

NORTHWEST ARKANSAS NATIONAL AIRPORT AIR CARRIER INCENTIVE PROGRAM

INTRODUCTION

The Northwest Arkansas Regional Airport Authority (the “Authority”), as the owner and operator of the Northwest Arkansas National Airport (the “Airport”), has established this Air Carrier Incentive Program (the “Program”) to encourage the development of new air service at the Airport. The Program is intended to incentivize sustainable service growth through a structured offering of fee waivers, marketing support, and related incentives for qualifying service.

The objectives of this Program are to: (i) promote healthy competition among carriers at the Airport; (ii) attract new carriers to the Airport market; (iii) expand nonstop passenger service to destinations not previously served; and (iv) increase passenger travel to and from the Airport.

PASSENGER AIR SERVICE INCENTIVES

The Authority offers two incentive categories to passenger air carriers proposing new scheduled service that satisfies the eligibility criteria set forth in this Program: (i) new entrant incentives; and (ii) new route incentives.

The incentive amounts, durations, and market classifications applicable to these categories are set forth in the Summary of Passenger Incentives attached hereto as Exhibit A and incorporated into this Program by reference. These categories are further described below.

New Entrant Incentives

- ➔ **Qualifying Service.** All scheduled passenger service that meets the Program’s *Eligibility Criteria and Program Limitations* provided by an air carrier that is not currently providing any air service at the Airport. If a New Entrant initiates Qualifying Service in a market that is already served nonstop by another carrier at the time of announcement, the New Entrant shall be eligible for marketing support and associated fee waivers for a maximum period of twelve (12) months, regardless of frequency or market type.
- ➔ **Fee Waivers.** The Authority will provide (i) the applicable landing fee waivers associated with the carrier’s Qualifying Service as set forth in Exhibit A, and (ii) a terminal rent credit as set forth in Exhibit A.
- ➔ **Marketing Support.** The Authority will provide marketing support in the amounts described in the Summary of Passenger Incentives set forth in Exhibit A based on the market type and frequency of the Qualifying Service. Marketing support amounts are calculated on a per weekly frequency basis and will be multiplied by the number of scheduled weekly flights operated in the qualifying market.

New Route Incentives

- ➔ **Qualifying Service.** New non-stop scheduled passenger service that meets the Program’s *Eligibility Criteria and Program Limitations* by any air carrier between the Airport and another airport.
- ➔ **Market Type.** For purposes of this Program, a Qualifying Service market will be categorized as (i) a “Tier 1 Target Market”; (ii) a “Tier 2 Target Market”; or (iii) an “Unserved Market.” Target Markets are identified by the Authority from time to time based on strategic air service goals and may be updated without amendment to this Program. Current Target Markets are available on <https://www.flyxna.com/public-notices-procurements>.
- ➔ **Fee Waivers.** Under this incentive category, the Authority will waive applicable landing fees associated with the Qualifying Service as set forth in Exhibit A, based on market type.
- ➔ **Marketing Support.** The Authority will provide marketing support in the amounts described in the Summary of Passenger Incentives set forth in Exhibit A based on the market type and frequency of the Qualifying Service. Marketing support shall be available for up to two years following the initiation of the Qualifying Service. Marketing support amounts are calculated on a per weekly frequency basis and will be multiplied by the number of scheduled weekly flights operated in the qualifying market.

NON-MONETARY MARKETING SUPPORT

The Authority is committed to supporting its airline partners with respect to the provision of new and increased service at the Airport. In addition to providing financial support for marketing initiatives as described above, the Authority will use its best efforts to coordinate other promotional events and initiatives, upon the request of a new or existing carrier. Such efforts may include:

- ➔ Hosting a press conference announcing the new service with participation from local government officials, chamber representatives, and carrier personnel;
- ➔ Working with the air carrier to select media options for advertising new service;
- ➔ Issuing press releases for the new service in coordination with the carrier;
- ➔ Hosting a ribbon cutting or other ceremony for any inaugural flight(s);
- ➔ Announcing the new service on the Airport’s social media platforms;
- ➔ Coordinating with local area chambers to publicize the new service to their members; and
- ➔ Organizing face-to-face (in person or over video conferencing platforms) meetings with key business executives within the region before or after the new service is established.

- ➔ Supporting additional promotional efforts proposed by the carrier, which may include co-branded campaigns, community events, and other activities mutually agreed upon by the carrier and the Authority.
- ➔ Other marketing efforts proposed by the carrier and determined by the Authority to be in the best interest of the Airport.

ADMINISTRATION OF MARKETING SUPPORT

The Authority will reimburse participating carriers for qualifying marketing expenditures only after the carrier has paid the marketing provider and submitted its own invoice to the Authority with supporting documentation that describes the marketing services provided and proof of the carrier's payment of same. Marketing support shall be available upon the carrier's announcement of Qualifying Service and for up to two years following the initiation of the Qualifying Service. The Airport must be featured prominently in any advertising supported by the Authority under this Program. The Authority will also provide Non-Monetary Marketing Support as described further below.

ELIGIBILITY CRITERIA AND PROGRAM LIMITATIONS

In addition to the eligibility criteria and limitations above, this Program is subject to the following:

- ➔ **Relation to Prior Programs.** This Program replaces and supersedes the Authority's prior 2021 Air Service Incentive Program, as amended in December 2022.
- ➔ **Program Participation and Compliance.** Participation in this Program does not require a formal application; however, a simple incentive acknowledgment agreement may be required to administer incentives. Carriers must be in compliance with all applicable Airport rules, regulations, and ordinances, and be current on all rates, charges, and fees owed to the Authority in order to remain eligible for incentives under this Program. If a carrier becomes delinquent on rates, charges, or fees, the Authority will provide written notice and at least 60 days to cure before any incentive benefits are suspended. Incentives will resume if the delinquency is cured within the notice period.
- ➔ **Incentives Subject to Cancellation.** If a participating carrier discontinues service or reduces frequency of service below the requirements outlined above, or otherwise fails to continue meeting the eligibility requirements outlined herein during the period of participation, the Authority will provide written notice and allow at least 60 days for the carrier to restore service or remedy the issue before incentives are suspended. Incentives will resume if the carrier cures within this period. Permanent forfeiture of incentives will only occur if the carrier does not remedy within the notice period.
- ➔ **Affiliated Carriers.** For the purposes of eligibility for this Program, affiliated airlines, joint venture partners, and predecessor and successor airlines in an airline merger or acquisition shall be treated as a single carrier. A regional carrier is eligible for the Program if it markets and sells its service independent of any branded carrier which currently offers

service at the Airport. Incentives may be transferred or assigned to a successor or affiliated carrier with the Authority's consent, which shall not be unreasonably withheld.

- ➔ **Multiple Incentives.** Carriers qualifying for both a New Entrant Incentive and a New Route Incentive for the same Qualifying Service must elect the higher of the applicable incentive amounts and may not combine or stack incentives for the same service. Carriers may receive separate New Route Incentives for different Qualifying Service markets, subject to the terms of this Program.
- ➔ **Seasonal Service.** For seasonal or less-than-year-round service, marketing support and fee waivers shall be prorated based on the actual months of operation within the incentive period. Incentive eligibility shall correspond only to months in which scheduled Qualifying Service is operated.
- ➔ **Program Funding Limitations.** There is no aggregate cap on incentives per carrier. All funds used in this Program are derived solely from non-airline, non-aeronautical airport revenues (*i.e.*, parking and terminal concession income) and/or other sources of funds available to the Authority for such programs. Incentive benefits derived through this Program do not have the effect of increasing the rentals, fees, or charges imposed on aeronautical users of this airport, including other airlines. The Program shall be funded each year with an amount to be appropriated using the normal budget process as approved by the Authority's Board of Directors, as such funds may be supplemented by additional appropriations approved by the Authority's Board of Directors in its sole and unfettered discretion.
- ➔ **Subordination.** This Program is subject to and subordinate in all respects to federal law and FAA rules and regulations, including without limitation the federal grant assurances executed by the Authority in connection with the Airport, as the same may be amended or replaced from time to time. The Program may be amended, modified, or discontinued at any time by the Authority for any reason or as required by federal law, FAA rules and regulations, or the terms of the Authority's grant assurances.

APPLICATION PROCEDURE

Carriers proposing Qualifying Service during the Term of this Program shall be automatically eligible to participate in the public announcement of such service. While no formal application is required, the Authority and participating carrier shall execute a simple incentive acknowledgment agreement outlining the applicable incentives prior to disbursement of any marketing support funds.

If such agreement is not fully executed within 90 calendar days of the first scheduled flight of the Qualifying Service, the Authority shall assume control of any allocated marketing support funds and may, in its sole discretion, utilize such funds to independently market and promote the Qualifying Service. Fee waivers already applied prior to the expiration of the 90-day period shall not be retroactively revoked.

Marketing support funds not utilized by the carrier within the timeframes established herein may likewise be reallocated by the Authority to support the applicable market.

Exhibit A



XNA Air Carrier Incentive Program

Summary of Passenger Incentives

2026	Market Type	Marketing Incentives	Fee Waivers
New Route	Tier 1 Target Market	Year 1: \$40,000 per weekly frequency	Landing Fees: 100% for 24 months
		Year 2: \$20,000 per weekly frequency	
	Tier 2 Target Market	Year 1: \$30,000 per weekly frequency	Landing Fees: 100% for 18 months
		Year 2: \$15,000 per weekly frequency	
	Unserved	Year 1: \$10,000 per weekly frequency	Landing Fees: 100% for 12 months
		Year 2: \$5,000 per weekly frequency	
New Entrant	Marketing incentives apply based on market type as described above		Incentives as applies above by market type + Terminal Rent Credit of 100% for 24 months

Market Specifications can be located at <https://www.flyxna.com/public-notice-procurements>