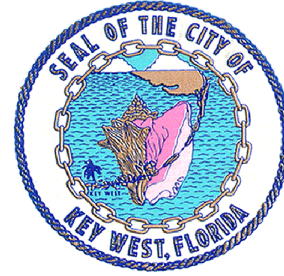


**KEY WEST
PORT OPERATIONS DEPARTMENT
MEMORANDUM**



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

FR: Marilyn Wilbarger, RPA, CCIM, Property Manager

DT: November 28, 2011

RE: Executive Summary – Lease Renewal for Key West Artworks, LLC

ACTION STATEMENT

To approve a lease renewal for Kimberly Cragin and Michael Cash DBA Key West Artworks, LLC

HISTORY

The tenants purchased the business from Helene Robinson in August of 2008. The lease was assigned and will expire on December 31, 2011. We received a request for a lease renewal in the June of 2011 and reached an agreement for a five-year renewal based upon the following terms:

Demised Premises: 722 square feet

Use: Retail sale of a wide array of original artwork, prints, photography, jewelry, etc. Retail and wholesale of digital images printed on tiles, T-shirts, mugs, mouse pads, key chains, etc and a retail sale of books in a small literature section.

Term: Five years, Effective January 1, 2012

Rent: \$35.74 per square foot

Increases: 5% annually

Additional Rent: Tenant shall pay its pro-rate share of CAM, Taxes, and insurance

Percentage Rent: 6% in excess of the percentage rent base amount

Utilities: Tenant shall pay for all utility usage.

ADVANTAGES/DISADVANTAGES:

Advantages: A five year lease renewal will ensure that this shop on the boardwalk will continue to be occupied and will contribute to the success of the Key West Bight as a retail destination.

Disadvantages: The only risk is that of delinquent rental payment which has been minimized.

FINANCIAL STATEMENT:

The tenant struggled with recent downturn in the economy which was compounded by the oil spill last year. This resulted in a delinquency in rent that led to eviction proceedings being initiated however the tenant paid all past due rent and late charges and in addition has posted a security deposit equal to six months rent which the city now holds on account. The tenant has been current in his rent since that time.

RECOMMENDATION:

As you will note in the correspondence that is attached the tenant is committed to staying in this Harborwalk location and is looking forward to the new tenants that will be opening to help draw customers to this area. Staff recommends approval of the lease renewal.

ATTACHMENTS:

Draft Lease