

NAVIGATING COVID-19

A TENANT'S GUIDE

 **LEE &
ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES

Lee & Associates NYC offers this guide for tenants as a resource to help gain an understanding of existing leases, challenges, and potential issues as well as to assist in developing a strategy during the pandemic. We hope to establish a foundation of ideas and recommendations upon which we can build, and in collaboration with our clients. In the meantime, we look forward to connecting with you to learn more about how we can help.

We recommend staying informed of the evolving situation; creating and implementing a flexible strategy; and remaining positive and focused. A strategic but flexible plan can impact your business now and in the future.

A GUIDE TO LEASES DURING THE PANDEMIC

LEASE AUDIT/REVIEW & POTENTIAL SOLUTIONS

Review and scrutinize the existing lease prior to a conversation with the landlord. This will allow you to approach the situation with one or more alternative solutions. Lee & Associates NYC can assist in developing strategies and solutions as well as guidance throughout this process. You are not alone in this.

LEASE CONSIDERATIONS

RENT What is included in the rent payment - base rent, pass-through expenses, etc. What are the amounts? When is the next scheduled increase?

LEASE EXPIRATION AND OPTIONS When does the lease expire. Choose from an option – renew, cancel, sublease, etc. What are the business terms of those options?

DEFAULT What are the landlord's remedies if a default occurs? Late penalties, interest, eviction, damages?

GUARANTEES Outside of the tenant's business, who may be liable in the event of default?

SECURITY DEPOSIT Does the landlord hold a security deposit, and if so, what is the amount?

OPERATING COVENANTS AND CO-TENANCY Is the tenant required to stay open for business, and if so, are specific hours and days required? Is the landlord obligated to maintain certain tenants or a certain occupancy level?

INSURANCE What coverage is each party required to maintain? (Please note: relevance of coverage to the current situation should not be assumed; seek the advice of an insurance agent.)

FORCE MAJEURE Does the "Act of God" clause excuse either party's performance when outside circumstances intervene? (Please note: Force Majeure clauses differ; an attorney should analyze each clause to determine triggers and results before making a determination on a given lease.)

PREPARE

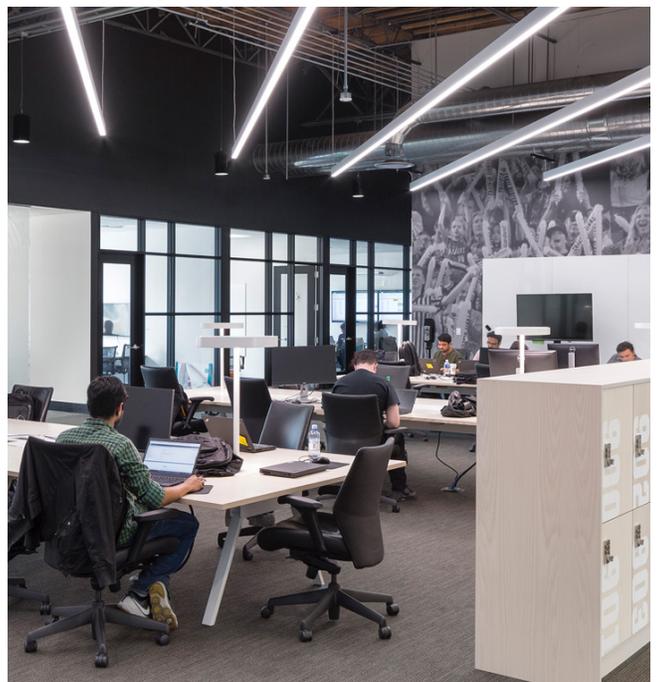
INSURANCE COVERAGE may provide parties the best recourse in the current situation; an insurance provider can outline the possibility of a claim under policies carried by either the tenant or the landlord. However, the insurance industry's exclusion of disease outbreaks from many policies (in response to the 2003 SARS outbreak) makes coverage uncertain.

GOVERNMENT RELIEF PROGRAMS, such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act and its fiscal measures (stimulus, tax relief, etc.) should be evaluated by tenants. Additionally, the Small Business Administration (SBA) has provided online resources for companies with under 500 employees that may be eligible for government funding to cover payroll, lease, and utility payments.

LANDLORD DISCUSSION

After contacting the landlord directly or enlisting an advisor to set a meeting, the tenant should effectively communicate the current impact on its business and be transparent, collaborative, and in possession of the information outlined above. An open conversation between tenant and landlord is necessary to help identify a solution or combination of solutions agreed to by both parties. There are numerous creative ways a solution could be structured.

Though addressing and re-evaluating this business component in a time of crisis is a difficult task, lease obligations are an important consideration for any business that operates out of rented space and, as such, the process warrants careful attention.



REOPENING YOUR BUSINESS

Over the next weeks and months, as restrictions are lifted, businesses will begin to bring employees back into the work space. It's already begun in some parts of the world. This may be a different process for each organization. This transition must be safe, efficient, effective, and aligned to the needs of the company and the needs of all its staff. Many of our clients have sought out our guidance and expertise as they navigate this process.

GETTING READY – CONSIDERATIONS

During this next phase, some focus areas will apply to almost every company.

CLEAR COMMUNICATION Instill confidence in returning with transparent communication. Actively listen to all staff concerns.

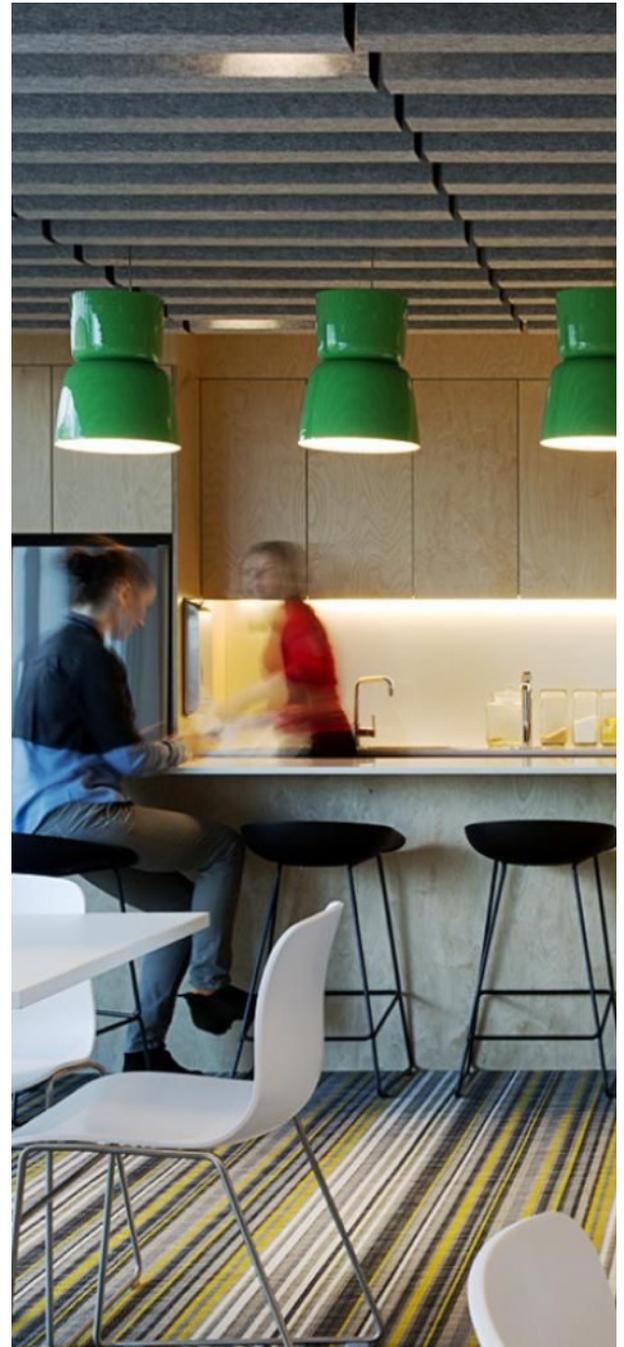
WORKSPACE Develop a cleaning plan, organize pre-return inspections.

STAFF Establish a policy for deciding which employees return and when, stagger hours and days. Minimizing shared physical resources, including personal storage.

ACCESS Create workspace access protocols for safety, reception, and visitor policies.

SOCIAL DISTANCING Decrease workspace density, schedule management, and consider office traffic patterns.

TOUCH POINTS Increase cleaning, open doors, clean desk policy, cleaning common areas.



HOW LEE & ASSOCIATES NYC CAN HELP

Lee & Associates NYC is taking a proactive approach with our landlords and tenants to position them at the forefront of the post COVID-19 cycle. We are providing guidance and cutting edge solutions to create the healthiest building possible.

Lee & Associates Development represents tenants and assists in managing construction, renovation, and tenant build out projects. Lee has contacted various vendors from many industries and has developed the following potential solutions.

SOLUTIONS TO HELP MITIGATE HEALTH RISKS (for employees and visitors):

INFRARED LOBBY TEMPERATURE SENSOR New technology allows for quick and accurate temperature readings to certify all visitors to your space are healthy. Readings are accurate with a margin of error of .5 degrees.

UVC LIGHTING TECHNOLOGY UVC lighting is used in many hospitals and large facilities already. Switching to UVC light may help mitigate the spread of any contagion. Can be used at high touch areas such as office pantries, reception, and elevator lobbies.

ROUTINE ELECTROSTATIC DISINFECTION

Before bringing the workforce back, certified vendors can disinfect the space with 99.9% effectiveness to help your staff feel safe before returning to their desks.

MODIFYING BUILDING HVAC FILTRATION Replacing filters and maintaining HVAC systems will be critical in the transition back to the office. Supplying Merv 8 and Merv 13 air filters to air handlers will help filter out any particulates in the air before re-circulating back to the office.

SEPARATION OF WORK STATIONS Install plexiglass privacy screens or wall-to-wall modular systems to contain coughs and sneezes from reaching others. Update furniture configurations where possible.

AUTOMATE Install hands-free entrances and mechanisms or leave doors open. Install automatic light sensors and switches.

We realize the coming weeks and months will give us new insights, and we look forward to sharing thoughts, ideas, and updates to assist as we all move forward through this challenging and unprecedented time in history.

Please reach out to learn more about how we can support you. For further advice from experienced and dedicated industry professionals, please contact Lee & Associates NYC.

