



MEMORANDUM

Date: October 10, 2024

To: Caroline Street Corridor and Bahama Village Community Redevelopment Authority, (CRA).

Via: Todd Stoughton
Interim City Manager

From: Gary Moreira
Senior Property Manager

Subject: **Proposed Lease Assignment – AER Photography at the Historic Seaport**

Introduction

This is a request to consider a lease assignment from Alicia E. Renner as AER Photography, Inc. to Anthony Chatman for the leased premises at 205 Elizabeth Street, Unit F D/B/A AER Photography.

Background

The CRA entered into a five-year lease with AER Photography, Inc., on April 5, 2023, Resolution 23-092. In August of 2024, staff received a request from Ms. Renner to assign the current lease for the remainder of the term which expires in June of 2028. The lease provides for assignment in Section 10 inserted below for your reference.

At its meeting of the Key West Bight Management District Board on September 11, 2024, the board unanimously approved the assignment and recommended CRA approval and execution of the assignment agreement, Resolution KWB 24-22.

10. 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.*

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. 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.

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.

Procurement

The current tenant has met all of the financial obligations of the lease, and the rents and terms set forth in the 2023 lease will remain unchanged. The assignee has provided their current credit report, two current bank statements and tax returns that present a strong financial position that meets the approval of staff.

To facilitate this request and ensure that the city retains a viable tenant there is language incorporated into the lease assignment that reflects the following:

1. The assignees will sign personal guaranty for the faithful performance of the terms, covenants and conditions of the lease.
2. The lease assignment re-states the terms of the current lease wherein the current tenant is not released from obligations for rent should the assignee default.

Recommendation

The proposed assignee plans to operate the business themselves on a full-time basis and have the sales, marketing and financial experience to operate a successful business. The store will operate within the current use provisions with minor modifications to be considered at a future date and on approval of landlord. The financial safeguards provided by Personal guaranty and the continued liability of the current tenant ensure that the CRA will continue to receive the rent provided for in this lease therefore staff recommends CRA approval and execution of the lease assignment.

ATTACHMENTS:

Lease Assignment
Personal Guaranty
Resolution KWB 24-22