



Huntsville, Alabama

305 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 1/23/2025

File ID: TMP-5138

Department: Urban Development

Subject:

Type of Action: Approval/Action

Resolution authorizing the Mayor to enter into a Memorandum of Understanding between the City of Huntsville and Breeze Aviation Group, Inc.

Resolution No.

Finance Information:

Account Number: N/A

City Cost Amount: NTE \$30,000

Total Cost: NTE \$360,000 per year

Special Circumstances:

Grant Funded: N/A

Grant Title - CFDA or granting Agency: N/A

Resolution #: N/A

Location: (list below)

Address: Huntsville International Airport

District: District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

Additional Comments:

RESOLUTION NO. 25-_____

BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and is hereby authorized to enter into a Memorandum of Understanding between the City of Huntsville and Breeze Aviation Group, Inc., on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, which said contract is substantially in words and figures similar to that certain document attached hereto and identified as "Memorandum of Understanding between the City of Huntsville and Breeze Aviation Group, Inc.," consisting of two (2) pages, and the date of January 23, 2025, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk of the City of Huntsville, Alabama.

ADOPTED this the 23rd day of January, 2025.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 23rd day of January, 2025.

Mayor of the City of
Huntsville, Alabama

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “MOU”) is made and entered into by and between the CITY OF HUNTSVILLE, an Alabama municipal corporation (the “City”) and BREEZE AVIATION GROUP, INC., a Utah corporation (“Breeze”). This MOU is effective as of the 16th day of January 2025.

WHEREAS, the City desires to promote economic development and reduce the cost of doing business in the City of Huntsville; and

WHEREAS, securing service from a low-cost carrier at Huntsville International Airport (“the Airport”) is essential to reducing the cost of doing business and promoting economic development in our community; and

WHEREAS, Breeze Aviation Group, Inc (“Breeze”) is a low-cost air carrier which has agreed to provide low fare air service to our community, conditioned upon receiving certain incentive payments from the City; and

WHEREAS, the City has previously agreed to provide monthly incentive payments to Breeze; and

WHEREAS, the said monthly payments have provided a public benefit of general applicability to the City of Huntsville and will continue to provide a public benefit if extended; and

WHEREAS, the City desires to provide monthly payments to Breeze to incentivize Breeze to provide a certain minimum level of low fare air service at the Airport.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein the City and Breeze agree as follows:

1. Incentive Payments. The City shall pay Breeze \$10,000 per month (the “Base Incentive Payments”) for a period not to exceed twenty-four months commencing on the Effective Date (the “Incentive Period”) or a date mutually agreed, provided Breeze serves the Huntsville International Airport (the “Airport”) with at least two (2) weekly flights per destination to at least three (3) of the following destinations (the “Base Service”): Tampa, Orlando, Las Vegas, or any other destination agreed upon by Breeze and the Huntsville-Madison County Airport Authority (“HMCAA”). For point of clarification, a total of six (6) weekly outbound flights must have occurred (24 flights/month) for Breeze to qualify for a monthly Base Incentive Payment.

The City shall provide Breeze an additional \$10,000 per month per destination (the “Bonus Incentive Payments”) during the Incentive Period, for a maximum total Bonus Incentive Payment of \$20,000 per month, provided that Breeze serves the Airport with at least two (2) weekly flights per destination to the following destinations, in addition to the Base Service: Charleston, Los Angeles, Newark, or any other destination agreed upon by Breeze and HMCAA (the “Bonus Destinations”).

For point of clarification:

If Breeze serves the Airport with the Base Service, plus two (2) weekly flights to one of the Bonus Destinations (Charleston, Los Angeles, or Newark), Breeze will be entitled to the Base Incentive Payment in the amount of \$10,000 plus the Bonus Incentive Payment in the amount of \$10,000, for a total incentive payment of \$20,000 for the monthly service.

If Breeze serves the Airport with the Base Service, plus two (2) weekly flights per destination to two separate Bonus Destinations (Charleston, Los Angeles, or Newark), Breeze will be entitled to the Base Incentive Payment in the amount of \$10,000, plus the maximum allowable Bonus Incentive Payment in the amount of \$20,000, for a total incentive payment of \$30,000 for the monthly service.

2. Failure to Meet Minimum Flight Requirements. If Breeze fails to meet the minimum flight requirements set forth in Section (1) of this MOU, the City has the right to terminate the Base Incentive Payments and/or the Bonus Incentive Payments, as may be applicable, without notice. If Breeze reinstates air service meeting the minimum flight requirements set forth in this Agreement, the City has the option, but not the obligation, to reinstate the Base Incentive Payments and/or the Bonus Incentive Payments, as may be applicable, for the remainder of the Incentive Period.

3. Incentive Payment: Breeze shall submit a monthly Pay Request to the City in order to receive any incentive payment. The Pay Request shall be accompanied by documentation confirming that the Pay Request complies with Section (1) of this MOU. Upon receipt of a qualifying Pay Request, the City shall have thirty (30) days to process payment of the qualifying Pay Request.

4. Extension of Incentive Period. The City may extend the Incentive Period for an additional period of up to twelve (12) months, in its sole discretion, provided however, that the total amount of Base Incentive Payments and Bonus Incentive Payments paid by the City to Breeze pursuant to this Agreement shall not exceed \$360,000 for any twelve (12) month period.

THE CITY OF HUNTSVILLE

BREEZE AVIATION GROUP, INC.

By: _____

By: _____

It's: _____

It's: _____