

Mutual Termination Agreements:

D & G Company, LLC dba Lou's Pier 47

340 Jefferson, LLC dba Pompei's Grotto

Presentation

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Presented by:

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Background

Both Lou's Pier 47 and Pompei's Grotto stopped paying rent on March 1, 2020, due to the devastating financial impacts of the COVID pandemic. Neither was willing to invest more money in the restaurants to reopen.

As of November 30, 2022, Lou's Pier 47 owes the Port \$507,765 (after application of deposits to the balance due) in past due rent and interest.



As of March 17, 2023, Pompei's Grotto owes Port \$523,464.23 (after application of deposits to the balance due) in past due rent and interest.

Both Tenants approached the Port to terminate their respective leases and licenses. After extensive negotiations Port agreed to terminate the leases and licenses under the term on the following slide.

Proposed Mutual Termination Agreement Terms

Lou's Pier 47: Port staff propose to enter into a Mutual Termination Agreement for Lease L-14630 and License 14651 on the following terms:

1. Tenant to pay Port a lump-sum \$200,000 termination fee and \$11,176 to reimburse Port for board up and sign removal costs.
2. Specified personal property, including fixtures and furnishings, will be transferred to Port, leaving the property in almost turn-key condition for the next tenant.

Pompei's Grotto: Port staff propose to enter into a Mutual Termination Agreement for Lease L-14630 and License 14651 Port staff on the following terms:

1. Tenant to pay Port a lump-sum \$150,000 termination fee and \$6,300 to reimburse Port for board up and sign removal costs.
2. Specified personal property, including fixtures and furnishings, will be transferred to Port. Tenant's unverified value of the FF&E is \$122,000. Retention of the fixtures and furnishings will leave the property in almost turn-key condition for the next tenant.

Port to write-off remaining rent balance and interest/late fees due for both restaurants

Port Staff Analysis

Port will receive a \$200,000 termination fee plus \$11,176 for board-up and sign removal costs from Lous Pier 47.

Port will receive a \$150,000 from Pompei's Grotto fee plus \$6,300 for board-up and sign removal costs.

Mutual Termination of the agreements will allow the Port to immediately begin to remarket the restaurants for lease. Retaining the fixtures and equipment is integral to a rapid lease up

Mutual termination agreements are beneficial because the Port recovers a portion of the rent due and obtains possession of the properties faster and with greater certainty and less cost than pursuing an unlawful detainer action, from which the Port could only recover 12 months of unpaid rent.

The terms for the Mutual Terminations are generally consistent with other termination agreements that Port has agreed to.