BNA Nashville International Airport

Policy ID: **61-001**

Title: **Air Service Incentive Plan**

Effective Date: Available for service that is announced within the period June 18, 2025 – December 31, 2026

Purpose: To remain competitive with other US airports in our efforts to attract additional non-stop international and domestic service. This policy will outline marketing funds, other marketing initiatives, and landing fee & facility fee abatements available to carriers who meet the required criteria.

Scope: This policy applies to all passenger airlines servicing BNA.

Responsibility: Air Service Development will administer this policy.

Approvals:

DocuSigned by: Theodore A. Morrissey 8/12/2025
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Associate Authority Counsel **Date**

DocuSigned by: Marge Basrai 8/12/2025
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EVP & CFO **Date**

DocuSigned by: Lisa Lankford 8/15/2025
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EVP & CSO **Date**

Signed by: Douglas E. Kreulen, A.A.E. 8/15/2025
9971F03A387B487...
President & CEO **Date**

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<u>Definitions:</u>

Domestic Markets: Any city within the mainland United States (lower 48)

Facility Fee Abatement: All or a portion of facility fees will not be invoiced to the incentivized carrier related to the awarded route, but instead, will be paid from the NAE Fund (Airline Incentive Account). Facility Fees include specific fees set forth in the published Rates and Charges for the applicable year, such as ticket counter, gate, ramp, baggage claim, baggage make-up, FIS fees, and common use fees. The abatement of fees will be detailed in the incentive agreement entered into between the airline and the airport. It does not include any exclusive leased space, such as office space, if applicable.

FIS Fees: The FIS (Federal Inspection Station) Fee refers to the fee for international arriving passengers that must clear customs at BNA through the International Arrivals Facility (IAF).

Landing Fee Abatement: All or a portion of landing fees will not be invoiced to the incentivized carrier for the awarded route, but instead will be paid from the NAE Fund (Airline Incentive Account).

Marketing Incentive: Monies paid by the Authority to market the incentivized route. Marketing material must be specific to the route and include the BNA and Airline logo. The marketing incentive amount is subject to the sole discretion of BNA but will not exceed the amount listed in the Incentive Fund Matrix by category.

NAE Incentive Fund: The NAE (Nashville Airports Experience) Incentive Fund, also referred to as the Airline Incentive Account, is the account established to fund the abatements and monetary marketing initiatives outlined in this policy. This account is funded through general airport funds and does not impact airline rates, fees, and charges.

Other Americas Markets:

Any city in the Americas (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, etc.), to also include Alaska, Puerto Rico, and Guam.

Qualifying Seasonal Service:

Qualifying Seasonal Service must consist of a minimum of two (2) scheduled frequencies per week and must be scheduled continuously over a minimum of 90 days, but less than seven (7) months.

Qualifying Year-Round, Other Americas, or Trans-Oceanic Service:

Qualifying Year-Round Service must consist of an average of three (3) weekly scheduled frequencies, scheduled continuously for 365 days.

Qualifying Year-Round Domestic Service:

Qualifying Year-Round Service must consist of a minimum of four (4) scheduled frequencies weekly and must be scheduled continuously for 365 days.

Trans-Oceanic Markets: Any city within Africa, Asia, Australia, or Europe. Includes Hawaii.

I. Purpose. The Air Service Development Team will utilize this Air Service Incentive Plan as a tool to bring additional air service to BNA.

There are three tiers of incentives:

1. Domestic Markets
2. Other Americas Markets

3. Trans-Oceanic Markets

The maximum allowable amounts and service level requirements, subject to carrier specific Letter of Agreement (LOA), are detailed in Section VI.

II. Eligibility for incentives.

1. The first airline to announce new non-stop air service on the new route will be eligible for both marketing and abatement incentives. If two airlines announce new non-stop air service to the same market within the same business day, they are both eligible for marketing and abatement incentives.
2. No incentives will be available for a subsequent service on the same route or to the same market, as determined solely by the Metropolitan Nashville Airport Authority (the Authority).
3. A maximum of seven (7) weekly frequencies will be eligible for Landing Fee and Facility Fee abatement for an airline in a market.
4. Airlines are not eligible for incentives if said airline (including affiliates, or alliance member) has received any incentive (marketing, landing fee, or facility fee abatement) for the route in the previous twenty-four months.
5. A signed LOA will be required in order for the Authority to provide any incentive. This LOA will outline the specific route eligible for the incentive, the date range the incentive is effective, the details of any marketing monies or other marketing initiatives, as well as any consequences associated with the airline not meeting the required level of service for the required duration.
6. An executed Airline Operating Agreement (AOA) or Signatory Agreement must be executed prior to the award of incentives and maintained throughout the incentive period.
7. The incentivized carrier must be in good standing with the Authority throughout the incentive period and all incentives may cease if the incentivized carrier has an outstanding balance for any required payment to the Authority for more than 60 days.
8. The Authority reserves the right, in its sole discretion, to require repayment, in part or in full, of any waiver of fees if the incentivized carrier does not meet any of the requirements as outlined in this policy and/or the LOA governing the incentivized route, and/or if the incentivized carrier does not meet the required service levels from the start date of the applicable incentive.

III. Funding. The marketing incentive, and the landing fee and facility fee abatement will be funded from the NAE Incentive Fund. The maximum allowed marketing funds and abatement for each fiscal year will be set by the Authority's budget. Any additional funds for each year above this maximum must be approved by the President and CEO or their designee prior to awarding the incentive. All proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require approval of the Board of Commissioners.

IV. Year-End Summary. A summary for each route receiving incentive money will be completed within 60 days after each fiscal year. This summary will be provided to EVP & Chief Financial Officer and will include the total amount of monies distributed by incentive category by route.

V. Air Service Incentive Policy Public Postings. The Air Service Incentive Policy, as well as a fiscal year-end annual summary of incentivized routes, airlines, and the total incentive amount will be posted online at flynashville.com.

VI. Incentive Plan Matrix

Year-Round Service

Type of Service	Landing Fees – Year 1	Landing Fees – Year 2	Facility Fees – Year 1	Facility Fees – Year 2	Marketing Incentive – Year 1	Marketing Incentive – Year 2	Marketing Initiatives
New Scheduled Service to Domestic Markets:	None	None	None	None	up to $25,000	None	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 4 week run
New Scheduled Service to Other Americas Markets (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, Alaska, and Puerto Rico)	100% abatement	75% abatement	100% abatement	75% abatement	up to $250,000	up to $250,000	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 6 week run Gate Event for inaugural flight
New Scheduled Service to Trans-Oceanic Markets (Includes Hawaii)	100% abatement	100% abatement	100% abatement	100% abatement	Up to $500,000	Up to $500,000	Press release, website splash page - up to 6 week run, Air Service Billboard - up to 8 week run Gate Event for inaugural flight

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Seasonal Service

Type of Service	Landing Fees – Year 1	Landing Fees – Years 2&3	Facility Fees – Year 1	Facility Fees – Years 2&3	Marketing Incentive – Year 1	Marketing Incentive – Years 2&3	Marketing Initiatives
New Scheduled Service to Other Americas Markets (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, Alaska, and Puerto Rico)	75% abatement	50% abatement	75% abatement	50% abatement	up to $150,000	up to $50,000 / year	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 6 week run Gate Event for inaugural flight
New Scheduled Service to Trans-Oceanic Markets (Includes Hawaii)	100% abatement	100% abatement	100% abatement	100% abatement	Up to $400,000	Up to $300,000 / year	Press release, website splash page - up to 6 week run, Air Service Billboard - up to 8 week run Gate Event for inaugural flight

References:

FAA Policy Regarding Air Carrier Incentive Program (Docket No. FAA-2022-1204)

FAA Air Carrier Incentive Program Guidebook

FAA Policy and Procedures Concerning the Use of Airport Revenue 64 Fed. Reg 7696, 49 USC §§ 7107(b), 47133 Revenue Use Policy

FAA Policy Regarding Airport Rates and Charges

Records & Related Forms:

Letter of Agreement

Fiscal Year Route Summary

Revision History:

June 21, 2017: Original Issue

November 2, 2020: Updated

January 1, 2023: Updated

February 21, 2024: Updated

June 18,2025: Updated

Summary of revisions:

- Revised effective period – New service announced from 6/18/2025 – 12/31/2026
- Revised the Other Americas Incentives amounts