

Panama City – Bay County International Airport News Release

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PANAMA CITY – BAY COUNTY AIRPORT AUTHORITY ACCEPTS \$26 MILLION FROM FAA FOR FIRST PHASE OF ITS NEW AIRPORT

Awards \$112.5 Million Site Preparation Contract To Phoenix Construction

Agrees To Purchase \$6 Million Letter Of Credit To Assure Mitigation Work

PANAMA CITY, Florida (September 7, 2007) – The Panama City – Bay County International Airport and Industrial District (Airport Authority) today made three critical announcements following a special meeting on issues related to the relocation of the airport to a site in western Bay Florida. The site is currently owned by The St. Joe Company (NYSE: JOE). The Airport Authority announced it had:

- Accepted \$26,264,212.00 from an Airport Improvement Program grant from the Federal Aviation Administration (FAA) for the first phase of construction for the new airport. In May 2007, the Airport Authority received a letter from the FAA pledging at least \$72,000,000 in discretionary funds over four years for the project.
- Awarded the contract for site preparation at the new airport to Phoenix Construction for \$112.5 million.
- Agreed to obtain a \$6 million letter of credit to provide financial assurance for the implementation and perpetual management of the approximately 10,000-acre mitigation area associated with the relocation of the airport.

“The Airport Authority made important progress on three fronts today: Finance, construction, and environmental protection,” said Airport Authority Chairman Joe Tannehill. “On the financial side, accepting the first \$26 million in Federal Aviation Administration funds solidifies our financial position and allows us to make very specific plans for the first phase of a new Panama City – Bay County International Airport.

“Awarding the site preparation contract allows us to begin working side-by-side with Phoenix Construction in planning the work, and that gives the project even more momentum. And obtaining the letter of credit for mitigation work shows we are meeting our commitment to preserve the environment.

“We continue to make progress towards groundbreaking. We are going to work tirelessly to make this airport a major success for this entire region.”

Airport Authority Accepts FAA Funds

The \$26 million in FAA funds will be used to meet the following Phase I construction costs:

Mobilization, which includes putting in place all equipment and support facilities	\$607,726.40
Erosion Control Items	\$4,313,488.30
Clearing	\$1,904,452.65
Excavation Items	\$18,296,331.20
Professional Fees	\$1,095,032.70
Administrative Costs	<u>\$47,180.75</u>
TOTAL	\$26,264,212.00

“We have put together a prudent and responsible financial plan for the relocation of the airport,” said Tannehill. “We understand very well the obligation we have to this community, the state and federal government. We will continue to manage this process very closely and conservatively.”

The Florida Department of Transportation (FDOT) has committed \$119 million in grants to the project since the relocation effort began. The Federal Aviation Administration (FAA) has committed a minimum of \$72 million in federal funding for the project. The Airport Authority will also use its annual federal airport entitlement funds, totaling approximately \$7 million, to help pay for relocation. Funds from the sale of the existing airport also will be used for relocation.

The Airport Authority has the ability to use its bonding authority to help finance the project, as well.

Airport Authority Awards Site Preparation Contract

The Airport Authority awarded a \$112.5 million contract to Phoenix Construction of Lynn Haven, Florida, for site preparation at the new regional airport. Site preparation work approved by the Airport Authority includes:

Base bid	\$80,965,021.01
Crosswind runway site preparation	\$14,954,576.55
Primary runway in concrete	\$12,505,414.63
Paved shoulders for primary runway	\$936,073.25

Crosswind runway in asphalt	\$2,297,542.50
Centerline and lighting	<u>\$881,246.80</u>
TOTAL	\$112,539,874.74

“We have gone through a deliberate process to get to this point,” said Tannehill. “Our goal has been to ensure that we get the best work for the best price, and we believe the decision we’ve made is in the best interests of the airport, Bay County and the region.”

All construction work at the new airport site will be overseen by KBR, Inc., the project management, construction management firm for the work, and by airport staff. The FAA will provide additional oversight and dozens of local, state and federal regulatory bodies will have specific oversight responsibilities.

Airport Authority Agrees To Obtain A \$6 Million Letter Of Credit For Mitigation

By agreeing to obtain the \$6 million letter of credit, the Airport Authority meets specific conditions of the Florida Department of Environmental Protection Wetlands Resource Permit and the U.S Corps of Engineer’s Section 404 Permit. These conditions must be met before construction on the new airport can begin.

“We are committed to completing the new airport while providing unprecedented and perpetual protection for tens of thousands of acres of wetlands and shoreline that are such an important part of this region’s natural heritage,” said Tannehill. “The 10,000 acres of mitigation lands are only part of the 41,000 acres that will be preserved when this airport is built.”

Relocation of the Panama City – Bay County International Airport

The Airport Authority is nearing completion of a ten-year process to relocate the Panama City – Bay County airport. In the late 1980s, the Airport Authority began an effort to address significant deficiencies at the existing airport, including non-standard runway safety areas. When local environmentalists and the Florida Department of Environmental Protection objected to extending the existing runway system into Goose Bayou, a particularly environmentally sensitive part of St. Andrews Bay, the Airport Authority began considering relocating the airport.

After completion of a feasibility study in 2000 and a site selection study in 2001, the Airport Authority identified a new site for the airport in northwestern Bay County (West Bay) on land owned by The St. Joe Company.

Following the FAA’s selection of the site, the Airport Authority partnered with the State of Florida, Bay County and St. Joe in an innovative planning process authorized by Florida law known as “optional sector planning.” The process included numerous public meetings, data gathering, analysis and visioning for the future. The plan was

approved by Bay County and the State of Florida in 2002 and detailed specific area plans were also approved in 2003.

The sector plan incorporates approximately 78,000 acres and of particular significance is that the boundary of the plan includes an entire bay system (West Bay) thereby allowing unprecedented planning to protect an entire watershed. The purpose of the plan was to ensure that appropriate land uses were placed near the airport and that appropriate environmental protection measures were built into the plan. The plan is conceptual and guides future development and conservation.

One of the most innovative elements of the plan, in addition to the airport and economic development provisions, is the proposed West Bay Preservation Area. The West Bay Preservation Area was designed by local and state environmental leaders to preserve the health and habitat of West Bay forever. This watershed scale plan will preserve approximately 41,000 acres and, when fully implemented, will provide for habitat corridors, open space and stream protection.

Simplified, the objective of the West Bay Preservation Area is to maintain West Bay in its present, pristine state forever. Its vision, especially when compared to the development that has occurred on Florida's other bay front lands, holds the potential to be one of the most significant conservation measures in Florida history. The plan has won statewide praise including the "2007 Promising Practices Award" from the Council for Sustainable Florida.

In 2004, the FAA began preparing a Draft Environmental Impact Statement considering two-dozen alternatives for addressing the deficiencies at the existing airport. In May 2006 the FAA issued its Final Environmental Impact Statement, identifying relocation to the West Bay Site as its Preferred Alternative. In September 2006, the FAA issued its Record of Decision recommending and approving relocation of the Panama City airport to the proposed site in West Bay. There is currently a judicial challenge to the FAA's ROD; however, the ROD remains in force.

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