

SAN ANTONIO INTERNATIONAL AIRPORT AIR SERVICE INCENTIVE AGREEMENT

This Air Service Incentive Agreement (Agreement) is entered into by and between the City of San Antonio (City), acting by and through its Aviation Director, and _____ (Air Carrier or Airline) organized and existing under the laws of the state of _____. This Agreement is entered pursuant to the terms of the San Antonio International Airport Air Service Incentive Program (SAT Incentive Program), approved by City Council on _____, a copy of which is attached hereto and incorporated herein as Attachment A. All capitalized terms not defined herein shall have the meaning given to them in the SAT Incentive Program

1. Applicable Incentive Program

Based on the Air Carrier's services being offered at the San Antonio International Airport (Airport) and the terms and conditions set out in the SAT Incentive Program, Air Carrier is currently eligible for the following incentive(s):

1.1 Marketing Incentives - The Air Carrier is a new entrant to the SAT market, offering _____ flights weekly to _____ beginning _____. Pursuant to Section E.(a). of this Agreement, the new entrant Air Carrier is eligible, in accordance with the terms and conditions of the SAT Incentive Program, for Marketing Incentives in an amount not to exceed \$_____ in the first year beginning _____.

1.2 The Airline agrees that all Marketing Incentive funds shall be utilized solely for the purpose of promoting the new San Antonio routes in marketing campaigns. The eligible Air Carrier may develop the marketing product with the Aviation Director's approval using its resources for graphic design; procurement of production and media buys; miscellaneous associated costs; and invoicing the Aviation Department with sufficient documentation clearly detailing any and all expenditures to be reimbursed hereunder. Prior to receiving approval by the Aviation Director, the Air Carrier MUST satisfactorily demonstrate that it will provide all necessary supporting documentation, third-party invoices, correspondence, etc. as needed to satisfy an FAA review of all transactions associated with the marketing product that is being reimbursed under this SAT Incentive Program.

1.3 Landing Fee and Terminal Rent Waivers - Landing fees and terminal rents owed to the Airport for the qualifying flights will be waived on a monthly basis in accordance with provisions of the SAT Incentive Program as follows. For a period of 12 or 24 months beginning _____ and ending _____, ___% of the landing fees and terminal rents owed to the Airport will be waived.

1.4 The term of the Agreement for Air Service Incentives shall be 12 or 24 months starting _____ and ending _____. At the end of the incentivized period, the Agreement is not subject to extension, but shall terminate automatically.

2. **General Provisions**

2.1. Air Carrier acknowledges and agrees that the incentives offered by City pursuant to this Agreement are subject to Air Carrier's strict compliance with all of the terms and conditions of the SAT Incentive Program. Violation of any provision of the SAT Incentive Program beyond applicable notice and cure periods is a default under this Agreement and will result in termination of all incentives hereunder.

2.2. To be eligible to participate in the SAT Incentive Program, Air Carrier must:

2.2.1. Have a fully executed Airline-Airport Use and Lease Agreement or Airline-Airport Operating Permit Agreement, and

2.2.2. Must be current in its financial or other obligations with and to City.

2.3. Air Carrier must continue to be current in all its financial and other obligations with and to the City to remain eligible for any and all incentives under this Agreement and the SAT Incentive Program.

2.4. Incentives under the SAT Incentive Program may not be transferred or assigned to another air carrier, except a carrier that succeeds to substantially all of Air Carrier's assets by merger, consolidation, or acquisition, or a carrier that is a wholly owned subsidiary or an affiliate of Air Carrier.

2.5. City shall have the right, at any time during reasonable business hours, to audit all funds paid by City to third parties and reports submitted by Air Carrier as part of Air Carrier's SAT Incentive Program pursuant to this Agreement. Airline agrees to cooperate with City and its representatives in the performance of this audit, and to make all of the relevant books, correspondence, and records available to City.

2.6. Air Carrier's failure to i) cure any deficiencies in its financial obligations with and to City within thirty (30) days after written notice of such failure, or ii) satisfy the eligibility requirements set forth in the SAT Incentive Program or otherwise fully comply with all the terms, conditions, and requirements of the SAT Incentive Program within ten (10) days after written notice of such failure, will result in the termination of this Agreement. Upon termination of this Agreement for Air Carrier's failure, Air Carrier shall not receive any further incentives.

2.7. Each of the following shall be a default by Air Carrier and a material breach of the Agreement:

2.7.1. Failure of Air Carrier to operate the minimum number of departures required per the SAT Incentive Program for a particular incentivized route.

2.7.2. For a New Entrant Air Carrier (as defined in Attachment A), cessation of flight operations at SAT sooner than one year after commencement.

2.7.4. Failure to timely initiate service on a new route.

2.7.5. Failure to keep, perform, or observe any term or condition of the SAT Incentive Program, and failure to cure such failure within ten (10) days after receipt of written notice from the Aviation Department specifying the failure.

2.8. In the event of default by Air Carrier under the terms of this Agreement, Air Carrier participation in the SAT Incentive Program and all incentives under the SAT Incentive Program shall terminate. Termination of incentives arising out of cessation of air services, failure to operate a new or required number of routes, or failure to maintain the requisite based aircraft and/or personnel shall be effective as of the date the Air Carrier first ceased flight operations at SAT, first ceased to operate the new route or required number of routes, or failed to maintain the requisite based aircraft and/or personnel at SAT, as applicable.

2.9. Air Carrier understands that the SAT Incentive Program is subject and subordinate to all applicable laws, statutes, rules and regulations (including, but not limited to Federal Aviation Regulations set forth in Title 14 United States Code of Federal Regulations), and the provisions of any agreement between the City and the United States concerning all existing and future agreements between the City and the United States of America relative to the operation, maintenance, or development of SAT, the execution of which may be required as a condition precedent to the expenditure of funds for the development of the Airport, or any part thereof. The Air Carrier further understands that, in the event the Federal Aviation Administration or its successor requires modifications or changes in the SAT Incentive Program or to this Agreement, the Air Carrier consents to any and all such modifications and changes as may be required; and the Air Carrier agrees to execute an amendment to this Agreement with the City reflecting such modifications or changes.

2.10. This Agreement shall be governed by and construed in accordance with the laws and court decisions of the State of Texas. The obligations of the parties to this Agreement shall be performable in San Antonio, Bexar County, Texas, and if legal action, such as civil litigation, is necessary in connection therewith, exclusive venue shall lie in Bexar County, Texas.

2.11. Air Carrier understands and agrees to comply with the *Non-Discrimination Policy* of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein. Air Carrier further agrees to comply with the Title VI List of Pertinent Nondiscrimination Statutes and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2.12. Amendments. Except as specifically provided herein, amendments to this Agreement require written agreement of the Parties. Notwithstanding the foregoing, if a Governmental Entity requires modifications or changes to this Agreement as a condition precedent to the granting of funds for the improvement of the Airport, Operator shall agree to make such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required. The City Manager, or designee, is authorized to execute amendments to this Agreement on behalf of SAAS, without further City Council action.

The effective date of this Agreement shall be _____.

IN WITNESS WHEREOF, the City of San Antonio and the Air Carrier have caused this Memorandum of Agreement to be executed by their duly authorized officers, as of 2020.

City of San Antonio

Airlines

Russell J. Handy
Aviation Director

Signature

Printed Name

ATTACHMENT A
San Antonio International Airport (SAT)
Air Service Incentive Program 2020-2024