

RESOLUTION NO. 20-100

A RESOLUTION OF THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY (CRA), APPROVING THE ATTACHED ASSIGNMENT OF LEASE FROM MORO MANAGEMENT, INC. (ASSIGNOR) TO BOAT HOUSE KEY WEST, LLC (ASSIGNEE) FOR TURTLE KRAALS RESTAURANT IN THE KEY WEST BIGHT AND AUTHORIZING THE LESSOR'S CONSENT; AUTHORIZING RELEASE AND REPLACEMENT OF PERSONAL GUARANTEE; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, in Resolution No. 16-261 the CRA approved the original Lease Agreement with Moro Management, Inc. d/b/a Turtle Kraals; and

WHEREAS, City staff recommends approval of an assignment of lease from Moro Management, Inc. to Boat House Key West, LLC; and

NOW, THEREFORE, BE IT RESOLVED BY THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1: That Lessor hereby consents to the assignment of the leasehold at Turtle Kraals Restaurant in the Key West Bight, from Assignor Moro Management, Inc. to Assignee Boat House Key West, LLC, as provided in the attached Assignment of Lease Agreement and Consent of Lessor.

Section 2: That the Personal Guarantee of Pasquale Croce is authorized to be released, conditioned upon its replacement with a personal guarantee from new owners Roderick Gill and Timothy Ryan.

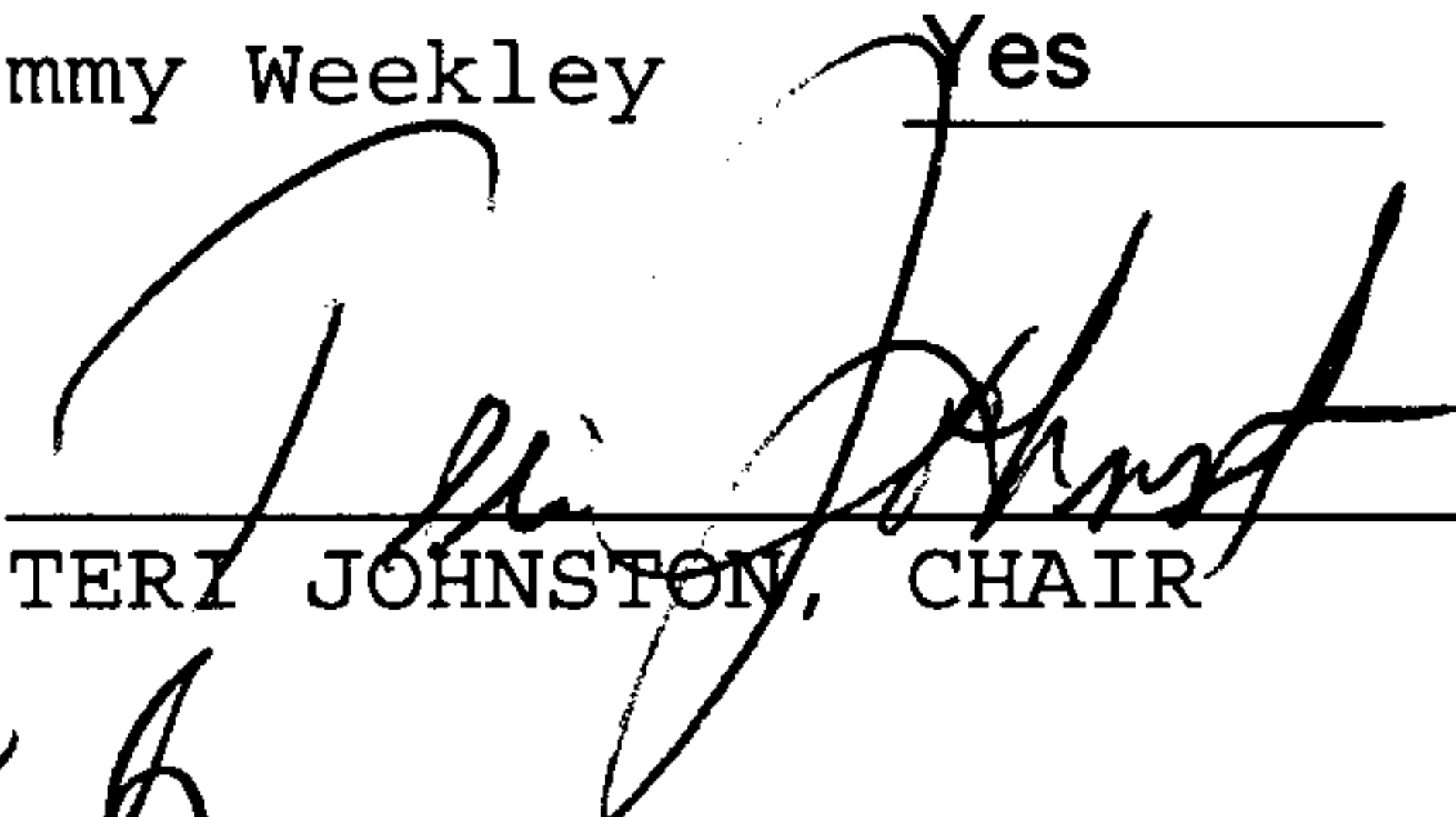
Section 3: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Agency.

Passed and adopted by the Caroline Street Corridor and Bahama Village Community Redevelopment Agency at a meeting held this 2nd day of June, 2020.

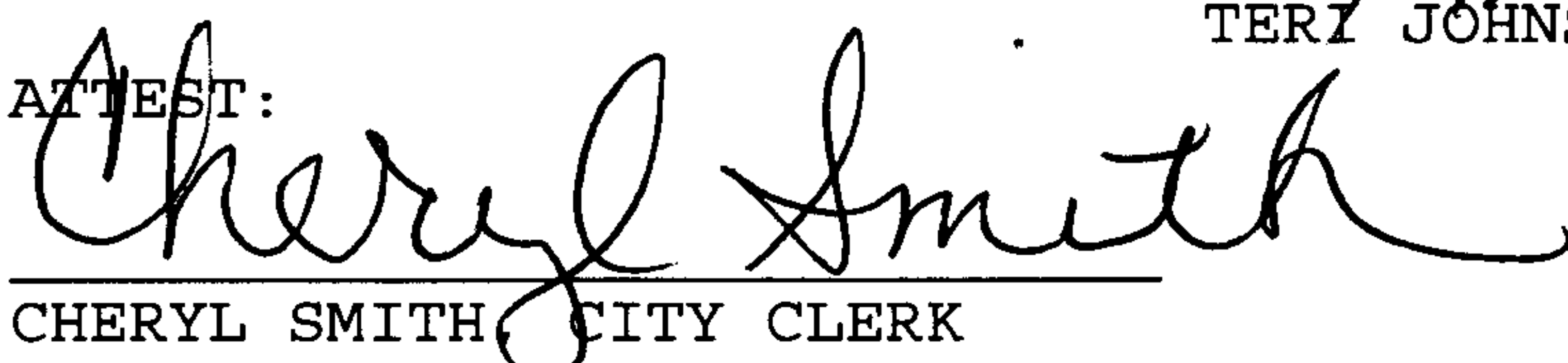
Authenticated by the presiding officer and Clerk of the Agency on June 3, 2020.

Filed with the Clerk June 3, 2020.

Chair Teri Johnston	<u>Yes</u>
Vice Chair Sam Kaufman	<u>Yes</u>
Commissioner Gregory Davila	<u>Yes</u>
Commissioner Mary Lou Hoover	<u>Yes</u>
Commissioner Clayton Lopez	<u>Yes</u>
Commissioner Billy Wardlow	<u>Yes</u>
Commissioner Jimmy Weekley	<u>Yes</u>


TERI JOHNSTON, CHAIR

ATTEST:


CHERYL SMITH, CITY CLERK

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

Claire Hurd

From: George Wallace
Sent: Monday, May 18, 2020 9:03 AM
To: Claire Hurd
Subject: FW: Turtle Kraal lease

For legistar item.
Peace!

-----Original Message-----

From: Pat Croce <pc@piratesoul.com>
Sent: Monday, May 18, 2020 4:05 AM
To: George Wallace <gwallace@cityofkeywest-fl.gov>
Cc: Jeffrey Sorg <jrsorg@piratesoul.com>; Michael Croce <mike@piratesoul.com>
Subject: Turtle Kraal lease

George,

I'm writing to confirm the desire of Moro Management, Inc. to assign the Turtle Kraals lease to Boathouse Key West LLC. Further, I am requesting that I, Pasquale W. Croce, be released from the personal guarantee obligation of the lease.

Thank you for your expertise and assistance with this time-sensitive matter. Peace.

Pat Croce
President of Moro Management, Inc.

福光 Blissful Light

**ASSIGNMENT AND MINOR MODIFICATION OF LEASE AGREEMENT AND
CONSENT OF LESSOR**

THIS ASSIGNMENT is made this 2nd day of June, 2020 by and between Moro Management, Inc., as assignor, to Boat House Key West, LLC, a Florida Limited Liability Company, 700 Front Street, Key West, Florida, as assignee.

The assignor, in consideration of the covenants and agreements contained herein, assigns and transfers to assignee that certain lease agreement (hereinafter "Agreement"), dated September 8, 2016, executed by Pasquale W. Croce, as Lessee and by Craig Cates, Chairman of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency, as Lessor. The Agreement pertains to real property located at 231 Margaret Street, Key West, in Monroe County, Florida, and more particularly described in Exhibit "A", which is attached hereto and incorporated by reference.

1. The assignor assigns and transfers unto the assignee all of its right, title, and interest in and to the Agreement and premises, subject to all the conditions and terms contained in the Agreement. Copies of the Agreement are attached hereto, incorporated by reference, and more particularly described as Exhibit "A".

2. The assignor herein expressly agrees and covenants that it is the lawful and sole owner of the interest assigned herein; that this interest is free from all encumbrances; and that it has performed all duties and obligations and made all payments required under the terms and conditions of the lease agreement.

3. The assignor herein expressly agrees to continue to provide to the lessor throughout the current term of the Agreement, a letter of credit from a federally insured bank in favor of lessor as security for the faithful performance by assignee of the terms, conditions and covenants of the Agreement. The amount of the letter of credit shall be equal to six months of the total rent pursuant to the Agreement.

4. The assignee herein expressly agrees herein to be liable for all the duties and obligations required by the terms of the lease agreement. The assignee expressly agrees herein to pay all rent due after the effective date of this agreement, and to assume and perform all duties and obligations required by the terms of the lease agreement.

5. This assignment is contingent upon the completion of the sale between the assignor and assignee of the business conducted on the subject premises.

6. No later than the effective date of this assignment, the assignee herein expressly agrees to provide to the lessor a letter of credit from a federally insured bank in favor of lessor as security for the faithful performance by assignee of the terms, conditions and covenants of the Agreement. The amount of the letter of credit shall be equal to six months of the total rent pursuant to the Agreement.

7. Assignee acknowledges that Landlord has completed all repairs described in paragraph 14.1 of the Lease Agreement.

8. The last paragraph of paragraph 10 of the lease relating to Assignor's family is hereby deleted.

9. In the event assignee files any form of bankruptcy, lessor shall be entitled to immediate termination of the automatic stay provisions of 11 U.S.C. §362, granting the lessor complete relief and allowing the lessor to exercise all of its legal and equitable rights and remedies, including, without limitation, the right to terminate this lease and dispossess assignee from the demised premises in accordance with Florida law. Additionally, assignee agrees not to directly or indirectly oppose or otherwise defend against the lessor's effort to gain relief from any automatic stay. The lessor shall be entitled as aforesaid to the lifting of the automatic stay without the necessity of an evidentiary hearing and without the necessity or requirement of the lessor to establish or prove the value of the leasehold, the lack of adequate protection of his interest in the leasehold, or the lack of equity in the same. Assignee specifically agrees and acknowledges that the lifting of the automatic stay hereunder by the appropriate bankruptcy court shall be deemed to be "for cause" pursuant to section 362(d)(1).

ASSIGNOR: Moro Management, Inc.

Witness as to Assignor

Pasquale W. Croce, President

State of _____ }
County of _____ }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Pasquale W. Croce, to me personally known or who provided _____ as photo identification, and who executed the foregoing instrument and he acknowledged before me that he executed the same individually and for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this _____ day of _____, 2020.

Notary Public

My Commission Expires:

Signatures Continue on Next Page

ASSIGNEES: Boat House Key West, LLC

Witness as to Assignee

Timothy Ryan, Manager

Witness as to Assignee

Roderick Gill, Manager

State of Florida }
County of Monroe }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Timothy Ryan, to me personally known or who provided _____ as photo identification, and who executed the foregoing instrument and he/she acknowledged before me that he/she executed the same individually and for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this _____ day of _____, 2020.

Notary Public, State of Florida

My Commission Expires:

State of Florida }
County of Monroe }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Roderick Gill, to me personally known or who provided _____ as photo identification, and who executed the foregoing instrument and he/she acknowledged before me that he/she executed the same individually and for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this _____ day of _____, 2020.

Notary Public, State of Florida

My Commission Expires:

CONSENT OF LESSOR

I, Teri Johnston, Chair, the Lessor named in the above assignment of that lease agreement executed by us on September 8, 2016, herein expressly consent to that assignment.

I also consent to the agreement by the assignee to assume, after the effective date of the assignment, the payment of rent and the performance of all duties and obligations as set forth in the lease and accept assignees as tenant in the place of Moro Management, Inc.

LESSOR: Caroline Street Corridor and
Bahama Village Community
Redevelopment Agency

Cheryl Smith
Witness as to Lessor

Teri Johnston
Teri Johnston, Chair

State of Florida }
County of Monroe }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Teri Johnston, to me personally known or who provided _____ as photo identification, and who executed the foregoing instrument and she acknowledged before me that she executed the same for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this 3rd day of June, 2020.

My Commission Expires:

Lisette Cuervo Carey
Notary Public, State of Florida

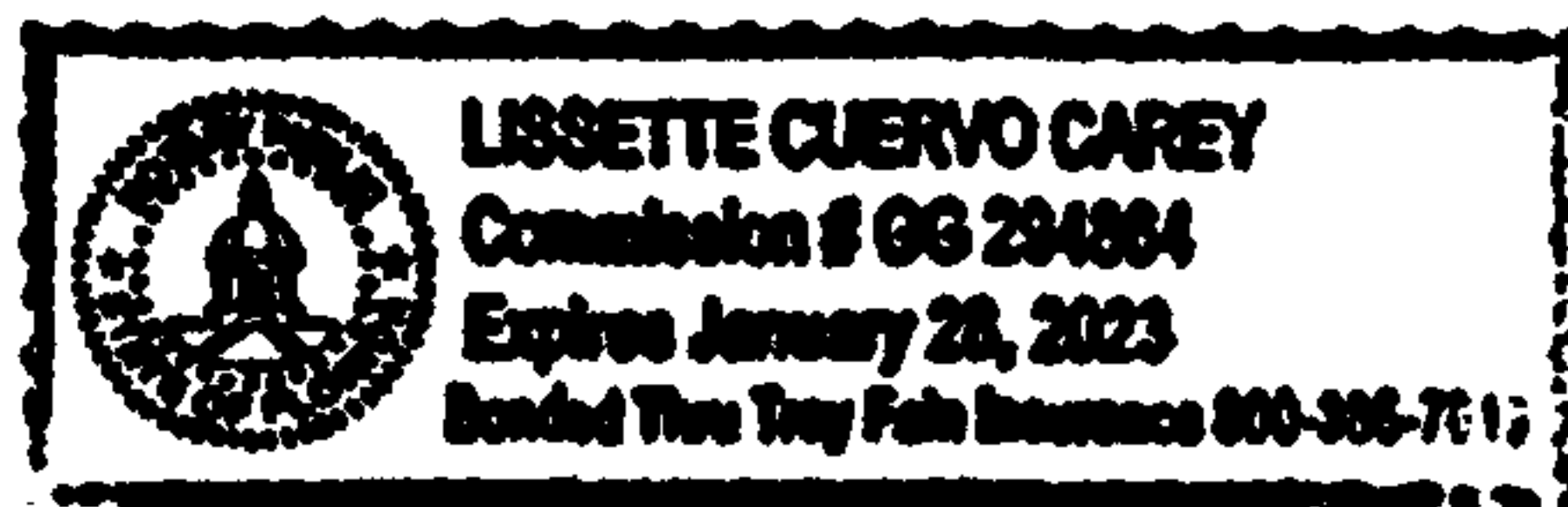


Exhibit "A" Agreement

Lease Agreement

between

**Caroline Street Corridor and Bahama Village Community
Redevelopment Agency**

as Landlord

and

Moro Management, Inc., DBA Turtle Kraals

as Tenant

Dated 8/8/16

THIS LEASE is made as of the _____ day of _____, 20__ by and between the LANDLORD and TENANT identified below:

1. INFORMATION PROVISIONS: Information provisions in this section are intended to provide a summary of the corresponding sections of this lease and are in no way inclusive of the complete terms and conditions of this lease.

1.1 LANDLORD'S NAME & MAILING ADDRESS:

Caroline Street Corridor and
Bahama Village Community
Redevelopment Agency,
P.O. BOX 6434
KEY WEST, FL 33040

1.2 TENANT'S NAME & MAILING ADDRESS:

Moro Management, Inc.
P.O. Box 520A
Villanova, Pennsylvania 19085

TENANT'S TRADE NAME: Turtle Kraals

1.3 GUARANTOR (S) AND ADDRESS: Pasquale W. Croce
706 Canterbury Lane, Villanova, PA 19085

1.4 DEMISED PREMISES (Section 2): as per the Survey depicted on EXHIBIT "A"
located at 231 #1 Margaret Street (hereinafter referred to as the "Demised Premises") in
the Historic Seaport (hereinafter referred to as the "Property")

**12,387 NET USABLE SQUARE FEET COMPRISED OF THE AREAS SHOWN ON
THE SURVEY IDENTIFIED AS FOLLOWS:**

Main building areas A,C,D,E,F,G
Covered dining, 2nd floor dining areas - H,O
Covered waiting, entry areas B, N
Open air dining - Area I
Storage, courtyard, waiting, entry Areas - J,K,L,M,

PROPORTIONATE SHARE OF THE TOTAL NET USABLE SQUARE FEET:

TENANT'S Proportionate Share is based upon TENANT'S Net Usable Square Feet as it relates to the Total Net Usable Square Feet of the Property and will be adjusted by the factor described in Maximus CAM Report for the purposes of calculating property Common Area Maintenance charges.

Property Common Area is defined as all facilities furnished by the LANDLORD and designated for the general use in common, with other occupants of the Property, including TENANT, their officers, agents, employees and customers, and the general public, including but not limited to any of the following which may have been furnished by LANDLORD: lavatories, parking areas, driveways, entrances, and exits thereto, pedestrian sidewalks and ramps, landscapes areas, and other similar facilities, and all areas which are located within the Property and which are not leased to tenants.

Common Area Maintenance (CAM) charges will be based upon the square feet as described in the Maximus CAM report which provides that additional outdoor areas be

factored at 50%. This includes (1) consumption area (2) area that is available for exclusive use of the tenant or (3) generates revenue therefore CAM square footage is:

Main building areas A,C,D,E,F,G
Outdoor Covered dining, 2nd floor dining areas - H,O @50%
Covered waiting, entry areas B, N
Open air dining - Area I @50%
Storage, courtyard, walkways - J,K,L,M @50%

Total CAM Square Feet 9,732

1.4.1 EXPANSION/RIGHT OF FIRST REFUSAL: None

1.5 TERM (Section 3.): TEN (10) YEARS

1.5.1 COMMENCEMENT DATE: April 1, 2016 as acknowledged by TENANT'S written statement

1.5.2 RIGHT TO TERMINATE: None

1.5.3 RIGHT TO RENEW: This Lease may be renewed upon rent and terms to be negotiated by the parties and in accordance with the City of Key West Code of Ordinances.

1.6 MINIMUM RENT FOR TERM (Section 4): The base rent and base rent increases for the term and any renewals thereof as **per EXHIBIT "B"** attached hereto and incorporated herein. Every year thereafter throughout the term of the lease the minimum base rent shall be adjusted annually on the anniversary date of the lease by the increase in Consumer Price Index for all Urban Consumers as published by the United States Department of Labor. In no event shall the minimum base rent be decreased. **The base rent for year one shall be calculated at an annualized rate of Thirty and 00/100 Dollars (\$30.00) per Net Usable Square Foot.** The base rent for year one of the lease is a blended rate comprised of:

\$33.84 square foot for the main building, covered outdoor, 2nd floor dining areas - A,C,D,E,F,G,H,O
\$26.40 per square foot for the open air dining area - I
\$16.20 per square foot for the storage, courtyard, waiting, entry areas - B,J,K,L,M,N

1.6.1 ADDITIONAL RENT: Tenant shall pay its Proportionate share of CAM, Real Estate Taxes, Insurance, Sales, Use or Excise Taxes together with Management and Administrative fees estimated as **per EXHIBIT "B"**, and any and all other sums of money or charges required to be paid by TENANT pursuant to the provisions of this lease.

1.6.2 RENT PAYMENT DUE DATE: Payable in advance on the first (1st) of each and every month of the term hereof.

1.6.3 LATE CHARGE: 15% of the amount in arrears if received after the fifth day of each and every month together with an administrative fee of \$50.00 for processing late payments.

1.6.4 PERCENTAGE RENT: Six Percent (6%) of TENANT'S Gross Sales in excess of the "Percentage Rent Base Amount" as **per EXHIBIT "B"**.

1.6.5 HOLD OVER RENT: 150% of the Minimum Base rent during the last year of the expiring term.

1.6.6 RENT CONCESSIONS: None

- 1.7 SECURITY DEPOSIT (Section 5): Tenant shall maintain an irrevocable letter of credit in the amount equal to six months' rent throughout the term of this lease and until such time as the tenant has vacated the Demise Premises and the LANDLORD has determined that the TENANT has no outstanding amounts due under this lease.
- 1.8 PERMITTED USE (Section 6): Operation of restaurant containing 191 licensed seats with alcohol sales, retail area for logo apparel, gifts, souvenirs, retail sales of alcohol and beer, sale of tickets and check in for businesses conducted by LANDLORD'S other tenants within the Historic Seaport and no other purpose.
- 1.9 INSURANCE: (Section 9) \$2,000,000.00 commercial liability minimum aggregate, \$1,000,000.00 per occurrence
- 1.10 ASSIGNMENT OR SUBLETTING: (Section 10) 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.
- 1.11 UTILITIES: (Section 17) The TENANT shall pay for all utilities associated with the use of the Demised Premises.

INITIALS: LANDLORD _____

TENANT 

WITNESSETH:

That the LANDLORD and the TENANT, for and in consideration of the keeping by the parties of their respective obligations hereinafter contained, as well as for one dollar (\$1.00) and other good and valuable consideration by each of the parties unto the other, in hand paid simultaneously with the execution and delivery of these presents, the receipt of which is hereby acknowledged, have agreed as follows:

2. DEMISED PREMISES - Upon the terms and conditions hereinafter set forth, and in consideration of the payment from time to time by the TENANT of the rents hereinafter set forth, and in consideration of the performance continuously by the TENANT of each and every one of the covenants and agreements hereinafter contained by the TENANT to be kept and performed, the LANDLORD does hereby lease, let, and demise unto the TENANT, and the TENANT does hereby lease of and from the LANDLORD, the following Demised Premises situated, lying, and being in Monroe County, Florida: That portion of the Property outlined and/or crosshatched on Exhibit "A" which depicts the Net Usable Square Feet of the Demised Premises. The Net Usable Square Feet is defined as all interior floor space, any second floor space, storage, covered dining areas and commercially used outdoor areas or any other area set aside for the exclusive use and economic benefit of the Tenant and containing the approximate dimensions and area measured in accordance with the published BOMA/ANSI standard for calculating net usable floor area for stores. It is agreed that the Net Usable Square Feet for the purpose of any calculations which are based on Net Usable Square Feet is as stated in Section 1.4. It is agreed that TENANT'S Proportionate Share is based upon TENANT'S Net Usable Square Feet as it relates to the Total Net Usable Square Feet of the Property. LANDLORD reserves the right to re-measure the Demised Premises from time to time and to adjust the TENANT'S Net Usable Square Feet and the rent or rental rate applied to the square footage as determined by any re-measurement or change in use. TENANT accepts the

received toward such TENANT'S obligations, as LANDLORD shall determine in its sole discretion, without waiving LANDLORD'S remedies for default.

4.2 **Interest on Rent.** Rent and additional rent not paid within fifteen (15) days of when due shall bear interest from the date due until paid at the highest rate permitted by law.

4.3 **Obligation to Survive.** TENANT'S obligation to pay rent that is accrued and unpaid hereunder shall survive the expiration or termination of the Lease.

4.4 The rent reserved under this Lease for the term hereof shall be and consist of:

(a) Beginning with the commencement date and throughout the term of this Lease, TENANT agrees to pay to the LANDLORD as and for minimum rent for the Demised Premises the annual amount, in equal monthly installments, in advance, on the first day of each and every calendar month, as per **EXHIBIT "B"**. In the event the rent commencement date is other than the first day of a calendar month, the rent for the partial first calendar month of the term will be prorated on a daily basis and payable on the commencement date.

(b) Simultaneously with each such payment, TENANT agrees to pay to LANDLORD any sales, use or excise tax imposed or levied against rent or any other charge or payment required hereunder to be made by TENANT which tax has been imposed or levied by any governmental agency having jurisdiction thereof, this shall include any new taxes imposed during the term of this Lease which are in addition to or in substitution for any such tax which is presently imposed.

(c) Commencing with the 1st day of the Term, TENANT agrees to pay to LANDLORD, as Additional Rent, TENANT'S Proportionate Share, as stated in Section 1.4, of Common Area Maintenance Charges in Monthly Installments as specified herein.

The Common Area Maintenance Charges are based on the Estimated Common Area Maintenance Charges attached hereto as **EXHIBIT "B"**. These charges are only estimates. The TENANT shall be responsible for its proportionate share of all Common Area Maintenance Charges actually incurred. Any increase in the common area charges shall result in an increase in the TENANT'S Common Area Maintenance Charges. Except for TENANT'S proportionate share of Real Estate Taxes and Insurance Premiums, Common Area Maintenance Charges for expenses assessed after the base year shall not increase in any given year by more than 5% of the previous year's common area assessment for expenses. The base year for the purpose of limiting increases in Common Area Maintenance Charges shall be the first year of the term of this lease. This limitation shall apply only to those services included in the base year's common area charges. Any services charged for that are not included in the base year's charges shall not be limited by this 5% cap nor shall they be included for determining this 5% cap.

Common Area Maintenance Charges shall include any and all expenses reasonably incurred in the operation and maintenance of the Property Common Area including but not limited to management and administrative fees, salaries and compensation paid in connection with operations, maintenance and administration, amortization (including interest) of equipment and facilities acquired and used for maintenance, to reduce energy usage, to otherwise reduce operating costs or common area seasonal decorating or redecorating. Major capital improvements will not be included in Common Area Maintenance Charges unless those improvements reduce expenses and if so the improvements will be amortized over the useful life of the equipment as determined by the manufacturers' specifications or IRS depreciation regulations. Additionally, notwithstanding anything contained herein to the contrary, Common Area Maintenance

5. SECURITY – TENANT simultaneously with the execution and delivery of this Lease, Tenant shall maintain an irrevocable letter of credit in the amount equal to six months rent throughout the term of this lease and until such time as the tenant has vacated the Demised Premises and the LANDLORD has determined that the TENANT has no outstanding amounts due under this lease as stated in Section 1.7 hereof, the receipt of which is hereby acknowledged as security for the payment by TENANT of the rents herein agreed to be paid by TENANT and for the faithful performance by TENANT of the terms, conditions and covenants of this Lease. It is agreed that LANDLORD, at LANDLORD'S option, may at any time apply said sum or any part thereof toward the payment of the rents and any other sum payable by TENANT under this Lease, and/or toward the performance of each and every covenant under this Lease, but such covenants and TENANT'S liability under this Lease shall thereby be discharged only pro tanto; that TENANT shall remain liable for any amounts that such sum shall be insufficient to pay; that LANDLORD may exhaust any or all rights and remedies against TENANT before resorting to said sum, but nothing herein contained shall require or be deemed to require LANDLORD to do so; that, in the event this deposit shall not be utilized for any of such purposes, then such deposit shall be returned by LANDLORD to TENANT within sixty (60) days after the expiration of the term of this Lease. TENANT shall deposit with LANDLORD such additional sums which may be necessary to replace any amounts expended there from by LANDLORD pursuant hereof, so that there shall always be a security deposit in the sum first set forth above. The Security deposit provided for herein shall be held by the LANDLORD in a non-interest bearing account and may be co-mingled by the LANDLORD at the LANDLORD'S sole discretion.

6. USE OF THE DEMISED PREMISES -TENANT shall use the Demised Premises for the purposes of:

Operation of restaurant containing 191 licensed seats with alcohol sales, retail area for logo apparel, gifts, souvenirs, retail sales of alcohol and beer, sale of tickets and check in for businesses conducted by LANDLORD'S other tenants within the Historic Seaport and no other purpose.

TENANT further agrees:

(a) To operate 100% of the Demised Premises for the entire term of this lease during all reasonable hours established by LANDLORD, pursuant to the highest reasonable standards of its Business category, maintaining a substantial stock of appropriate merchandise on display, with sufficient personnel to service its trade.

(b) With respect to the Property, not to display any merchandise, solicit business or distribute advertising material beyond the Demised Premises, nor in any manner use any art of the Common Areas for purposes other than for their intended common use and not to obstruct any part thereof.

(c) Not to display any banners, pennants, searchlights, window signs, balloons, or similar temporary advertising media on the exterior of the Demised Premises.

(d) Not to commit waste in the Demised Premises or Common Areas and to keep the Demised Premises and immediate adjacent areas including, without limitation, adjacent sidewalks, in a safe, neat, clean and orderly condition and to maintain and repair any lighting or signs under any canopy immediately in front of the Demised Premises.

(e) Not to use the Demised Premises or permit the same to be used in any manner which violates any law, ordinance or constitutes a nuisance; for lodging purposes; that may injure the reputation of the Property or annoy, inconvenience or damage its patrons or other

TENANT'S; or that would constitute an extra-hazardous use or violate any insurance policy of TENANT, LANDLORD or any other TENANT in the Property or increase the cost thereof.

(f) To keep all garbage, refuse and solid waste inside the Demised Premises in the kind of containers specified by LANDLORD, or to place the same outside the Demised Premises, prepared for collection, in the manner and at the times and places designated by LANDLORD or the appropriate disposal company. TENANT agrees not to burn or permit any burning of garbage or refuse on the Demised Premises or any part of the Property. TENANT further agrees that, upon LANDLORD'S instruction, TENANT shall separate garbage for recycling and deposit the separate garbage in the receptacle designated by LANDLORD. TENANT further agrees to make every effort to recycle all glass, metal, paper and plastic refuse and solid waste. Sort glass by colors and metal and paper by type and deposit in the appropriate recycling containers provided by the LANDLORD.

(g) TENANT shall contract directly with the pertinent governmental authority or disposal company and shall be responsible for all fees and costs of removal and disposal of solid waste, garbage, and refuse, including but not limited to, impact fees and dumpster rental. TENANT shall indemnify, save harmless and defend LANDLORD from and against any loss, claim, injury, damage or expense arising out of or related to the generation, storage, or removal or disposal of TENANT'S garbage, refuse or solid waste.

(h) To use its best efforts to cause all trucks serving the Demised Premises to load and unload from the hours of 7:00 a.m. to 11:00 a.m. and not to permit such trucks to service through the front entrance of the Demised Premises except when no other entrance is available.

(i) To take no action that would: (i) violate LANDLORD'S contracts if any, affecting the Property (including without limitation the use restrictions contained in LANDLORD'S leases with its Anchor Tenants, which restrictions have been explained to TENANT); or (ii) cause any work stoppage, picketing or cause any manner or interference with LANDLORD or other Tenants, occupants, customers or any person lawfully in and upon the Property.

(j) Not to use amplified music or any other noise making machinery or devices that in LANDLORD'S determination is harmful to the building or disturbing to other Tenants

(k) To abide by and observe all reasonable rules and regulations established from time to time by LANDLORD and LANDLORD'S insurance carrier with respect to the operation of the Property and it's Common Areas. Rules and regulation are attached and incorporated herein as **EXHIBIT "C"**.

(l) Not to conduct any auction, fire, bankruptcy or selling-out sale on or about the Demised Premises except in strict compliance with City Code Chapter 18.

(m) To pay its proportionate share of any and all maintenance contracts wherein LANDLORD elects to purchases goods and services for the benefit of the entire Property including but not limited to LANDLORD directing all pest extermination at such intervals and service levels that LANDLORD deems appropriate.

(n) TENANT shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials which TENANT or it agents brought onto the Property. TENANT shall not allow storage or use of such materials or substances in any manner not sanctioned by law

(j) LANDLORD may delegate its decision-making authority regarding any provision of this Lease to an Advisory Board.

(k) LANDLORD will not permit any development or use of the waterfront directly behind the Demised Premises that would block the view of the water from the existing dining area.

(l) LANDLORD will provide for short term docking for customers and patrons of the Property at the dock behind the Demised Premises if the area is navigable and suitable for such purposes.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing Lease to be executed on the day and year first above written.

ATTEST

LANDLORD: Caroline Street Corridor and
Bahama Village Community Redevelopment
Agency

Cheryl Smith, City Clerk

Craig Cates, Chairman

Date: _____

Date: _____

Wm Barbacid
WITNESS

Date: 8/8/16

TENANT: Moro Management, Inc.
Pasquale W. Grace
Pasquale W. Grace, President

Date: 8/8/16

EXHIBIT "A" Demised Premises, Site Plan

EXHIBIT "B" Rent Schedule

EXHIBIT "B"

Tenant:	<u>Moro Mgt Inc. DBA Turtle Kraals</u>	Square Feet:	<u>9732</u>	<u>CAM</u>
Location:	<u>Margaret Street</u>	Square Feet:	<u>12367</u>	<u>BASE RENT</u>
Contact:	<u>Pasquale Croce</u>	Term:	<u>10 years Effective April 1, 2016</u>	
	<u>\$4.28 PER SQ. FT.</u>			

YEAR #	Period Beginning	Base Rent per sq. ft.	Base Rent Annual	Base Rent Monthly	Tax, Ins., CAM Annual	Tax, Ins., CAM Monthly	Total Rent Before Sales Tax Monthly	Sales Tax Monthly	Total Rent With Tax Monthly	TOTAL RENT ANNUAL	Percentage Rent Base Amount
1	April 1, 2016	\$30.00	\$371,610.00	\$30,967.50	\$41,652.96	\$3,471.08	\$34,438.58	\$2,582.89	\$37,021.47	\$444,257.68	\$6,193,500.00
2	April 1, 2017	CPI									
3	April 1, 2018	CPI									
4	April 1, 2019	CPI									
5	April 1, 2020	CPI									
6	April 1, 2021	CPI									
7	April 1, 2022	CPI									
8	April 1, 2023	CPI									
9	April 1, 2024	CPI									
10	April 1, 2025	CPI									

Tax, Insurance and CAM are estimated

EXHIBIT "C" Rules and Regulations

1. TENANT shall not use any area outside of the demised premises as shown on Exhibit A or any portion of any common area or any parking areas for or any other purpose whatsoever including but not limited to the storage of goods, inventory, equipment, materials, whether or not said area is inside a building or outdoors.

EXHIBIT "D"

Tenant's written statement occupancy commencement

Exhibit “E”

Structural Engineering Report

Exhibit "F"

Building Inspection Report

DISCLOSURE STATEMENT

STATE OF FLORIDA
COUNTY OF MONROE

Personally appeared before me, Timothy Ryan, who after being duly sworn and cautioned, did depose and state as follows:

1. I am Timothy Ryan, Registered Agent and (title) Member of (entity) Boat House Regatta. I make this affidavit regarding the present financial information of (entity) SELF as the Registered Agent and (title) _____ of (entity) _____ in accordance with City Ordinance, Article VIII. City Property. Division 1. Generally, Section 2-871 (d)

2. I herein expressly certify and affirm the following information.

2018

Applicant's net worth: \$,000,000 +
Assets \$,000,000 Liabilities 0
Annual Gross Income 1,000,000 +
Primary Source of Income Restaurants Ownership

2019

Applicant's net worth: \$,000,000 +
Assets \$,000,000 Liabilities 0
Annual Gross Income 1,000,000 +
Primary Source of Income RESTAURANT Ownership

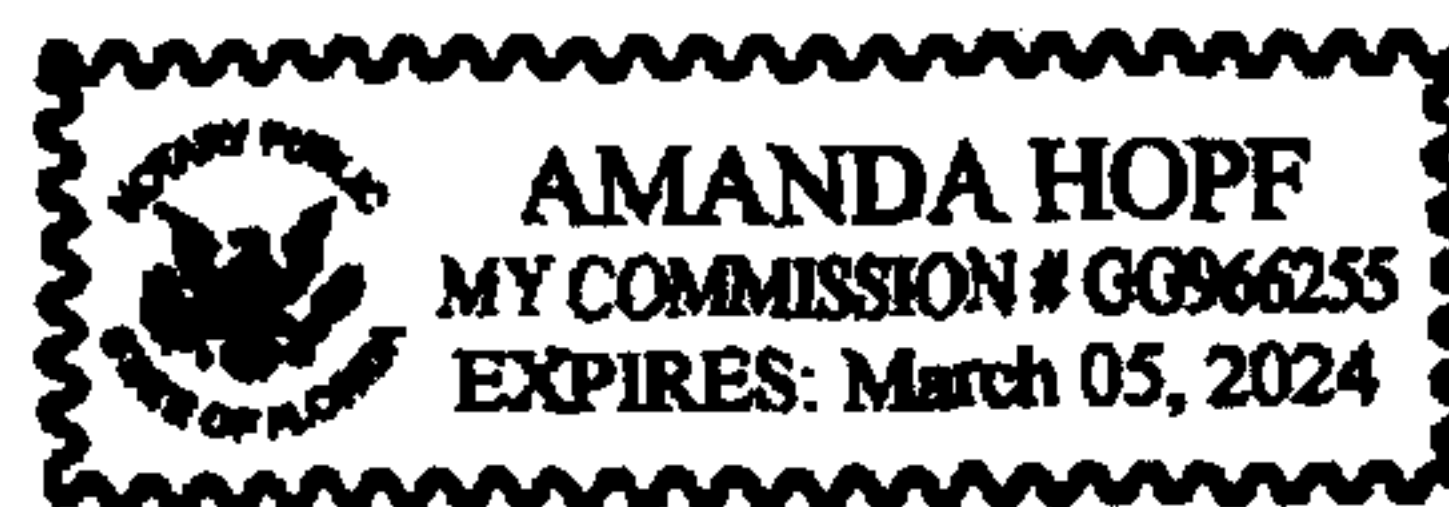
Sworn to and subscribed before me this 13 day of May, 2020



Notary Public - State of Florida

My commission expires:
MARCH 05, 2024

FIRST STATE BANK



DISCLOSURE STATEMENT

STATE OF FLORIDA
COUNTY OF MONROE

Personally appeared before me, RODERICK GILL, who after being duly sworn and cautioned, did depose and state as follows:

1. I am RODERICK GILL, ~~Registered Agent and~~ (title) MEMBER of (entity) BOAT HOUSE KEY WEST LLC I make this affidavit regarding the present financial information of (entity) SELF as the ~~Registered Agent and~~ (title) MEMBER of (entity) BOAT HOUSE KW LLC in accordance with City Ordinance, Article VIII. City Property. Division 1. Generally, Section 2-871 (d)

2. I herein expressly certify and affirm the following information.

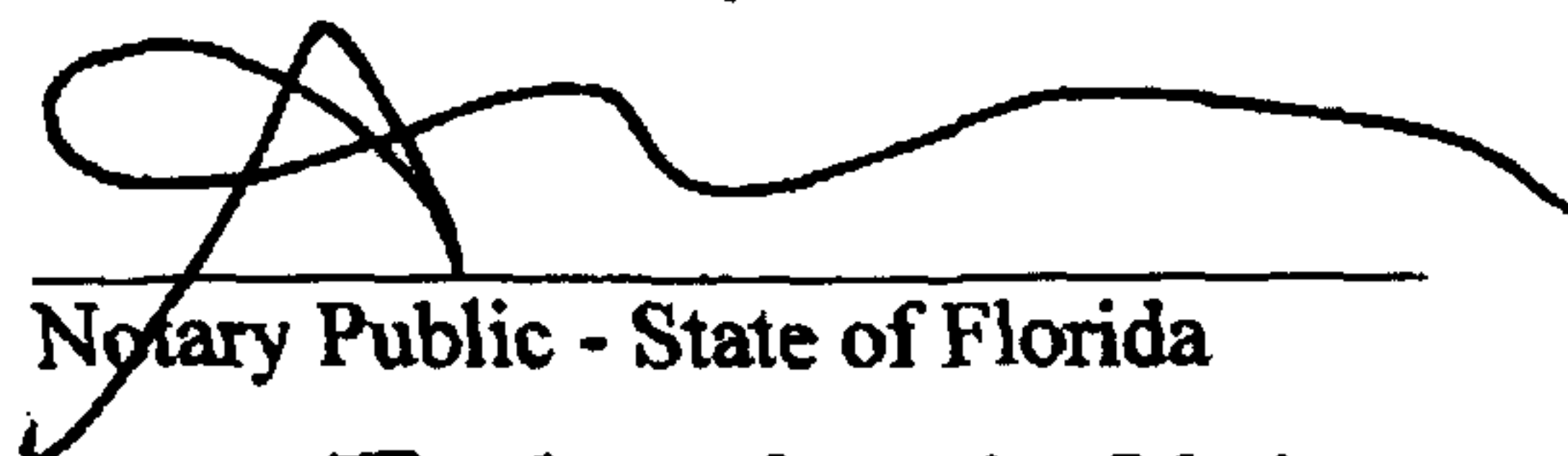
2018

Applicant's net worth: \$1.2 M
Assets \$1.2 M Liabilities 0
Annual Gross Income \$228,000
Primary Source of Income RESTAURANTS OWNERSHIP

2019

Applicant's net worth: \$1.3 M
Assets \$1.3 M Liabilities 0
Annual Gross Income \$195,000
Primary Source of Income RESTAURANTS OWNERSHIP

Sworn to and subscribed before me this 13 day of MAY, 2020

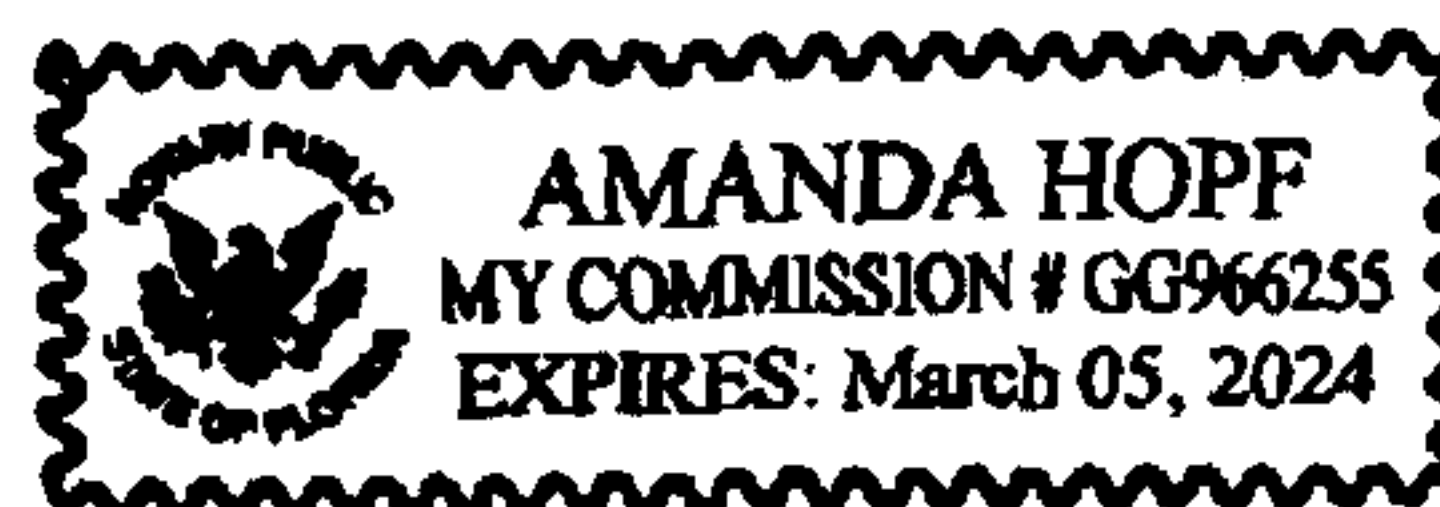


Notary Public - State of Florida

FIRST STATE BANK

My commission expires:

March 05, 2024



Evaluation Report for Turtle Kraals

Stantec Project Number 215613030



Prepared for:

The City of Key West

Prepared by:

Santiago Aranegui, P.E.
Florida Registered Engineer No. 48106

December 21, 2015

Evaluation Report for the Turtle Kraals Tower Bar Structure at 231 Margaret Street

Key West, Florida

Santiago Aranegui P.E.
6431 Marlin Drive
Coral Gables, Florida 33158

November 20, 2015

Santiago Aranegui P.E.
Structural Engineer #48106

require the replacement of the entire wood beam at that location. The missing bracing bolt shown in pic.11 requires to be installed.

E. Secondary Structures:

Rear walkway roof canopy: Beam end support columns are required to properly support the wood beams (See Pics. 7&8). The new wood columns should possess the same configuration as the existing remaining canopy support columns.

Exterior Cladding: The areas deteriorated wood cladding/siding requires replacement (See Pic 1).

V. ENGINEER'S OPINION OF COST

F. Wood Columns: \$1500.00

G. Wood Beams: N/A

H. Flat Roof/Floor (Roofing): \$10,000.00

I. Gazebo Structure (2nd level bar): \$5500.00

J. Secondary Structures:

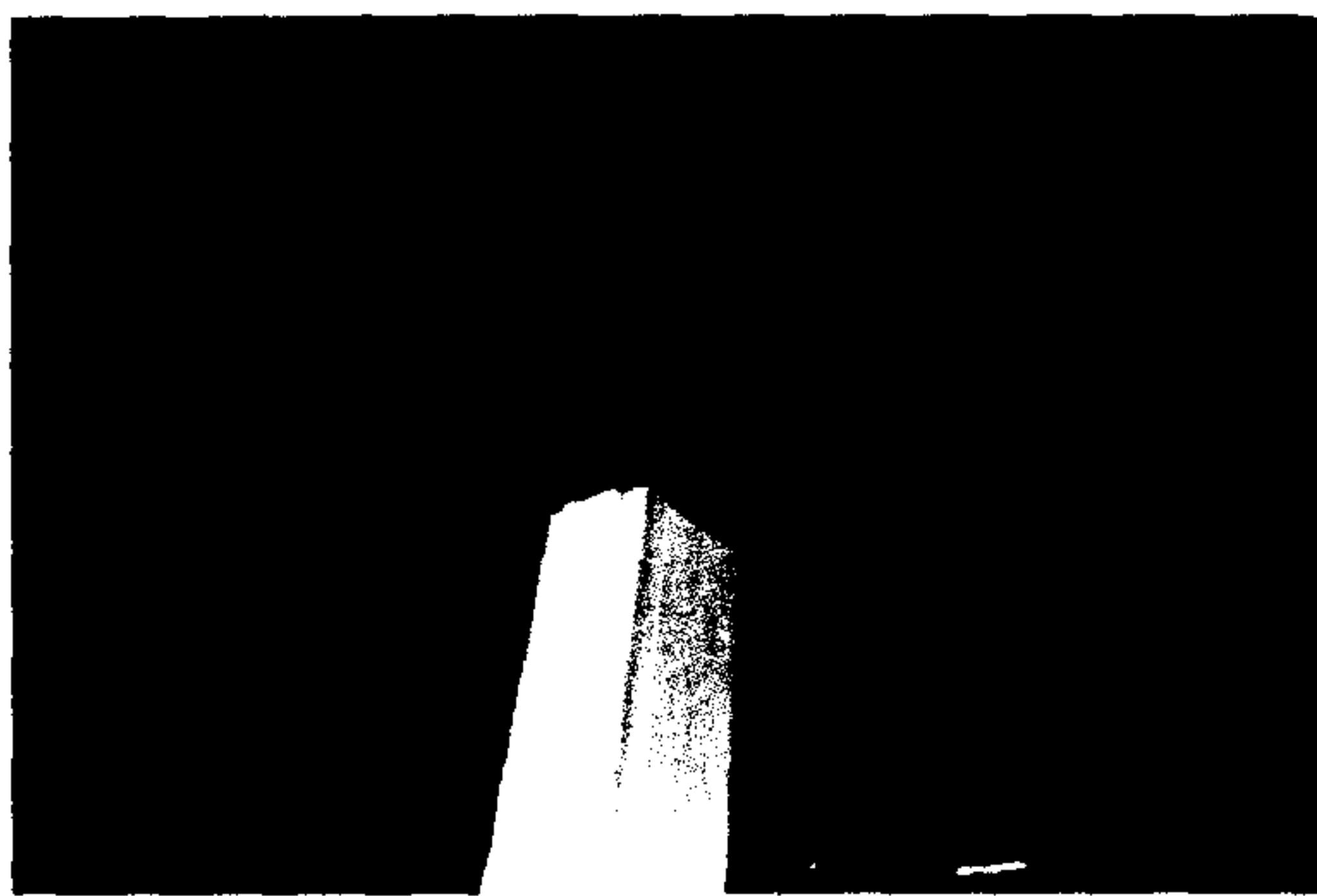
Rear walkway roof canopy: \$2000.00

Exterior Cladding: \$750.00

VI. PICTURES



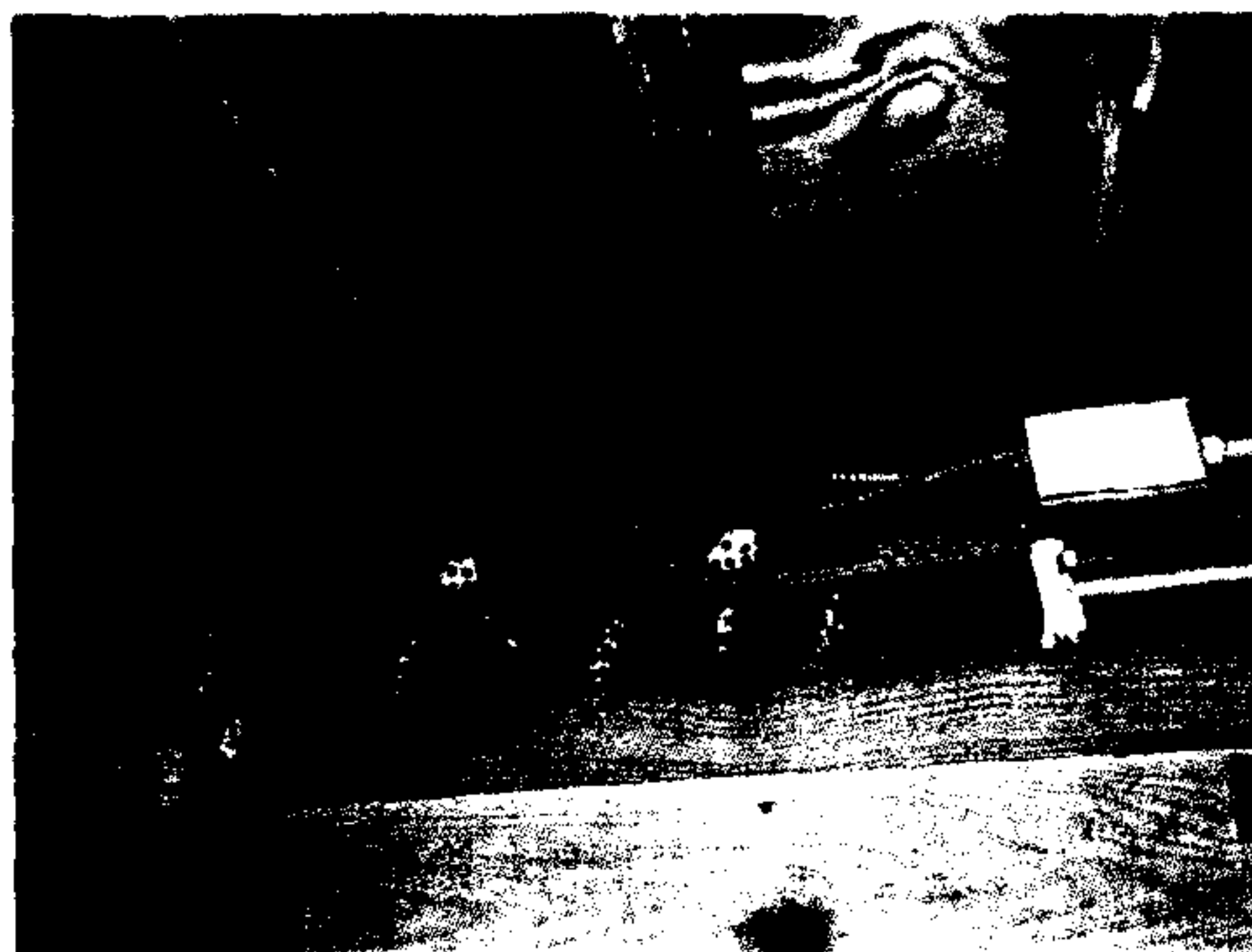
(Pic. 1) Exterior cladding
(Deterioration from moisture)



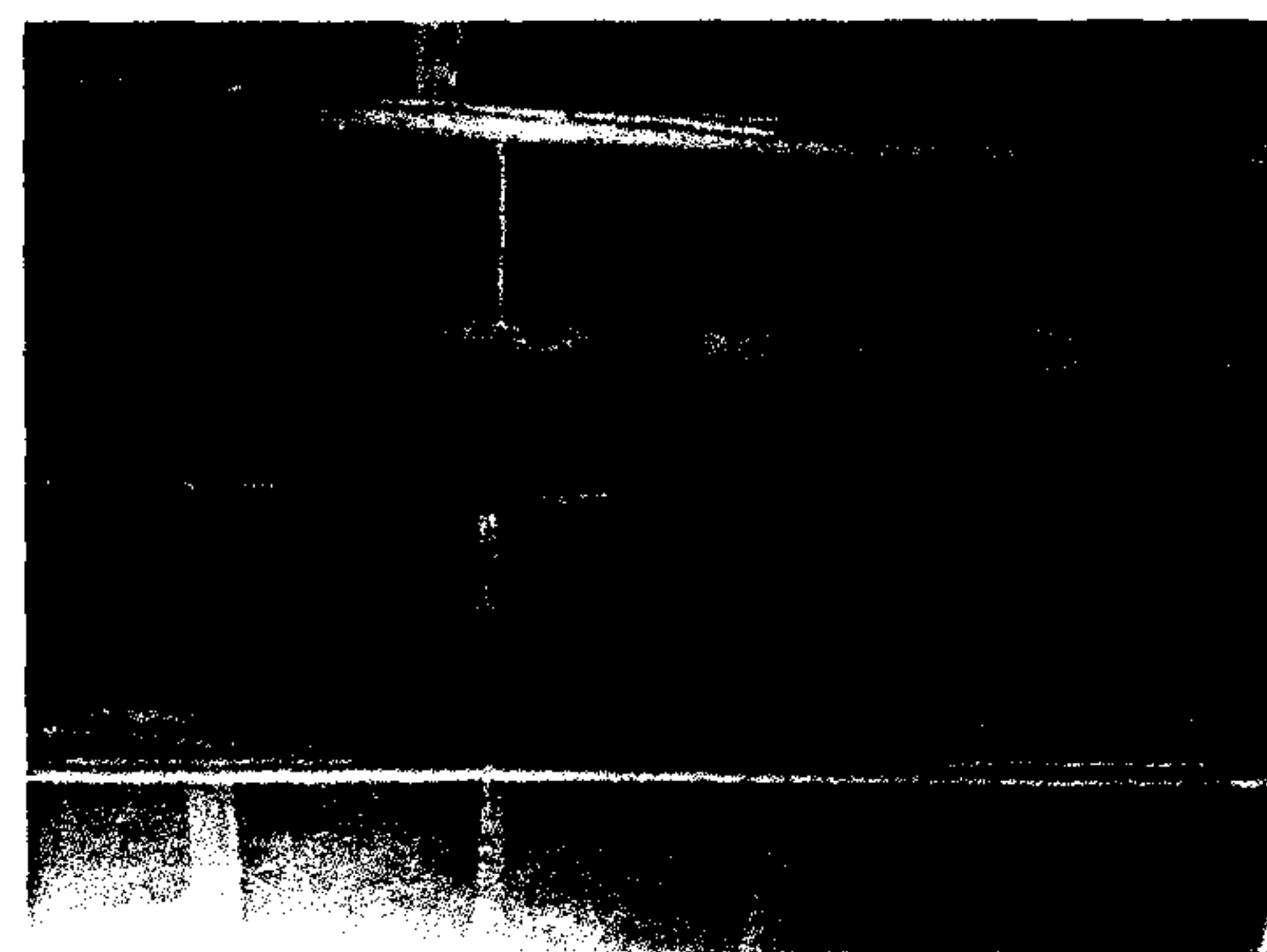
(Pic.2) Typical Interior Roof
Framing and Support



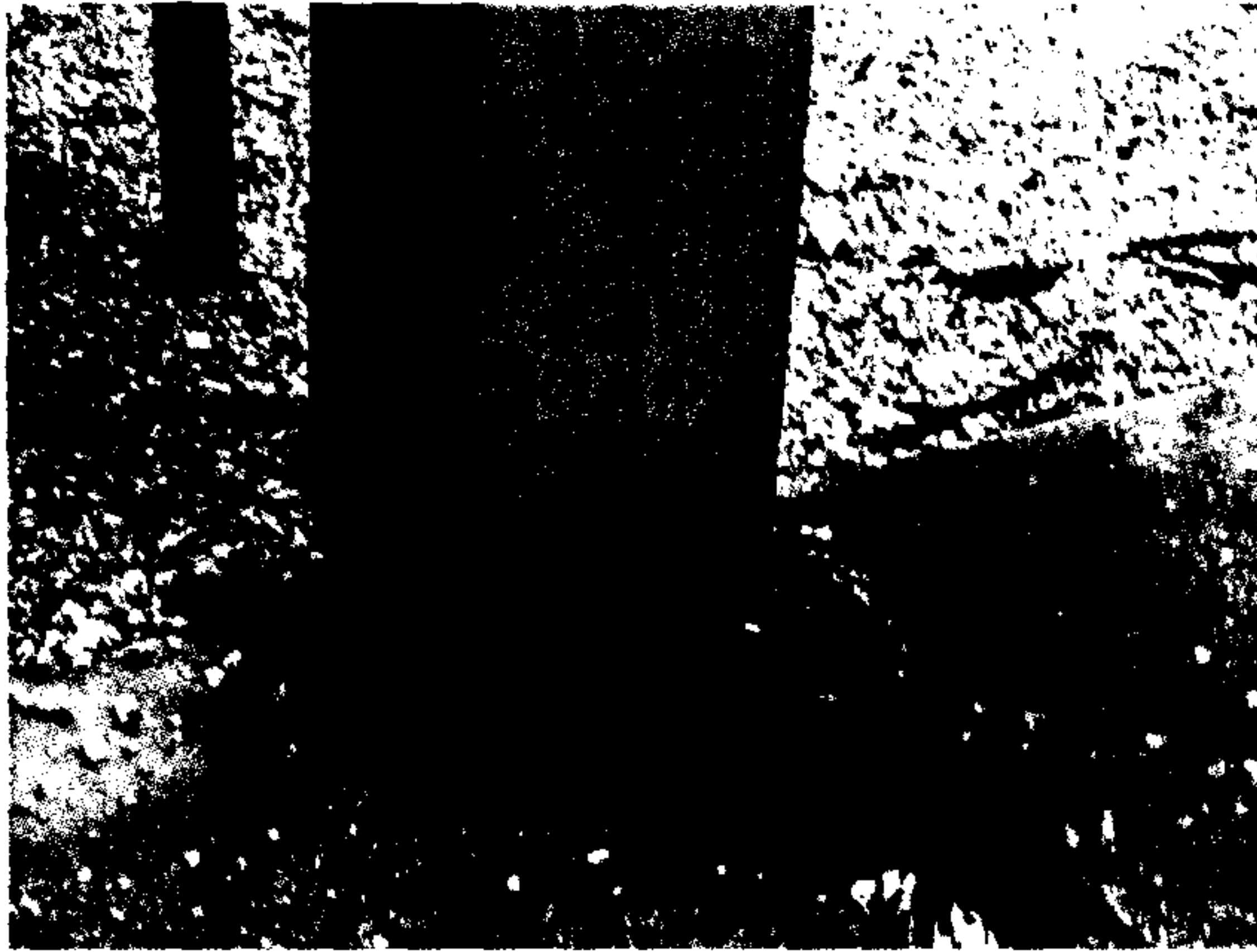
(Pic.3) Typical Perimeter Roof
Support



(Pic.4) Typical Roof Framing
(2x12 spaced at 12" o.c.)



(Pic.5) Typical Roof Framing
Weathered & Wet from Moisture
Intrusion



(Pic.6) Wood column post at covered walkway (Gap at base)



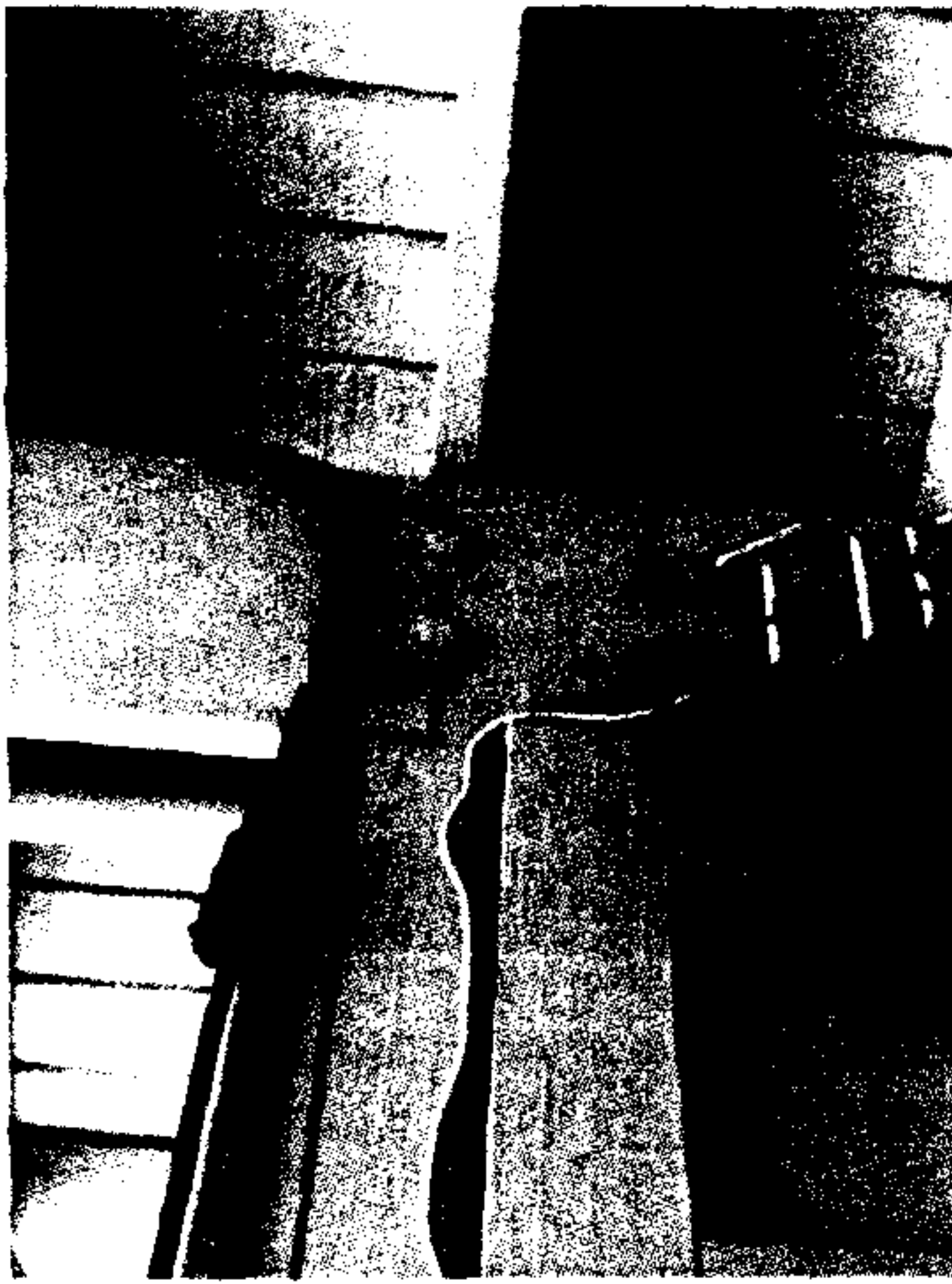
(Pic.7) Inadequate beam support at walkway canopy structure



(Pic.8) Inadequate beam support at walkway canopy structure



(Pic.9) Upstairs bar roof structure (no visible roof rafter uplift connections)



(Pic. 10) Upstairs bar wood beam (Inadequate connection)



(Pic. 11) Upstairs bar wood bracing (Missing bolt connector)



(Pic.12) Upstairs bar roof rafters (No visible roof uplift connections)

MEMO TO CHERI SMITH JUNE 18, 2020

CHERI, PLEASE PUT THE ATTACHED ASSIGNMENT AND MINOR MODIFICATION OF LEASE AGREEMENT
AND CONSENT OF LESSOR

PERSONAL GUARANTY SIGNED BY TIMOTHY J. RYAN AND RODERICKI STUART GILL

LETTER OF CREDIT NO. 1500612 WITH RESOLUTION 20-100 FOR SAFE KEEPING.

GEORGE WALLACE.

ERICA H. STERLING

Name: _____

Date: June 12, 2020

State of Florida }
County of Monroe }

Name: Timothy J. Ryan

Date: June 12, 2020

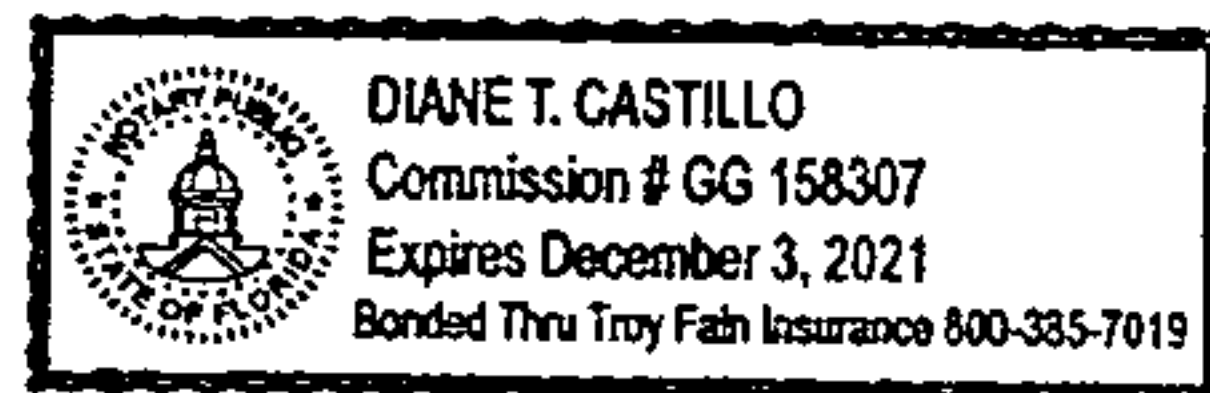
I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Timothy J. Ryan, to me personally known or who provided FL Driver License as photo identification, and who executed the foregoing instrument and he/she acknowledged before me that he/she executed the same individually and for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this 12th day of June, 2020

Diane T. Castillo
Notary Public, State of Florida

My Commission Expires:

Diane T. Castillo



CONSENT OF LESSOR

I, Teri Johnston, Chair, the Lessor named in the above assignment of that lease agreement executed by us on September 8, 2016, herein expressly consent to that assignment.

I also consent to the agreement by the assignee to assume, after the effective date of the assignment, the payment of rent and the performance of all duties and obligations as set forth in the lease and accept assignees as tenant in the place of Moro Management, Inc.

LESSOR: Caroline Street Corridor and
Bahama Village Community
Redevelopment Agency

Cheryl Smith
Witness as to Lessor

Teri Johnston
Teri Johnston, Chair

State of Florida }
County of Monroe }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Teri Johnston, to me personally known or who provided _____ as photo identification, and who executed the foregoing instrument and she acknowledged before me that she executed the same for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this 3rd day of June, 2020.

My Commission Expires:

[Signature]
Notary Public, State of Florida

