



CINCINNATI/NORTHERN KENTUCKY  
INTERNATIONAL AIRPORT

## AIR SERVICE INCENTIVE PROGRAM

# ABOUT CVG

CVG is the home town airport for over 3.6 million residents within a 90 minute drive of the airport including Southwest Ohio, Northern Kentucky and Southeastern Indiana. In 2015, CVG served over 6 million passengers with the services of 9 different airlines and 23 different operating carriers. CVG has been recognized with the SkyTrax award for Best Regional Airport in North America for five straight years. CVG is one of three global super-hubs for DHL, and a top 10 cargo airport in North America.

## CVG Air Service Incentive Program

The Kenton County Airport Board (KCAB), operator of the Cincinnati/Northern Kentucky International Airport (CVG) is pleased to offer the Air Service Incentives Program (ASIP). The ASIP supports the strategies and objectives of the Airport's air service development efforts by encouraging incumbent and new entrant carriers to consider new market opportunities and expansion at CVG. The ASIP is a four-year program effective on January 1, 2017, and ending on December 31, 2021. The incentives offered in this ASIP are subject to all of the terms and provisions of this ASIP and subject to entering into a mutually satisfactory agreement between CVG and airline in furtherance of the ASIP.

## ASIP Objectives:

The ASIP was developed to support the following objectives:

- Stimulate international passenger air service at CVG
- Stimulate domestic passenger air service at CVG
- Promote competition at CVG
- Increase non-aeronautical revenues at CVG through increased passenger demand

## PRIMARY COMPONENTS OF THE ASIP PROGRAM:

The ASIP has six distinct components;

- Marketing Support
- Landing Fee Waivers
- Gate Use Fee Waivers
- Ticket Counter Fee Waivers
- FIS Facility Fee Waivers
- Additional Support

## NEW ENTRANT INCENTIVES:

- CVG will provide up to a maximum of \$75,000 for marketing support to a new entrant airline for the first 12 consecutive months of daily service. New entrants providing less than daily service will be eligible for marketing support on a pro rata rate basis depending on frequency;
- CVG will waive all landing fees for first 12 consecutive months of new entrant service;
- CVG will waive all Gate Use and Ticket Counter Use fees for the first 12 consecutive months of new entrant service;
- New Entrant Incentives may be combined with Market incentives listed below.

## TARGET MARKET INCENTIVES:

- CVG will provide up to a maximum of \$150,000 for marketing support for a new entrant airline or incumbent airline for the first 12 consecutive months of daily non-stop, round trip service to a Target Market;
- A Target Market is defined to include any North American market with demand of at least 40 passengers per day not served from CVG with year-round direct non-stop, round trip service at the time of an airline's application to CVG;
- Target markets available for the incentive include DAL, HOU, LGB, OAK, PDX, SEA, SAN, and SNA (target markets may be updated periodically as new DOT data becomes available);
- Should the airline continue service for a second 12 consecutive month period, CVG will provide up to an additional \$50,000 for marketing support;
- CVG will waive all landing fees for first 24 consecutive months of new service to a Target Market;
- CVG will waive all Gate Use and Ticket Counter Use fees for the first 24 consecutive months of new service to a Target Market;
- Airline may not receive incentives if they have received incentives within the previous 12-month period for air service to the new market. Any airline that discontinued flights to a Target Market with direct non-stop, round trip service within the prior 12 months shall not qualify for the incentive offered. This provision shall apply to any airline that has purchased or merged with another airline that previously provided service and is reinstating flights within the 12-month period.

## TRANS-ATLANTIC MARKET INCENTIVES:

- CVG will provide up to a maximum of \$400,000 for marketing support by a new or incumbent airline for the first 12 consecutive months of non-stop, round trip service to an unserved Trans-Atlantic Market;
- A minimum of 3 departures per week or 150 annual departing flights are required;

- Should the airline continue service for a second 12 consecutive month period, CVG will provide up to an additional \$400,000 for marketing support. A minimum of 3 departures per week or 150 annual departing flights are required;
- CVG will waive all landing fees during the incentive period, up to 24 consecutive months;
- CVG will waive all Gate Use and Ticket Counter Use fees during the incentive period, up to 24 consecutive months;
- New or incumbent carriers providing seasonal service (2 departures per week for a minimum of 16 consecutive weeks) to Trans-Atlantic destinations will be eligible for up to a maximum of \$150,000 of marketing support plus waived landing, gate use and ticket counter fees for up to 8 consecutive months;
- Federal Inspection Service (FIS) fees, up to \$11.00 per arriving passenger, will be waived during the incentive period, up to 24 consecutive months;
- An airline that has received a Trans-Atlantic Market Incentive is only eligible for the incentive for a maximum of 24 months during the term of this ASIP.

#### TRANS-PACIFIC MARKET INCENTIVES:

- CVG will provide up to a maximum of \$400,000 for marketing support by a new or incumbent airline for the first 12 consecutive months of non-stop, round trip service to an unserved Trans-Pacific Market;
- A minimum of 3 departures per week or 150 annual departing flights are required;
- Should the airline continue service for a second 12 consecutive month period, CVG will provide up to an additional maximum of \$400,000 for marketing support. A minimum of 3 departures per week or 150 annual departing flights are required;
- CVG will waive all landing fees during the incentive period, up to 24 consecutive months;
- CVG will waive all Gate Use and Ticket Counter Use fees during the incentive period, up to 24 consecutive months;
- Carriers providing seasonal service (2 departures per week for a minimum of 16 weeks) to Trans-Pacific destinations will be eligible for up to a maximum of \$150,000 of marketing support plus waived landing, gate use and ticket counter fees for up to 8 consecutive months;
- FIS fees, up to \$11.00 per arriving passenger, will be waived during the incentive period, up to 24 months;
- An airline that has received a Trans-Pacific Market Incentive is only eligible for the incentive for a maximum of 24 months during the term of this ASIP.

#### COMPETITIVE TARGET MARKET INCENTIVES:

- CVG will provide up to a maximum of \$50,000 for marketing support for a new entrant airline or incumbent airline for the first 12 months of consecutive daily non-stop, round trip service to a Competitive Target Market;
- A Competitive Target Market may include any North American market currently served from CVG by a single carrier at the time of an airline's application to CVG;

- Competitive target markets available for the incentive include: BOS, IAD, MCI, PHX, and STL. (competitive target markets may be updated periodically as new DOT data becomes available);
- CVG will waive all landing fees for first 12 consecutive months of new service to a Competitive Target Market;
- CVG will waive all Gate Use and Ticket Counter Use fees for the first 12 consecutive months of new service to a Competitive Target Market;
- Airline may not receive incentives if they have received incentives within the previous 12-month period for air service to a Competitive Target Market. Any airline that discontinued flights to a Competitive Target Market with direct non-stop, round trip service within the prior 12 months shall not qualify for the incentive offered. This provision shall apply to any airline that has purchased or merged with another airline that previously provided service and is reinstating flights within the 12-month period.

#### LATIN AMERICA MARKET INCENTIVES:

- CVG will provide up to a maximum of \$75,000 for marketing support for a new entrant airline or incumbent airline for the first 12 consecutive months of non-stop, round trip service to a Latin America Market;
- A Latin America Market is defined to include any Central America, South America or Mexico Market not served from CVG with direct non-stop, round trip service at the time of an airline's application to CVG;
- A minimum of 4 departures per week is required;
- CVG will waive all landing fees during the incentive period, up to 12 consecutive months;
- CVG will waive all Gate Use and Ticket Counter Use fees during the incentive period, up to 12 consecutive months;
- CVG will provide up to a maximum of \$50,000 of marketing support plus waived landing, gate use and ticket counter fees for up to 6 consecutive months to carriers providing less than daily service but at least two departures per week to an unserved Latin America market;
- FIS fees, up to \$11.00 per arriving passenger, will be waived during the incentive period, up to 12 consecutive months;
- Any airline that discontinued flights to a Latin America Market within the prior 12 months shall not qualify for the incentive offered. This provision shall apply to any airline that has purchased or merged with another airline that previously provided service and is reinstating flights within the 12-month period.

#### CARIBBEAN MARKET INCENTIVES:

- CVG will provide up to a maximum of \$75,000 for marketing support for a new entrant airline or incumbent airline for the first 12 consecutive months of non-stop, round trip service to a Caribbean Market;
- A minimum of 4 departures per week is required;
- CVG will waive all landing fees during the incentive period, up to 12 consecutive months;



- CVG will waive all Gate Use and Ticket Counter Use fees during the incentive period, up to 12 consecutive months;
- CVG will provide up to a maximum of \$50,000 of marketing support plus waived landing, gate use and ticket counter fees for up to 6 consecutive months to carriers providing less than daily service but at least two departures per week to an unserved Caribbean market;
- FIS fees, up to \$11.00 per arriving passenger, will be waived during the incentive period, up to 12 consecutive months;
- Any airline that discontinued flights to a Caribbean Market within the prior 12 months shall not qualify for the incentive offered. This provision shall apply to any airline that has purchased or merged with another airline that previously provided service and is reinstating flights within the 12-month period.

## AIR SERVICE INCENTIVE SUMMARY

Service Type	Service Requirement	Marketing Dollars	Minimum Service	Landing Fee Waiver	Gate Use Fee Waiver	Ticket Counter Fee Waiver	FIS Facility Fee Waiver
New Entrant	Daily (5x Minimum)	\$75,000	12 months	Yes	Yes	Yes	n/a
Target Market Incentive	Daily (5x Minimum)	\$150,000 year 1 \$50,000 year 2	1 year or 2 year commitment	Yes	Yes	Yes	n/a
Trans-Atlantic Market Incentives	3X (150 annual departures)	\$400,000 year 1 \$400,000 year 2	1 year or 2 year commitment	Yes	Yes	Yes	Yes
Trans-Pacific Market Incentives	3X (150 annual departures)	\$400,000 year 1 \$400,000 year 2	1 year or 2 year commitment	Yes	Yes	Yes	Yes
Competitive Target Market Incentive	Daily (5x Minimum)	\$50,000	12 months	Yes	Yes	Yes	No
Latin America Market Incentives	4X	\$75,000	12 months	Yes	Yes	Yes	Yes
Caribbean Market Incentives	4X	\$75,000	12 months	Yes	Yes	Yes	Yes
Trans-Atlantic Market Incentives - Seasonal	2X	\$150,000	16 Weeks	Yes	Yes	Yes	Yes
Trans-Pacific Market Incentives - Seasonal	2X	\$150,000	16 Weeks	Yes	Yes	Yes	Yes
Latin America Market Incentives - Seasonal	2X	\$50,000	6 months	Yes	Yes	Yes	Yes
Caribbean Market Incentives - Seasonal	2X	\$50,000	6 months	Yes	Yes	Yes	Yes

Please note: 1. The Gate Use Fee includes hold room, ramp, loading bridges (with associated 400kHz/28V DC and PCA), bag system, AGTS Train, bag make up, baggage claim, FIDS, BIDS, and LAN.

2. Hawaii and the U.S. territories are considered part of the North America Market.

## ADDITIONAL SUPPORT

The successful launch of new service or a new airline at CVG is as important to CVG and the Greater Cincinnati, Northern Kentucky, and Southeast Indiana Regions as it is to the airline. In addition to the marketing support and fee waivers identified above, CVG also offers additional assistance to help set the stage for success in the market.

### COMMUNITY ENGAGEMENT

The Air Service Development Team at CVG maintains close relationships with local business leaders, economic development professionals, convention and visitor bureau staff, and the corporate business managers at the top local companies to understand their current and future air service needs. With nine Fortune 500 companies based in the region, the travel managers are a valuable resource to not only understand the travel needs local market but also the global needs of their associates around the globe. The CVG team is happy to help facilitate meetings between the airline and these key business partners; provided that, if any such organization provides a subsidy incentive, per FAA requirements, CVG cannot be involved in negotiating, implementing, recording keeping or monitoring of any such subsidy incentive.

### LOCAL PRESS RELEASE

The CVG Team has an exceptionally strong relationship with the local media and effectively utilizes the available communication tools to broadcast the latest news media outlets. Press releases are carefully crafted and released at the appropriate time to ensure the potential for earned media value is maximized.

### INAUGURAL SUPPORT

The CVG Team has developed a proven track record of successful inaugural events over the past several years. From initial ideation to press release to inaugural event, CVG will partner with the airline to facilitate a successful event that receives maximum coverage from news media and participation from local political and business leaders.

### CVGAIRPORT.COM

The new CVGAIRPORT.COM is an award-winning website designed from the ground up to enhance the traveling public's airport experience. CVG is the only airport in North America to feature real-time security wait time information. The website features an airline section which gives carriers additional exposure to the CVG Passenger.

### AIRPORT NEWSLETTER

New entrant carriers and/or new service announcements will be prominently featured in the Airport's monthly newsletter. Flight Lines is electronically distributed monthly to 70,000 individuals who signed up on the award winning CVGAirport.com website.

### SOCIAL MEDIA

The CVG team actively engages passengers and potential customers on a regular basis through Twitter and Facebook. Over the last 6 months our Facebook activity, as measured by the number of likes, has grown 56% and Twitter followers have increased 20%. These platforms will be utilized to announce the new service and are also available for the airlines to leverage should they wish to engage in the development of a promotion or contest.

### IN-AIRPORT DESTINATION ANNOUNCEMENTS

The state of the art flight information display system at CVG includes additional flat panel monitors adjacent to the FIDS monitors utilized for visual paging and airport promotion. The displays are

prominently located throughout the terminal and concourse buildings. The CVG team will develop graphics for each new destination or airline for display on these monitors.

## PROGRAM GUIDELINES

### **REFUND FOR FAILURE TO MEET PROGRAM REQUIREMENTS**

The duration of service under each of the incentive programs identified above must be operated consecutively for the 12 month, 6 month or seasonal period, as applicable ("Incentive Period"). Any new or incumbent carrier that suspends or terminates the service prior to the end of the Program Period will be required to reimburse CVG for the marketing support, waiver of landing fees, gate use fees, federal inspection fees and ticket counter use fees, to the extent waived, from the date of the initiation of the service until the date of suspension or termination of the service. The airline will be required to pay the difference to CVG within 30 days of suspension or termination of service. If the airline fails to pay the difference as required, CVG may deduct the amount from any security deposit, letter of credit, or guarantee posted by airline for operations at the Airport or from any money owed to the airline by CVG.

### **MARKETING SUPPORT INITIATIVES**

There will be no direct reimbursement to the airline for marketing support provided by CVG. CVG's marketing support will be paid directly to agreed upon media or advertising sources pursuant to CVG standard invoicing, procurement and payment process for such services. The marketing plan shall be jointly developed between the airline and CVG, including marketing to be provided by the airline, and must be approved by the CEO prior to implementation. The joint marketing and advertising plan will promote CVG, and the airline's brand and service.

### **TERMINATION**

This ASIP will terminate on December 31, 2021, or such earlier date as may be set forth in written notice from the CEO of CVG to signatory and non-signatory airlines (the "Termination Date"); provided, however, that such termination of this ASIP will not terminate the waiver of fees or marketing support to be provided pursuant an executed agreement between CVG and airline pursuant to this ASIP that is executed prior to the Termination Date; further, provided, however, that if the Federal Aviation Administration or CVG's legal counsel determines that the ASIP and/or applicable agreement violates federal law, rules or regulations, or that CVG's federal grant agreements, then CVG may immediately terminate this ASIP and any waivers or further marking support provided under this ASIP and the applicable agreement, by and effective upon written notice by the CEO of CVG to signatory and non-signatory airlines then participating.

### **RESERVATION OF RIGHTS**

CVG reserves the right to modify, amend, or substitute this ASIP during the term of this ASIP, provided that any such modification, amendment, or substitution will not impact any existing agreement under this ASIP. This ASIP shall not constitute an offer unless and until an agreement between an airline and CVG has been executed. Consistent with FAA guidance, this ASIP does not apply to repeated seasonal service to the same destination.

### **ELIGIBILITY REQUIREMENT**

In order to become eligible to participate in this ASIP an airline must be or become a party to CVG's Airport-Use Agreement or CVG's Non-Signatory Agreement, and must execute and deliver to CVG an agreement satisfactory to CVG and airline in furtherance of this ASIP. In order to receive a waiver of



fees under this ASIP, an airline must not be in default under CVG's Airport Use Agreement or CVG's Non-Signatory Agreement, as applicable to such airline, or any other agreement between the airline and CVG.

### **APPLICATION PROCESS**

Airlines seeking to participate in the ASIP shall be required to complete an incentive program application on a form provided by the Airport. Applications should be submitted 45 days prior to commencement of service. An airline will be advised in writing if it has been approved for incentives.

### **AIRLINE COMMITMENTS**

The airline must also commit to the following:

- ◆ Operate the qualifying flight throughout the Incentive Period;
- ◆ Provide CVG with a letter of credit, bond, or other form of surety satisfactory to the Airport to secure an amount equal to the estimated annual amount of CVG provided marketing support should airline fail to maintain each qualifying flight through the Incentive Period. For Trans-Atlantic and Trans-Pacific International markets, the letter of credit, bond, or other form of surety will secure an amount equal to 50% of the estimated annual amount of CVG provided marketing support. The letter of credit can be rescinded upon completion of 90% of the minimum required operations;
- ◆ Report any changes to the number of frequency of aircraft type and/or service at least 30 days in advance of any changes during the Incentive Period;
- ◆ Any incentives for incumbents already serving destinations must only be for new scheduled service to that destination without any loss in previously scheduled service to the same destination.

### **AIRLINE COMPLIANCE**

The CEO's interpretation of this ASIP shall be final and binding in all respects and on all parties. CVG may conduct a period review and audit of airline's compliance with the terms of this program during the Program Period.