

**RENTAL CAR/CONCESSION LEASE AGREEMENT  
AMENDMENT NO. 3  
(COVID-19 Rent Abatement)**

This Amendment No. 3 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 The Hertz Corporation, a New Jersey corporation ("Lessee"), to amend the Rental Car Concession/Lease Agreement dated February 1, 2011, as previously amended by Amendment No. 1 dated April 18, 2014, and Amendment No. 2 dated May 30, 2017 (hereafter "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, causing an associated decline in flight revenues; and

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

WHEREAS, Lessee has requested and City desires to provide financial relief to the Lessee to help continue airport related operations to the extent feasible 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 IV - RENTS** is amended by adding the following:

H. RENT ABATEMENT.

1. DUE TO THE COVID-19 FLU PANDEMIC, FIXED RENT (AS DEFINED IN SECTION IV.A OF THE RENTAL CAR CONCESSION/LEASE AGREEMENT) AND MINIMUM ANNUAL GUARANTEE (AS DEFINED IN SECTION IV.B.2 OF THE RENTAL CAR CONCESSION/LEASE AGREEMENT) SHALL BE ABATED COMMENCING APRIL 1, 2020 AND CONTINUING THROUGH SEPTEMBER 30, 2020 AND ANY EXTENSION PERIOD ("ABATEMENT PERIOD"), AND NO RENT, LATE PENALTY OR INTEREST SHALL BE OWED OR PAYABLE FOR THIS PERIOD; PROVIDED, HOWEVER:
  - (a) IN THE EVENT LESSEE RECEIVES OTHER GOVERNMENTAL RELIEF OR INSURANCE RECOVERY RELATED TO THE COVID-19 PANDEMIC, LESSEE SHALL PROMPTLY NOTIFY CITY;
  - (b) IN THE EVENT LESSEE BECOMES INSOLVENT, OR IS NAMED AS THE DEBTOR IN A VOLUNTARY OR INVOLUNTARY BANKRUPTCY PROCEEDING THIS SECTION H

OF ARTICLE IV IS VOID AND RENT WILL RESUME UNDER ARTICLE IV ON THE FIRST DAY OF THE FOLLOWING MONTH;

(c) LESSEE SHALL CONTINUE TO OFFER RENTAL CARS TO THE TRAVELING PUBLIC TO AND FROM THE FLAGSTAFF PULLIAM AIRPORT DURING THE ABATEMENT PERIOD;

(d) LESSEE SHALL CONTINUE TO MAKE CONCESSION FEE PAYMENTS AS REQUIRED UNDER SECTION IV.B.1

## 2. EXTENSIONS.

THE PARTIES MAY MUTUALLY AGREE IN WRITING TO EXTEND THIS ABATEMENT PERIOD 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 WITHOUT FURTHER COUNCIL APPROVAL, AFTER DUE CONSIDERATION OF THE FACTORS SET FORTH BELOW IN SECTION H.3 MUTUAL WARRANTIES.

## 3. 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.**

**LESSEE:** The Hertz Corporation

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Its authorized representative

**LESSOR:** CITY OF FLAGSTAFF

By: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Stacy Saltzburg, City Clerk

Approved as to form:

By: \_\_\_\_\_  
City Attorney's Office