Memo

To: Airport Board of Directors
From: Patrick Dame, C.M. Executive Director
Date: March 24, 2020
Re: Consideration to Tenants with Minimum Annual Guarantees (MAG)

In the past weeks, we have seen our passenger loads drop off to about 20-30% of normal passenger enplanements. This is and will have an impact on our tenants and our revenues. By agreement, our tenants pay us percent of gross revenues but also have a Minimum Annual Guarantee (MAG).

The MAG is in place to ensure a safety net in years when revenues drop. The current drop off in passengers was unforeseeable and unprecedented.

2020 MAG’s are as follows:

**Car Rentals**
Five Star Car Rentals DBA Avis/Budget: MAG $36,594.02 Per Month
Enterprise RAC: MAG $28,254.48 Per Month
Enterprise RAC DBA Alamo/National: MAG $33,472.69 Per Month
Overland West DBA Hertz: MAG $44,756.99 Per Month
Percent of Gross Revenue: 11%
**Recommendation:** Waive MAG’s for a period of three (3) months. The end of the year MAG is ¾ of the total or the Percent of Gross Revenue, whichever is higher.

**Gift Shop**
Mount Rushmore Society: MAG $6,736.29 Per Month
Percent of Gross Revenue: 13%
**Recommendation:** Waive MAG’s for a period of three (3) months. The end of the year MAG is ¾ of the total or the Percent of Gross Revenue, whichever is higher.
Parking
REEF: MAG $83,333.33 Per Month
Percent of Gross Revenue: $0-$1.7m-78%, $1.7m-$2-84% and Greater than $2m-90%

Recommendation: Waive MAG’s for a period of three (3) months. The end of the year MAG is ¾ of the total or the Percent of Gross Revenue, whichever is higher.

The MAG’s have already been paid for the month of March, so we are waiving MAG’s for the months of April, May and June. In the meantime, they will be paying us their respective percent of gross revenue. We will then re-evaluate at that time if we need to continue. Relief will only be provided to those tenants who are good standing and they must remain in good standing over the next three months.

We recommend the Airport Board waive the MAG payments for the following tenants for the months of April, May, and June with the end of the year MAG due ¾ of the total MAG or the Percent of Gross Revenue, whichever is higher; and furthermore director all staff to adjust all contracts, as outlined above.