

CORPUS CHRISTI INTERNATIONAL AIRPORT

AIR SERVICE INCENTIVE PROGRAM

The City of Corpus Christi, Texas is adopting this Air Service Incentive Program (individually, “Program I,” “Program II,” “Program III,” “Program IV,” “Program V,” and “Program VI”) (collectively the “Incentive Program”) to stimulate passenger and cargo air service at Corpus Christi International Airport.

GENERAL

A. Goals

The goals of the Incentive Program are to:

- Increase overall passenger and/or cargo airline activity at the airport;
- Attract new or additional passenger and/or cargo air service to the Corpus Christi market;
- Increase the number of non-stop destinations served from Corpus Christi;
- Increase the number of passengers traveling through the airport;
- Increase the amount of cargo processed at the airport;
- Increase non-airline revenues to the airport;
- Over time, reduce the airlines’ unit cost to operate at the airport.

B. Term

The Incentive Program shall become effective for air service at the Airport commencing upon approval by the City, for service starting after January 31, 2022, and shall remain in effect through Fiscal Year 2025.

C. Funding

Subject to the availability of funds and appropriations by the City, the Incentive Program will be funded solely from the Airport’s Reserve Fund. Total program financial benefits conferred during Fiscal Year 2022 through and including Fiscal Year 2025. At the discretion of the Airport Director, the available annual funding may be prorated among the Incentive Program’s participants.

Waivers of Landing Fees and Terminal Building Rents offered by the Airport under this Incentive Program shall not have the effect of increasing the rentals, fees, or charges imposed on other aeronautical users of the Airport, including other airlines.

D. Compliance with Federal Regulations

The terms and implementation of this Incentive Program will be, at all times, subordinated to applicable state and federal laws and regulations, and the provisions of any existing or future agreement between the City and the United States Government or governmental authority, relating to the operation and maintenance of the Airport. The Incentive Program may be terminated, in whole or in part, if it is determined to violate applicable laws, regulations, or any

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assurance made by the City to the United States Government in connection with the receipt of federal grants-in-aid or the approval of Passenger Facility Charges.

E. Incentive Program Definitions

The words and phrases defined below have the following meaning when used elsewhere in this Incentive Program:

Airline Operating Agreement and Terminal Building Space Permit: agreement with the City providing for the use of the Airport by an airline that is not a party to an Airport Use and Lease Agreement, as it may be amended from time to time or a successor agreement.

Airport: the Corpus Christi International Airport, together with any additions, improvements, out properties, or enlargements made from time to time.

Airport Director: the Airport Director of the City or the person performing the functions of that office, as authorized by the City Manager, or that person authorized by the Airport Director to act for or on behalf of the Airport Director with respect to any particular matter.

City: the City of Corpus Christi, Texas.

Direct Flight: a flight served on a one-stop, same aircraft basis. If operational necessity requires customers to change aircraft on a particular direct flight, a waiver of fees will not apply to that flight operation.

Fiscal Year: the City's fiscal year, which is the twelve-month period commencing October 1 and extending through September 30 of the following calendar year (and identified by the calendar year in which it ends), or such other fiscal year as the City may establish by ordinance.

International Destinations: a destination outside of the contiguous states of the USA.

Landing Fees: the fees payable in accordance with the Airport Use and Lease Agreement, or similar fees in other agreements for use of the airfield, as may be applicable.

Seasonal Flight: a flight that operates from the airport less than six consecutive months.

Terminal Building Rents: the charges payable in accordance with the Airport Use and Lease Agreement, or similar charges in other agreements for the use of the airport, as may be applicable.

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PROGRAM I – NEW ENTRANT AIRLINE (PASSENGER AND CARGO)

A. Program Goals

- Attract new airlines to, and increase competition among airlines in, the Airport's air service market.
- Help mitigate the financial impact to new entrant airlines when beginning air service at the Airport.
- Compete with other airports seeking to attract new entrant airlines.

B. Program Definitions

Eligible Airline: an airline that has not provided passenger or cargo air service at the airport in the previous 24 months, and that begins new scheduled passenger or cargo air service at the Airport and commits to maintain year-round service for a period of more than 24 consecutive months, is eligible to participate in Program I, *except*:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is serving the Airport on, or discontinued service at the Airport within the 12 months prior to, the date on which the new scheduled service begins; or
- An airline that consolidates with, or merges into, another airline that is serving the Airport on, or discontinued service at the Airport within the 12 months prior to, the date on which the new scheduled service begins.

To become an Eligible Airline, an airline must have entered into, or commit to enter into, and be in compliance with, all the terms of an Airport Use and Lease Agreement or an Airline Operating Agreement and Terminal Building Space Permit.

Qualifying Flight: a regularly scheduled non-stop roundtrip flight at the Airport (designated by a particular flight number or numbers) that is first operated by an Eligible Airline during that airline's initial 30 days of operations at the Airport qualifies for the purposes of Program I.

C. Program I Incentives

Upon the Airport Director's determination that an airline is eligible to participate in Program I, and subject to the provisions of this Incentive Program, the following fees will be waived:

- Landing Fees incurred by that airline's Qualifying Flights beginning on the date in which each Qualifying Flight is first operated, and continuing for a period of up to 24 consecutive months thereafter for each such Qualifying Flight;
- Rents associated with the space initially leased or assigned to an Eligible Airline and associated with the Qualifying Flight(s) for up to the first 24 consecutive months of operations by that airline at the Airport.

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PROGRAM II – NEW AIRPORT-WIDE NON-STOP DESTINATIONS (PASSENGER AND CARGO)

A. Goals

- Stimulate the introduction of air service to new Airport-wide non-stop destinations from the Airport.
- Ease the economic risk associated with beginning air service to new Airport-wide non-stop destinations.
- Help mitigate the financial impact of starting new air service to a new Airport-wide non-stop destination from the Airport.

B. Definitions

Eligible Airline: an airline that introduces Qualifying Flights and commits to maintain such service for a period of 24 consecutive months is eligible to participate in Program II; except:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is providing non-stop roundtrip flights between the Airport and such other airport on, or discontinued such service within the 12 months prior to, the date on which the Qualifying Flights begin.

To become an Eligible Airline, an airline must have entered into, and be in compliance with all the terms of an Airport Use and Lease Agreement, or an Airline Operating Agreement and Terminal Building Space Permit.

An airline participating in Program I that is also an Eligible Airline under Program II may request to participate in Program II for any Qualifying Flight for which the airline is not receiving an incentive under Program I.

Qualifying Flight: a new regularly scheduled non-stop roundtrip flight (designated by a particular flight number or numbers) between the Airport and an airport that:

- is not being served by any other airline; and
- has not been served from the Airport by the Eligible Airline more than 10 days during the previous 12 months.

C. Program II Incentives

Upon the Airport Director's determination that an airline is eligible to participate in Program II, and subject to the provisions of this Incentive Program, the following fees shall be waived:

- Landing Fees associated with that airline's Qualifying Flights and incurred up to the first 24 consecutive months of operations of that service.
- Incremental Terminal Building Rents, if any, associated with that airline's Qualifying Flights and incurred up to the first 24 consecutive months of operations of that service.

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PROGRAM III – NEW AIRLINE-SPECIFIC NON-STOP DESTINATIONS (PASSENGER)

A. Goals

- Stimulate the introduction of passenger air service to new airline-specific non-stop destinations from the Airport.
- Ease the economic risk associated with beginning passenger air service to new Airport-wide non-stop destinations from the Airport.
- Help mitigate the financial impact of starting new passenger air service to a new airline-specific non-stop destination from the Airport.

B. Definitions

Eligible Airline: an airline that introduces Qualifying Flights and commits to maintain such service for a period of 24 consecutive months is eligible to participate in Program III; except:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is providing non-stop roundtrip flights between the Airport and such other airport on, or discontinued such service within the 12 months prior to, the date on which the Qualifying Flights begin.

To become an Eligible Airline, an airline must have entered into, and be in compliance with all the terms of an Airport Use and Lease Agreement, or an Airline Operating Agreement and Terminal Building Space Permit.

An airline participating in Program I that is also an Eligible Airline under Program III may request to participate in Program III for any Qualifying Flight for which the airline is not receiving an incentive under Program I.

Qualifying Flight: a new regularly scheduled passenger non-stop roundtrip flight (designated by a particular flight number or numbers) between the Airport and an airport that has not been served from the Airport by the airline operating such new service more than 10 days during the previous 12 months qualifies for the purposes of Program III.

C. Program III Incentives

Upon the Airport Director's determination that an airline is eligible to participate in Program III, and subject to the provisions of this Incentive Program, the following fees shall be waived:

- Landing Fees associated with that airline's Qualifying Flights and incurred up to the first 12 consecutive months of operations of that service.
- Incremental Terminal Building Rents, if any, associated with that airline's Qualifying Flights and incurred up to the first 12 consecutive months of operations of that service.

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PROGRAM IV – NEW DIRECT DESTINATIONS (PASSENGER)

A. Goals

- Stimulate the introduction of passenger air service to new direct destinations from the Airport.
- Ease the economic risk associated with beginning passenger air service to new direct destinations from the Airport.
- Help mitigate the financial impact of starting new passenger air service to a new direct destination from the Airport.

B. Definitions

Eligible Airline: an airline that introduces Qualifying Flights and commits to maintain such service for a period of 6 consecutive months is eligible to participate in Program IV; except:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is providing direct roundtrip flights between the Airport and such other airport on, or discontinued such service within the 12 months prior to, the date on which the Qualifying Flights begin.

To become an Eligible Airline, an airline must have entered into, and be in compliance with all the terms of an Airport Use and Lease Agreement, or an Airline Operating Agreement and Terminal Building Space Permit.

An airline participating in Program I that is also an Eligible Airline under Program IV may request to participate in Program IV for any Qualifying Flight for which the airline is not receiving an incentive under Program I.

Qualifying Flight: a new regularly scheduled passenger bi-directional Direct Flight (designated by a particular flight number or numbers) between the Airport and an airport that has not been served from the Airport by the airline operating such new service, with no more than one intermediate stop, during the previous 12 months that results in increased departures at the Airport for the airline qualifies for the purposes of Program IV.

C. Program IV Incentives

Upon the Airport Director's determination that an airline is eligible to participate in Program IV, and subject to the provisions of this Incentive Program, the following fees shall be waived:

- Landing Fees associated with that airline's Qualifying Flights and incurred up to the first 6 consecutive months of operations of that service.
- Incremental Terminal Building Rents, if any, associated with that airline's Qualifying Flights and incurred up to the first 6 consecutive months of operations of that service.

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Upon the Airport Director's determination that during the initial 12 consecutive months following the beginning of a Qualifying Flight under Program IV the service has become a Qualifying Flight under Program II or Program III (i.e. a Direct Flight has become a new Airport-wide non-stop destination flight or a new airline-specific non-stop destination flight), the Airline shall be eligible to receive Program II or Program III Incentives less any Program IV Incentives received prior to such determination and is subject to Program II or Program III eligibility requirements.

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PROGRAM V – NEW INTERNATIONAL DESTINATIONS (PASSENGER AND CARGO)

A. Goals

- Stimulate the introduction of new air service—passenger and/or cargo—at the Airport to Transoceanic Destinations.
- Help mitigate the financial impact of starting passenger and/or cargo service to new Transoceanic Destinations from the airport.
- Compete with other airports seeking to attract similar air service to Transoceanic Destinations.

B. Definitions

Eligible Airline: an airline that introduces Qualifying Flights and commits to maintain such service for a period of 24 consecutive months is eligible to participate in Program V; except:

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is serving the Airport on, or discontinued service at the Airport within the 12 months prior to, the date on which the new scheduled passenger or cargo service begins; or
- An airline that consolidates with, or merges into, another airline that is serving the Airport on, or discontinued service at the Airport within the 12 months prior to, the date on which the new scheduled passenger or cargo service begins.

To become an Eligible Airline, an airline must have entered into or commit to enter into, and be in compliance with, all of the terms of the Airport Use and Lease Agreement or an Airline Operating Agreement and Terminal Building Space Permit.

Qualifying Flight: a regularly scheduled passenger or cargo flight (designated by a particular flight number or numbers) between the Airport and a Transoceanic Destination served by the same aircraft on a one-stop or less basis for a passenger flight and a two-stop or less basis for a cargo flight and listed as non-stop or direct service that is first operated by an Eligible Airline during that Airline's initial 30 days of operations of the Qualifying Flight at the Airport is a Qualifying Flight for the purposes of Program V.

C. Program V Incentives

Upon the Airport Director's determination that an airline is eligible to participate in Program V and subject to the provisions of this Incentive Program, the following fees shall be waived:

- Landing Fees associated with that airline's Qualifying Flights and incurred up to the first 24 consecutive months of operations of that service.
- Rents or incremental Rents, if any, associated with an airline's Qualifying Flights or assigned to an Eligible Airline and incurred up to the first 24 consecutive months of operations by that service.

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PROGRAM VI – NEW SEASONAL AIR SERVICE (PASSENGER)

A. Goals

- Stimulate the introduction of passenger Seasonal Flights to new airline-specific nonstop destinations from the Airport.
- Ease the economic risk associated with beginning passenger Seasonal Flights to new airline-specific non-stop destinations from the Airport.
- Help mitigate the financial impact of starting passenger Seasonal Flights to new airline-specific non-stop destinations from the Airport.

B. Definitions

Eligible Airline: an airline that introduces Qualifying Flights and commits to maintain such service until a time agreed upon by the Airport Director, except;

- An airline that operates for the benefit of, or under the same or substantially similar name and/or livery as another airline that is serving the Airport on, or discontinued service at the Airport within the 12 months prior to, the date on which the new scheduled passenger service begins; or
- An airline that consolidates with, or merges into, another airline that is serving the Airport on or discontinued service at the Airport within the 12 months prior to the date on which the new Seasonal Air Service begins.

To become an Eligible Airline, an airline must have entered into or commit to enter into, and be in compliance with, all the terms of the Airport use and Lease Agreement or an Airline Operating Agreement and Terminal Building Space Permit.

Qualifying Flight: A new regularly scheduled passenger non-stop round trip Seasonal Flight (designated by a particular flight number or numbers) between the Airport and an airport that has not been served from the Airport by the airline operating such new service during the previous 12 months is a qualifying scheduled service for purposes of Program VI.

C. Program VI Incentives

Upon the Airport Director's determination that an airline is eligible to participate in Program VI, and subject to the provisions of this Incentive Program, the following fees shall be waived:

- Fifty percent (50%) of the Landing Fees associated with that airline's Qualifying Flights and incurred during the first season of service of such Qualifying Flights.
- Fifty percent (50%) of the Terminal Building Rents or incremental Terminal Building Rents, if any, associated with that Airline's Qualifying Flights and incurred during the first season of such Qualifying Flights.