MEMORANDUM

TO: Airport Board
FROM: Patrick Dame, C.M., Executive Director
DATE: December 22, 2020
RE: Car Rental Agency Addendum #3

Attached is Addendum #3 for each of the car rental agencies at the airport.

The purpose of the addendum is to re-establish the MAG requirement for calendar year 2021 and move the due date back to the first of each month.

The agreement states that the MAG shall be 90% of the prior Agreement Year’s Percentage Fees or the Year One MAG, whichever is greater. Due to the COVID-19 pandemic, with recovery anticipated to take a number of years, staff is recommending the 2021 MAG requirement be set at 90% of the 2020 Percentage Fees paid to the Airport, rather than the Year One MAG. This will help stabilize the financial requirements of the car rental agencies for this next year and into the future.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Year One Base MAG</th>
<th>2020 Percent Fees Thru Nov 11% of Revenue</th>
<th>Estimated 2021 MAG*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise dba Enterprise</td>
<td>$368,822.00</td>
<td>$224,378.66</td>
<td>$201,940.79</td>
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<tr>
<td>Enterprise dba Alamo / Natl</td>
<td>$368,823.00</td>
<td>$248,381.10</td>
<td>$223,542.99</td>
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<tr>
<td>Five Star dba Avis/Budget</td>
<td>$290,019.92</td>
<td>$274,553.00</td>
<td>$247,097.70</td>
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<tr>
<td>Overland West dba Hertz</td>
<td>$435,000.00</td>
<td>$347,667.42</td>
<td>$312,900.68</td>
</tr>
</tbody>
</table>

*Final MAG to be determined including December 2020 Percentage Fees.

STAFF RECOMMENDATION: Staff recommends approval of Addendum #3 as presented for Enterprise, Alamo/National, Avis/Budget, and Hertz.
ADDENDUM #3  
RENTERAL CAR LEASE & CONCESSION AGREEMENT

The City of Rapid City, by and through the Rapid City Regional Airport Board (“Board”) and Enterprise RAC Company of Montana/Wyoming, LLC dba Alamo Rent A Car and National Car Rental (“Lessee”) entered into a Rental Car Lease and Concession Agreement commencing on February 1, 2019, amended on April 14, 2020, and August 11, 2020, (collectively referred to as the “Agreement”).

WHEREAS, the Agreement contains a provision for monthly Minimum Annual Guarantee (MAG); and

WHEREAS, Addendum #2 dated August 11, 2020, changed the requirement for the monthly MAG installment to be due each month by the 15th of the following month instead of on or before the first of the month as stated in the Agreement; and

WHEREAS, the Agreement in Article 4, Section A, states that in no event shall the MAG for the next ensuing Agreement Year be less than the Year One MAG, which is listed as $368,823.00; and

WHEREAS, the COVID-19 pandemic has continued to negatively impact air travel and associated concession revenues and is not expected to recover in the next year; and

WHEREAS, the Parties have agreed to change the monthly MAG requirement due date back to on or before the first of the month; and

WHEREAS, the Parties have agreed to change the MAG for calendar year 2021 to ninety percent (90%) of the 2020 Percentage Fees paid to the Board.

NOW THEREFORE, be it agreed by the Parties as follows:

The Agreement is amended to reflect that the annual MAG for calendar year 2021 shall be ninety percent (90%) of the prior Agreement Year’s (2020) Percentage Fees. The annual MAG for 2021 shall be paid in twelve (12) equal installments on or before the first of the month, except for the month of January, 2021. The January, 2021, installment shall be due upon receipt of the Lessee’s final revenue report for 2020, but no later than January 31, 2021. The MAG installment may be met through prior year’s reconciliation credits if applicable. The Percentage Fee of 11% of the Lessee’s Gross Revenues is not waived and shall be due and payable as per the terms of the Agreement.

The Agreement is subordinate to the provisions of any existing or future agreements between the Airport Board and the United States of America relative to the operation and maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.
Should the Federal Aviation Administration (FAA) determine that any term or provision of the Agreement or an Addendum results in, or could result in, a violation by the Airport of its obligations as an airport sponsor under grant assurances contained or incorporated in any grant agreement, existing or future, to which the Airport is a party (Sponsor’s Assurances), the Lessee and the Airport unconditionally agree to modify, amend, or, if necessary, terminate the Agreement or Addendum to remedy any such violation, or potential violation, and bring the Agreement or Addendum into strict compliance with the Airport’s obligations contained in any grant agreement to which the Airport is a party.

The Parties agree that the Agreement remains in full force and effect, except as specifically modified by this Addendum.

IN WITNESS WHEREOF, the Parties execute this Addendum this 22nd day of December, 2020.

RAPID CITY REGIONAL AIRPORT BOARD

ENTERPRISE RAC COMPANY OF MONTANA/WYOMING, LLC, DBA ALAMO RENT A CAR AND NATIONAL CA RENTAL

Darren Haar, Board President

Eric Schonoff, Vice President/General Manager

ATTEST: _________________________

Shawn Gab, Board Secretary