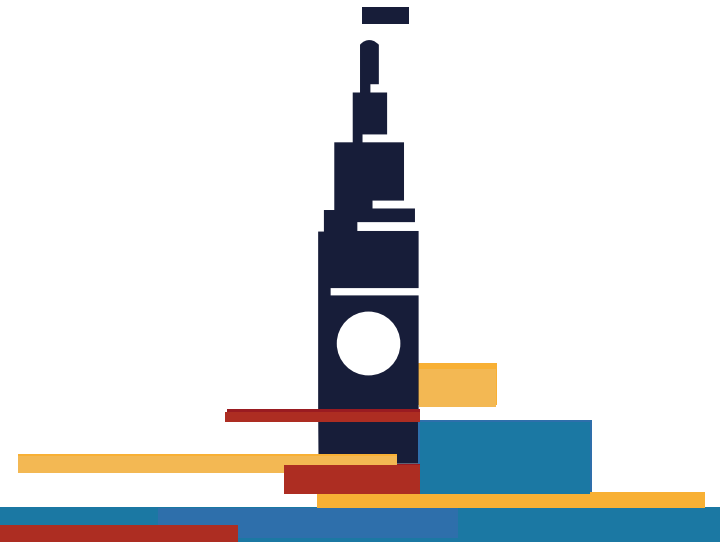


PROPOSED RENT FORGIVENESS

November 11, 2020

Presented By: Crezia Tano-Lee
Manager, Real Estate and Development



Rent Forgiveness

PROPOSED SECTORS



Percentage Rent Tenants



Select Maritime Tenants



Local Business Enterprise
Tenants

Broad-Based
Rent Deferral
PROPOSED SECTORS

Sector	Proposal	Relief Period	
A. Percentage Rent Tenants	Port will forgive all base rents, and require payment of percentage rent as defined in the current lease agreement	March 1, 2020	April 30, 2021
B. Select Maritime Tenants	Port will forgive all base rents	March 1, 2020	August 31, 2020
C. LBE Tenants	Port will forgive all base rents	March 1, 2020	May 31, 2020

Rent Forgiveness
ESTIMATES

Sector	Months	Est. # Tenants Affected	Est. Rent Forgiven or Deferred
A. Percentage Rent Tenants	up to 14*	48	\$11.8M (offset by percentage rent paid throughout period)
B. Select Maritime Tenants	6	121	\$1.5 M
C. LBE Tenants	3	27	\$0.15 M
TOTAL	3 ~ 14	196	\$13.45M



*The lesser of (a) when tenant meets base rent for 3 consecutive months and (b) 14 months.

Rent Forgiveness

PROPOSED CONDITIONS

GENERAL CONDITIONS

- Satisfy all responsibilities under the lease
- Must state and maintain agreed upon hours of operation
- Submit an application similar to the Opt-In Program
- Tenants who have outstanding balances greater than \$10,000 prior to March 1, will not be allowed to participate in forgiveness programs

PERCENTAGE RENT TENANTS

- Report sales as required by the existing lease
- Pay percentage rent throughout the time period of base rent forgiveness, as required by the existing lease

LOCAL BUSINESS ENTERPRISE TENANTS

- Maintained LBE status during the forgiveness period

Rent Credits

- Rent Paid Rent Credit
- Start-Up Rent Credit

Program Administration

RENT PAID RENT CREDIT (All Sectors)

- Port and tenant will calculate the total amount of the excess rent paid to the Port above what would have been due under the rent provisions in the existing agreement (“Excess Rent Amount”)
- The Excess Rent Amount shall be applied first to any balance outstanding prior to March 1, 2020
- Tenant shall be then authorized to take 1/12 of the remaining amount (with no escalation) as a Rent Paid Rent Credit” in July 2021 and in each of the next 11 months (through June 2022).
- The Rent Paid Rent Credit can be taken against rent, but not against any other fee or charge under the lease.
- Port staff may extend leases that would otherwise expire so as to allow for such rent credit recapture.
- Termination or earlier surrender of the lease will extinguish any unapplied rent credits.

Program Administration

START UP RENT CREDIT

*(Excursions/Restaurant/Retail
Only)*

- Tenant must provide proof of payment and other items reasonably acceptable to Port evidencing **proof** of such expenditures.
- Tenant shall be authorized to take **Start Up Rent Credit immediately**.
- The Start Up Rent Credit shall be applied first to any balance outstanding prior to March 1, 2020 and then applied against rents next due until exhausted.
- The Start Up Rent Credit will expire if not exhausted prior to June 30, 2021
- Termination or earlier surrender of the lease will extinguish any unapplied rent credits.

Rent Forgiveness

FISCAL IMPACT

- **Total Base Rent forgiven** is estimated to be approximately **\$13.45 million**
- **Total estimated percentage rent** projected to be collected **\$6.6 and \$13.3 million**; large range reflects uncertainty of the future of public health crisis and the economic downturn.

QUESTIONS?