

Robyn Tice

From: Don Kraher
Sent: Friday, February 19, 2021 12:06 PM
To: Jared Moore; Ann Hill; Sherri Myers; Jennifer Brahier; Casey Jones; Teniade Broughton; Delarian Wiggins
Cc: Elaine Mager; Sonja Gaines; Ericka Burnett; Robyn Tice; Melanie Kruszona
Subject: FW: Agenda Item - Amendment to Maritime One Lease
Attachments: Lease Deferral Program application.pdf

Council President and Members of City Council

A fellow Council Member posed some questions regarding Item #13 – Amendment No. 1 to Lease with Maritime One, LLC

Below you will find responsive information from Deana Stallworth. While the initial questions are not included, this should provide further information to assist you.

Respectfully,

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City of Pensacola

From: Deana Stallworth <DeStallworth@cityofpensacola.com>
Sent: Friday, February 19, 2021 11:40 AM
Subject: Agenda Item - Amendment to Maritime One Lease

Hi everyone,

Based on the questions raised yesterday from a [Council Member](#), I have the following responses with attachments:

a. The notice that went out to all the city's commercial leases.

- **Please see the attached Lease Deferral Program application. This was sent to pertinent leaseholders early into the pandemic, allowing them to pay back up to 3 months of deferred lease payments over the course of the next 12 months at no interest. Only 3 applications were received – Gulf Coast Tennis Group, Get a Grip, and Pitt Slip. Two of those groups opted out early by paying back the deferred amount sooner (Get a Grip) or by not taking the approved deferment by continuing to pay their normal amount (Pitt Slip).**

b. Any documents that define the metrics being used to determine hardship or necessity.

- I am not aware of any documents used to determine hardship or necessity outside of their completion of the Lease Deferral Application. With the pandemic affecting so many in numerous ways, it may have been understood that everyone was experiencing hardship of some sort. Also, since this was not a grant or gift but a deferment with a repayment requirement, it may not have felt necessary to establish such metrics and take the chance of denying someone who may have just needed short term assistance with cash flow.

c. A copy of the request from Justin Beck requesting a reduction in the lease fee and the justification of the reduction.

- Below are direct excerpts from emails received from Mr. Beck. He did receive a copy of the deferral application (which started this endeavor) but determined a three-month deferral with almost immediate payback to be insufficient for his long term recovery needs in commercial realty. Originally, he requested a 90-day deferment with 90 days added to the end of the lease, but ultimately determined that to be not sufficient. The Mayor and staff met with Mr. Beck on December 15, 2020 to further discuss the issue and ultimately arrived at the 3-year partial rent deferral plus repayment with interest, as outlined in the amendment.

Excerpts:

".. our business is a bit different from a retail business that can point to a specific percentage drop in revenue over the last three weeks. Since, as you know, commercial real estate transactions take several months to complete, our revenue might not show a large drop in March, and we won't know the depth of the effects of April's revenue until the month is over. If you'd like I can send you a list of transactions cancelled or extended indefinitely? I can assure you, that because the real estate business is at a standstill, as you say, that May, June, July, August, September, October, November, and beyond are going to be terribly hard." (April 7, 2020)

"...The dust seems to have settled somewhat, but we are still experiencing issues in our industry. Is the city open to negotiating some type of reduced lease amount? We can add term to the lease in exchange." (December 2, 2020)

Also, it is worth noting that it was Mr. Beck's suggestion to repay the deferred amount back with interest instead of extending the lease term. Due to the length of the amortization, the City will actually collect more in interest than the original deferred amount, so the City will be made more than whole by this amendment. This is a win for both the City and Maritime One.

d. I want to know if all of his rental units are rented and whether he has given a reduction on rent or lease to his tenants.

- We have an email into Mr. Beck and await his specific response. I can communicate that at our December 15th meeting, Mr. Beck did convey that he had negotiated lease renewals for lesser amounts or different terms to accommodate his commercial tenants and maintain his occupancy rate. I cannot recall if he also conveyed all of his units were rented, but that may have been part of the conversation.

Also, I apologize for failing to include the original (sub)lease as an attachment to the Council memo. That was an outage on my part and should not happen again. Since this is more of an addendum to the original with none of the other terms changing and no red-line version, hopefully this amendment will be evaluated on its own merits.

Please feel free to distribute to rest of the Councilmembers. Thank you for your questions on this item, too.

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Property Lease Manager

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City of Pensacola

Commercial Rent/Lease Deferral Program for General Government Leases

To help local businesses cope with the economic impacts of COVID-19, the City of Pensacola ("the City") is offering a commercial rent/lease deferral program to qualified lessees on City general government leases through June 30, 2020. Under this program, businesses may apply for deferrals on rent payments due in April, May and June. Deferred payments are required to be paid in equal installments over a 12-month period or over the months remaining on the existing lease, whichever is the lesser period of time, commencing July 1, 2020, along with the rent/lease payment which is also due on those dates as well. This program excludes Pensacola International Airport, Pensacola Energy, Sanitation Services, Blue Wahoo Stadium and the Port of Pensacola.

The program is designed for businesses that have been forced to close, or significantly reduce their services, as a result of the various government orders in response to COVID-19. The City's intent is to provide some reasonable, temporary relief to its lessees where feasible, with the hope and expectation that this step along with other stimulus opportunities may be effective in returning our local economy to normal as quickly as possible.

If your business has been impacted by COVID-19 and you are unable to make your rent/lease payments as outlined in your lease agreement with the City, please complete the application below and return it to the City's Finance Director, Amy Lovoy @ ALovoy@cityofpensacola.com. Once the application has been reviewed you will receive an approval or denial email outlining the details of the rent deferral.

Application

Lessee Name: _____

Contact Name: _____ Contact Phone: _____

Contact Email: _____ Monthly Rent Amount: _____

Months Requesting Rent Deferral:

- ☐ April
- ☐ May
- ☐ June

By signing this application, I certify that I have the authority to sign on behalf of the lessee and understand that any deferred rent payments are due and payable in equal installments over a 12-month period or over the months remaining on the existing lease, whichever is the lesser period of time, commencing July 1, 2020, after which date, penalties and interest will be applied in accordance with the lease agreement.

Signature

Date

Name and Title