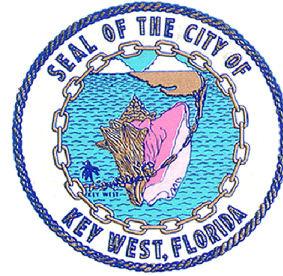


Executive Summary



**TO: Key West Bight Board
Community Redevelopment Agency**

**CC: Doug Bradshaw
Jim Scholl**

FR: Marilyn Wilbarger, RPA, CCIM

DT: June 22, 2016

RE: Sublease of Flagler Station, 901 Caroline Street

ACTION STATEMENT

This is a request received from the Tenant to approve a sublease for a portion of the premises known as Flagler Station. The Sub-lessor is Conch Tour Trains and the sub-lessee is CAPICUA of the Florida Keys, LLC whose managing partners are Morgan McPherson and Alex Ane.

HISTORY

The CRA entered into a lease with Conch Tour Trains for the construction and operation of a train museum, gift shop, and ticket depot that was extended to twenty years and will expire on March 14, 2019. Conch Tour Trains ceased to operate these approved uses in 2007 and previously has had sub-tenants that operated the Key West Art Bar, Style Key West and most recently the Little Red.

The Sub-Lessee shall operate an art gallery specializing in Cuban/American Art/History, retail clothing and accessories.

Section 8 of the Lease provides for subletting as excerpted below:

8. **ASSIGNMENT AND HYPOTHECATION** - This Lease is not transferable or assignable and may not be hypothecated nor sublet without the prior written consent of the Landlord which may be withheld and shall be at the sole discretion of the Landlord.

This Tenant may assign the Lease without the written consent of the Landlord for the sole and limited purpose of collateralizing a loan from a financial institution.

Any assignment or sub-letting, even with Landlord's consent shall not relieve Tenant from liability for payment of Rent or from the obligation to keep and be bound by the agreements of this Lease. The acceptance of Rent from any other person shall not be deemed to be a waiver of any of the agreements of this Lease or to be consent to the assignment for the benefit of creditors or by operation of law and shall not be effective to transfer any rights to any assignee without prior consent of Landlord. In the event Tenant wishes to assign this Lease and Landlord consents to such assignment, Landlord may charge a reasonable fee, not to exceed \$500.00 to help offset any costs Landlord may have in preparing such assignment, or in examining the information, financial statements, operating history, references, etc., necessary to effectuate same.

If the Tenant is a corporation, then a sale or transfer of a controlling interest in the corporation by sale of stock or otherwise, shall constitute an assignment for purposes of this provision.

FINANCIAL STATEMENT:

The current tenant has met all of the financial obligations of the lease and the base rent and percentage rent will continue pursuant to the existing lease.

CONCLUSION:

The proposed sub-lease for retail space is an allowable use within the HRCC-2 zoning district and the lease provides for the sublease as described in Section 8 thereof. The Tenant shall remain liable for the payment of rent and the obligation to keep and be bound by the agreements of the lease.

ATTACHMENTS:

Request for Sub-lease

Lease

Sub-lease and Exhibits

Consent of Lessor