

Tom Small, Evergreens Co-CEO & SBAAC Member

2020 was shaping up to be an exceptional year for Evergreens. We had doubled our unit count each year since 2017 and were enjoying record same store sales and contributions for the first two months of the year. Like most small businesses, when COVID-19 hit the decline was severe and immediate. Within two weeks unit sales declined 70% to 95% and by the end of March we had little choice but to close all locations except for SeaTac. We furloughed or laid-off 95% of our team going from 395 team members down to 19. We felt it was important to continue to provide a healthy option to Port employees at SeaTac, though it was initially doing 8% of normal sales. Sales have since improved at SeaTac to about 25% of normal, but that is largely due to other tenant closures. The port's willingness to allow reduced operating hours has played a large part in our ability to remain open.

Since that time, we are solely focused on recovery; creating a plan to restart the business, restoring relationships with our landlords and vendors, and adapting our operations to ensure the health and safety of our team and guests. We are anxious to bring back our team, provide healthy food to our guests and contribute to the local economy.

The generosity and partnership demonstrated by the port through 4 months of rent deferment is certainly appreciated. Without this deferment it would be impossible for Evergreens to start down a recovery path and reopen stores. The concern however is that these rent deferment provisions on most of our 27 locations only delays the inevitable. With a slow recovery anticipated over the next 12 to 18 months, there will simply be no way for our business to generate the profit necessary to pay back the accumulated debt and deferment. These months have been a complete loss for all of us, the port and tenants alike, and the expectation to collect rent for these months even on a deferred schedule will result in businesses like ours having to close our doors for good. Rent abatement will make the future possible and ensure a long-term, healthy partnership with the Port.

Various forecast models roughly align around a slow recovery over the next 12- to 18-months, but even the very best models are filled with uncertainty and guesses. We simply do not know what the future will look like. It will be critical to have a rent structure that can accommodate this uncertainty. Percentage Rent tied to enplanements and the elimination of MAG rent over the next 12 months accomplishes this objective. This percentage rent needs to be applied to other charges first, before any base rent consideration.

The opportunity to open Evergreens at SeaTac last year fulfilled a long-envisioned dream and it has been the shining star of our operations from the day it opened. I am grateful for the Port's continued support and consideration to ensure that this dream does not become a nightmare.