

Item No.	6g supp
Date of Meeting	June 23, 2020

# First Amendment to Lease with Mad Anthony's at Pier 66

June 23, 2020



# Maritime/EDD Tenant Relief Program

- Terms approved by Commission/ED and within our Delegation of Authority
  - Defer all rent and other charges for four months (April-July) without interest.
    - » Tenant required to make commercially reasonable efforts to remain in operation and/or reopen consistent with public health orders.
    - » Tenant certifies it has been significantly impacted by COVID-19
  - Deferred payment plan commencing on 10/1/20 with payback in 12 months – but also negotiate payment plans to fit unique circumstances.
    - » Offer lease extension if tenant lease term is too short to payoff reasonably
- Proposed relief consistent with what done across the Port
  - Extended terms
  - Deferred rent
  - Waiver of MAG (percentage rent only)

# Background

- **All restaurants closed** by Governor's first order, March 23
  - Anthony's 19 locations - Washington, Oregon, Idaho
    - Also fish distribution and sale, Food truck, take-out at Little Chinook's
- Long-term lease (20+ years remaining)
- Seriously affected by COVID-19
- Participating in deferral program with hope of lease amendment

# Anthony's Pier 66

## Current

- 22,000+ SF, three restaurants
- Built by Port 1995,
- Lease expires 2041
- Minimum Rent: Greater of
  - \$31K+/month rent or
  - 6% of gross sales

Note: They have paid percentage rent annually over the last ten years.

## Proposal – effective 6/1/20

- Two years
  - No Minimum Rent
  - 6-1/2% of gross sales only
- After two years: 6-1/4% or Minimum Rent for remainder of term

# Risks and Benefits

- Risks

- Cruise is huge impact on business, uncertainty in return of cruise
- Increased percentage rent may not cover waived minimum rent
- Shallow recovery may not mitigate this loss

- Benefits

- Retains long-term tenant in very challenging property
- Some revenue to Port during two year period of % rent only
- Increased percentage rent provides possible upside
- Mitigates risk of failure leaving the Port with a challenging and costly property to reposition