

MARKETING INCENTIVE AGREEMENT

THIS AGREEMENT is entered into as of the date indicated on the City signature page between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado on behalf of its Department of Aviation (the "City"), and **AIR CANADA**, a certified air carrier with its principal place of business in Dorval, Canada (the "Airline").

WITNESSETH:

WHEREAS, the City owns and operates Denver International Airport ("DEN"); and

WHEREAS, Airline intends to commence additional regular passenger service between Vancouver, Canada and Denver, Colorado on or about May 18, 2017; and

WHEREAS, the City's Air Service Incentive Program is intended to support new air service to DEN, in part through marketing new passenger service; and

WHEREAS, the City wishes to obtain professional services to specifically promote public and industry awareness and use of DEN facilities and Airline's new regular passenger services between Vancouver and Denver; and

WHEREAS, the Airline is ready, willing and able to provide the professional services required by the City, and to perform the services called for hereunder subject to the conditions hereinafter set out;

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the parties hereto agree as follows:

1. **LINE OF AUTHORITY:** The Chief Executive Officer of the Airport (the "CEO"), or her designee or successor in function authorizes and directs all work performed under this Agreement. Until otherwise notified by the CEO, the Airport's CEO of Air Service Development ("Director") is designated as the authorized representative of the CEO through whom services performed under this Agreement shall be directed and coordinated. The Director may designate a Project CEO, if applicable, under this Agreement. Administrative reports, memoranda, correspondence and other submittals required of the Airline shall be processed in accordance with the Director's directions.

2. **SCOPE OF SERVICES:** All work performed under this Agreement shall be done in a manner consistent with the spirit and intent of the Air Service Incentive Program, attached hereto as *Exhibit A*. The Airline agrees that it will provide to the City a comprehensive marketing strategy in writing (attached hereto as *Exhibit B* "Scope of Services"), and that upon approval of the strategy by the City, and approval by the City of the amount or amounts to be paid by the City for the publications, events, materials, advertising campaigns, marketing programs, and

advertisements, the Airline will promptly undertake, perform and furnish the services hereinafter described in this Agreement including the following tasks:

- A. Initiation and implementation of promotional events, advertising campaigns and marketing programs directed toward promoting public and industry awareness of the new services offered by Airline at DEN, in a manner consistent with advertising norms and customs in the United States.
- B. Development of support materials promoting the benefits of DEN to targeted travelers in specific markets selected by Airline, highlighting Denver and DEN as the international gateway to the Rocky Mountain region; and, highlighting the characteristics making DEN the gateway of choice for the region for an increasing number of passengers.

Nothing in this Agreement shall preclude the Airline from undertaking any advertising, marketing, or promotional program that it, in its sole discretion, deems appropriate. It is agreed, however, that if the particular advertising, marketing or promotional activity is not approved by the City pursuant to this Agreement, it will not be included in the Airline's invoices to the City.

3. **NATURE OF SERVICES TO BE PERFORMED:** The Airline shall consult with and receive the approval of the City in the development of the campaign, promotional events, advertising, and marketing program (collectively the "Marketing Services") consistent with the requirements of this Agreement, and agrees to diligently and professionally perform all the work described herein, and provide services consistent with the following:

A. Publications: The Airline agrees that when printed materials are used, the name "Denver International Airport" or "DEN," with or without its logo, shall appear prominently on the material.

(1) Collateral. The Airline may produce and distribute brochures promoting the benefits of DEN to targeted travelers in specific markets selected by the Airline, highlighting Denver and DEN as the international gateway to the Rocky Mountain region; and, highlighting the characteristics making DEN the gateway of choice for the region for an increasing number of passengers.

(2) Direct Mail. The Airline may produce and distribute a direct mail piece for distribution in Denver to announce the Airline's new non-stop service at DEN.

(3) Press Kits. The Airline may create a press kit to be distributed to the media featuring the Airline's new service at DEN.

B. Promotional Events: The Airline agrees that when special events, promotions or receptions are selected as the promotional vehicle, the CEO shall be involved in approving targeted audiences.

C. Advertising Campaign: The Airline agrees that for any advertising created for this purpose, the name “Denver International Airport” or “DEN” shall appear prominently in any such advertising. The Airline will produce and implement an advertising campaign related to the new service planned at DEN. This campaign should include, but is not limited to, print and media costs associated with advertising projects which promote DEN and the Airline’s new service both to the traveling public and to trade members of the airline industry.

D. Placement of Advertising: The Airline shall place no advertisement created pursuant to this Agreement in any media without the prior written approval by the CEO of the content and placement of the advertisement. Nothing in this Agreement shall preclude the Airline from undertaking any advertising, marketing, or promotional program that it, in its sole discretion, deems appropriate. It is agreed, however, that if the particular advertising, marketing or promotional activity is not approved by the City pursuant to this Agreement, it will not be included in the Airline’s invoices to the City.

E. Use of Funds: Funds provided under this Agreement may be used for other advertising, special events, promotional items, or marketing activities only with the prior written approval of the CEO.

4. **COMPENSATION AND FEES:**

A. Compensation for Services: The City agrees to pay to the Airline, and the Airline agrees to accept as its sole compensation for its complete costs incurred and services rendered hereunder, amounts approved in advance pursuant to this Agreement, to reimburse the Airline for certain costs incurred in undertaking the development of the campaign or promotional event, placing and publishing advertising, and developing a marketing program, consistent with the requirements of this Agreement. All such sums shall be paid subject to these provisions and to the refund and surety provisions of Section 8 of this Agreement.

B. Prorata Compensation: In the event the frequency of service is adjusted by Airline during the Term of the Agreement, the compensation stated herein will be adjusted accordingly, provided the service is not discontinued or reduced to less than fifty percent (50%) of the amount of scheduled service provided in Paragraph 6A of this Agreement.

C. Invoices: The Airline shall submit monthly invoices for payment, which shall be stated in U.S. dollars, and which shall include the following items:

- (1) The date and nature of the services rendered.
- (2) Adequate documentation to support the invoice, including documentation of the content of any advertisements placed and published pursuant to this Agreement, and currency exchange rate calculation for any services paid in foreign currency, which

calculation shall be based on USD/the relevant foreign currency mid-rate for the date of the transaction, and

- (3) The signature of an authorized officer of the Airline, certifying that the invoice has been examined and has been found to be correct.

The Airline shall promptly provide on request from the City additional supporting documentation in connection with any invoice submitted by the Airline for payment under this Agreement.

5. **PAYMENT FOR PARTIAL SERVICES:** If the Agreement is terminated without cause pursuant to paragraph 8A, the Airline's total compensation shall be limited to the sum of invoices which have already been submitted, audited and approved at the time of termination, plus the reasonable value of those costs and services which have been incurred and rendered prior to termination, but have not been approved for payment at the time of termination. The reasonable value of any such subsequent billed cost or service shall be determined in the sole discretion of the CEO of Aviation. If upon termination any amounts are due and owing to Airline under this Agreement, Airline agrees that the City shall be entitled to offset amounts due and owing to Airline under this Agreement against any amounts due and owing from Airline for landing fees under the Landing Fees Incentive Agreement.

6. **MAXIMUM CONTRACT LIABILITY:**

A. Any other provisions of this Agreement notwithstanding, in no event shall the City be liable for payment under this Agreement for any amount in excess of One Million United States Dollars and No Cents (US\$1,000,000.00), based upon the number of flights operated per week, which amounts are prorated amounts of the total marketing incentive available for daily service (seven days per week) for a full 12 months:

The current published schedule is two departures per day, seven days per week from May 18, 2017 through September 10, 2017, and one departure per day, seven days per week thereafter. If the service is adjusted during the Term of this Agreement, the Maximum Amount shall be adjusted accordingly, provided the service is not discontinued or reduced to less than fifty percent (50%) of the amount of scheduled service set forth in the preceding sentence.

B. Payment under this Agreement shall be paid from the City's Airport System Capital Improvement and Replacement Fund. The City has no obligation to make payments from any other source, nor to issue additional revenue bonds to satisfy such costs. The City is not under any obligation to make any future encumbrances or appropriations for this Agreement nor is the City under any obligation to amend this Agreement to increase the Maximum Contract Liability above.

7. **TERM:** The term of this Agreement shall commence on May 18, 2017, and shall terminate on May 17, 2018, unless sooner terminated as provided for herein.

8. TERMINATION; REFUND OF PAYMENTS:

A. Termination: Either party may cancel and terminate this Agreement without cause by giving not less than thirty (30) days prior written notice to the other party, and may cancel and terminate this Agreement with cause by giving not less than ten (10) days prior written notice to the other party. Any such notice shall state the effective date of such cancellation and termination. If the CEO elects to cancel or terminate the Agreement, immediately upon receipt of the notice, the Airline shall cease all further work, take all reasonable and necessary steps or procedures to curtail and hold additional cost occurrence to a minimum, and commence an orderly termination of the Agreement.

B. Refund of Payments: If the City or the Airline terminates this Agreement for cause, including but not limited to if the Airline does not provide non-stop service between Vancouver and Denver at a minimum of fifty percent (50%) of the frequency set forth in Paragraph 6A, above, for a period of twelve (12) consecutive months immediately following the commencement of service, then all amounts paid to the Airline by the City under this Agreement shall be refunded to the City within 30 days of the date of the notice of termination. This provision shall survive the termination of this Agreement or expiration of the Term.

9. **OWNERSHIP OF WORK PRODUCT**: Each party agrees that it has no ownership interest in and will not infringe or interfere with any trademark, servicemark, symbol, logo, trade dress or intellectual property of the other party, but may use such upon the express written permission of the party owning the protected property. It is understood and agreed that all drawings, promotion media and other documents which are created by the Airline shall remain the property of the Airline, and the City may use such drawings, promotion media or other documents with the express written permission of the Airline; however, the Airline shall not be held liable for damage resulting from any use of said documents other than the original intended use.

10. **ADVERTISING AND PUBLIC DISCLOSURES**: The Airline shall not include any reference to this Agreement or to work performed hereunder in any of its advertising or public relations materials without first obtaining the written approval of the CEO of Aviation. Any oral presentation or written materials related to Denver International Airport shall include only presentation materials, work product, designs, renderings and technical data that have been accepted by the City. The CEO shall be notified at least seven (7) days in advance of the date and time of any such presentations. Nothing herein, however, shall preclude the transmittal of any information to officials of the City, including without limitation, the Mayor, the CEO of Aviation, any member or members of City Council, and the Auditor.

11. **COORDINATION AND LIAISON**: The Airline agrees that during the term of this Agreement it shall fully coordinate the Marketing Services with the Director.

12. **INDEMNIFICATION**: The Airline hereby agrees to release, indemnify, and save harmless the City, its officers, agents and employees from any and all claims, damages, suits, costs, expenses, liability, actions or procedures of any kind or nature whatsoever, including Worker's

Compensation claims, of or by anyone whomsoever in any way resulting from or arising out of, directly or indirectly, its work hereunder, its operations in connection herewith, or its use or occupancy of any portion of the City's Airport System, including acts and omissions of the Airline's officers, employees, representatives, suppliers, invitees, contractors and agents; provided however, that the Airline need not release, indemnify or save harmless the City, its officers, agents and employees from damages resulting from the sole negligence of the City's officers, agents, and employees.

13. **STATUS OF AIRLINE:** The Airline acknowledges and agrees that it has executed an Airport Use and Facilities Lease Agreement (the "Existing Agreement") at least 60 days prior to the commencement of the service and that the Airline has become a Signatory Airline as defined in DEN's Rules and Regulations. This Agreement is expressly subject to all of the terms and conditions set forth in the Existing Agreement. It is further understood and agreed by and between the parties hereto that the status of the Airline shall be that of an independent contractor retained on a contractual basis to perform professional or technical services for limited periods of time as described in Section 2.11.3(C) of the Charter of the City, and it is not intended nor shall it be construed that the Airline, its employees or subcontractors are employees or officers of the City under Chapter 18 of the Revised Municipal Code or for any purpose whatsoever.

14. **AIRLINE'S INSURANCE:** The Airline agrees to insure its operations in accordance with the terms of the Existing Agreement.

15. **NO THIRD PARTY BENEFICIARIES:** The enforcement of the terms and conditions of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to the City and Airline, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person on such Agreement. It is the express intention of the City and the Airline that subconsultants and any other person other than the City or the Airline receiving any benefits from this Agreement shall be deemed to be incidental beneficiaries only.

16. **ASSIGNMENT:** The Parties covenant and agree that they will not assign or transfer its rights hereunder. Any attempt by the Airline to assign or transfer its rights hereunder shall automatically terminate this Agreement and all rights of such party hereunder.

17. **EXAMINATION OF RECORDS:** The Airline agrees that, until the expiration of three (3) years after the final payment under this Agreement, the CEO and City Auditor or any of their duly authorized representatives shall have access to and the right to examine any directly pertinent books, documents, papers and records of the Airline involving transactions related to work performed under this Agreement. The Airline, upon request by either, shall make such books and records available for examination and copying.

18. **FEDERAL PROVISIONS:** This Agreement is subject and subordinate to the terms, reservations, restrictions and conditions of any existing or future agreements between the City and the United States, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the City for airport purposes, and the

expenditure of federal funds for the extension, expansion or development of Denver International Airport. The provisions of the attached Appendices A and E are incorporated herein by reference.

19. **NOTICES:** Notices concerning termination of this Agreement, notices of alleged or actual violations of the terms or provisions of this Agreement, and other notices shall be made as follows:

By Airline to: Chief Executive Officer
Airport Office Building, 9th Floor
Denver International Airport
8500 Peña Boulevard
Denver, Colorado 80249

By City to: Air Canada
Attn: Chantal Longchamp
YUL 1243
7373 Boulevard de la Cote-Vertu Ouest
Saint-Laurent, Quebec H4S 1A3 Canada

Such notices shall be delivered personally during normal business hours to the appropriate office, above, or by prepaid U.S. Certified Mail, Return Receipt Requested. Mailed notices shall be deemed effective upon deposit with the U.S. Postal Service. The parties may from time to time designate substitute addresses or persons where and to whom such notices are to be mailed or delivered but such substitutions shall not be effective until actual receipt of written notification.

20. **NON-DISCRIMINATION:** In connection with the performance of work under this Agreement, Airline agrees not to refuse to hire, nor to discharge, promote or demote, nor to otherwise discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability; and Airline further agrees to insert the foregoing provision in all subcontracts hereunder.

21. **DISPUTES:** It is agreed and understood by the parties hereto that disputes arising under or related to this Agreement shall be resolved by administrative hearing which shall be conducted in accordance with the procedures set forth in Section 5-17, Revised Municipal Code of the City and County of Denver. The parties hereto agree that the CEO's determination resulting from said administrative hearing shall be final, subject only to the right of the parties to appeal the determination under Colorado Rule of Civil Procedure 106.

22. **AGREEMENT MADE IN COLORADO; VENUE:** This Agreement shall be deemed to have been made in and shall be construed in accordance with the laws of the State of Colorado. Venue for any action arising hereunder shall be in Denver, Colorado.

23. **PROMPT PAYMENT:** Payments under this Agreement will be made to the Airline in accordance with the City's Prompt Payment Ordinance, D.R.M.C., Section 20-107, et

seq., Denver Revised Municipal Code, subject to the Maximum Contract Liability set forth herein. Payments shall be based upon monthly invoices and receipts submitted by Airline in accordance with the provision of this Agreement and that have been audited and approved by the City. The Airline agrees that interest and late fees shall be payable by the City hereunder only to the extent authorized and provided for in the City's Prompt Payment Ordinance. For any subcontractor or subconsultant engaged by Airline under this Agreement, the Airline is subject to Section 20-112, D.R.M.C., requiring the Airline to pay its subconsultants in a timely fashion. A payment is timely if it is mailed to the subconsultant no later than seven days after receipt of any payment from City.

24. **ENTIRE AGREEMENT:** The parties acknowledge and agree that the provisions contained herein constitute the entire agreement and that all representations made by any officer, agent or employee of the respective parties unless included herein are null and void and of no effect. No alterations, amendments, changes or modifications, unless expressly reserved herein, shall be valid unless executed by an instrument in writing by all the parties with the same formality as this agreement.

25. **CITY EXECUTION OF AGREEMENT:** This Agreement is expressly subject to and shall not be or become effective or binding on the City until it has been approved by City Council, if so required by law, and fully executed by all signatories of the City and County of Denver. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same, and it may be signed electronically by either party in the manner specified by the City.

[END OF DOCUMENT; APPENDICES, SIGNATURE PAGES, AND EXHIBITS FOLLOW]

APPENDIX A

COMPLIANCE WITH NONDISCRIMINATION REQUIREMENTS

NOTE: As used below the term "Contractor" shall mean and include the Airline, and the term "sponsor" shall mean the "City."

During the term of this Contract, the Contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "Contractor") agrees as follows:

1. **Compliance with Regulations.** The Contractor will comply with the Title VI List of Pertinent Non-Discrimination Statutes and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made part of this Agreement.

2. **Nondiscrimination.** The Contractor, with regard to the work performed by it during this Agreement, will not discriminate on the grounds of race, creed, color, national origin, or sex in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Acts and Regulations, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. **Solicitations for Subcontractors, Including Procurements of Materials and Equipment.** In all solicitations, either by competitive bidding or negotiation, made by the Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the Contractor's obligations under this Agreement and the Acts and Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

4. **Information and Reports.** The Contractor will provide all information and reports required by the Acts, Regulations, or directives issued pursuant thereto and will permit access to its books, records, accounts other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration (FAA) to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to the sponsor or the FAA, as appropriate, and will set forth what efforts it has made to obtain the information.

5. **Sanctions for Noncompliance.** In the event of a Contractor's noncompliance with the nondiscrimination provisions of this Agreement, the sponsor will impose such Contract sanctions as it or the FAA may determine to be appropriate including, but not limited to:

- a. Withholding of payments to the Contractor under this Agreement until the Contractor complies; and/or
- b. Cancelling, terminating, or suspending this Agreement, in whole or in part.

6. **Incorporation of Provisions.** The Contractor will include the provisions of paragraphs one (1) through six (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations or directives issued pursuant

thereto. The Contractor will take action with respect to any subcontract or procurement as the sponsor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the sponsor to enter into such litigation to protect the interests of the sponsor. In addition, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

APPENDIX E

TITLE VI LIST OF PERTINENT NONDISCRIMINATION AUTHORITIES

As used below, the term "Contractor" will mean and include the Airline and the term "sponsor" will mean City.

During the performance of this Agreement, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor") agrees to comply with the following nondiscrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits' discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation-Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S. C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC§ 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 1 00-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and Contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 -12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures discrimination against minority

populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S. C. 1681 et seq).

Contract Control Number:

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at Denver, Colorado as of

SEAL

CITY AND COUNTY OF DENVER

ATTEST:

By _____

APPROVED AS TO FORM:

REGISTERED AND COUNTERSIGNED:

By _____


By _____

By _____



Contract Control Number: PLANE-201733565-00

Contractor Name: AIR CANADA

By: 

Name: Duncan Bureau
(please print)

Title: Vice President, Global Sales
(please print)



ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)



EXHIBIT A

Air Service Incentive Program

Goal: To increase nonstop scheduled air service and passenger traffic at Denver International Airport, and to sustain this service over the long-term.

- Promotional benefits offered to any air carrier announcing or initiating qualifying scheduled passenger service between Sept. 1, 2016, and Aug. 31, 2017 (one year period)
- A carrier is eligible for a maximum of two incentivized markets during the aforementioned period

Promotional Period

The Promotional Period is defined as the first consecutive 24 months immediately following the initiation of eligible new service.

Qualifying Criteria

- Carriers must offer daily nonstop scheduled passenger service from Denver International Airport to the eligible market; if service is less than five times weekly, the marketing incentive benefit will be prorated accordingly (operational incentive is not prorated)
- The carrier must provide the service for 24 consecutive months; seasonal service is also eligible; if service is seasonal the marketing incentive benefit will be prorated accordingly (operational incentive is not prorated)
- Charter operations, including operators under Parts 121, 135 and 380, are not eligible
- All conditions for receiving the benefits will be documented in a contract between the City and County of Denver and the qualifying carrier which is subject to final approval by the appropriate officials at the City and County of Denver
- If the carrier does not meet the minimum schedule level (defined below) for a period of 24 consecutive months immediately following the initiation of the route then all amounts paid by the City and County of Denver for marketing activities shall be refunded to the City and County of Denver, and all refunds credited to the carrier shall be refunded to the City and County of Denver

Promotional Incentive

The Promotional Incentive includes an operational incentive and a marketing incentive; incentive amounts are outlined in this [PDF](#)

Operational Incentive

- The operational incentive is administered by the City & County of Denver, Department of Aviation
- Operational incentives are administered through credits
- Operational incentive available to carriers:
 - Refund per enplaned passenger
- The refund per enplanement cannot exceed the carrier's cost to operate at DEN
- The carrier will report enplanement numbers to DEN monthly at the same time as the carrier reports total passengers numbers to DEN

Marketing Incentive:

EXHIBIT A

- The marketing incentive is administered by the City & County of Denver, Department of Aviation
- The carrier will develop a marketing plan that will be approved by the Department of Aviation Project Manager assigned to administer the contract
- The marketing plan will promote public and industry awareness of the new services offered by the carrier at Denver International Airport
- The Department of Aviation Project Manager is responsible for executing the marketing plan in cooperation with the carrier

Note: Carrier can choose to increase marketing incentive by decreasing the operational incentive; the maximum incentive remains the same.

Eligible Markets

Domestic

- Domestic markets without scheduled or charter passenger service are eligible (unserved by scheduled or charter service as of Sept. 1, 2016)
- Domestic markets that are unserved from Denver but had nonstop scheduled or charter service from Denver within the one year prior to a carrier announcing new service are not eligible
- Domestic markets that fall under the federally subsidized Essential Air Service (EAS) program are not eligible
- A new domestic carrier (new entrant) can receive a marketing incentive even if the service they are providing is to a domestic market that is currently served nonstop from Denver; note that the new carrier incentive, if it is to a market that is currently served, is only eligible for an incentive for a period of one year (12 months)
- A new domestic carrier (new entrant) is not eligible for an incentive if the market(s) served are not deemed eligible markets, as described above

International

- All international markets are eligible including currently served markets; note that currently served international markets are only eligible for an incentive for a period of one year (12 months)
- The carrier adding new service must not have operated service to the market (or a market within 100 miles) over the preceding 12-month period

Minimum Service Level

The carrier may adjust its frequency of service during the term of the agreement; however, the carrier shall not decrease the frequency of service to less than fifty percent (50%) of the initial amount of published service, the calculation of which will be averaged over the course of a year.

Primary Carrier

- The primary carrier is defined as the marketing carrier for the new service
- Denver International Airport will enter into incentive agreements with the primary carrier

Notice of Intent to Enter into Incentive Agreement

EXHIBIT A

A carrier eligible for an incentive must notify Denver International Airport within 60 days of service announcement of the intention to take advantage of the incentive.

DENVER INTERNATIONAL AIRPORT AIR SERVICE INCENTIVE PROGRAM

September 1, 2016 – August 31, 2017



Domestic Air Service Incentive

| | REFUND PER ENPLANEMENT | MARKETING FUNDS | MAXIMUM INCENTIVE |
|------------------------|---|-----------------|-------------------|
| Unserviced Destination | \$5 <small>(\$250K maximum over 2 years)</small> | \$250K | \$500K |
| New Entrant | None | \$500K | \$500K |

International Air Service Incentive

| | REFUND PER ENPLANEMENT | MARKETING FUNDS | MAXIMUM INCENTIVE |
|--|--|-----------------|-------------------|
| North & Central America - Canada - Caribbean - Mexico - Central America | \$20 <small>(\$1M maximum over 2 years)</small> | \$1M | \$2M |
| South America, Europe, Asia, Middle East, Africa, Oceania | \$30 <small>(\$4M maximum over 2 years)</small> | \$2M | \$6M |



EXHIBIT B
Scope of Services



Denver – Vancouver Marketing Strategy

Aug 18, 2017

Context and Framework

- Outline of Air Canada's marketing strategies and topline marketing plans presented to Denver Airport Authority, in support of Air Canada's DEN – YVR service
- 1M USD coop marketing funds



AC DEN-YVR Marketing Strategy Pillars

1. Focus on one point of sale:

Focus all marketing activities in Denver as it is the biggest opportunity stimulate incremental traffic

2. Broader reach and Impact:

Promote our network of flights from Denver to Asia and Australia via Vancouver, for a stronger message and broader reach.

3. Full Funnel Strategy:

Fully coordinated, full funnel marketing strategy targeting B2B and B2C and connecting low, mid, high funnel level for market stimulation.



AC DEN-YVR Campaign Objectives & Targets

Objectives:

- Stimulate bookings to Vancouver, as well as to Asia and Australia via Vancouver, for Fall and Winter travel by drawing people into the booking funnel with an attention-grabbing marketing campaign which drives bookings to AC.
- Explore experiential, street level, social content, radio contests, and/or PR elements for full funnel presence and which would make people in Denver consider AC to fly to Asia or Australia.

Target:

- Engage Denver leisure and business travelers, as well as the Denver travel trade.



AC DEN-YVR Marketing Campaign Plans

Phase 1 - Tactical Campaign DEN-YVR Sale:

- Immediate support with promotion of DEN-YVR sale fares
- Early Sept x 2 weeks
- Digital, social, SEM, AC owned channels.
- Messaging: Daily nonstop from DEN to YVR, flights on sale now.
- Budget: 150K USD

Phase 2 - High impact Campaign DEN - Asia/Australia via YVR:

- Mid October x 3 or 4 weeks (series of campaign pulses tbc)
- Full funnel strategy (street level stunts, PR, radio, etc).
- Sales events,
- Travel trade.
- Budget: 850K usd



AC DEN-YVR Campaign Planning Calendar

| Communications Channel | Description | Budget | September | | | | | October | | | | | November | | | | January | | | |
|---|--|-------------|-----------------|-------|-------|-------|------|---------|-------|-------|-------|------|----------|-------|-------|------|---------|-------|-------|-------|
| | | | Sep4 | Sep11 | Sep18 | Sep25 | Oct2 | Oct9 | Oct16 | Oct23 | Oct30 | Nov6 | Nov13 | Nov20 | Nov27 | Jan1 | Jan8 | Jan15 | Jan22 | Jan29 |
| Phase 1 - Tactical Campaign promoting Great/Sale fares from DEN-YVR | | | 150K usd | | | | | | | | | | | | | | | | | |
| Paid Media - Digital Banners | Target lower funnel + high funnel | | | | | | | | | | | | | | | | | | | |
| Paid Media - High Impact Banners | For break-through and impact | | | | | | | | | | | | | | | | | | | |
| Paid Media - SEM | targeting travel intenders | | | | | | | | | | | | | | | | | | | |
| Paid Media - Social | Social posts FB | | | | | | | | | | | | | | | | | | | |
| Paid Media - Other channels tbc | TBC pending Media plan from agency | | | | | | | | | | | | | | | | | | | |
| Owned Channels - ac.com homepage page | carousel banner | | | | | | | | | | | | | | | | | | | |
| Owned Channels - ac.com campaign page | dedicated campaign page w/DEN-YVR fares | | | | | | | | | | | | | | | | | | | |
| Owned Channels - solo email | Targeting past AC fliers from Denver | | | | | | | | | | | | | | | | | | | |
| Phase 2 - High impact campaign promoting DEN to Asia and Australia via Vancouver | | | 850K usd | | | | | | | | | | | | | | | | | |
| Fully coordinated, full funnel marketing strategy targeting B2B and B2C and connecting low, mid, high funnel level for market stimulation | | | | | | | | | | | | | | | | | | | | |
| Consumer Target: | | | | | | | | | | | | | | | | | | | | |
| - Consider street level experiential, social, radio contests, PR | TBC pending agency concepts presentation | 800K | | | | | | | | tbc | | | | | | | | tbc | | |
| - Consider sponsorship media | | | | | | | | | | | | | | | | | | | | |
| - Owned channels | | | | | | | | | | | | | | | | | | | | |
| Travel Trade Target: | | | | | | | | | | | | | | | | | | | | |
| - Extension of above consumer activities targeting Denver travel trade | | | | | | | | | | tbc | | | | | | | | tbc | | |
| - Travel trade paid media channels | tbc | | | | | | | | | | | | | | | | | | | |
| Sales Events | | | | | | | | | | | | | | | | | | | | |
| - hosting of sales events for top travel sellers, etc | | 50K | | | | | | | | tbc | | | | | | | | tbc | | |
| - Agency coops and incentives | tbc | | | | | | | | | | | | | | | | | | | |



