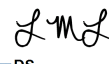

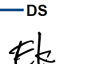


**EVERETT PORT COMMISSION
AGENDA ITEM COVER SHEET**

Initialed By:

| | | | |
|-------------------------|---|---|--|
| Project/Request: | The Muse LLC Lease for the historic Weyerhaeuser Building | CEO/Executive Director: Lisa Lefebber | <div style="border: 1px solid black; padding: 2px; text-align: center;">DS </div> |
| | | Chief Finance Officer: Eric Russell | <div style="border: 1px solid black; padding: 2px; text-align: center;">DS </div> |
| Location: | Boxcar Park, Everett | Legal Review Required (Yes/No) If so, who: Yes; Stoel Rives | <div style="border: 1px solid black; padding: 2px; text-align: center;">DS </div> |
| | | Originating Department: | Admin |
| | | Contact Person: | Lisa Lefebber |

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|----------------------------|---------------|
| Regular Meeting of: | March 2, 2022 |
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| | |
|--------------------------|--------|
| Agenda Item Type: | Action |
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Attachments for Commission Meeting Packet:

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| Weyerhaeuser Lease |
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| Expenditure Required: Approx. \$1,000,000 |
| Amount Budgeted: \$655,000 in 2022 - 2026 |
| Additional Required: Approx. \$345,000 |
| Account/CIP: |

Summary Statement:

The Port of Everett is partnering with The Lokey Group to redevelop the historic Weyerhaeuser Building and return it to productive use. The vision for the building honors its unique exterior design and interior finishes as well as the original opening date by creating an upscale location to enjoy a conversation, a beverage and the views. The building will also host our valued boating clubs, such as the Mukilteo Yacht Club and the Milltown Sailing Association. The lease calls for the building opening to the public in spring 2023 – its Centennial year. The lease terms are designed to have the building in productive use in a community-oriented fashion, ensure the Port maintains ownership of the structure and provides the option to double as a performance venue at Boxcar Park.

The term summary is as follows:

- Port to invest up to a \$1 million to prepare the building for a tenant and for the tenant to complete improvements. This includes replacing all the windows, renovating the interior, upgrading the utilities, restrooms, etc. Per the terms of this agreement the tenant will be performing this work and the Port will be reimbursing them.

- The Port is responsible for temporary exterior access improvements and signage, and ultimate redevelopment of the park surrounding the building in accordance with the current vision for Boxcar Park.
- The lease is for 10-years with options. The rent will be structured to take into consideration its location and understanding that it will be surrounded by construction for some time. Years 1-5 the rent will be \$6,000 annually; years 6-10 it will be 12,000 with 3% increases years 7-10. The Port will also receive rent of 6% of sales after \$ 500,000 in annual gross sales.
- There are six 5-year options and a market valuation at exercise of each option. Rent won't be less than year 10 and can't increase more than 10% in any one year.
- Going forward the Port will be responsible for exterior maintenance and the tenant will be responsible for interior maintenance.
- We will partner and collaborate to ensure the building improvements are in compliance with historic standards.

Recommendation:

Staff recommends the Commission authorize the lease with The Muse LLC for the historic Weyerhaeuser Building.