	472	MSOTLH	4	1,217	GJTLH	2	417
ATLTLH	2	229	IAHTLH	3	-	MFRTLH	4	1,481	CAKTLH	4	562	TLHYVR	2	-
STLTLH	2	211	SBATLH	3	343	BOITLH	4	634	BZNTLH	4	1,005	BTVTLLH	2	399
ELPTLH	1	490	MIATLH	2	-	KBPTLH	3	1,326	EYWTLLH	4	-	PSPTLH	2	476
TLHYEG	1	438	OAKTLH	2	223	TLHYVR	3	1,054	IAHTLH	4	360	BOITLH	2	500
TLHYVC	1	419	MHTTLH	2	381	TLHYVT	3	1,451	ELPTLH	4	1,052	EUGTLH	2	329
ISTTLH	1	396	BCNTLH	2	-	COOTLH	3	871	SMFTLH	3	488	BDLTLH	2	-
CAETLH	1	346	SBNTLH	2	705	HLNLTLLH	2	571	TLHYVR	3	303	PSCTLH	2	308
BOITLH	1	315	EDITLH	2	-	ABETLH	2	441	NCETLH	3	1,254	BGRTLH	2	166
MAFTLH	1	311	MOWTLH	2	206	EUGTLH	2	724	TLHYYZ	3	781	PWMTLH	2	277
TLHTUL	1	286	BZNTLH	2	302	MEMTLH	2	334	LHRTLH	3	970	IAHTLH	2	257
ANCTLH	1	282	EWRTLH	2	-	GEGTLH	2	592	DFWTLH	2	311	GUMTLH	2	-
BZNTLH	1	281	DCATLH	2	346	ISTTLH	2	1,155	SANTLH	2	851	STLTLH	2	216
ACVTLH	1	255	ANCTLH	2	672	SJCTLH	2	558	DUBTLH	2	578	EWRTLH	2	268
SMFTLH	1	242	SMFTLH	2	520	TLHYQB	2	1,367	STLTLH	2	208	EDITLH	2	1,129
LBRTLH	1	238	EVVTLH	1	471	LWSTLH	2	370	PDXTLH	2	333	TLHVLC	2	851
HLNLTLLH	1	222	DENTLH	1	246	IAHTLH	2	645	PWMTLH	2	142	RDMTLH	2	490
FSDTLH	1	199	SLWTLH	1	-	RIHTLH	2	281	SEATLH	2	772	POSTLH	1	187
GCMVTLH	1	199	SANTLH	1	170	SEATLH	2	562	EUGTLH	2	-	OMATLH	1	353
DENTLH	1	188	ACCTLH	1	46	POXTLH	2	592	MSNTLH	1	1,060	MSOTLH	1	265
OAKTLH	1	148	OAJTLH	1	261	EWRTLH	2	254	SJCTLH	1	289	BILTLH	1	-
BTVTLLH	1	142	CPTTLH	1	593	BGRTLH	2	365	BTMTLH	1	260	SDFTLH	1	353
ROCTLH	1	142	SATLH	1	274	SYRTLH	2	280	FATLTLH	1	300	PVDTLH	1	387
LASTLH	1	139	CAITLH	1	527	BHMTLH	1	230	ICTTLH	1	-	HYDTLH	1	482
CVGTLH	1	92	SVOTLH	1	216	HSVTLH	1	435	HAMTLH	1	494	FATLTLH	1	313
ICNTLH	1	63	CPRTLH	1	232	GRTLH	1	301	PRGTLH	1	-	GCCTLH	1	227
MFRTLH	1	-	RNODTLH	1	577	RKSTLH	1	266	ALBTLH	1	140	BZNTLH	1	1,017
FLTLH	1	-	BPTLH	1	655	MSOTLH	1	251	TLHTWF	1	310	MIATLH	1	379
CLETLH	1	-	SFOTLH	1	167	PVDTLH	1	140	HSVTLH	1	431	SJCTLH	1	220
			BOITLH	1	232	SDFTLH	1	251	CVGTLH	1	109	COOTLH	1	265
			PSPTLH	1	176	MKETLH	1	-	MLTLH	1	321	DENTLH	1	125
			ABQTLH	1	319	CRPTLH	1	-	EDITLH	1	340	LAXTLH	1	-
			FSDTLH	1	363	OTPTLH	1	364	BGRTLH	1	189	CLETLH	1	-
			JANTLH	1	328	PHLTLH	1	279	BDLTLH	1	-	DTWTLH	1	209
			CIDTLH	1	204	EYWTLLH	1	361	BWITLH	1	145	AUSTLH	1	-
			CLETLH	1	600	STLTLH	1	221	DALTLH	1	303	ONTTLH	1	139
			CAKTLH	1	-	DTWTLH	1	-	SBNTLH	1	341	JHWTLH	1	687
			LAXTLH	1	-	MHTTLH	1	495	SWFTLH	1	378	SBNTLH	1	405
			EYWTLLH	1	375	LANTLH	1	191	PHFTLH	1	297	SBATLH	1	185
			ROCTLH	1	293	TLHYYZ	1	343				CRRTLH	1	162
			TLHTUL	1	415	SANTLH	1	238				CAETLH	1	382
			GEGTLH	1	272	SFOTLH	1	193				TLHYYZ	1	318
			MFRTLH	1	263	BZNTLH	1	151						
			HVNTLH	1	466	BTVTLLH	1	-						
						EVVTLH	1	426						
						PHXTLH	1	348						
						SMFTLH	1	163						

Attachment 2 - Supplemental Data provided by Delta Air Lines

*Local versus Connecting Passengers and Revenues
Revenue Breakdown by Market*

Local vs. Connecting Passengers and Revenues

Market	Month	Passengers				Revenue			
		Local Passengers	Flow Passengers	Total Passengers	Local Pax %	Local Passenger Revenue	Flow Passenger Revenue	Total Passenger Revenue	Local Rev %
FLLTLH	200904	1,655	68	1,723	96.1%	\$ 322,857	\$ 6,135	\$ 328,992	98.1%
FLLTLH	200905	1,673	80	1,753	95.4%	\$ 295,494	\$ 4,845	\$ 300,340	98.4%
FLLTLH	200906	1,548	150	1,698	91.2%	\$ 275,323	\$ 9,673	\$ 284,996	96.6%
FLLTLH	200907	1,202	321	1,523	78.9%	\$ 216,941	\$ 13,853	\$ 230,794	94.0%
FLLTLH	200908	1,313	227	1,540	85.3%	\$ 236,672	\$ 10,052	\$ 246,724	95.9%
FLLTLH	200909	1,829	128	1,957	93.5%	\$ 336,340	\$ 6,093	\$ 342,434	98.2%
FLLTLH	200910	2,833	567	3,400	83.3%	\$ 483,393	\$ 27,240	\$ 510,633	94.7%
FLLTLH	200911	2,439	372	2,811	86.8%	\$ 468,311	\$ 19,732	\$ 488,043	96.0%
FLLTLH	200912	2,142	471	2,613	82.0%	\$ 411,291	\$ 27,352	\$ 438,643	93.8%
FLLTLH	201001	2,463	331	2,794	88.2%	\$ 497,735	\$ 27,368	\$ 525,103	94.8%
FLLTLH	201002	2,080	214	2,294	90.7%	\$ 444,764	\$ 16,434	\$ 461,198	96.4%
FLLTLH	201003	2,629	291	2,920	90.0%	\$ 589,160	\$ 19,700	\$ 608,860	96.8%
Total		23,806	3,220	27,026	88.1%	\$4,578,281	\$ 188,478	\$4,766,759	96.0%
MCOTLH	200904	582	445	1,027	56.7%	\$ 104,748	\$ 27,654	\$ 132,402	79.1%
MCOTLH	200905	628	583	1,211	51.9%	\$ 108,084	\$ 34,126	\$ 142,210	76.0%
MCOTLH	200906	681	914	1,595	42.7%	\$ 118,268	\$ 43,458	\$ 161,726	73.1%
MCOTLH	200907	506	783	1,289	39.3%	\$ 93,171	\$ 41,621	\$ 134,791	69.1%
MCOTLH	200908	479	470	949	50.5%	\$ 91,348	\$ 24,834	\$ 116,182	78.6%
Total		2,876	3195	6,071	47.4%	\$ 515,619	\$ 171,692	\$ 687,310	75.0%
TLHTPA	200904	817	379	1,196	68.3%	\$ 145,596	\$ 21,272	\$ 166,868	87.3%
TLHTPA	200905	750	419	1,169	64.2%	\$ 131,939	\$ 16,927	\$ 148,866	88.6%
TLHTPA	200906	833	324	1,157	72.0%	\$ 154,475	\$ 17,858	\$ 172,333	89.6%
TLHTPA	200907	752	624	1,376	54.7%	\$ 133,684	\$ 26,204	\$ 159,887	83.6%
TLHTPA	200908	656	460	1,116	58.8%	\$ 121,801	\$ 18,360	\$ 140,161	86.9%
Total		3,808	2206	6,014	63.3%	\$ 687,495	\$ 100,621	\$ 788,115	87.2%

Source: Delta Air Lines

Revenue Breakdown by Market

Market	Month	Miscellaneous Revenues	Station Fee Revenue	Ticket Change Fee Revenue	Partner Revenue	Cargo Revenue	Passenger Revenue	Total Revenue
FLLTLH	200904	\$ 3,470	\$ 11,139	\$ 12,824	\$ 15,118	\$ 52	\$ 328,992	\$ 371,596
FLLTLH	200905	\$ 3,490	\$ 11,716	\$ 13,538	\$ 15,403	\$ 363	\$ 300,340	\$ 344,849
FLLTLH	200906	\$ 3,138	\$ 10,775	\$ 11,100	\$ 13,241	\$ -	\$ 284,996	\$ 323,250
FLLTLH	200907	\$ 2,344	\$ 8,988	\$ 8,952	\$ 10,655	\$ 41	\$ 230,794	\$ 261,776
FLLTLH	200908	\$ 2,369	\$ 10,050	\$ 8,333	\$ 12,930	\$ 266	\$ 246,724	\$ 280,671
FLLTLH	200909	\$ 3,157	\$ 13,232	\$ 13,525	\$ 16,316	\$ 388	\$ 342,434	\$ 389,051
FLLTLH	200910	\$ 5,801	\$ 22,932	\$ 22,561	\$ 23,699	\$ 896	\$ 510,633	\$ 586,523
FLLTLH	200911	\$ 4,561	\$ 19,423	\$ 18,462	\$ 30,371	\$ 120	\$ 488,043	\$ 560,979
FLLTLH	200912	\$ 4,131	\$ 20,130	\$ 13,711	\$ 22,754	\$ 306	\$ 438,643	\$ 499,675
FLLTLH	201001	\$ 4,965	\$ 22,984	\$ 20,908	\$ 25,524	\$ 1,373	\$ 525,103	\$ 600,858
FLLTLH	201002	\$ 4,191	\$ 19,058	\$ 16,133	\$ 24,344	\$ 519	\$ 461,198	\$ 525,443
FLLTLH	201003	\$ 5,128	\$ 24,086	\$ 22,046	\$ 27,862	\$ 2,657	\$ 608,860	\$ 690,640
Total		\$ 46,747	\$ 194,513	\$ 182,094	\$ 238,217	\$ 6,981	\$ 4,766,760	\$ 5,435,311
MCOTLH	200904	\$ 1,195	\$ 6,018	\$ 6,929	\$ 5,872	\$ 35	\$ 132,402	\$ 152,450
MCOTLH	200905	\$ 1,391	\$ 7,449	\$ 8,608	\$ 7,347	\$ 74	\$ 142,210	\$ 167,080
MCOTLH	200906	\$ 1,702	\$ 8,998	\$ 9,270	\$ 4,137	\$ -	\$ 161,726	\$ 185,834
MCOTLH	200907	\$ 1,146	\$ 7,592	\$ 7,562	\$ 4,721	\$ 21	\$ 134,791	\$ 155,833
MCOTLH	200908	\$ 842	\$ 5,664	\$ 4,697	\$ 4,564	\$ 56	\$ 116,182	\$ 132,005
Total		\$ 6,277	\$ 35,722	\$ 37,065	\$ 26,641	\$ 186	\$ 687,311	\$ 793,202
TLHTPA	200904	\$ 1,236	\$ 6,520	\$ 7,506	\$ 3,220	\$ 256	\$ 166,868	\$ 185,607
TLHTPA	200905	\$ 1,186	\$ 6,311	\$ 7,292	\$ 5,043	\$ 229	\$ 148,866	\$ 168,927
TLHTPA	200906	\$ 1,088	\$ 5,983	\$ 6,164	\$ 3,958	\$ -	\$ 172,333	\$ 189,525
TLHTPA	200907	\$ 1,081	\$ 6,769	\$ 6,743	\$ 7,184	\$ 300	\$ 159,887	\$ 181,964
TLHTPA	200908	\$ 874	\$ 6,488	\$ 5,380	\$ 6,227	\$ 153	\$ 140,161	\$ 159,282
Total		\$ 5,465	\$ 32,071	\$ 33,084	\$ 25,631	\$ 938	\$ 788,115	\$ 885,305

Source: Delta Air Lines

Attachment 3 - Revenue Guaranty Agreement

REVENUE GUARANTY AGREEMENT

This Revenue Guaranty Development Agreement (this "Agreement") made and entered into as of the ~~24th~~^{23rd} day of ~~March~~^{April} 2009 is between DELTA AIR LINES, INC. ("Delta") and THE CITY OF TALLAHASSEE, FLORIDA ("Guarantor").

Recitals:

Guarantor representing a consortium made up of the City of Tallahassee, Leon County and the State of Florida, is dedicated to promoting business development at the Tallahassee Regional Airport. Mesaba Airlines ("Mesaba") is a Delta Connection® partner carrier and provides scheduled commercial air transportation service to North American destinations. Guarantor desires that Delta cause Mesaba, or a similar Delta Connection carrier (the "Operator"), to provide scheduled air service between Tallahassee, Florida (TLH) and each of the intra-Florida destinations of Ft. Lauderdale, Florida (FLL), Orlando, Florida (MCO) and Tampa, Florida (TPA). Guarantor is willing to provide Delta with a revenue guaranty for causing the Operator to operate such service.

In consideration of the revenue guaranty, Delta is willing to cause the Operator to provide TLH-FLL, TLH-MCO and TLH-TPA service on the terms and conditions set forth herein.

The parties agree as follows:

1. Definitions:

The defined terms set forth below shall have the meanings assigned to them:

- 1.1 "Airport" shall mean TLH.
- 1.2 "Guaranty Period" shall mean from April 1, 2009 through March 31, 2010.
- 1.3 "Minimum Revenues" shall mean the Minimum Revenue Amount specified in Exhibit A multiplied by the number of one way Scheduled Flights operated as part of the Scheduled Service.
- 1.4 "Revenues" shall mean the on-segment passenger revenues Delta receives for tickets sold on the Scheduled Flights, plus any cargo, checked baggage and other

revenue on the Scheduled Flights, less the amount of applicable taxes, user fees and other similar charges including, without limitation, transportation tax (arrival/departure) and local airport PFC charges ("Government Fees"). For local TLH origin and destination passengers, the Revenue amount shall include the ticket price minus Government Fees. For passengers who purchase a ticket that includes a segment beyond TLH-FLL, TLH-MCO or TLH-TPA, the Revenue amount shall include the ticket price minus Government Fees prorated using the SIF pro-ration methodology as set forth in Delta's standard prorate tables. For domestic itineraries, the SIF Prorate Factor equals $(5.8871)(\text{miles}^{0.375})$. For itineraries which include an international leg, the SIF Prorate Factor equals the PMP Weighted Miles Factor.

For example, if the fare paid by a passenger for a trip from Tallahassee to Salt Lake City via Tampa is \$250 dollars after the subtraction of Government Fees, then the prorated Passenger Revenue is calculated as follows:

Example: Tallahassee – Salt Lake City via Tampa

Fare	Routing	Routing Miles	SIF		Prorated Revenue
			Prorate Factor	% of Total	
\$250	TLH-TPA	200	42.95	30.12%	\$75.30
	TPA-SLC	1887	99.61	69.88%	\$174.70
	TLH-SLC	2087	142.55	100.00%	\$250.00

TLH-SLC prorated passenger revenue = \$75.30

1.5 **"Scheduled Flight"** shall mean each scheduled flight that is completed by the Operator in the performance of the Scheduled Service during the Guaranty Period.

1.6 **"Scheduled Service"** shall mean daily nonstop scheduled air transportation service by Operator between TLH-FLL, TLH-MCO and TLH-TPA during the Guaranty Period using Saab SF-3 equipment, or similar equipment, in accordance with the schedule set forth in Exhibit A. The schedule times in Exhibit A are approximate and may be adjusted by Delta from time to time.

2. Scheduled Service.

2.1 Subject to the terms and conditions of this Agreement, in consideration of the revenue guaranty and other benefits provided by Guarantor (as described in Section 3 hereof) Delta agrees to cause Operator to operate the Scheduled Service throughout the Guaranty Period.

2.2 Delta reserves the right for itself or the Operator to cancel or divert on an ad hoc basis any flight included in the Scheduled Service for any reason including, without limitation, weather, maintenance or operational reasons. If Delta or Operator cancels any such flight, or if Delta or Operator diverts any such flight for maintenance or operational reasons, that flight will not be counted for purposes of this Agreement, and passengers, tickets and revenues for such flights will not be included in calculating Minimum Revenues, Revenues, Scheduled Flights or Scheduled Service.

2.3 The parties acknowledge and agree that the departure and arrival times are estimates only and that actual departure and arrival times may vary. Delta reserves the right to adjust the scheduled departure and/or arrival times, or cancel one or more flights of the Scheduled Service, from time to time during the Guaranty Period, provided such adjustment or cancellation is consistent with Delta's normal course of business conduct.

3. Revenue Guaranty and Other Benefits.

3.1 In order to induce Delta to cause Operator to operate the Scheduled Service, Guarantor has agreed to guaranty that Delta will receive the Minimum Revenues for causing Operator to operate the Scheduled Service during the Guaranty Period. Upon the completion of the Scheduled Service, at the close of the Guaranty Period, Delta will count the number of Scheduled Flights operated, and calculate total Revenues and Minimum Revenues, and Delta will deliver an operational report summarizing this data to Guarantor. Delta will use commercially reasonable efforts to issue this operational report within forty-five (45) days following the close of the Guaranty Period.

3.1.1 If Revenues exceed Minimum Revenues for the Scheduled Service during the Guaranty Period, then no payment by Guarantor will be due to Delta. The following is a sample calculation for illustrative purposes only:

Market	Annual Flights	Minimum Revenue per Flight	Minimum Revenues	Actual Revenues	Difference
Fort Lauderdale	1,252	\$3,500	\$ 4,382,000	\$ 4,597,144	\$ 215,144
Orlando	1,252	\$2,850	\$ 3,568,200	\$ 3,442,637	\$ (125,563)
Tampa	1,252	\$2,750	\$ 3,443,000	\$ 4,017,467	\$ 574,467
Total	3,756		\$11,393,200	\$12,057,248	\$ 664,048

Revenues exceed Minimum Revenues by \$664,048; therefore, no payment would be due to Delta.

3.1.2 If Minimum Revenues exceed Revenues for the Scheduled Service during the Guaranty Period, then Guarantor shall remit the difference to Delta within forty-five (45) days of receipt of Delta's operational report or by May 15,

2010, whichever is later. The following is a sample calculation for illustrative purposes only:

Market	Annual Flights	Minimum Revenue per Flight	Minimum Revenues	Actual Revenues	Difference
Fort Lauderdale	1,252	\$3,500	\$ 4,382,000	\$ 3,532,270	\$ (849,730)
Orlando	1,252	\$2,850	\$ 3,568,200	\$ 4,490,115	\$ 921,915
Tampa	1,252	\$2,750	\$ 3,443,000	\$ 2,858,051	\$ (584,949)
Total	3,756		\$11,393,200	\$10,880,436	\$ (512,764)

Minimum Revenues exceed Revenues by \$512,764; therefore, a payment in such amount would be due to Delta from the Guarantor.

3.1.3 Delta's calculation of Revenues and Minimum Revenues in the operational report shall be binding and conclusive on Guarantor, absent manifest errors. The parties agree to use their respective commercially reasonable efforts to promptly resolve differences regarding alleged manifest errors which result from either the application of the Revenue formula or calculations resulting from the Revenue formula.

3.1.4 Notwithstanding the above, the aggregate amount of guaranty that Guarantor shall be required to provide Delta for the Guaranty Period shall not exceed One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000) for causing Operator to provide the Scheduled Service.

3.2 The parties recognize that there is an inherent risk that the bookings on the Scheduled Service may not be sufficient to generate the Minimum Revenues required to avoid the payment of the revenue guaranty by Guarantor. Nevertheless, Guarantor is willing to assume that risk in order to induce Delta to enter into this Agreement.

3.3 Guarantor does not have the right to cancel individual flights included in the Scheduled Service based on advance bookings or for any other reason. However, Guarantor retains its right to close the runway at the Airport on a temporary basis due to adverse weather, emergencies or other temporary conditions.

3.4 Delta and Guarantor agree that it is in both parties' best interest to maximize revenues and minimize the "no show" factor on Scheduled Flights. As a result, appropriate personnel from the respective marketing departments of Delta and Guarantor shall cooperate to achieve the same.

4. Reports.

4.1 Every other week, beginning no later than thirty (30) days prior to the commencement of the applicable Guaranty Period, Delta shall provide Guarantor with a report setting forth the current status of passenger bookings on each future flight included in the Scheduled Service. During the Guaranty Period, such reports shall include the passenger loads for the Scheduled Flights flown the previous two weeks.

4.2 Within twenty (20) days after the end of each month during the applicable Guaranty Period, Delta shall provide Guarantor with a statement setting forth, for each Scheduled Flight operated during such month, the following data:

- Number of revenue passengers flown;
- Revenues received by Delta for each Scheduled Flight;
- The variance between Revenues received and the Minimum Revenues for Scheduled Flights operated;
- Summary of passengers carried on the Tallahassee-Ft. Lauderdale (TLH-FLL), Tallahassee-Orlando (TLH-MCO) and Tallahassee-Tampa (TLH-TPA) routes broken down by actual Origin and Destination market; and
- A year to date summary of passengers carried on the TLH-FLL, TLH-MCO and TLH-TPA routes broken down by actual Origin and Destination market.

These figures shall be provided on an aggregate basis for all Scheduled Flights operated to date.

5. Term and Termination.

5.1 Unless terminated earlier pursuant to the terms hereof, this Agreement shall be effective on the date first set forth above and shall continue thereafter until six months following the end of the Guaranty Period (the "Expiration Date"); provided, however, that Guarantor shall not be responsible for any revenue guaranty beyond the amounts specifically provided for in paragraph 3.1.3 of this Agreement. Unless otherwise stated herein, any termination or cancellation of this Agreement does not waive claims for obligations accrued and existing at the date of termination.

5.2 Either party may terminate the Agreement upon the occurrence of an "Event of Default" with respect to the obligations of the other party. For purposes of this Agreement an "Event of Default" shall be defined as a material failure by a party to comply with the terms of this Agreement within thirty (30) days of receipt of written notice of such default from the non-defaulting party.

5.3 In the event that one party shall be declared bankrupt or petition under bankruptcy laws for protection from creditors, either as a voluntary or involuntary matter, then the other party shall have the right, upon immediate written notice, to declare this

Agreement to be terminated, provided, however, that the foregoing shall in no way constitute a waiver of any obligations accrued and existing upon date of termination under this Agreement.

5.4 Either party may terminate this Agreement immediately if the U.S. Department of Transportation determines that the termination of the Scheduled Service is in the public interest.

5.5 This Agreement may be terminated at any time upon mutual written agreement of the parties.

5.6 This Agreement may be terminated by Delta or Guarantor at any time, upon sixty (60) days prior written notice by either party.

5.7 In the event of a termination under this Section 5 prior to the Expiration Date, other than a termination by Guarantor due to an Event of Default by Delta, Guarantor shall be liable for the revenue guaranty amount (as determined in accordance with Section 3.1 of this Agreement) accrued up to the effective date of the termination. In such instance, the revenue guaranty, if any, that shall be deemed to have been accrued for the portion of the Guaranty Period prior to the effective date of such termination (the "Short Period") shall be determined under Section 3.1 hereof based on the Minimum Revenues for the Short Period, and the aggregate Revenues for the Short Period, except that the maximum revenue guaranty for the Guaranty Period as set forth in Section 3.1.4 hereof shall be reduced to a proportion thereof equal to the number of days in the Short Period divided by 365. If this Agreement is terminated by either party due to an Event of Default by the other, the non-defaulting party shall be entitled to such rights and remedies as may be allowed at law or equity, without regard to this Section 5.7.

5.8 The rights and remedies set forth herein are without waiver of each party's rights and remedies at law and equity.

6. Representations and Warranties.

6.1 In order to induce Delta to enter into this Agreement, Guarantor represents and warrants to Delta that as of the execution date hereof:

6.1.1 Guarantor has the power and authority to own its properties and assets and to carry on its business as now being conducted and has the corporate power and authority to execute and perform this Agreement; and

6.1.2 This Agreement is the valid and binding instrument and agreement of the Guarantor, enforceable against the Guarantor in accordance with its terms

except to the extent that the enforcement hereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles; does not violate any order of any courts or other agency of government binding on Guarantor, any provision of any indenture, agreement or other instrument to which Guarantor is a party, or any law or regulation to which Guarantor is subject; and does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute and event of default, under any indenture, agreement or other instrument to which Guarantor is a party; and

6.1.3 Guarantor represents to Delta that no airport revenues or other revenues generated by Airport operations will be used to fund the Revenue Guaranty provided for herein or any other payments to Delta or Operator under this Agreement.

6.2 In order to induce Guarantor to enter into this Agreement, Delta represents and warrants to Guarantor that as of the execution date hereof:

6.2.1 Delta has the power and authority to own its properties and assets and to carry on its business as now being conducted and has the corporate power and authority to execute and perform this Agreement; and

6.2.2 Delta has the power and authority to cause the Operator to provide the Scheduled Service in accordance with the terms and conditions of this Agreement.

6.2.3 This Agreement is the valid and binding instrument and agreement of Delta, enforceable against Delta in accordance with its terms except to the extent that the enforcement hereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles; does not violate any order of any courts or other agency of government binding on Delta, any provision of any indenture, agreement or other instrument to which Delta is a party, or any law or regulation to which Delta is subject; and does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any indenture, agreement or other instrument to which Delta is a party; and

7. Miscellaneous.

7.1 This Agreement, including both the body hereof and the Exhibit attached hereto, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating thereto. This Agreement may be modified and amended only by a writing signed by the party against whom enforcement of the modification or amendment is sought. All indemnities, agreements and covenants made by any party herein shall survive any termination of this Agreement

7.2 Neither this Agreement nor any of the rights or obligations hereunder may be assigned, assumed or transferred, by either party without the prior written consent of the other party. Any attempted assignment, assumption or transfer without such consent shall be of no force or effect. Guarantor's consent shall not be unreasonably withheld or delayed; provided, however, the parties hereto stipulate and agree that consent shall not be deemed to have been unreasonably withheld if consent would result in an adverse or negative economic impact to Guarantor.

7.3 All notices, requests, demands, consents and other communications to or upon the parties to this Agreement shall be in writing and shall be delivered by hand, sent by facsimile transmission or other digital telecommunication, or deposited in the mail by first-class registered or certified mail, return-receipt requested, postage prepaid, addressed as follows:

Notices to Guarantor:

Tallahassee Regional Airport
3300 Capital Circle SW
Suite #1
Tallahassee, Florida 32310
Attention: Director of Aviation
Fax #: (850) 891-7837

Notices to Delta:

Delta Air Lines, Inc.
1030 Delta Boulevard
Atlanta, Georgia 30354
Attention: Senior Vice President - Network Planning
Fax #: (404) 715-6018

or to such other address as may be hereafter designated in writing by the respective parties hereto by notice similarly given. All notices shall be effective upon receipt thereof; provided that absent such receipt, no notice shall be deemed to have been given.

7.4 Other than Operator, no other third party is intended to benefit from, nor may any third party, including the Operator, seek to enforce any of the provisions of this Agreement.

7.5 No member, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of its or their execution hereof.

7.6 Neither party will be liable for delays or failure in its performance under this Agreement caused by any act of God, war, strike, labor dispute, work stoppage, substantial reduction of services from any country or region, fire, act of government, act of terrorism or any other cause, whether similar or dissimilar, beyond the control of that party (any single or combination of such excuses is a "Force Majeure Event").

7.7 EACH PARTY WAIVES AND RELEASES THE OTHER PARTY FROM ANY AND ALL CLAIMS FOR CONSEQUENTIAL DAMAGES IN CONNECTION WITH THIS AGREEMENT.

8. **Relationship of the Parties.** For the purposes of this Agreement, neither party shall be deemed to be the agent, partner, employee, joint venture, or fiduciary of the other party.

9. **Severability.** If any clause or provision of this Agreement shall be held to be invalid in whole or in part, then the remaining clauses and provisions, or portions thereof, shall nevertheless be and remain in full force and effect.

10. **Captions.** The captions of each section are added as a matter of convenience only and shall be considered of no effect in the construction of any provision of this Agreement.

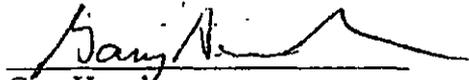
11. **Review of Delta's Records.** Delta shall maintain, for a period of two years after the end of the Guaranty Period, all records that may be reasonably necessary for Guarantor to verify the accuracy of any statements or reports that Delta is required to

submit to Guarantor hereunder. Guarantor shall have the right during such two-year period following the Guaranty Period, to review and audit such records, and Delta shall make such records available to Guarantor upon request for such purpose; provided, however, (i) any such review and audit shall occur during normal business hours and not interfere with the day to day operations of Delta or its employees, and (ii) Guarantor's right to review and audit as set forth in this Section 11 shall be limited to one audit.

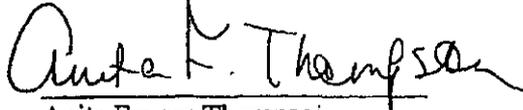
IN WITNESS WHEREOF, the parties have signed this agreement by their undersigned duly authorized representatives.

Attest:

CITY OF TALLAHASSEE

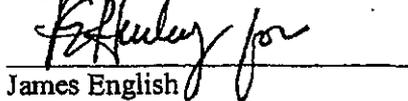


Gary Herndon
City Treasurer-Clerk



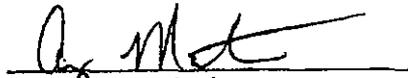
Anita Favors Thompson
City Manager

Approved as to Form:

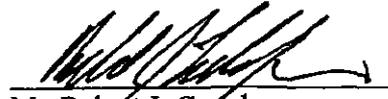


James English
City Attorney

DELTA AIR LINES, INC.



Witness as to Delta



Mr. Robert J. Cortelyou
Senior Vice President - Network Planning

Approved By City Commission
February 11, 2009

EXHIBIT A
To the Air Service Development Agreement between Delta and
Tallahassee Regional Airport

Name of Guarantor	City of Tallahassee, Florida
Guarantor Address	3300 Capital Circle SW Suite 1 Tallahassee, Florida 32310
Effective Date	March __, 2009

Minimum Revenue Amount: Tallahassee - Ft. Lauderdale	\$3,500 per operation (TLH-FLL)
Scheduled Service:	Depart FLL 0630 Arrive TLH 0820, except Sun Depart FLL 1500 Arrive TLH 1645, except Sat Depart TLH 1000 Arrive FLL 1120, except Sun Depart TLH 1755 Arrive FLL 1940, except Sat
Guaranty Period:	April 1, 2009 through March 31, 2010
Aircraft*	Saab SF-3

Minimum Revenue Amount: Tallahassee - Orlando	\$2,850 per operation (TLH-MCO)
Scheduled Service:	Depart MCO 1030 Arrive TLH 1145, except Sun Depart MCO 1540 Arrive TLH 1655, except Sat Depart TLH 0845 Arrive MCO 1000, except Sun Depart TLH 1400 Arrive MCO 1515, except Sat
Guaranty Period:	April 1, 2009 through March 31, 2010
Aircraft*	Saab SF-3

Minimum Revenue Amount: Tallahassee - Tampa	\$2,750 per operation (TLH-TPA)
Scheduled Service:	Depart TPA 0830 Arrive TLH 0935, except Sun Depart TPA 1855 Arrive TLH 2000, except Sat

	Depart TLH 0700 Arrive TPA 0805, except Sun Depart TLH 1725 Arrive TPA 1830, except Sat
Guaranty Period:	April 1, 2009 through March 31, 2010
Aircraft*	Saab SF-3

*Note: Delta reserves the right to substitute similar aircraft for operational reasons.

Attachment 4 - Amendment to Revenue Guaranty Agreement

Contract No. 998853

AMENDMENT to REVENUE GUARANTY AGREEMENT

This Amendment to Revenue Guaranty Development Agreement (this "Amendment") made and entered into as of the 01 day of Oct 2009 is between DELTA AIR LINES, INC. ("Delta") and THE CITY OF TALLAHASSEE, FLORIDA ("Guarantor").

Recitals:

WHEREAS, Delta and Guarantor entered into a Revenue Guaranty Agreement, Contract No. 998853, dated as of April 23, 2009 (the "Original Agreement"); and

WHEREAS, the parties now desire to amend the Original Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Capitalized terms used, but not defined herein, shall have the same meanings ascribed to such terms as in the Original Agreement.
2. Subject to the terms and conditions of this Amendment, the parties mutually agree that effective as of September 1, 2009, the scheduled air transportation service between TLH and TPA and between TLH and MCO shall be removed from the Scheduled Service for the remainder of the Guaranty Period. The parties acknowledge and further agree that as of September 1, 2009, the scheduled air transportation between TLH and FLL shall be the lone remaining Scheduled Service under the Agreement.
3. For purposes of the Agreement, as amended by this Amendment, the "Shortened Guaranty Period" shall mean the period between April 1, 2009 through and including August 31, 2009. At the end of the Shortened Guaranty Period, for each of the TLH-TPA, TLH-MCO and TLH-FLL city-pairs, Delta will count the respective number of Scheduled Flights operated, calculate total Revenues and Minimum Revenues for such city pairs during the Shortened Guaranty Period, and Delta will deliver an operational report summarizing this data to Guarantor.
 - 3.1.1. If Revenues for the TLH-TPA, TLH-MCO and TLH-FLL city pairs exceed Minimum Revenues for such city pairs during the Shortened Guaranty Period, then no payment by Guarantor will be due Delta with respect to such Scheduled Service.
 - 3.1.2. If Minimum Revenues for the TLH-TPA, TLH-MCO and TLH-FLL city pairs exceed Revenues for such city pairs during the Shortened Guaranty Period, then Guarantor shall remit the difference to Delta within forty-five (45) days of receipt of Delta's operational report for the Shortened Guaranty Period or May 15, 2010, whichever is later.
 - 3.1.3. Section 3.1.3 of the Agreement shall apply to Delta's calculation of Revenues and Minimum Revenues for the Shortened Guaranty Period.

3.1.4 The aggregate amount of guaranty that Guarantor shall be required to pay Delta for the Shortened Guaranty Period shall not exceed Six Hundred Twenty-five Thousand and 00/100 Dollars (\$625,000).

3.1.5 At the end of the remainder of the Guaranty Period (September 1, 2009 through March 31, 2010), for the TLH-FLL city-pair, Delta will count the respective number of Scheduled Flights operated, calculate total Revenues and Minimum Revenues for such city pairs during the period, and deliver an operational report summarizing this data to Guarantor. Section 3.1.3 of the Agreement shall apply to Delta's calculation of Revenues and Minimum Revenues for that period. The aggregate amount of guaranty that Guarantor shall be required to pay Delta to operate the Scheduled Service between TLH and FLL during that period shall not exceed Three Hundred Six Thousand Two Hundred Fifty 00/100 Dollars (\$306,250).

3.1.6 The guaranty limitations set forth in Sections 3.1.4 and 3.1.5 of this Amendment are intended to replace and supercede the guaranty limitation set forth in Section 3.1.4 of the Agreement.

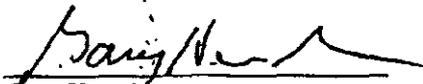
4. Except as amended by this Amendment, the Original Agreement shall otherwise remain in full force and effect.

5. This Amendment may be executed in one or more counterparts, all of which taken together shall constitute an original instrument.

IN WITNESS WHEREOF, the parties have signed this Amendment by their undersigned duly authorized representatives.

Attest:

CITY OF TALLAHASSEE

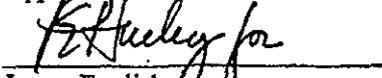


Gary Herndon
City Treasurer-Clerk



Anita Favors Thompson
City Manager

Approved as to Form:



James English
City Attorney

DELTA AIR LINES, INC.



Witness as to Delta



Mr. Robert J. Certelyou
Senior Vice President - Network Planning