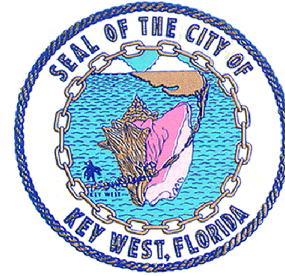


Executive Summary



TO: Community Redevelopment Agency

CC: Gregory W. Veliz

FR: George B. Wallace,
Assistant City Attorney

DT: May 15, 2020

RE: Lease Assignment for Turtle Kraals

ACTION STATEMENT

This is a request to approve a lease assignment from Moro Management, Inc. to Boat House Key West, LLC a Florida limited liability company whose principals are Timothy Ryan and Roderick Gill. The Key West Bight Management District Board has not considered this assignment request in light of the pandemic and the cancellation of its meetings.

HISTORY

The CRA entered into a ten-year lease for the restaurant that will expire on March 31, 2026. The current tenant, Moro Management Inc. is requesting an assignment with few terms or conditions of the lease changed for the remainder of the lease term. Moro Management Inc. is also requesting the release of the personal guaranty of Pasqual Croce in exchange for personal guaranties from Timothy Ryan and Roderick Gill.

The lease provides for the assignment as described in Section 10 and states that the Tenant shall have the right to assign the leases with the written consent of the Landlord only to a qualified tenant that meets specific requirements excerpted here, as follows:

10. ASSIGNMENT AND HYPOTHECATION – This Lease is not transferable or assignable and may not be hypothecated or sublet without the prior written consent of the LANDLORD, which may not be unreasonably withheld. TENANT shall have the right to assign the Lease only to a qualified tenant and with the written consent of the LANDLORD, which consent shall be based upon consideration of the proposed tenant's background, current financial statements, and expertise in the restaurant business.

Any assignment or sub-lettering, 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. Notwithstanding the foregoing, in the event that the LANDLORD determines in its sole discretion, that the proposed assignee has satisfactory financial statements and sufficient expertise in the restaurant business, LANDLORD may release the guarantor from the obligations of this Lease. Additionally, upon such assignment, LANDLORD shall require the letter of credit described in paragraph 5 from the proposed assignee and LANDLORD shall release TENANT's letter of credit. 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. Any assignment, transfer, hypothecation, mortgage, or subletting without LANDLORD'S written consent shall give LANDLORD the right to terminate this Lease and to

re-enter and repossess the Demised Premises and the LANDLORD'S right to damages shall survive.

LANDLORD acknowledges the existing sub-lease between the TENANT and the Yankee Freedom for the ticket booth which is hereby approved. However, in the event that the existing sub-lease is terminated or not renewed any new sub-lease or sub-lessee must be approved by the LANDLORD.

To facilitate this request and ensure that the city retains a viable tenant there have been changes incorporated into the lease assignment as follows:

1. The assignee will provide a letter of credit equal to six months total rent for the lease that must be valid throughout the term of the lease.
2. The lease assignment provides that the assignor shall maintain its 6 month rent letter of credit with the CRA for the remaining life of the lease.
3. The Personal Guaranties of Timothy Ryan and Roderick Gill are included.
4. The Assignment modifies the lease to delete reference to an assignment by assignor to a family member reflected in the last paragraph of paragraph 10 of the Lease Agreement.
5. The Assignment provides that the assignee acknowledges that all Landlord repairs required by the lease have been completed.

FINANCIAL STATEMENT:

The current tenant has met all of the financial obligations of the lease and the rents will continue pursuant to the existing lease. The additional financial safeguards in the lease assignment will provide additional security to ensure that rent will be paid for an adequate period of time to regain possession in the event of a default. Also, as excerpted from the lease and restated above, the transfer triggers fees and adjustments as follows:

1. In the event of an assignment the City may charge a reasonable fee of \$500.00 to help offset Landlord's costs in preparing the necessary assignment related documents.

CONCLUSION:

Timothy Ryan and Roderick Gill has state that they are currently the owners of Duffy's Steak & Lobster House, Abbondanza and Commodore restaurants providing the requisite expertise in the restaurant business. Staff has not received financial statements other than the associated disclosure statement required by city ordinance. Staff has conducted the required background checks of the principals. Due to the unique circumstances of these times and in the case of this lease assignment the current tenant is being relieved from the personal guaranty of its principal. The assignees' personal guarantees will be substituted.

ATTACHMENTS:

Leases: City resolution 16-9967

Lease Assignment and Modification Agreement

Email from Moro Management Inc. requesting the lease assignment

Email from Boat House Key West LLC.

Disclosure Statements from Tim Ryan and Roderick Gill

Personal Guaranties of Tim Ryan and Roderick Gill members Boat House Key West, LLC