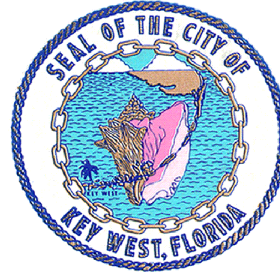


EXECUTIVE SUMMARY



TO: Patti McLauchlin, City Manager

CC: Nathalia Mellius, Assistant City Attorney

FR: Michael Henriquez Jr, Senior Property Manager

DT: May 24 2022

RE: Lease Renewal for 2 Duval Street, GRM Enterprises

ACTION: This is a request to approve a lease renewal for GRM Enterprises located at 2 Duval Street.

BACKGROUND:

The demised area includes an upland area for sales, ticketing, and passenger check-in in addition to a one slip docking facility for the operation of the Fury Water Adventures glass bottom boat. The previous lease was renewed in 2012 for an additional 10 year term. A 5% annual increase was implemented in the previous lease renewal to bring the lease to market rate. The Glass Bottom Boat has been a valuable and historical attraction on Duval Street for decades. The tenant would like to renew the lease for an additional 10 year term. The terms of the lease renewal are proposed as follows:

Use: A tour boat operations facility for passenger check-in and ticket sales for and in conjunction with the one slip docking facility to be used exclusively for mooring of TENANT'S commercial tour boat/sightseeing vessel and no other purpose.

Demised Premises: 2 Duval Street including the single vessel docking facility contiguous to the upland Demised Premises

Term: Ten years

Rent: \$158,235.48 annual base rent for year one with 6% of gross sales in excess of a breakpoint established at \$2,637,258 in year one.

Increases: CPI annual increases in Base Rent

Additional Rent: Tenant shall pay maintenance, taxes, and insurance

Utilities: Tenant shall pay all utilities

FINANCIALS:

The previous lease provided for an annual base rent increase of 5%. The current lease will continue with annual increase based on the CPI on the tenant's anniversary date. The tenant will obtain a Rental Market Analysis, once completed the City and the tenant will review if the analysis shows that the current rental rate is in excess of the market rate.

RECOMMENDATION:

Staff recommends approval of the action requested.

ATTACHMENTS:

Lease

Exhibit B

Personal Guaranty