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COMMISSION

AGENDA MEMORANDUM Item No. 8g
ACTION ITEM Date of Meeting July 11, 2023
DATE: July 11, 2023
TO: Steve Metruck, Executive Director
FROM: Pete Ramels, General Counsel
Chris Leopold, Senior Port Counsel
SUBJECT: Commission Authorization to Execute a Lease Termination and Settlement Agreement with Duke's Shilshole Bay Chowder House LLC
Amount payable to the Port: \$175,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a lease termination and settlement agreement with the Port's tenant, Duke's Shilshole Bay Chowder House, LLC ("Duke's") which will pay the Port \$175,000 to settle a dispute stemming from Duke's inability to perform under a ground lease at Shilshole Bay Marina and to terminate the associated lease.

SUMMARY

The Port entered into a 20-year ground lease with Duke's on May 11, 2017. The lease required Duke's to construct and operate a high-end seafood restaurant as an amenity at Shilshole Bay Marina. The lease was amended four times to accommodate Duke's design changes, construction timelines, and to provide COVID-related rent relief. In March 2022, Duke's notified the Port it could not perform under the ground lease due to high construction costs.

Under the proposed settlement agreement, the Port will receive \$175,000 in consideration for early termination of the lease, and Duke's and the Port will receive a mutual release from their respective obligations under the ground lease. This will settle the matter without resorting to the further time, expense, and uncertainty of litigation, and promptly pay the Port a reasonable amount.

This matter was discussed in privileged attorney-client communications. This memo has no attachments.

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