

Memphis-Shelby County Airport Authority
Memphis International Airport
AIR SERVICE INCENTIVE PROGRAM

EFFECTIVE: August 1, 2025

1.0 PROGRAM OVERVIEW

1.1 Goals

The goal of the Memphis International Airport (MEM) Air Service Incentive Program (ASIP) is to increase nonstop scheduled passenger air service and passenger traffic at MEM and to sustain the service over the long term.

1.2 General Guidelines

- Air Service Incentives (“Incentives”) are offered to any eligible air carrier announcing scheduled nonstop passenger service to an eligible market.
- Markets, both domestic and international, are considered served as soon as service is announced and/or loaded into schedules, whichever occurs first.
- New service must operate a minimum of two (2) roundtrip flights per week to be eligible for Incentives under the program.
- All conditions for receiving the Incentives will be documented in a legal agreement (“Incentive Agreement”) between the Memphis-Shelby County Airport Authority (“MSCAA”) and the eligible air carrier. The Incentive Agreement is subject to final approval by the MSCAA.
- The maximum incentives available for new service are based on the initial service frequency proposed in the carrier’s Notice of Intent (or Application) and subsequently memorialized in the Incentive Agreement. Any increase in service frequency beyond the initially agreed-upon level will not automatically receive additional Incentives unless a separate amendment is negotiated and approved by MSCAA, subject to available budget.
- If the eligible air carrier does not meet the minimum service requirements, the MSCAA may immediately terminate all future Incentives. Upon such termination, the MSCAA shall have no further obligation to provide any Fee Waivers or Marketing Support funds, regardless of amounts originally specified in the Incentive Agreement. Fee Waivers already applied and Marketing Support funds already disbursed shall remain with the carrier.

- **Minimum Service Requirements:**

- All incentivized service must maintain a minimum of two (2) roundtrip flights per week throughout the incentive period
- Service must operate for the duration specified in the Incentive Agreement
- Any service interruption exceeding 30 consecutive days may result in termination of incentives
- Carriers must maintain at least 80% of their committed monthly frequencies to remain eligible for continued incentives
- Failure to maintain service requirements will result in termination of all future incentives as outlined in Section 6.2
- Marketing Support amounts are based on frequency commitments in the Notice of Intent
- Seasonal service must operate for consecutive months as specified in the Agreement

- **Program Funding Caps:**

- Total incentive funds are limited by available budget
- Annual program cap: \$2,000,000 for all carriers combined
- Marketing support caps:
 - Standard maximum: \$250,000 per carrier in any 12-month period
 - Transatlantic exception: up to \$500,000 per carrier in any 12-month period for Unserved Transatlantic International Markets only
- Charter operations, including operators under 14 CFR Parts 121, 135 and 380, are not eligible for the program.
- Essential Air Service ("EAS") markets, which are federally subsidized routes, are not eligible for the program.
- The MEM ASIP is subject to change; any changes will be posted on the airport website at www.flymemphis.com at least thirty (30) days in advance of implementation.

2.0 ELIGIBILITY REQUIREMENTS

2.1 Eligible Air Carriers

Air carriers eligible for Incentives under this program are defined as follows:

- a) **New Entrant Carrier** is an air carrier that is not currently providing air service at MEM and has not operated scheduled service at MEM in the twenty-four (24) months preceding the date of their Notice of Intent submission.
- b) **Incumbent Carrier** is an air carrier that is already offering scheduled air service at MEM. Incumbent Carriers are only eligible for Incentives when initiating service to Unserved Markets.

2.2 Eligible Markets

Eligible markets include any Unserved Domestic or International Market for any eligible carrier, or any Currently Served Domestic or International Market for New Entrant Carriers only. EAS markets are not eligible markets.

a) Domestic Markets

- Domestic Markets are defined as any market in the Continental United States. Where markets are served by multiple commercial service airports (e.g., Chicago, New York City) each airport is considered a separate market for program eligibility.
- **Currently Served Domestic Markets** are eligible for Incentives from New Entrant Carriers only as part of the incentive to attract new carriers to MEM.
- **Unserved Domestic Markets** are any Domestic Markets that have not had scheduled nonstop service from MEM in the most recent twenty-four (24) months.

b) International Markets

- International Markets are categorized as Short Haul International Markets and Transatlantic Markets. **All International Markets are destinations outside the Continental United States.** Though not specifically excluded from program eligibility, Transpacific markets are not contemplated in the ASIP due to current limited demand.
- **Short Haul International Markets** include any market in:
 - North America (including Canada, Mexico, Greenland, Iceland)
 - Central America
 - South America
 - Caribbean and Bermuda

- **Transatlantic Markets** include any market in:
 - Europe (including the United Kingdom)
 - Africa
 - Middle East
- **Unserved International Markets** are any International Markets that have not had scheduled nonstop service from MEM in the most recent twelve (12) months. Cities with multiple commercial service airports (e.g., Toronto, London) are considered separate markets for program eligibility.
- **Currently Served International Markets** are eligible for Incentives from New Entrant Carriers only, as part of the incentive to enter the MEM market.

3.0 INCENTIVE STRUCTURE

3.1 Summary of Incentives

The following chart summarizes the Incentives offered in the MEM ASIP. Details regarding eligibility, terms, and conditions are provided in subsequent sections.

#	Service Category	Eligibility Criteria	Fee Waivers	Marketing Support Category 1 5X+ Weekly	Marketing Support Category 2 2-4X Weekly
1	New Entrant Carrier	Currently Served Domestic or International	100% for 1 year (Initial 12 months)	\$50,000	\$50,000
2	New Service to Unserved Target Market	Domestic Unserved Target Market (SEA, SAN, SFO, IAD)	100% for 2 years (Initial 24 months)	\$100,000 - Year 1 \$50,000 - Year 2	\$50,000
3a	Domestic Unserved Market	Domestic Unserved Year-round Service (>7 months)	100% for 2 years (Initial 24 months)	\$50,000 - Year 1 \$25,000 - Year 2	\$25,000 - Year 1 \$25,000 - Year 2
3b	Domestic Unserved Market	Domestic Unserved Seasonal Service (<7 months)	100% for 3 years (Initial 36 months)	\$20,000 - Year 1 \$15,000 - Year 2 \$15,000 - Year 3	\$15,000 - Year 1 \$10,000 - Year 2 \$10,000 - Year 3
4	Short-Haul International Unserved Market	International Unserved Short-Haul Market *Section 2.2b	100% for 2 years (Initial 24 months)	\$150,000 - Year 1 \$75,000 - Year 2	\$50,000
5	Transatlantic International Unserved Market	International Unserved Transatlantic Market *Section 2.2b	100% for 2 years (Initial 24 months)	\$500,000 - Year 1 \$500,000 - Year 2	\$400,000 - Year 1 \$300,000 - Year 2

Notes:

- "Year-Round" means service operated for a minimum of seven (7) months per year
- "Seasonal" means service operated for less than (7) months per year
- Fee Waivers include both landing and terminal fees for specified duration

3.2 Fee Waivers

Scope of Fee Waivers

Fee Waivers include landing fees and terminal fees, which encompass:

- Landing fees
- Terminal use fees
- Gate use fees
- Jet bridge fees
- Per turn fees
- Other terminal-related charges

Fee Waivers specifically **exclude**:

- Fuel flowage fees
- Costs paid to other carriers for subleased space or equipment
- Ground handling charges
- Other third-party fees

Implementation

- Fee Waivers are calculated based on the weekly frequency proposed in the carrier's Notice of Intent and subsequently memorialized in the Incentive Agreement.
- Fee Waivers shall not exceed the actual costs that would otherwise be charged by MEM to the air carrier for operating the eligible route.
- For Incumbent Carriers that are signatory to the Airport Use and Lease Agreement ("AULA"), Fee Waivers for incentivized service shall be credited at the published signatory per turn rate.
- Non-signatory carriers shall receive Fee Waivers at the published non-signatory rates.

3.3 Marketing Support

Eligible Marketing Activities

Marketing Support funds are provided to promote public awareness of new service offered at MEM. These funds may be used for:

- Digital and traditional advertising
- Social media campaigns
- Travel trade promotion
- Other promotional activities approved by MSCAA

Program Structure and Limits

- Marketing Support is not cooperative or matching - carriers receive the full approved amount without matching requirements.
- The air carrier must develop a marketing plan for MSCAA approval prior to receiving any Marketing Support funds.
- Marketing Support amounts are determined based on the service frequency categories as shown in the incentive matrix (Section 3.1):
 - Category 1: 5X+ Weekly Service – Five or more roundtrip flights per week
 - Category 2: 2-4X Weekly Service – Two to four roundtrip flights per week
- The initial service frequency proposed in the carrier's Notice of Intent and memorialized in the Incentive Agreement determines the applicable Marketing Support category.
- If a carrier reduces service frequency after commencement Marketing Support will be adjusted to the funding level of the new applicable Service Frequency Category
- Any reduction in the initially proposed service frequency will result in a proportional reduction in the Marketing Support funds available determines the .
- Marketing Support for any eligible air carrier may not exceed \$250,000 in any twelve (12) month period with the exception of new service to an Unserved Transatlantic International Market.

Reimbursement Process

- The air carrier is responsible for executing the approved marketing plan and making all payments to third parties.
- MSCAA will reimburse approved expenses upon receipt of:
 - Detailed invoices from the air carrier
 - Proof of payment to third parties
 - Documentation of services provided (tear sheets, screenshots, etc.)
- Reimbursement requests must be submitted within ninety (90) days of expense incurrence.
- MSCAA will process reimbursements within thirty (30) days of receipt of complete documentation.

4.0 QUALIFYING SERVICE CATEGORIES

4.1 New Entrant Carrier Service

A New Entrant Carrier that initiates scheduled nonstop service to any Domestic or International Market currently served from MEM shall receive:

Fee Waivers

- 100% waiver of landing and terminal fees for the initial consecutive twelve (12) months from service commencement

Marketing Support

- Up to \$50,000 for the first year of service
- Subject to approved marketing plan

Service Requirements

- Minimum two (2) round trips per week.
- Service must commence within 180 days of agreement execution

4.2 Domestic Unserved Target Markets

Target Markets represent high-priority destinations based on passenger demand (PDEW - Passengers Daily Each Way) and/or are of strategic importance to the MSCAA. The list of Domestic Unserved Target Markets below may be amended from time to time at the sole discretion of the MSCAA. The current Target Markets are:

- Seattle-Tacoma International Airport (SEA)
- San Diego International Airport (SAN)
- San Francisco International Airport (SFO)
- Washington Dulles International Airport (IAD)

An eligible carrier initiating service to a Domestic Unserved Target Market shall receive:

Fee Waivers

- 100% waiver of landing and terminal fees for the initial consecutive twenty-four (24) months from service commencement

Marketing Support

- **5X+ Weekly Service:** \$100,000 (Year 1) and \$50,000 (Year 2)
- **2–4X Weekly Service:** \$50,000 total

Service Requirements

- Minimum two (2) round trips per week
- Service must commence within 180 days of agreement execution

4.3 Domestic Unserved Markets

All other Domestic Markets not designated as Target Markets that meet unserved criteria are eligible under this category.

An eligible carrier initiating service to a Domestic Unserved Market shall receive:

a) Year-Round Service (7+ months per year):

Fee Waivers

100% waiver of landing and terminal fees for the initial consecutive twenty-four (24) months from service commencement

Marketing Support

- **5X+ Weekly Service:** \$50,000 (Year 1) and \$25,000 (Year 2)
- **2-4X Weekly Service:** \$25,000 (Year 1) and \$25,000 (Year 2)

b) Seasonal Service (Less than 7 months per year):

Fee Waivers

- 100% waiver of landing and terminal fees for the initial consecutive thirty-six (36) months from service commencement

Marketing Support

- **5X+ Weekly Service:** \$20,000 (Year 1), \$15,000 (Year 2), \$15,000 (Year 3)
- **2-4X Weekly Service:** \$15,000 (Year 1), \$10,000 (Year 2), \$10,000 (Year 3)

Service Requirements

- Minimum two (2) round trips per week
- Service must commence within 180 days of agreement execution

4.4 Short Haul International Unserved Markets

Short Haul International Markets include destinations in:

- North America (including Canada, Mexico, Greenland, Iceland)
- Central America
- South America
- Caribbean and Bermuda

An eligible carrier initiating service to a Short Haul International Unserved Market shall receive:

Fee Waivers

- 100% waiver of landing and terminal fees for the initial consecutive twenty-four (24) months from service commencement

Marketing Support

- **5X+ Weekly Service:** \$150,000 (Year 1) and \$75,000 (Year 2)
- **2-4X Weekly Service:** \$50,000 total

Service Requirements

- Minimum two (2) round trips per week
- Service must commence within 180 days of agreement execution
- Carrier must comply with all applicable international route authorities

4.5 Transatlantic Unserved International Markets

Transatlantic Markets include all destinations in:.

- Europe (including the United Kingdom)
- Africa
- Middle East

An eligible carrier initiating service to a Transatlantic Unserved Market shall receive:

Fee Waivers

- 100% waiver of landing and terminal fees for the initial consecutive twenty-four (24) months from service commencement

Marketing Support

- **5X+ Weekly Service:** \$500,000 (Year 1) and \$500,000 (Year 2)
- **2-4X Weekly Service:** \$400,000 (Year 1) and \$300,000 (Year 2)

Service Requirements

- Minimum two (2) round trips per week
- Service must commence within 270 days of agreement execution (extended timeline recognizes the complexity of international route development)
- Carrier must comply with all applicable international route authorities

5.0 PROGRAM ADMINISTRATION

5.1 Program Process and Timeline

Participation in the MEM ASIP follows this timeline:

1. **Notice of Intent:** Carriers submit formal Notice of Intent with required documentation. Carriers with existing public announcements must submit within 60 days of announcement.
2. **Agreement Execution:** MSCAA reviews and provides draft agreement if approved. Parties execute final agreement within 60 days of approval.
3. **Service Commencement:** Begin service within 180 days (domestic/short haul) or 270 days (transatlantic) of agreement execution
4. **Ongoing Compliance:** Submit required reports and maintain service standards throughout incentive period

5.2 Notice of Intent

Submission Requirements

An air carrier must notify MSCAA within sixty (60) days of public announcement of eligible service of its intention to enter into an Incentive Agreement. The Notice of Intent must be submitted in writing to one of the following:

- President/CEO, Memphis-Shelby County Airport Authority
- Vice President Finance & Administration/CFO
- Director of Properties

Email submission is acceptable to: airservice@flymemphis.com

Required Information

The Notice of Intent must include, at minimum:

- Carrier name and contact information
- Proposed route(s) and markets
- Planned service commencement date
- Initial service frequency (flights per week)
- Aircraft type and seat capacity

If the carrier does not provide Notice of Intent within sixty (60) days of public announcement, MSCAA is not obligated to enter into an Incentive Agreement. Late submissions may be considered at MSCAA's sole discretion.

5.3 Signed Agreement Required

An eligible air carrier must sign the legal agreement within sixty (60) days of receipt from the MSCAA. If the air carrier does not sign the legal agreement within sixty (60) days, the MSCAA reserves the right to deny Incentives.

5.4 Length of Program

The term of any Incentive Agreement entered into under this program is negotiable up to a maximum period as is permissible under current FAA policy:

- **Year-round service:** Up to two (2) years
- **Seasonal service (<7 months/year):** Up to three (3) years

Program Commencement

- The incentive period begins on the first day of scheduled service operations
- Carriers must commence service within the timeframes specified in Section 4 (180 days for domestic/short-haul, 270 days for transatlantic)

5.5 Regulatory Compliance and Subordination

All terms and conditions of any Incentive Agreement entered into under this program shall be subordinate and subject to:

- FAA grant assurance requirements
- Federal regulations regarding airport revenue use
- MSCAA bond covenant restrictions
- Other applicable regulatory limitations

In the event the proposed length of any Incentive Agreement would cause a violation of grant assurances or other regulatory requirements, such terms will be modified to ensure compliance with all applicable regulations. This includes, but is not limited to:

- Adjustments to program length
- Modifications to incentive amounts
- Changes to eligibility criteria
- Alterations to performance requirements

6.0 COMPLIANCE AND LEGAL

6.1 Compliance

The MSCAA and air carriers participating in this program shall comply fully with all applicable laws, rules, and regulations regarding use of airport revenues and air carrier incentive policies. If the MSCAA, FAA, or any other authority of competent jurisdiction determines that this program is not in compliance with applicable law or MSCAA's bond covenants, the MSCAA reserves the right to suspend, modify, or terminate the program and any Incentives owed under existing Incentive Agreements without further liability or obligation to any carrier.

6.2 Termination of Program

Program Termination

The MSCAA reserves the right to terminate this program at any time and for any reason, at its sole discretion, by posting notice of such termination on its website at www.flymemphis.com. The termination shall be effective as of the date posted.

Effect on Existing Agreements

Termination of the program will not affect any Fee Waivers or Marketing Support pursuant to an Incentive Agreement between MSCAA and a carrier that is fully executed prior to the termination date, except as provided in Section 6.1 regarding compliance issues.

6.3 Reservation of Rights

The MSCAA reserves the right to modify, amend, or substitute the MEM ASIP during the term of the program, provided that any modification, amendment, or substitution will not affect any existing Incentive Agreements. Changes to the program will be posted on www.flymemphis.com at least thirty (30) days prior to the effective date.

7.0 CONTACT INFORMATION

For questions regarding the MEM Air Service Incentive Program or to submit a Notice of Intent, please contact:

Primary Contact:

Director of Properties
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, TN 38116
Email: airservice@flymemphis.com

Additional Contacts:

President/CEO or Vice President Finance & Administration/CFO
Memphis-Shelby County Airport Authority
Email: airservice@flymemphis.com

Website: www.flymemphis.com

This document supersedes all previous versions of the Memphis International Airport Air Service Incentive Program.