

**AIRPORT GROUND LEASE
AMENDMENT
(COVID-19 Rent Relief)**

This Amendment is entered into this _____ day of _____, 2020 by and between the City of Flagstaff, a political subdivision of the State of Arizona ("City"), and F.W. and Dorothy Thompson ("Lessee"), to amend the Ground Lease dated November 21, 2008 (hereafter "the Lease").

WHEREAS, on January 31, 2020 the 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;

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, the 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 III. GENERAL TERMS OF LEASE OF PREMISES is amended by adding the following text (additions are shown as capitalized, underlined text, deletions are shown as stricken):

3.7.5. PAYMENT ABATEMENT

A. DUE TO THE COVID-19 FLU PANDEMIC, THE RENTAL PAYMENT (AS DEFINED IN SECTION 3.7.1 OF THE LEASE) SHALL BE ABATED COMMENCING APRIL 1, 2020 AND CONTINUING THROUGH SEPTEMBER 30, 2020 ("ABATEMENT PERIOD"), AND NO PAYMENT, 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, LICENSEE 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 IS VOID AND PAYMENT WILL RESUME ON THE FIRST DAY OF THE FOLLOWING MONTH;

B. MUTUAL WARRANTIES.

EACH PARTY CONFIRMS AND WARRANTS, WITHOUT INVESTIGATION, TO THE OTHER PARTY:

- PAYMENT RELIEF IS NECESSARY DUE TO CHANGED CIRCUMSTANCES CAUSED BY THE PUBLIC HEALTH EMERGENCY;
- IN THE EVENT PAYMENT 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 PAYMENT OBLIGATIONS ACCORDINGLY;
- THERE IS A REASONABLE BASIS FOR PAYMENT RELIEF BECAUSE UNDERLYING AIRLINE PASSENGER VOLUMES AND, THUS, REVENUES THAT ARE A BASIS FOR THE CURRENT PAYMENT HAVE SIGNIFICANTLY DECLINED.

EACH PARTY UNDERSTANDS THAT THE PAYMENT RELIEF PROVIDED HEREIN MUST NOT HAVE THE AFFECT OF CAUSING ANY VIOLATION OF THE GRANT ASSURANCES 22 AND 24 (AS WELL AS RELATED STATUTES) AND EACH PARTY AGREES THAT IF THE PAYMENT 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.

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

F.W. and Dorothy Tompson

By: _____

Title: _____

Its authorized representative

CITY OF FLAGSTAFF

By: _____

Mayor Coral Evans

Attest:

By: _____

Stacy Saltzburg, City Clerk

Approved as to form:

By: _____

City Attorney's Office