

NORTHWEST ARKANSAS REGIONAL AIRPORT AUTHORITY  
*BOARD OF DIRECTORS*

***PERSONNEL COMMITTEE***

Tuesday, March 17, 2026, 9:00 a.m.

Northwest Arkansas National Airport  
1 Airport Boulevard  
Bentonville, AR 72713

Members of the Personnel Committee are Howard Kerr, Chair; Blake Woolsey, Vice Chair; Mike Johnson; Mitchell Johnson; Art Morris; Tom Allen; and Darryl Riddell.

Agenda

1. Call to order and roll call.
2. Discussion and possible action on a Long-Term Incentive (LTI) Program.
3. Other business.
4. Adjourn.

## MEMO

**TO:** Personnel Committee Members

**FROM:** Howard Kerr, Committee Chair  
Blake Woolsey, Committee Vice Chair

**RE:** Long-Term Incentive (LTI) Program

**DATE:** March 17, 2026

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At the December 2, 2025, Personnel Committee meeting, the Committee discussed the development of a Long-Term Incentive Program. The Committee agreed to reconvene in March 2026 to further evaluate the program structure and related considerations, with the goal of bringing a recommendation to the full Board at the June 2026 meeting.

The two previously commissioned compensation and retention studies are included with this memo for the Committee's reference.

Please reach out if you have any questions.



# COMPENSATION STUDY & CEO RETENTION PROGRAM REPORT



**September, 2025**

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## **BACKGROUND AND SURVEY SOURCES**

ADK Consulting & Executive Search (ADK) brings extensive experience in conducting compensation studies specifically tailored to the aviation industry. Our understanding of the sector enables us to assess salary data with careful consideration of the unique environment, responsibilities, and expectations of the Northwest Arkansas National Airport (XNA).

In conducting a compensation study, we analyze both current salaries and the broader labor market for comparable positions. This approach allows us to recommend a salary structure and compensation philosophy that support the airport's goals of attracting, retaining, and appropriately rewarding high-quality staff.

ADK included survey data from the following survey sources:

- ADK Consulting & Executive Search Custom Benchmark Survey – July, 2025  
(See Page 15 for the Participating Airports Enplanement Statistics graph)
  - Asheville Regional Airport - Greater Asheville Regional Airport Authority
  - Des Moines International Airport - Des Moines Airport Authority
  - Greenville-Spartanburg International Airport - Greenville-Spartanburg Airport District
  - Harrisburg International Airport - Susquehanna Area Regional Airport Authority
  - Huntsville International Airport-Carl T Jones Field - Huntsville-Madison County Airport Authority
  - Jackson-Medgar Wiley Evers International Airport - Jackson Municipal Airport Authority
  - McGhee Tyson Airport - Metropolitan Knoxville Airport Authority
  - Punta Gorda Airport - Charlotte County Airport Authority
  - Wichita Dwight D Eisenhower National Airport - Wichita Airport Authority
  
- The Economic Research Institute (ERI)

The Economic Research Institute (ERI) maintains an extensive compensation database covering more than 45,500 job titles across numerous industries and over 9,300 locations. For this analysis, ADK focused on data specific to Bentonville, Arkansas within the “All Industries – Diversified” category, as this serves as an appropriate comparator for the Northwest Arkansas

National Airport (XNA) senior leadership team, whose skills and experience are transferable across multiple industries. The data reflects figures current as of September 2025.

## **DISCLAIMERS**

- The survey results represent an impartial, objective, and reasonable comparison to the specific market for comparable roles upon which recommendations can be made utilizing applicable interpretations and formulas.
- This report provides an analysis of market data for salary purposes from airports similar to XNA.
- To maintain anonymity of the airport participants and to comply with the Sherman Antitrust Act of 1890, specific information provided by the participants is not identified in this report, other than to disclose the names of the airports that participated in the study.
- This report does not represent legal advice or financial consultative advice beyond providing market compensation data information. ADK is not a pension or retirement plan administration or design provider. Any references to retirement benefits, deferred compensation, or retention-related programs are intended solely for comparative and informational purposes in the context of compensation benchmarking and strategy. They should not be construed as formal pension plan design, tax, or legal advice. XNA should consult with qualified retirement plan specialists, actuaries, tax advisors, or legal counsel for the development of these types of plans.
- All data is adjusted to reflect cost-of-living differentials between the participating airport comparators; the ERI data is conducted within the Bentonville, Arkansas wage comparators.

## **COMPETITIVE COMPENSATION**

Maintaining a competitive compensation package is essential not only for attracting a strong pool of talented candidates but, more importantly, for retaining a dedicated and high-performing team.

Recruiting highly qualified professionals leads to increased operational efficiency and improved customer satisfaction—both of which directly benefit the community. Retaining experienced staff enhances the return on investment by reducing turnover costs and minimizing the risk of inconsistent service or negative experiences.

Appropriate compensation fosters employee loyalty and long-term commitment, contributing to a stable, sustainable workforce. When employees feel valued, they are more likely to go above and beyond in support of the organization's strategic goals. Ultimately, a strong, engaged team that takes pride in their work becomes a living representation of the airport's brand—one that reflects positively on the community it serves.

## REPORT DEFINITIONS

- **Average:** The sum of all numbers in a collection of data, divided by the count of numbers present in the data. A central or typical value in a set of data.
- **Base Pay:** Regular base pay provided to the employee by the organization. Excludes shift differential and incentive-related income.
- **Median:** The middle number in a data set that is arranged in ascending or descending order. This value will always be the 50<sup>th</sup> percentile in the set of data.
- **Percentiles:** A value on a scale of 100 that indicates the percent of a distribution that is equal to or below it. This study contains the following values: 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup>, and 90<sup>th</sup> percentiles.
  - 25<sup>th</sup> Percentile: Typically, new to the role or industry with one to two years of experience or transitioning from a related field.
  - 50<sup>th</sup> Percentile: Three to five years of direct experience in the role and is fully competent in the role.
  - 75<sup>th</sup> Percentile: Six to ten years of relevant experience in the role. Recognized as a subject matter expert and highly skilled.
  - 90<sup>th</sup> Percentile: Ten to fifteen years of deep expertise in the field. Oversees major programs, functions, possesses rare skill set or proven record of success in the role.
- **Retention Program:** A structured compensation and benefits arrangement designed to encourage the Chief Executive Officer to remain with the organization for a defined period of time. These programs typically provide financial incentives—such as retention bonuses, deferred compensation, equity awards, or enhanced retirement benefits—that vest or become payable only if the CEO continues employment through a specified date or milestone. The primary objective of a retention program is to promote stability and continuity of leadership, safeguard institutional knowledge, and align the CEO's long-term commitment with the airport's strategic goals and stakeholder interests.

**COMPENSATION EVALUATION INFORMATION FOR ALL ROLES INCLUDES AIRPORT & PRIVATE SECTOR COMPARATORS**  
**(In alphabetical order, by title)**

**CHIEF EXECUTIVE OFFICER**

Responsible for the total operations of the airport. A key focus is to ensure that all relevant stakeholders operate in a way to meet financial targets, while safety and operational efficiency is maximized in a safe and responsible manner. She/He reports to the Board of Directors and drives a continuous focus on an enhanced customer experience while positioning and guiding the organization towards long-term success. The CEO has active involvement in airport operations as well as the ability to establish and maintain working relationships with the Board of Directors, governmental officials, and community groups interested in or affected by airport operations.

Current Salary: \$288,727  
 Survey Average: \$308,125  
 Survey Median: \$298,264



The annual salary for the Chief Executive Officer survey data ranged from a low of \$207,200 to a high of \$445,588. The average salary is \$308,125 and the median salary is \$298,264. The

current annual salary for XNA is \$288,727, which is below both the average and median survey salary information.

PERCENTILES				
25th	44th*	50th	75th	90th
\$ 253,406	\$ 288,727	\$ 298,264	\$ 357,587	\$ 409,131

\*Current XNA salary for Chief Executive Officer.

The salary for the Chief Executive Officer falls in the 44<sup>th</sup> percentile of the survey data.

Bonus Information:

Airport E: Bonus potential of 5-7% of base annual salary

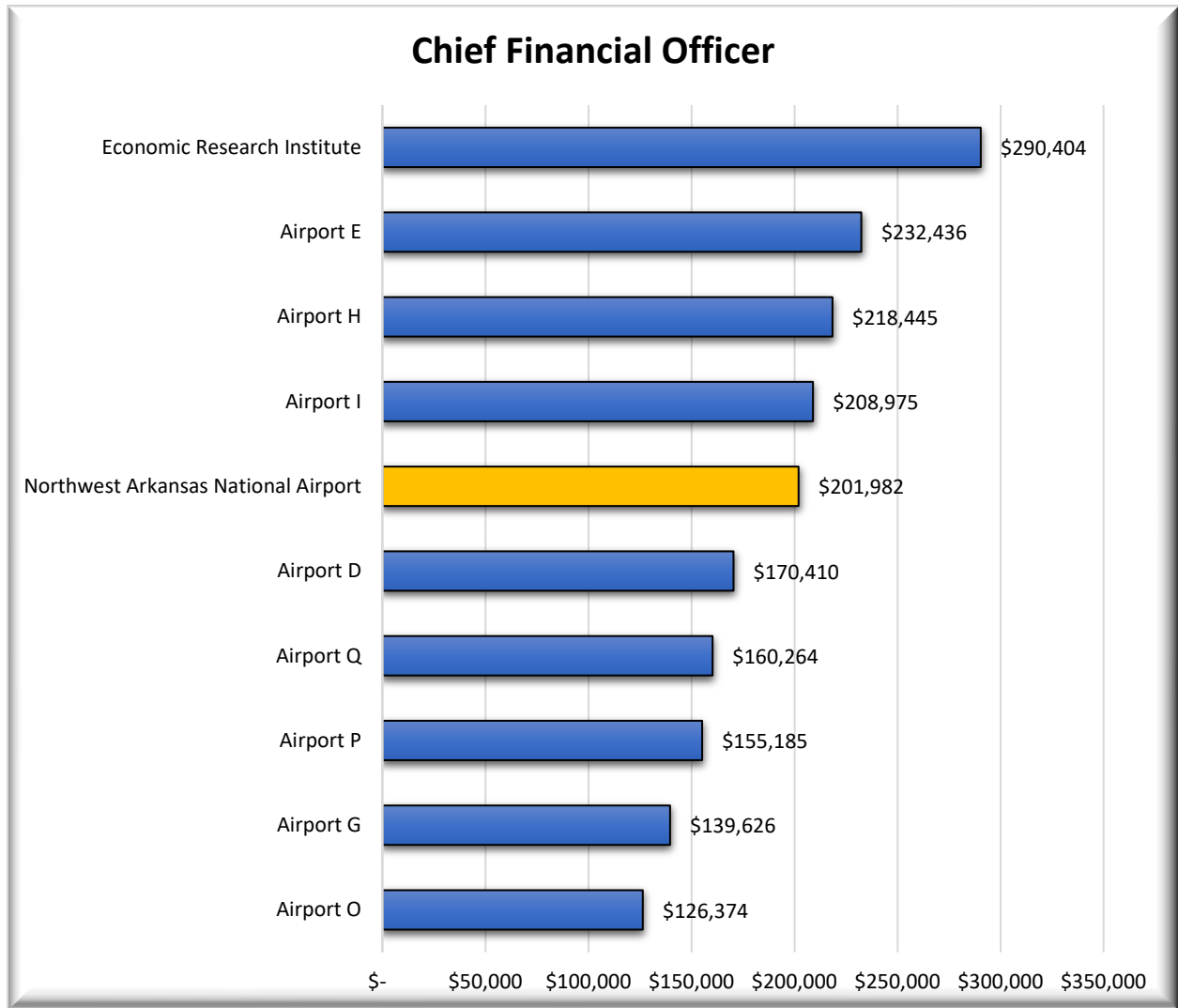
Airport G: Bonus potential of up to 5% of base annual salary

ERI: \$235,943

## CHIEF FINANCIAL OFFICER

Responsible for the overall development and maintenance of the financial and accounting functions of the Airport.

Current Salary: \$201,982  
Survey Average: \$190,410  
Survey Median: \$186,196



The annual salary for the Chief Financial Officer survey data ranged from a low of \$126,374 to a high of \$290,404. The average salary is \$190,410 and the median salary is \$186,196. The current annual salary for XNA is \$201,982, which is slightly higher than the average and median survey salary information.

PERCENTILES				
25th	50th	56th*	75th	90th
\$ 156,454	\$ 186,196	\$ 201,982	\$ 216,077	\$ 238,233

\*Current XNA salary for Chief Financial Officer.

The salary for the Chief Financial Officer falls in the 56<sup>th</sup> percentile of the survey data.

Bonus Information:

Airport E: Bonus potential of 5-7% of base annual salary

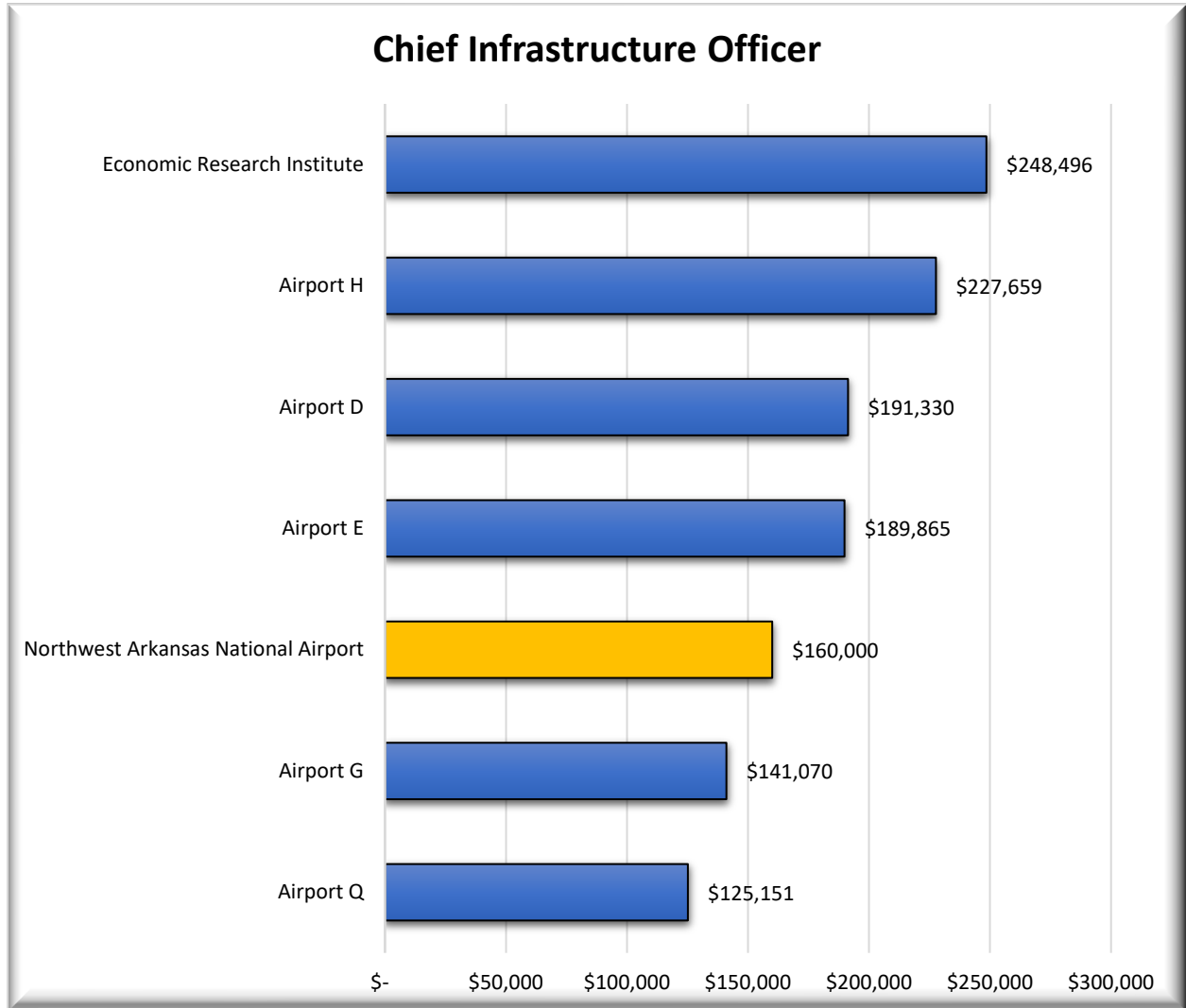
Airport G: Bonus potential of up to 5% of base annual salary

ERI: \$107,167

### CHIEF INFRASTRUCTURE OFFICER

Responsible for the overall development and maintenance of planning, design, procurement, and contract and grant administration for construction and infrastructure projects at Northwest Arkansas National Airport.

Current Salary: \$160,000  
Survey Average: \$183,367  
Survey Median: \$189,865



The annual salary for the Chief Infrastructure Officer survey data ranged from a low of \$125,151 to a high of \$248,496. The average salary is \$183,367 and the median salary is \$189,865. The current annual salary for XNA is \$160,000, which is below the average and the median survey salary information.

PERCENTILES				
25th	33rd*	50th	75th	90th
\$ 150,535	\$ 160,000	\$ 189,865	\$ 209,494	\$ 235,994

\*Current XNA salary for Chief Infrastructure Officer.

The salary for the Chief Infrastructure Officer falls in the 33<sup>rd</sup> percentile of the survey data.

Bonus Information:

Airport E: Bonus potential of 5-7% of base annual salary

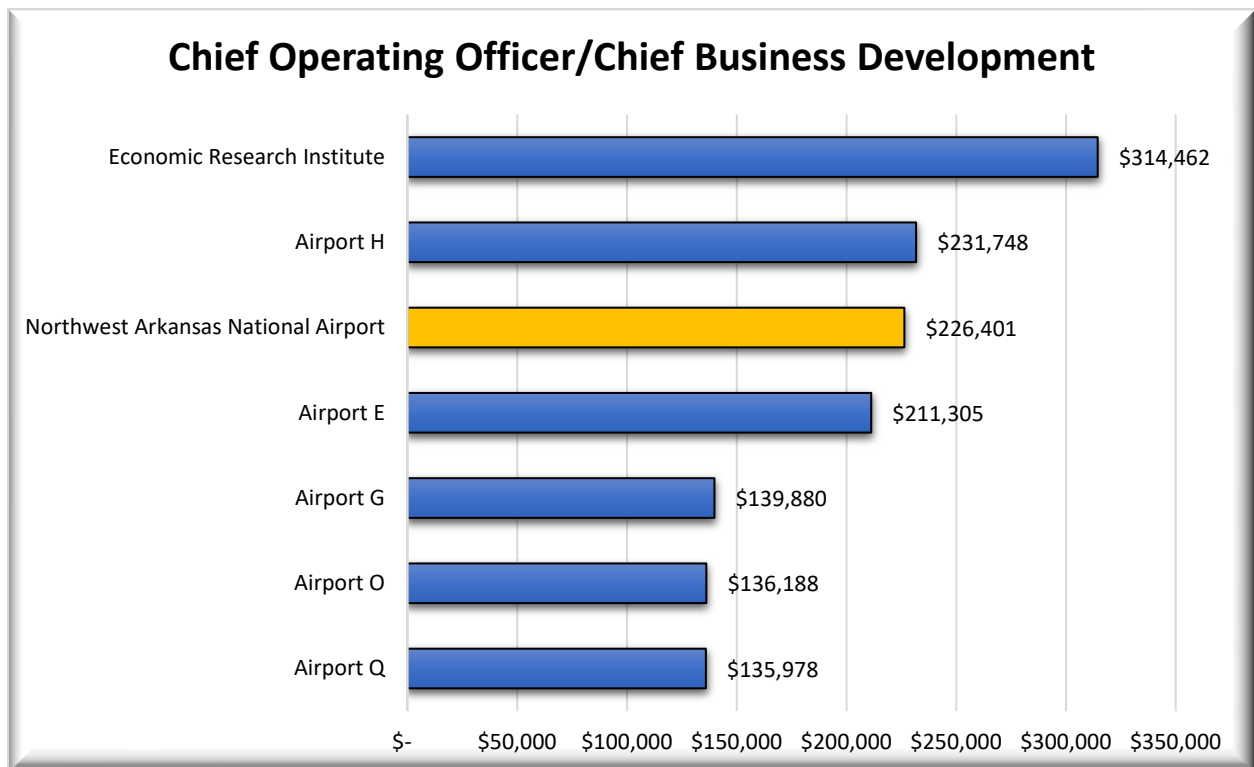
Airport G: Bonus potential of up to 5% of base annual salary

ERI: \$54,607

## CHIEF OPERATING OFFICER/CHIEF BUSINESS DEVELOPMENT OFFICER

The Chief Operating Officer / Chief Business Development Officer (COO/CBDO) is a senior executive responsible for leading and integrating all operational, infrastructure, and business development functions of the Airport. This position ensures operational excellence, regulatory compliance, financial sustainability, and the successful execution of capital development programs while driving strategic initiatives to expand air service, revenue diversification, and regional economic growth. The COO/CBDO serves as a key advisor to the CEO and Board of Directors and represents the Airport at regional, state, and national levels, strengthening partnerships that support the Airport's strategic vision and long-term success. The COO/CBDO is also actively engaged in the broader community and plays a vital role in fostering strong relationships with public officials and community organizations.

Current Salary:	\$226,401
Survey Average:	\$199,423
Survey Median:	\$211,305



The annual salary for the Chief Operating Officer/Chief Business Development Officer survey data ranged from a low of \$135,978 to a high of \$314,462. The average salary is \$199,423 and the median salary is \$211,305. The current annual salary for XNA is \$226,401 which is higher than both the average and median survey salary benchmarks. It is important to note, however, that this position at XNA represents a dual role, combining both operational leadership and

business development responsibilities, which warrants consideration when evaluating compensation competitiveness.

PERCENTILES				
25th	50th	67th*	75th	90th
\$ 138,034	\$ 211,305	\$ 226,401	\$ 229,075	\$ 264,834

\*Current XNA salary for Chief Operating Officer/Chief Business Development Officer.

The salary for the Chief Operating Officer/Chief Business Development Officer falls in the 67<sup>th</sup> percentile of the survey data.

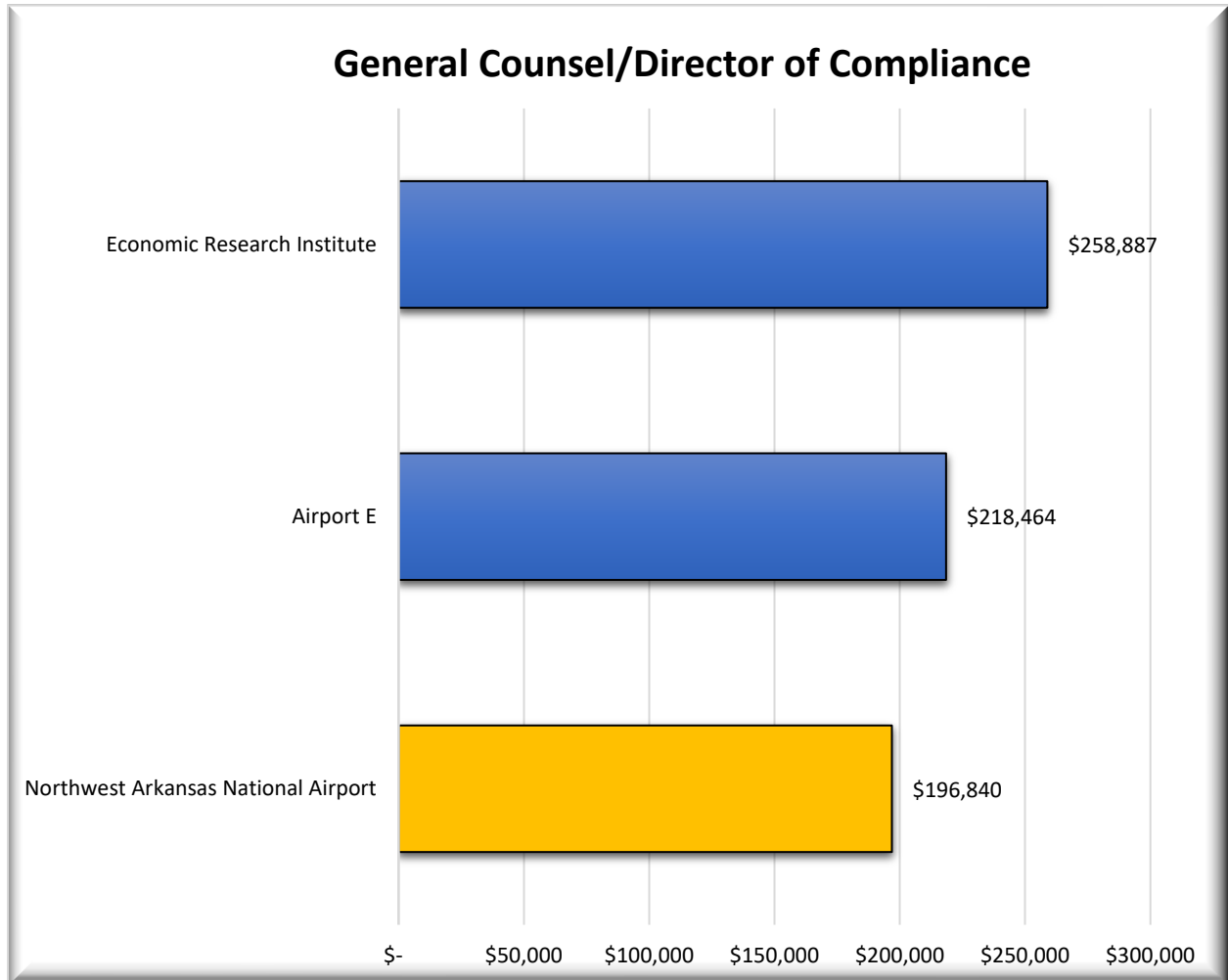
Bonus Information:

- Airport E: Bonus potential of 5-7% of base annual salary
- Airport G: Bonus potential of up to 5% of base annual salary
- ERI: \$125,414

## GENERAL COUNSEL

Provide legal counsel for the Authority and ensure compliance with federal programs.

Current Salary: \$196,840  
Survey Average: \$224,730  
Survey Median: \$218,464



The annual salary for the General Counsel survey data ranged from a low of \$196,840 (the current XNA's General Counsel salary) to a high of \$258,887. The average salary is \$224,730 and the median salary is \$218,464. The current annual salary for XNA is \$196,840 which is lower than both the average and median survey salary benchmarks. Although only two benchmarks were applied in this analysis, the Economic Research Institute (ERI) database draws upon multiple underlying data points. As such, it provides a sufficiently robust dataset to meet the requirements for reporting.

PERCENTILES				
0*	25th	50th	75th	90th
\$ 196,840	\$ 207,652	\$ 218,464	\$ 238,675	\$ 250,802

\*Current XNA salary for General Counsel/Director of Compliance.

The salary for the General Counsel/Director of Compliance falls in the 0 percentile of the survey data.

**Bonus Information:**

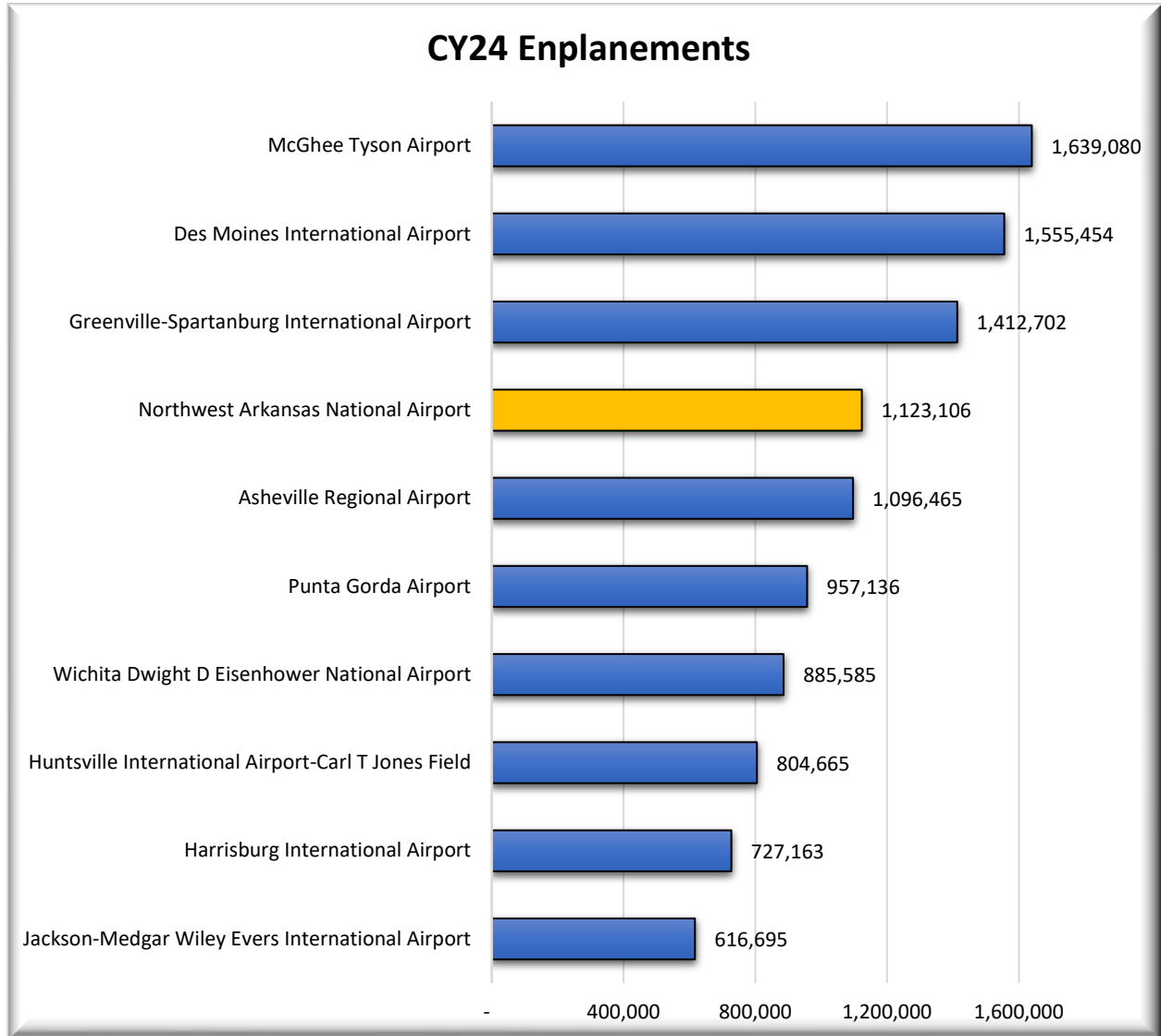
Airport E: Bonus potential of 5-7% of base annual salary

Airport G: Bonus potential of up to 5% of base annual salary

ERI: \$17,993

## PARTICIPATING AIRPORT ENPLANEMENT STATISTICS

ADK utilized the data received from nine (9) airport comparators that most closely match XNA in terms of governance structure and total enplanements. The graph below includes total enplanement data for the participating airports, as stated in the FAA's CY24 Enplanement Report. We originally reached out to forty-two (42) peer airports, seventeen (17) provided responses, and we refined this list to those airports that most closely matched XNA in governance structure.



**PRIVATE SECTOR INDUSTRY BENCHMARKS**

Following is a comparison the private sector industry benchmarks for “All Industries – Diversified” with annual revenues of \$64,569,171.

**Chief Executive Officer**

ERI Job Description: Plans, develops, establishes, and oversees interpretation and implementation of policies and objectives of organization in accordance with board directives and corporation charter. Responsible for the profitability of the entire organization. Holds position of the top executive and principal organization leader in the organization. This position is distinguished from others in that it is the top ranking executive and, in most cases, is the highest paid executive in the organization. Confers with organization officials to plan business objectives, to develop organizational policies to coordinate functions and operations between divisions and departments, and to establish responsibilities and procedures for attaining objectives. Reviews activity reports and financial statements to determine progress and status in attaining objectives and revises objectives and plans in accordance with current conditions. Directs and coordinates formulation of financial programs to provide funding for new or continuing operations to maximize returns on investments, and to increase productivity. Plans and develops industrial, labor, and public relations policies designed to improve company's image and relations with customers, employees, stockholders, and public. Evaluates performance of executives for compliance with established policies and objectives of firm and contributions in attaining objectives. May preside over Board of Directors. May serve as chairman of committees, such as management, executive, engineering, and sales. FLSA Status: Exempt.

Current Salary: \$288,727

Survey Average:\$445,588

Annual Revenues: \$64,569,171				
Base Salaries				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 214,676	\$ 320,763	\$ 445,588	\$ 597,686	\$ 736,835
Incentive				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 113,773	\$ 169,055	\$ 235,943	\$ 316,172	\$ 387,845
Total Cash				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 328,448	\$ 489,817	\$ 681,531	\$ 913,858	\$ 1,124,680

The current XNA’s CEO salary is in the 28<sup>th</sup> percentile of the ERI Base Salaries.

**Chief Financial Officer**

ERI Job Description: Develops the financial well-being of an organization by providing financial projections and accounting services, preparing growth plans, and directing staff. Directs and coordinates financial affairs according to financial principles and government regulations. Plans financial operational strategies by forecasting capital, facilities, and staff requirements; identifying monetary resources; and developing action plans. Develops, directs, and provides financial analysis of operations by evaluating trends, studying revenue opportunities, establishing critical measurements, accumulating resources, and resolving problems. Monitors financial performance and assesses the organization's liabilities and investments for financial risk, and determines investment strategies by considering cash and liquidity risks. Establishes major economic objectives and policies for the organization. Recommends changes and ideas to top management or Board of Directors in regard to policies and programs, and assists in their implementation. FLSA Status: Exempt.

Current Salary (32 hours): \$201,982  
 Annual Salary (if 40 hours): \$252,470  
 Survey Average: \$290,404

Annual Revenues: \$64,569,171				
Base Salaries				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 147,029	\$ 214,439	\$ 290,404	\$ 380,802	\$ 462,641
Incentive				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 58,961	\$ 79,958	\$ 107,167	\$ 139,773	\$ 168,946
Total Cash				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 205,991	\$ 294,397	\$ 397,571	\$ 520,576	\$ 631,587

The current XNA's CFO salary is in the 42<sup>nd</sup> percentile of the ERI Base Salaries when annualized to 40 hours.

**Chief Infrastructure Officer**

ERI Job Description: Directs, plans, develops, and coordinates all planning and implementation of practices, policies, programs, procedures, and personnel activities of an organization's engineering efforts. Oversees the design, modification, and improvement of company products and/or services; design testing and maintenance of production processes, machinery, and/or equipment; design and maintenance of facilities, equipment, and physical layout; reliability improvements; cost engineering; construction and engineering project management; and other related activities. Directs engineering management in formulating plans, designs, cost estimates, and specifications. Reviews engineering designs in light of the organization's strategic goals and return on investment. Provides technical support and assistance to other operating units of the organization. Conducts special investigations and studies to evaluate efficiency of engineering programs. Confers with manufacturing and research departments to ensure product design, development, and modification are in conformance with organization's goals and objectives. Establishes budget controls. Reviews, approves, and coordinates product and process changes to maintain or improve cost/benefit ratio. Assesses working conditions to ensure compliance with all regulations and safety standards. FLSA Status: Exempt.

Current Salary: \$160,000  
 Survey Average: \$248,496

Annual Revenues: \$64,569,171				
Base Salaries				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 173,756	\$ 207,778	\$ 248,496	\$ 294,742	\$ 337,772
Incentive				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 39,231	\$ 46,044	\$ 54,607	\$ 64,572	\$ 73,811
Total Cash				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 212,988	\$ 253,821	\$ 303,103	\$ 359,314	\$ 411,583

The current XNA's CIO salary is in the 0 percentile of the ERI Base Salaries.

**Chief Operating Officer/Chief Business Development Officer**

ERI Job Description: Heads, plans, oversees, and coordinates the entire operation of an organization toward the achievement of established policies, goals, and operating objectives. Collaborates in the planning and formulation of organization policies and practices. Oversees the design, operation, and improvement of the system that creates and delivers the organization's products or services. Oversees and adjusts organization's processes and operations as necessary to ensure efficient and effective execution of policies and procedures. This position is nearly always the second highest paid position in the organization. Provides operational guidance in analyzing and appraising the effectiveness of organizational operations. Participates in the planning, development, implementation, and evaluation of key business and performance goals, short- and long-term strategic planning and objectives, plans, budgets, programs, and policies. Evaluates operating results throughout the organization to ensure that organization growth and objectives are being met. Guides and leads other members of management. Monitors the capital expenditure and asset redeployment activities. FLSA Status: Exempt

Current Salary: \$226,401  
 Survey Average: \$180,085

Annual Revenues: \$64,569,171				
Base Salaries				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 152,754	\$ 227,680	\$ 314,462	\$ 419,122	\$ 514,726
Incentive				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 63,565	\$ 91,294	\$ 125,414	\$ 167,842	\$ 206,928
Total Cash				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 216,320	\$ 318,975	\$ 439,876	\$ 586,965	\$ 721,654

The current XNA's COO/CBDO salary is in the 33<sup>rd</sup> percentile of the ERI Base Salaries. Again, consideration should be given to the fact that this role has significant dual responsibilities.

## General Counsel

ERI Job Description: Provides legal counsel on general employment law, mergers, acquisitions and compliance. Evaluates legal documents and contracts to limit risk and maximize benefits. Represents the company in legal matters. Develops and reviews product warranties and license agreements. Conducts company training on legal topics. Maintains confidentiality for all sensitive and protected information. Keeps informed on legislative changes that affect the company. Coordinates with outside counsel as necessary. Works closely with executives. FLSA Status: Exempt.

Current Salary: \$196,840

Survey Average: \$196,440

Six Years of Law Practice				
Base Salaries				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 157,208	\$ 174,884	\$ 196,440	\$ 218,839	\$ 240,486
Incentive				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 8,721	\$ 9,702	\$ 10,883	\$ 12,140	\$ 13,341
Total Cash				
10th Percentile	25th Percentile	Mean	75th Percentile	90th Percentile
\$ 165,929	\$ 184,586	\$ 207,323	\$ 230,979	\$ 253,827

The current XNA's General Counsel salary is in the 50<sup>th</sup> percentile of the ERI Base Salaries.

## RETENTION PROGRAM INFORMATION

A retention program benchmarking analysis for an airport's top leader such as a Chief Executive Officer or Executive Director compares the structure, prevalence, and value of retention-focused incentives used at peer airports to attract and retain senior talent. This process typically examines multiple program types, including deferred compensation plans, supplemental retirement benefit programs, retention leave plans, and performance-linked retention bonuses. Benchmarking involves collecting data from similar airports based on size, governance model, and geographic market, then analyzing key elements such as vesting schedules, payout timing, and cost implications. The resulting insights help an airport's governing body evaluate how competitive their current or proposed retention offering is, identify market trends, and design a program that both secures long-term leadership stability and reflects industry best practices.

The airport retention program benchmarking results are as follows:

- A retention leave program that accrues 40 hours per year up to a maximum of 250 hours.
- A retention program that includes a one-time lump sum retention equal to \$10,000 times the number of years the CEO has been employed. This program vests after five (5) years.
- A retention leave program that contains the following provisions:
- *Supplemental Executive Retirement Plan* effective July 1, 2025. Benefit upon separation from service if retiring after continuous employment and in good standing (non-cause) or due to death or disability before retirement date:
- *Phase 1* (years 1-5) - Starting June 30, 2026, 15% of current salary for the plan year will be held in a fund until retirement is taken. Each additional end of a plan year on June 30, 15% of the current salary will be added to the fund. This will continue until the projected retirement date in 2030. For follow-on year after initial projected "retirement date," CEO will receive the aforementioned (Phase 1) plus an additional 15% of current salary for one additional plan year ending June 30, 2031 (Phase 2).
- For follow-on *year 2* after initial projected "retirement date," CEO will receive the aforementioned (Phase 1) plus an additional 15% of current salary for one additional plan year ending June 30, 2031 (Phase 2) plus an additional 15% of current salary for one additional plan year ending June 30, 2032 (*Phase 3*) if actual retirement occurs on or after that.
- A retention program that is paid in an accrual over a number of years. This accrual turns to cash at an agreed upon time in the employment cycle.
- A retention program agreement that the President & CEO stays until stated retirement age, then serves as an airport consultant to the new President & CEO until age 65. The President & CEO will receive 25% of their annual salary plus health insurance.

- A retention program that provides a payment of \$350,000 to stay for five (5) years, to a stated year, and then \$100,000 per year for up to three (3) years following.

## TYPES OF PRESIDENT & CEO RETENTION PROGRAMS

- **Cash Retention Program**: This type of retention program provides for a lump-sum payment or payments to a CEO in return for remaining in their role for a stated period of time. This program could be structured to be a one-time payment, once the goal is met or it could be structured in a phased manner and involve multiple payments that would be paid out upon staying with the airport for a transition once a new leader has been selected. Examples of this type of program are contained in Airport, G, Airport K, and Airport Q. This type of program is the most prevalent structure in the airport benchmarking data.
- **Deferred Compensation Plan/Supplemental Retirement Benefits**: The structure of this style of retention program involves earned compensation that is put aside during the CEO's tenure, but would be payable at a later date, typically upon retirement. The deferred amount may accrue interest and could be in the form of salary or bonuses. In addition, an enhanced retirement plan contribution or defined benefit supplement could be implemented and would be contingent upon the CEO's continued service with the airport.<sup>1</sup>
- **Performance-Linked Retention Program**: An arrangement designed to retain a CEO by tying long-term financial incentives not only to continued service with the airport, but also to the achievement of specific performance goals. This type of retention program ensures that the CEO's commitment is aligned with the airport's strategic goals and outcomes.
- **Retention Leave Plan**: This type of retention plan contains the element of paid leave benefits that are earned over a multi-year period, contingent upon continued service with the airport, and converted to cash or possibly additional retirement benefits. Typically, the leave is accrued over a period of time (such as three to five years) and vests only if the CEO remains employed with the airport. The accrued leave time would be paid out at the time the CEO retires or completes their contract with the airport. Examples of this type of plan are contained in Airport F, Airport H, and Airport I.
- **Supplemental Retirement Benefit Program**: This type of retention program is a specialized form of a supplemental executive retirement plan that is created with the goal of retaining the CEO for a stated period of time, not typically subject to IRS contribution caps and involves a cliff-based vesting schedule, as the CEO would not be vested until staying with the airport until the agreed upon time of departure. It can be paid out as a defined benefit or defined contribution.<sup>1</sup>

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<sup>1</sup> It should be noted that ADK is not a pension or retirement plan administration or design provider. Any references to retirement benefits, deferred compensation, or retention-related programs are intended solely for comparative and informational purposes in the context of compensation benchmarking and strategy. They should not be construed as formal pension plan design, tax, or legal advice. XNA should consult with qualified retirement plan specialists, actuaries, tax advisors, or legal counsel for the development of these types of plans.

## THE PRO/CONS AND POTENTIAL COST IMPACTS OF THE RETENTION PROGRAMS

### *PROS/CONS/COST IMPACTS OF VARIOUS RETENTION PROGRAMS*

<b>PROGRAM TYPE</b>	<b>PROS</b>	<b>CONS</b>	<b>COST IMPACT</b>
<i>Cash Retention Bonus</i>	Simple to structure; immediate, tangible reward; strong short-term incentive.	One-time impact; limited link to performance; may not ensure long-term retention.	Moderate to High (lump sum).
<i>Deferred Compensation Plan</i>	Provides long-term financial security; flexible payout triggers; tax-deferral potential.	Requires careful design; payout may seem distant; less motivational if horizon is too long.	Moderate (funding or accrual).
<i>Performance-Linked Retention Awards</i>	Aligns retention with results; supports strategic objectives; balances risk/reward.	Complex to measure; may be disputed if goals are unclear; payout uncertainty.	Moderate to High.
<i>Retention Leave Program</i>	Provides a tangible, near term benefit; is flexible and can be designed to the airport's needs; can be designed with conditions.	Stakeholders may perceive program as overly generous; leave program may have short-term motivational effect; is a liability on the balance sheet.	Low to Moderate.
<i>Supplemental Retirement Benefits</i>	Ensures long-term tenure; valuable financial security; attractive for career-end retention.	May be costly; complex to administer; limited short-term motivational effect.	High (long-term funding).

## RECOMMENDATIONS – BEST TYPES OF RETENTION PROGRAMS FOR AIRPORTS

- **Cash Retention Program**

A cash retention program is a good option for an airport due to its simplicity, transparency, flexibility, and is directly connected with the goal of retaining the CEO. Benefits to the airport with this type of program are:

- That this type of program is straightforward, for instance the CEO would receive a stated cash payment if they remain with the airport through a specified period of time.
- There is no complex actuarial cost or long-term funding requirements that would be a factor in a retention program that is structured in a retirement form.
- The program is directly linked to the retention of the CEO and ensures that the CEO has a tangible financial incentive to remain until the stated time period.
- The cost is a one-time known expense that can be budgeted in advance and avoids long term liabilities, investment risks, or open-ended funding obligations that are involved in a program tied to a retirement structure.
- This type of structure is also competitive with private-sector practices.

- **Deferred Compensation Plan**

Although it may require working with the airport's benefits administrator or specialist, this type of retention program is a good option for airports as it would achieve the goal of locking in the CEO until retirement, and allows the airport to allocate the expense over multiple years rather than a one-time payment. It should be used when there is a long-tenured CEO and where continuity is a priority for the airport. The reasons this is a good option for airports are:

- The plan is flexible, customizable, and common in public-sector or quasi-public organizations.
- Supports long-term retention through vesting schedules tied to continued service or retirement.
- Viewed as a fair and transparent tool by boards and external stakeholders.
- This type of plan allows for tax deferral until payout.
- This is a competitive arrangement and is also used in private sector and some large public authorities.

- **Retention Leave Plan**

The Retention Leave Plan is a popular option in the airport community, as indicated by the benchmarking data. This type of plan provides for a cost-controlled and highly personalized incentive for the CEO. Key factors why this type of plan is a good option for airports are:

- This type of arrangement is easier to budget for than large cash bonuses or supplemental retirement benefits.
- The pay-out is in the form of accrued leave rather than an immediate out-of-pocket cash disbursement, this assists in program predictability and fiscal responsibility.
- Offers a balanced solution that provides for CEO retention, cost control, and can be paid out in phased, set time periods, or when the CEO leaves the airport.

The above mentioned retention program recommendations are designed to balance cost-effectiveness, ensure leadership continuity, and provide market competitiveness to the airport. In addition, the programs are reflective of the typical types of incentive plans used in airports. By providing these types of a structured and meaningful retention plan, these kinds of program directly supports the airport's ability to retain the CEO talent during critical periods of growth and transformation. Implementation of one of these programs will reinforce organizational stability, align leadership with long-term strategic objectives, and ensure the airport remains well-positioned for continued success.

## CLOSING STATEMENT

On behalf of the ADK team, I would like to sincerely thank you for the opportunity to conduct the recent compensation study for the Northwest Arkansas National Airport. It was a privilege to partner with your team on this important project.

We appreciate the trust you placed in us to support your organization's goals related to compensation strategy. Your collaboration, transparency, and thoughtful engagement were instrumental in shaping a thorough and meaningful report. We hope the findings and recommendations will serve as a valuable resource in guiding your compensation planning and decision-making going forward.

Please do not hesitate to reach out with any questions or if we may be of further assistance.



**Gale LaRoche, Ph.D., J.D., SHRM-SCP Senior Human Resources  
Consultant**

**ADK Consulting & Executive Search**



p: [844.577.4400](tel:844.577.4400) x821 c: [586.747.4923](tel:586.747.4923)

[gale@adkexecutivesearch.com](mailto:gale@adkexecutivesearch.com)

[adkexecutivesearch.com](http://adkexecutivesearch.com)



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# **Northwest Arkansas National Airport (XNA) Executive Compensation & Benefits Study**

October 2, 2025

Mary Hall, CCP, MBA  
Senior Consultant  
JER HR Consulting, Inc.

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# 1. Introduction

This presentation provides a clear view of executive compensation in the labor marketplaces where XNA competes for top talent.

Aggregate compensation & benefits data for each labor market (State, Regional & National markets; transportation, air transportation, and Arkansas organizations with \$10-\$30M in revenue) was used and compared against XNA data.

These insights highlight how leadership roles compared to market practices and informs decisions that balance competitiveness, retention, and fiscal responsibility.

# 2. Executive Summary: Key findings

- XNA executives currently receive **no bonus**, while peer organizations provide **15–30% variable pay** as part of their compensation packages.
- Base pay significantly lags for the CEO position. The COO is also lagging market median base pay.
- Total Cash Compensation is significantly below peer market medians for all positions.
- A self-funded and performance based Long-Term Incentive Plan (LTIP) is recommended to close the pay gap and act as a retention vehicle. This is essential for the CEO position but should be considered for all executives.
- The lack of bonus opportunities puts XNA at significant disadvantage to attract, retain and motivate top talent.
- Benefits, are generally competitive, but group life and AD&D salary limits should be explored.

# 3. Compensation Assessment

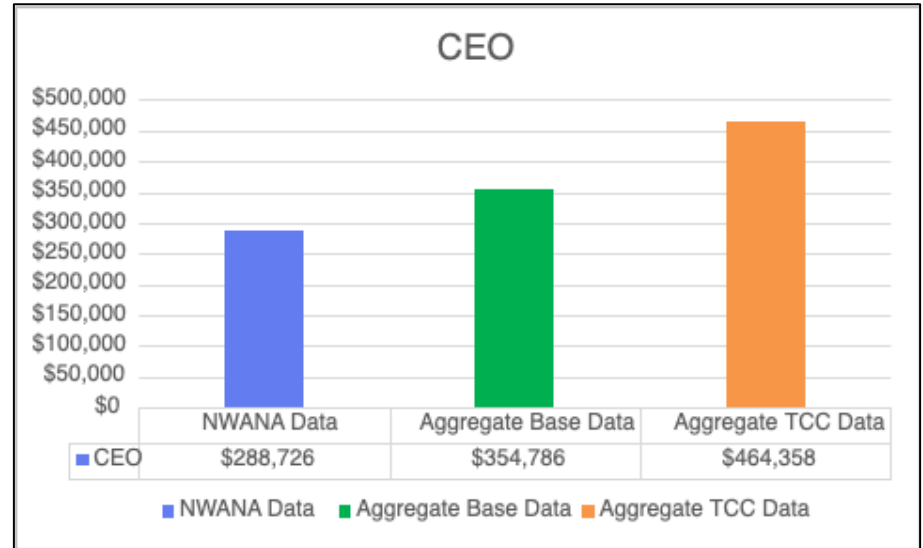
# Chief Executive Officer

## Key Takeaways and Recommendations

### Key Takeaways:

The Chief Executive Officer's Base Pay is nearly 20% below peer median base pay and outside an acceptable competitive range (+/= 20%).

The Chief Executive Officer's Total Cash Compensation is nearly 40% below aggregate market data, primarily due to lack of bonus/variable compensation.



### Recommendations:

- Base pay increase, based on performance, to bring position closer to median over time (e.g. 10% per year).
- Implementation of Bonus/Retention Plan, with a minimum of 20% bonus target based on a self-funding, performance-based achievement (See Long-Term Incentive Plan).
- The 10% base pay increase (\$28K), plus the ability to earn 20% annually (\$57K) for achieving strive goals will, if successful, result in a compensation package that is above market medians while optimizing XNA resources.

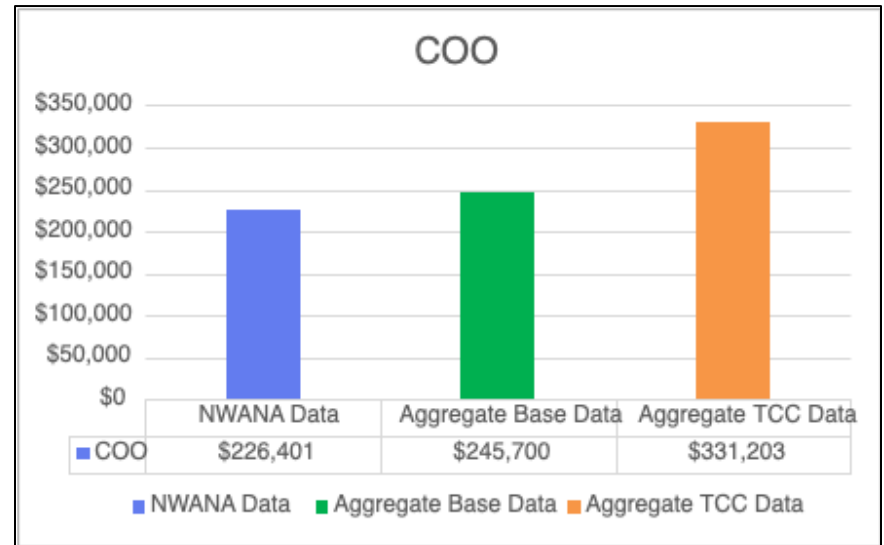
# Chief Operating/Business Development Officer

## Key Takeaways and Recommendations

### Key Takeaways:

The Chief Operating Officer/Business Development Officer's Base Pay is 8% below peer base pay.

The Chief Operating Officer/Business Development Officer's Total Cash Compensation is nearly 32% below aggregate market data, and outside of a 'competitive range', primarily due to lack of bonus/variable compensation.



### Recommendations:

- Base Pay is competitive. However, with the length of service (6 years) and specialized skill set (law degree) and wider scope of responsibility (business development), the COO should be making closer to market medians. Recommendation is for an increase to bring base pay to median (approx. 8% increase).
- The Board could consider eligibility for a long-term incentive plan, along with the CEO & Executive Team. As this position has specific business development goals, specific strive performance measures can be tied to strategic wins.

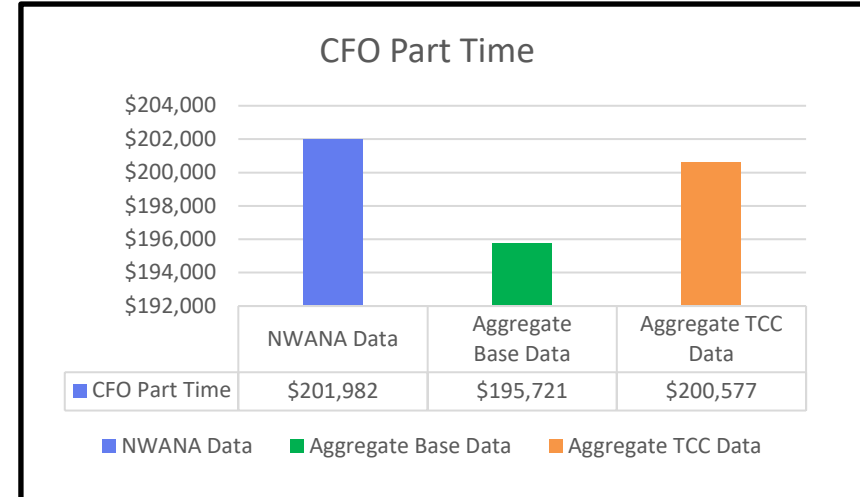
# Chief Financial Officer

## Key Takeaways and Recommendations

### Key Takeaways:

The expected salary range for a full time Chief Financial Officer, based on aggregate peer data is \$225K-340K, with an external candidate 'new hire salary range' at \$220K-\$240K at hire.

The current CFO's Base Pay is above market medians.



### Recommendations:

- As this job is in transition, and a merit increase was received in January, no base pay increase is recommended.
- It is recommended to create a salary range for the CFO: \$220K-\$340K; with a hiring range established at approximately \$220K-\$240K.
- It is our recommendation that this position be included in a long-term incentive plan to bring total cash compensation in line with peer organizations. This bonus opportunity will be helpful in ensuring XNA can recruit top talent.

# General Counsel/Director of Compliance

## Key Takeaways & Recommendations

### Key Takeaways:

The General Counsel/Director of Compliance's Base Pay is 6% above peer base pay.

The General Counsel/Director of Compliance Total Cash Compensation is nearly 17% below aggregate market data, primarily due to lack of bonus/variable compensation.

### Recommendations:

- The General Counsel/Director of Compliance is within the competitive range (+/- 20% of peer organization medians). Considering a relatively short length of service, no base pay is recommended.
- To close the gap between total cash compensation at peer organizations and XNA, we recommend this position to be included in the proposed long-term incentive plan based on job specific strategic stretch/strive goals (100% compliance; reduction in outside counsel fees, etc.)

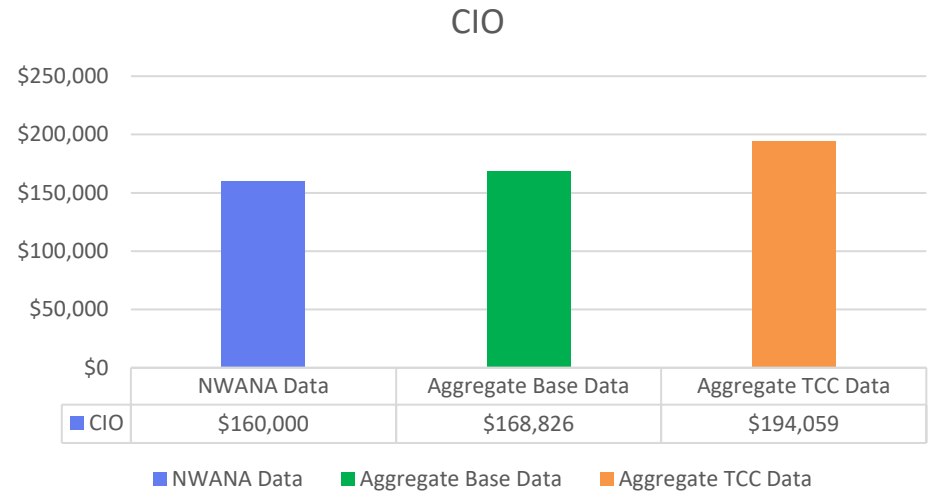
# Chief Infrastructure Officer

## Key Takeaways and Recommendations

### Key Takeaways:

The Chief Infrastructure Officer's Base Pay is 16% below peer base pay.

The Chief Infrastructure Officer's Total Cash Compensation is nearly 27% below aggregate market data, primarily due to lack of bonus/variable compensation.



### Recommendations:

- The Chief Infrastructure Officer's Base Pay is within the competitive range ( $\pm 20\%$  of market median). Due to relatively short time on the job, the pay positioning is aligned.
- A consideration is to make this position bonus eligible with job specific strategic stretch goals (infrastructure projects, etc.) to bring this job closer to market for total cash compensation.

# 4. A snapshot of bonus data

- 99% of public organizations (WorldatWork) offer bonus plans to Directors and Above.
- Per Deloitte, at private companies, it "is a common practice" for Director level and Above. to have annual bonus opportunities.

Data from Other Regional Airports on Executive Bonus Plans:

Airport	State	Bonus Structure
Bill and Hillary Clinton National Airport (LIT)	Arkansas	10%; discretionary + performance metrics
Memphis International Airport (MEM)	Tennessee	15-20%; tied to cargo growth & ops
Dallas/Fort Worth International Airport (DFW)	Texas	25-30%; based on financial, ops, safety
Tulsa International Airport (TUL)	Oklahoma	10-12%; ops efficiency & safety
Kansas City International Airport (MCI)	Missouri	12-15%; tied to financials & projects
St. Louis Lambert International Airport (STL)	Missouri	15%; based on passenger growth & safety

Recommendation: Adopt a bonus plan for XNA executives, with long-term incentive plans being the most strategic for retaining talent and closing the gap on competitive pay.

# 5. Long-term incentive plan ("LTIP") framework

A long-term incentive plan is designed to align executives with sustained organizational performance by rewarding achievement of multi-year objectives, while providing opportunities for both annual and long-term wealth accumulation. The vesting results in each tranche paying out annually, but longer and larger term payouts happen as each tranche accumulate, enhancing retention.

## Framework:

- Annual LTI Award: Granted each year at the start of the performance cycle (1/1/xx).
- This is a cash-based award, with opportunities for initial plan at 20% of base pay for all executive positions.
- This framework has 3-Year Overlapping Cycles and each award vests in three annual tranches ( $\frac{1}{3}$  per year), contingent upon achievement of pre-set strategic 'strive' objectives set by the Board.
- Pre-set metrics should include financial goals (EBITDA, revenue growth, ROIC) and strategic goals (safety, project completion, customer satisfaction). The financial goals should be set so the plan is self-funding.
- After Year 3, executives have three overlapping cycles paying out simultaneously at target, enhancing long term retention.
- The LTIP typically has metrics and payouts defined at three levels (threshold, target and maximum achievement).
- Each vested portion is paid within 45 days of the fiscal year once results are certified.
- The plan document requires review by legal counsel.

# 5. Long-term incentive plan ("LTIP") framework

**Example:** Executive with \$200,000 and a 20% Award Target

Annual award \$40,000

Year	New LTI Grant	Tranche 1 (from Year 1 grant)	Tranche 2 (from Year 2 grant)	Tranche 3 (from Year 3 grant)	Total Payout for Year	Outstanding unvested value
1	\$40,000					\$40,000
2	\$40,000	\$13,333			\$13,333	\$66,667
3	\$40,000	\$13,333	\$13,333		\$26,666	\$93,333
4	\$40,000	\$13,333	\$13,333	\$13,333	\$39,999	\$120,000

By year four, the executive is receiving three overlapping tranches (\$40,000 total) each year if achievement is met.

Typically, the new grant increases every year that base pay increases. Of note, the amount of the award varies based on achievement. Metrics are based on threshold (typically 50% of target), target (all achievements are met) and maximum opportunity if pre-set maximums are achieved (120%).

# 5. Alternative Option A: Deferred Compensation Plan (DCP)

An alternative that the Board may want to explore is a deferred compensation plan, sometimes referred to a "409a" plan. This plan provides senior leaders with the ability to defer a portion of their current compensation into the future. It is primarily a retirement and tax-planning tool for highly compensated executives while also serving as a retention vehicle.

## **Framework:**

- Participation is required to be voluntary, and executives elect annually how much to defer. Elections must be made before the start of the plan year. Employers typically add matching or discretionary credits (like a 401k match).
- The funds are held in an invested account (e.g., typically mutual fund like menu). The balances grow tax deferred.
- Company contributions are typically vested over time creating a retention tool.
- There is risk as the assets are unfunded and unsecured (would remain part of XNA's general assets). If the company becomes insolvent, the risk of forfeiture to the executive is significant (the executive becomes a creditor).

## Comparison of Plans

Feature	Deferred Compensation Plan (DCP)	Long-Term Incentive Plan (LTI)
Purpose	Tax deferral, retirement savings, retention	Align executives with long-term company performance; ensure competitive cash compensation
Participation	Must be voluntary for EE; limited to select senior executives (top-hat group)	Broadly granted to executives and senior leaders,
Funding	Unfunded, unsecured company obligation (subject to company solvency)	Cash-based awards, recorded as expense
Source of Value	Executive deferrals of salary/bonus + company credits; grows with investment returns	Company performance; value realized only if goals are met
Vesting	Executive contributions always vested; company match may vest over time	Vesting tied to performance and/or time (usually 3-4 years)
Payout Timing	At retirement, separation, or pre-selected future dates (IRS 409A rules apply)	After performance/vesting period (e.g., 3-year cliff, rolling 33% tranches-recommended)
Taxation	Tax-deferred until distribution	Taxed upon payout/vesting (unless structured in deferred form)
Risk	Subject to company insolvency (general creditor)	Cash-based tied to positive financial results
Primary Benefit	Supplements retirement savings above 401(k)/qualified plan caps	Incentivizes sustained performance and business alignment
Best For	Retention + tax planning for highly compensated executives	Driving performance, executive wealth-building

# 5. Alternative Option B: Retention Bonus

An alternative to a LTIP or DCP could be a simple retention bonus – cash at x years for the CEO. However, as compensation data shows the impact of not having annual significant bonuses, we recommend the adoption of a LTIP for XNA.

Airport	CEO Retention Package
Bill and Hillary Clinton National Airport (LIT)	Rolling 3-year contract; retention bonus at renewal
Memphis International Airport (MEM)	Contract with relocation protection & severance
Dallas/Fort Worth International Airport (DFW)	Equity-linked retention; 5-year renewal bonus
Tulsa International Airport (TUL)	3-year contract, severance terms
Kansas City International Airport (MCI)	Retention tied to major expansion project completion
St. Louis Lambert International Airport (STL)	Multi-year contract; retention bonus at 5 yrs

# 6. Benefits analysis & assessment

Airport	State	Executive Benefits
Bill and Hillary Clinton National Airport (LIT)	Arkansas	Medical, pension, deferred comp
Memphis International Airport (MEM)	Tennessee	Medical, pension, relocation allowance
Dallas/Fort Worth International Airport (DFW)	Texas	Full executive benefits, car, deferred comp, relocation
Tulsa International Airport (TUL)	Oklahoma	Medical, retirement, relocation support
Kansas City International Airport (MCI)	Missouri	Medical, pension, car allowance
St. Louis Lambert International Airport (STL)	Missouri	Medical, retirement, exec life insurance

XNA provides full medical coverage and other health & welfare benefits to executives as well as staff. There are no recommendations for changes. XNA also provides a 12% match on the 401k plan and is competitive. As XNA continues to meet federal standards with non-discrimination testing standards, we do not recommend any changes. Car policy is competitive and flexible -- no recommendations for changes.

The enhanced Group Life Insurance and AD&D of 2x salary up to \$300K should be reviewed and increased to a minimum of 2x for CEO. This is a relatively inexpensive benefit and especially at the CEO level, is not competitive.

# 7. Summary of Recommendations

## Compensation

- CEO base pay is significantly below market. Increase base pay overtime (10-20%) per year until gap is closed.
- COO base pay is also below market medians. Increase base pay overtime (8-10% per year) to close the gap.

## LTIP Bonus

- Adopt a long-term incentive plan to ensure competitive compensation and act as a retention tool for CEO. Consider for all other executive positions.

## Executive Benefits

- Increase Group Life Insurance and AD&D limit to ensure 2x salary value is achieved

Thank you!

# Addendum

## Survey Information

### 1. Publicly Available Information From Regional Airports:

Airport	State	Revenue
Bill and Hillary Clinton National Airport (LIT)	Arkansas	data not available
Memphis International Airport (MEM)	Tennessee	165M
Dallas/Fort Worth International Airport (DFW)	Texas	data not used
Tulsa International Airport (TUL)	Oklahoma	data not available
Kansas City International Airport (MCI)	Missouri	212M
St. Louis Lambert International Airport (STL)	Missouri	data not available

### 2. JER Proprietary Survey Data Bases

#### ERI

- Data Cut: Air Transportation/Arkansas/\$10-\$30M Rev
- Data Cut: Air Transportation/National/\$10-\$30M Rev

### 3. Comp-Analyst

- Data Cut: Mid West/Transportation Industry Rev \$10-\$30M
- Data Cut: Arkansas/All Orgs/Rev \$0-\$30M

All data aged to September 1, 2025