

**PULLIAM AIRPORT LEASE AGREEMENT
AMENDMENT NO. 1
(COVID-19 Rent and Fee Relief)**

This Amendment No. 1 is entered into this _____ day of May, 2020 by and between the City of Flagstaff, a political subdivision of the State of Arizona (“City”) and American Airlines, a Delaware corporation (“Airline”), to amend the Pulliam Airport Lease Agreement dated May 1, 2019 (“the Lease”).

WHEREAS, on January 31, 2020 U.S. Secretary of Health and Human Services declared a public health emergency as a result of the COVID-19 flu pandemic; on March 11, 2020 Arizona Governor Douglas Ducey declared a state public health emergency, and on March 15, 2020 Flagstaff Mayor Coral Evans declared a local public health emergency; and

WHEREAS, since April 2020 airline passenger traffic through the Flagstaff Pulliam Airport has practically ceased due to the COVID-19 flu pandemic, and causing an associated decline in flight revenues;

WHEREAS, on April 4, 2020 the Federal Aviation Administration (“FAA”) issued “Information for airport sponsors considering COVID-19 restrictions or accommodations” states that “a decision to abate rent... is a local decision” and provides guidance for any abatement;

WHEREAS, Airline has requested, and City desires to provide financial relief to the Airline to help continue airport related operations to serve the traveling public at the Flagstaff Pulliam Airport;

For valid consideration, the receipt of which is hereby acknowledged, the parties agree that the Lease is hereby amended to read as follows (additions shown as capitalized text, and deletions shown as stricken);

Article 6. Rents, Fees and Utilities is amended by adding the following:

6.07. RENTAL AMOUNT, STORAGE, AND LANDING FEES ABATEMENT. DUE TO THE COVID-19 FLU PANDEMIC, COMMENCING APRIL 1, 2020 AND CONTINUING THROUGH SEPTEMBER 30, 2020 AND ANY APPROVED EXTENSION PERIODS (COLLECTIVELY “ABATEMENT PERIOD”) NO RENTAL AMOUNT, STORAGE FEE, LANDING FEE (AS DEFINED IN SECTION 6.1, 6.01.1, AND 6.02 RESPECTIVELY), NOR LATE PENALTY OR INTEREST SHALL BE OWED OR PAYABLE; PROVIDED, HOWEVER:

- (a) IN THE EVENT AIRLINE RECEIVES OTHER GOVERNMENTAL RELIEF OR INSURANCE RECOVERY, AIRLINE SHALL PROMPTLY NOTIFY CITY;
- (b) IN THE EVENT AIRLINE BECOMES INSOLVENT, OR IS NAMED AS THE DEBTOR IN A VOLUNTARY OR INVOLUNTARY BANKRUPTCY PROCEEDING THIS SECTION 6.07 IS VOID AND ALL PAYMENTS SHALL RESUME UNDER ARTICLE 6 ON THE FIRST DAY OF THE FOLLOWING MONTH;
- (c) AIRLINE SHALL CONTINUE TO OFFER FLIGHTS TO THE TRAVELING PUBLIC TO AND FROM THE FLAGSTAFF PULLIAM AIRPORT DURING THE ABATEMENT PERIOD.

6.07.1 EXTENSIONS. THE PARTIES MAY MUTUALLY AGREE IN WRITING TO EXTEND THIS RENT ABATEMENT AND/OR WAIVER OF LANDING FEES FOR UP TO TWO

(2) ADDITIONAL THREE (3) MONTH PERIODS. THE CITY MANAGER MAY EXECUTE ANY SUCH EXTENSION ON BEHALF OF THE CITY OF FLAGSTAFF, AFTER DUE CONSIDERATION OF THE FACTORS SET FORTH BELOW IN SECTION 6.07.2 MUTUAL WARRANTIES.

6.07.2. MUTUAL WARRANTIES. EACH PARTY CONFIRMS AND WARRANTS, WITHOUT INVESTIGATION, TO THE OTHER PARTY:

- RENT RELIEF IS NECESSARY DUE TO CHANGED CIRCUMSTANCES CAUSED BY THE PUBLIC HEALTH EMERGENCY;
- IN THE EVENT RENT RELIEF WILL HAVE THE EFFECT OF SHIFTING COSTS BETWEEN AIRPORT TENANTS AND USERS, THE PARTIES WILL MEET TO DISCUSS THE EQUITIES, ENDEAVOR TO REACH A CONSENSUS BETWEEN ALL AIRPORT USERS AND ADJUST RENT OBLIGATIONS ACCORDINGLY;
- THERE IS A REASONABLE BASIS FOR RENT RELIEF BECAUSE UNDERLYING AIRLINE PASSENGER VOLUMES AND, THUS, REVENUES THAT ARE A BASIS FOR THE CURRENT RENT HAVE SIGNIFICANTLY DECLINED.

EACH PARTY UNDERSTANDS THAT THE RENT RELIEF PROVIDED HEREIN MUST NOT HAVE THE EFFECT OF CAUSING ANY VIOLATION OF THE GRANT ASSURANCES 22 AND 24 (AS WELL AS RELATED STATUTES) AND EACH PARTY AGREES THAT IF THE RENT RELIEF CONTEMPLATED IN THIS AGREEMENT DOES VIOLATE GRANT ASSURANCES 22 AND/OR 24 THAT THE PARTIES SHALL MEET TO DISCUSS HOW TO RESOLVE THE VIOLATION.

IN ADDITION, LESSEE WARRANTS TO CITY THAT LESSEE IS SEEKING RENT RELIEF FROM ALL LANDLORDS OF LESSEE LEASES LOCATED WITHIN TWO (2) MILES OF AIRPORTS IN ARIZONA, AND UPON REQUEST OF CITY, LESSEE WILL PROVIDE CITY WITH INFORMATION AS TO RENT RELIEF BEING PROVIDED.

All other terms and conditions of the Lease shall remain in full force and effect.

LESSOR: AMERICAN AIRLINES

By: _____

Title: _____
Its authorized representative

LESSEE: CITY OF FLAGSTAFF

By: _____
Mayor Coral Evans

Attest:

By: _____
Stacy Saltzburg, City Clerk

Approved as to form:

By: _____
City Attorney's Office