



MEMORANDUM

Date: August 6, 2026

To: Caroline Street Corridor and Bahama Village Community Redevelopment Agency (CRA)

Via: Brian L. Barroso
City Manager

From: Gary Moreira
Senior Property Manager

Subject: **File ID 26-5626 Leasing the former recording studio space located on Lazy Way in the Historic Seaport to Mr. David Bernsen, dba Shrimp Boat Sound Key West, LLC**

Introduction

This is a request to approve a ten-year lease for the former recording studio space, located on Lazy Way at the Historic Seaport.

Background

Following the death of the former tenant of the recording studio, the City negotiated an early lease termination of the lease with the estate via Resolution 25-158. The early termination allowed staff to finalize a scope of work to begin work on much needed structural and cosmetic repairs. Additionally, staff began the process of soliciting letters of interest to re-tenant the building.

Pursuant to City Code, the space was advertised and staff received proposals from four different parties. At its meeting of November 12, 2025, staff presented an analysis of the four proposals to the Key West Bight Management District Board and recommended pursuing the proposal offered by Mr. David Bernsen of Shrimp Boat Sound Key West, LLC. The board suggested Mr. Bernsen collaborate with Mr. Robert Spottswood, Jr. (one of the four that submitted), to seek a solution for both parties to operate together. Subsequently Messer's Bernsen and Spottswood Jr. are moving forward on a working collaboration that will celebrate and preserve the studio's history.

Today, we are presenting a single proposed lease for the recording studio space solely on behalf of Mr. Bernsen which includes an expansion option providing a conditional opportunity for Mr. Spottswood Jr.'s participation in the business at a future date as well as additional rental and triple net revenue for the City.

At the July 15th meeting of the Key West Bight Management District Board, the Board approved the lease and recommended the CRA approve and execute the lease via Resolution KWBB 26-18.

Procurement

Use:	Recording studio and related events including weddings, non-profit fundraising, tours, museum and heritage live streamed broadcasts, merchandise and memorabilia sales with 100% of the net income returned to Key West community non-profits
Demised Premises:	1,447 square feet.
Term:	120 months commencing upon lease execution.
Rent Commencement:	60 days after Landlord delivery of premises.
Renewal Option:	Two five-year options to renew upon renegotiated market rate rent.
Expansion Option:	Conditional and upon CRA approval, one option to expand footprint by approximately 500 square feet to accommodate an ancillary open-air bar.
Rent:	\$108,525.00 per year or \$75.00 per square foot.
Increases:	Base rent adjusted annually by any increase in the Consumer Price Index.
Percentage Rent:	On expansion space sales at 6% over break.
Additional Rent:	Approximately \$13,023.00 per year in estimated Triple Net charges allowing recovery of CRA expenses for taxes, insurance and maintenance.
Expansion Rent:	Approximately \$42,025 in annual base and NNN charges plus a percentage of sales at 6% over breakpoint.
Utilities:	Tenant shall pay for all utilities.
Tenant Repairs:	Tenant shall be responsible for all non-structural repairs for the duration of the lease.
Landlord Repairs:	Per EXHIBIT F attached.
Indemnification:	Section 8, in pertinent part, "TENANT expressly agrees to indemnify, defend and hold harmless the City of Key West and indemnitees from any and all claims, demands, liabilities, damages, losses, costs and expenses, including, without limitation, reasonable attorney's fees and court costs arising out of or in any way

related to TENANT’S unauthorized use of any licensed name, trademark, trade name, logo, or other intellectual property in connection with its marketing, advertising, products, services, signage, or any activities conducted at or from the Premises”.

Miscellaneous: Pursuant to Section 2-871 of the Key West Code of Ordinances, the prospective tenant shall be subject to a background check and provide financial information for the immediately prior two calendar years and a statement attesting to the applicants net worth.

Tenant shall provide a written statement of revenue and expenses for each preceding year and the net income distributed to local not for profit groups and/or uses

Recommendation

The tenant is in agreement with the proposed lease terms and the City has received all information required including the background check and disclosure reflecting the most current financial data. The information received meets the legal and financial requirements of the Code of Ordinances for granting this lease.

The proposed use ensures the continued legacy surrounding the history of the recording studio and will provide financial benefit to Key West non-profit groups and organizations. Staff recommends approval of this lease.