COMMISSION
AGENDA MEMORANDUM **Item No.** 8m

ACTION ITEM **Date of Meeting** November 17, 2026

DATE : September 30, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Jennifer Maietta, Director Real Estate Asset Management
Kelly Purnell, Capital Project Manager V

SUBJECT: Fishermen's Terminal – Washington Maritime Blue, First Amendment

Amount of this request: $300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to approve the First Amendment to the Washington Maritime Blue ("Maritime Blue") adding an additional six months to the initial lease term, Rent Commencement and Early Termination dates, and increasing the Tenant Improvement allowance by a not to exceed amount of $300,000 to reimburse Maritime Blue to complete the installation of the solar panels required for the Living Building Challenge ("LBC").

EXECUTIVE SUMMARY

Maritime Blue has requested a six-month extension of the Rent Commencement Date and Early Termination Date due to a delay in their tenant improvement funding. As a result, an additional 6-months will be added to the initial 10-year term for a total of 126 months to ensure there is no loss of revenue during the primary term of the lease. Additionally, the Port was unable to install all of the required solar panels for the living building challenge during the MInC project due to a delay in the delivery of approximately half the solar panels with their installation significantly impacting the timing of the substantial completion of the MInC project and timely delivery of the Premises to Maritime Blue. To meet and expedite the living building challenge monitoring requirements, Maritime Blue has agreed to complete the installation of the remaining solar panels as a part of their Tenant Improvements, relieving the Port of its obligation to install the remaining solar panels as a port of Lessor's Work under the Lease terms and conditions subject to reimbursement by the Port. Therefore, the First Amendment would include an additional tenant improvement allowance to reimburse Maritime Blue in an amount not to exceed $300,000 for the installation of the additional solar panels.

JUSTIFICATION

Maritime Blue entered into a lease with the Port effective March 21, 2025, which commenced June 16, 2026 as determined by the substantial completion of the Port's Work. Maritime Blue was to have commenced its tenant improvements upon delivery of the Premises and have the improvements completed no later than March 16, 2026 or the lease may be terminated by the Port and result in significant penalties. Due to a delay in reaching the timing of their capital funding campaign goals,

Maritime Blue has requested an additional six months to finalize its funding to perform their tenant improvement work. Currently, Maritime Blue has verbal commitments of 100% for its capital funding with these becoming signatories in November and anticipate Tenant Improvements to commence January 2027. This six-month extension would further adjust the Rent Commencement Date from December 17, 2026, to June 16, 2027 and the Early Termination Outside Completion Date (for TI) from March 18, 2027, to September 18, 2027. The primary term of the lease would be extended by six months from June 15, 2036, to December 15, 2036. By extending the term by six months there is no loss of net revenue for the Port during the primary term of the lease.

Additionally, the Port was unable to install all of the required solar panels for the living building challenge during the MInC project due to a delay in the delivery of approximately half the solar panels with their installation significantly impacting the timing of the substantial completion of the MInC project and timely delivery of the Premises to Maritime Blue resulting in significant penalties. The intent was to install them as a separate project. However, performing the installation of the solar panels after the completion of the MInC project would require a new permit and contract resulting in significant delays and not be completed in coordination with the tenant improvements causing delays in the LBC 12-month monitoring requirements. To meet and expedite the LBC monitoring requirements, Maritime Blue has agreed to complete the installation of the remaining solar panels as a part of their tenant improvements, relieving the Port of its obligation to install the remaining solar panels as a part of the "Lessor's Work" under the lease terms and conditions subject to reimbursement by the Port. This will allow for timely coordination of the living building challenge monitoring to achieve living building certification. Therefore, the First Amendment would include an additional tenant improvement allowance to reimburse Maritime Blue in an amount not to exceed $300,000 for the installation of the additional solar panels.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

The timely installation of the solar panels is required to commence with the living building challenge 12-month monitoring for the living building challenge certification.

Alternative 1 – Port procures and installs the solar panels

Cost Implications: $285,000

Pros:

(1) Port would have control over the installation.

Cons:

(1) Would require a long-lead time for a new permit and contract for installation.
(2) Would more than likely not align with completion of tenant improvements with strong potential to delay living building challenge monitoring required for LBC certification.
(3) Would require extended overheads including permit and associated costs with Port contracted installation.

This is not the recommended alternative.

Alternative 2 – Maritime Blue installs the solar panels

Cost Implications: Estimate $200,000

Pros:

(1) Can be installed under the Maritime Blue tenant improvement permit
(2) Would align with the completion of tenant improvements with no delay in the living building challenge monitoring for certification.
(3) If installation is not completed by Maritime Blue, the Port could still install solar panels specific to a new tenant's use and design requirements for living building challenge.

Cons:

(1) Relies upon Maritime Blue's completion of the tenant improvements including the solar panel scope.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The not to exceed additional tenant improvement amount for the installation of the solar panels will ensure that Port is reimbursing for actual costs incurred by Maritime Blue with the Port owning the asset. The power generated by the solar panels will go back into operating the building in accordance with the Living Building Challenge requirements. If there is excess power generated by the solar panels, it will support Fishermen's Terminal power needs.

Annual Budget Status and Source of Funds

The cost of solar installation was originally included in the MInC construction authorization budget with $185,000 unspent. Installation of the remaining solar panels by the Port post MInC project completion would require extended overheads including permitting and associated costs with Port contracted installation estimated to be $285,000.

The value of the primary term is approximately $4M including the application of tenant improvement reimbursement. The tenant improvement reimbursement funds will be recovered by the base rent revenue during the first 5 years of the primary term.

Financial Analysis and Summary

Project cost for analysis	$1,189,100 (Original TI + solar panel installation)
Business Unit (BU)	Portfolio Management
Effect on business performance (NOI after depreciation)	The extension of the rent commencement date has an immaterial effect on the leases' NPV. The lease generates approximately $4M over the course of the primary term (10 yrs).
IRR/NPV (if relevant)	NPV= $2.7M Payback= 3.4 years
CPE Impact	NA

ATTACHMENTS TO THIS REQUEST

(1) Draft First Amendment to Lease
(2) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 19, 2024 – The Commission authorized Executive Director Metruck to execute the Lease for the Maritime Innovation Center at Fishermen's Terminal by and between Washington Maritime Blue and the Port of Seattle.