

2021 PROPOSAL

FORMER KEY WEST

DIESEL PLANT

the
RAMS HEAD
group



RAMS HEAD GROUP

512 EATON ST. | KEY WEST FL 33040



Bill Muehlhauser
General Manager
Rams Head Group
512 Eaton Street
Key West, FL

Wednesday, August 5th, 2021

Reference: Proposal for Redevelopment of the Former Key West Diesel Plant

Dear Honorable Mayor Teri Johnston, City Manager Patti McLauchlin and the members of the City Commission,

The Rams Head Group (hereinafter collectively known as "Rams Head") would like to thank you for the opportunity in submitting our proposal for the stabilization and redevelopment of the former Keys Diesel Plant. Our depth of experience, qualifications, performance, local relationships and commitment to the Key West community gives us the confidence that we could transform the space into a highly sought after destination for both local community and visiting public, while preserving its historical significance.

Our goal in the redevelopment of this property is to create a multi-cultural facility that engages the community and promotes tourism continuing on the vision of the Key West Art & Historical Society. Our past experience, resources and financial stability allow us the vision in seeing the greater benefit this can provide for Key West.

Please reach out to bmuehlhauser@ramsheadgroup.com or 305-906-2173 if you have any questions or need clarifications regarding this proposal.

Sincerely,

Bill Muehlhauser
General Manager

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EXECUTIVE SUMMARY

The former Key West Diesel Plant is a landmark of great historical significance with the potential of becoming a sought after destination for both the local community and visiting public. As the buildings stand today in their current condition they do a disservice to the historic Key West community.

The vision for the redevelopment of the Diesel Plant is to transform the 20,350 square foot space into a multi-cultural facility that will include a restaurant, microbrewery, multi-use flex space, coffee shop, walking museum, outdoor courtyard & playground. The revitalized property will offer world class craft beer brewing, local American fare, educational exhibits and a 400-person flex space for special events and gatherings. We plan to focus on providing culinary and brewmaster programs to enhance our communities educational resources.

We feel the revitalization and proposed uses of the building upon completion will be a major asset to the already successful redevelopment of the Truman Waterfront.



BUSINESS HISTORY

RAMS HEAD GROUP



Established in 1989 by owner Bill Muehlhauser, Rams Head is a family-owned and operated restaurant and entertainment company. Beginning with the flagship Rams Head Tavern restaurant in Annapolis, Maryland, Ram's Head's portfolio has grown, comprised of four owned and operated Maryland restaurants, one Key West restaurant, a 300-person capacity Annapolis entertainment venue as well as a 278-seat Key West entertainment venue. Rams Head currently holds the management contract for the Coffee Butler Amphitheater in Key West, previously owned and operated Rams Head Live and Pier Six Pavillion in Baltimore and Rams Head Center Stage in Hanover, Maryland.

Since its inception, Rams Head has grown its workforce from 12 to over 400 employees. Rams Head is committed to hiring personnel from within its local community and promoting an inclusive operating environment. Although the company is not women or minority owned, women constitute over 50% of its employees. Rams Head promotes mostly from within and women hold 60% of Rams Head's executive positions.

***Rams Head
has grown its
workforce
from 12 to
now over 400
employees.***

BUSINESS HISTORY

FORDHAM & OLD DOMINION BREWING BECOME COASTAL BREWING COMPANY



In 1995, the roof of the Rams Head Tavern in Annapolis, Maryland was removed and a brewhouse was lowered in and from thereon fine ales and lagers were hand crafted under the name of Fordham Brewing. Named in honor of Benjamin Fordham who was given a charter in 1703 by Queen Anne to establish a brewery in the heart of the bustling port city, Fordham Brewing became one of the first craft breweries on the east coast. It didn't take long for the new brewery to transform the city's old tradition into a passionate following among locals with its artisanal beers.

As Fordham's reputation spread throughout the Chesapeake region, the brewery made the decision to relocate to Dover, Delaware in 2003, where it had room to expand.

In what has become known as the Craft Beer Revolution, the year 1989 stands out as a landmark moment when the Old Dominion Brewing Co. established a brewpub operation in Ashburn, Virginia. The small brewpub quickly became a production brewery that was named one of the Top 50 breweries in the U.S. The brewery cultivated a community, in which many discovered the joy and wonder of craft beer.

In 2007, two became one when Fordham and Old Dominion Brewing companies merged, forming Coastal Brewing Company. Coastal is still producing its beers in Dover, Delaware and currently distributing in the states of Maryland, Pennsylvania, Virginia, Delaware, District of Columbia and Florida.



PAST PROJECTS

HISTORICAL BUILDING REDEVELOPMENT

Rams Head has developed multiple restaurants, entertainment venues and breweries over the past 30 years in four different states. These three particular projects lend insight to the experience Rams Head has in the the redevelopment and revitalization of historical buildings.



Rams Head Tavern - Annapolis, MD

In 1989 Rams Head began the redevelopment of a historic building that was built in the 1700's. Rams Head utilized its 15,000 square feet to create a restaurant, microbrewery and entertainment venue which still stands today as a landmark that was instrumental in the revitalization of the redevelopment corridor in Annapolis, MD. Rams Head boasts being the first ADA compliant historic building within city limits.



Rams Head Savage Mill - Savage, MD

Historic Savage Mill was established in the 1820's as a cotton mill and renovations began in the mid-1980s to bring shopping areas into the mill. Rams Head was approached by the developers of Historic Savage Mill and opened their largest restaurant in 1999. With four floors of dining options, featuring a deck overlooking the Little Patuxent River, Rams Head Savage Mill has something for everyone.



Rams Head Baltimore - Baltimore, MD

Rams Head was approached by the developers of the Baltimore Power Plant and after a year of construction and developing over 28,000 square feet, Rams Head opened in 2004. With a capacity of over 1,600 and four levels, this property was developed into a world renowned entertainment facility and restaurant.

PROJECT TEAM

Rams Head is proud of its highly experienced and dedicated personnel. Brief resumes are provided in the following paragraphs, bringing a wealth of knowledge and qualifications in all aspects of this project.

Bill Muehlhauser, Founder & General Manager - Rams Head Group

Bill Muehlhauser is a serial entrepreneur with more than 40 years of experience in developing and managing successful businesses ranging from automobile sales and repair, to owning and operating an airport. Bill founded the Rams Head group in 1989, beginning with the purchase of the flagship Rams Head Tavern Restaurant in Annapolis. Since its inception, Bill has grown the enterprise to encompass six restaurants, three Rams Head venues and a brewery.

John Rodenhouse, CEO and Founder - Diplomat Group, Co-Owner - Rams Head Group

John W. Rodenhouse, Jr. has been a successful entrepreneur for over 45 years having built and operated several successful businesses. He began his entrepreneurial career in 1981 after leaving as one of the top Sales Agents for WTC in Washington DC. With John's passion for the air freight industry and his innovative approach to servicing customers, Mr. Rodenhouse formed Diplomat Freight Services, Inc. . Mr. Rodenhouse has taken his creative marketing concepts, his gift for seeing an opportunity and his propensity for measured risk taking and parlayed these into the establishment of profitable businesses in various industries including freight forwarding, retail, telecommunications, real estate, entertainment and brewing, throughout the world.

Burt Bender, Architect - Bendere & Associates

Bender & Associates Architects, P.A. is a full service architectural firm with broad experience in multiple project types with a specialized focus in historic preservation and restoration. It is the firm's desire to produce historically appropriate, environmentally sound, creative, economical, and aesthetically pleasing projects. The firm's responsibility is to ensure that the design responds to the demands of appropriate preservation practices, the climate, the environment, and the need to conserve energy.

Allen Young, Brewery Consultant - Brewers Supply Group

Allen Young has more than 30 years of experience and knowledge with production, sales and marketing in the craft brewing industry. Mr. Young played an integral part in the implementation of four microbreweries with Rams Head. He received his Bachelor of Science from San Francisco State University along with Certificates in Distilling & Quality Control and Quality Assurance.

Marc Krens, Senior Vice President - The Diplomat Group

Marc Krens has more than 40 years business experience in finance, accounting, tax, risk management, treasury management, merger and acquisition and human resources leadership. Mr. Krens has been an integral member of the Senior Management Team's during his career and is a constant driver for process improvement, tactical implementation, and strategic growth. Over his career, Mr. Krens led the team in negotiation and closing of a \$10 million Industrial Bond raise and debt refinancing of \$50 million line in a very difficult market. He led several sell side transaction including a \$70 million deal selling a privately held company to a fortune 100 Company. On the buy side, Mr. Krens led the negotiations and due diligence on over 15 mid-market purchases. Mr. Krens has also served as Treasurer on several non-profits during his career and has coached several sports teams.

Christina Vainio, Controller - Rams Head Group

Christina Vainio began working for the Rams Head Group in 2006 after receiving her BS in Accounting from the University of Maryland. Christina currently oversees all of the accounting functions for Rams Head's five restaurants, along with the Coffee Butler Amphitheater and Coastal Brewing Company. Christina has helped contribute to Rams Head's success through her keen awareness and understanding of all details that must be included in forecasting and budgeting for restaurant and venue operation.

Royal Bundy, V.P. Marketing - Rams Head Group

Royal Bundy joined the Rams Head Group in 2012 with a bachelor's degree in communications from Towson University. As Vice President of Marketing, Royal manages the creative team's daily operations while maintaining and growing the Rams Head brand. Royal excels in strategic planning, execution, and partnership building, giving Rams Head the ability to adapt and thrive in multiple markets simultaneously. Bundy also serves on the Board of Directors for the Downtown Annapolis Partnership whose mission it is to strengthen and expand the Annapolis business community through advocacy and collaboration with local government.

Kelly Norman, Operations - Rams Head Key West

A resident of Key West for 16 years, Kelly Norman has over 20 years of marketing, production and operations experience. Kelly served as Marketing and Development Director at Key West Theater from 2015 to 2018, prior to her promotion as Executive Director, in which she served 4 years. Currently, Kelly oversees all Florida operations for Rams Head which includes Coffee Butler Amphitheater, Key West Theater, Rams Head Southernmost and The Grateful Guitar. After working closely with city officials and business owners for years, Kelly has a gauge on community needs and assets and will play an integral role in the redevelopment of the establishment.

BUSINESS PLAN

Restaurant

The restaurant will consist of two levels with the lower level containing a tap room, pub style seating, as well as casual dining. The second level mezzanine will surround the perimeter of the building overlooking the first floor giving patrons a birds eye view of the brew house, fermentation vessels and dining areas. Local American cuisine will be offered for lunch and dinner along with craft beers and a large wine selection.

Microbrewery

The microbrewery will consist of a five barrel brewhouse that has been designed by J.T. Glen, Vice President of Sales for Alpha Brewing Operations Equipment Company. Located between the dining room and the flex space, enclosed in glass, will be the stainless steel fermentation vessels. Patrons will be able to witness the brewing process throughout the entire building and will also have the option to schedule a private, in-depth brewery tour offered on a daily basis.

Mult-Use Flex Space

This space consists of two levels of transformational space to be used for private events, weddings, public gatherings, receptions, community events, fundraisers, seminars & more.

Walking Museum

The Walking Museum will focus on the historical importance of the building and industrial history of Key West. Two of the existing diesel generators will be refurbished and maintained for display and a plaque will be provided at each generator describing their significance. The third existing generator will be relocated to the exterior of the property for display. Throughout the establishment, exhibits will adorn the walls portraying articles and pictures of historical relevance to the Key West community.

Outdoor Courtyard & Playground

The outdoor courtyard provides year round dining in a beautiful Key West setting. Families can feel comfortable enjoying food & drinks while their children enjoy the playground. Visitors to the Truman Water Park can "come as they are" for a meal following their adventures.

Culinary & Brewing Programs

While developing relationships with the local college and residents of Bahama Village, we aim to provide culinary classes and internships while calling on local butchers, culinary experts and more in order to create various classes specializing in all aspects of food preparation and restaurant management. We will also be offering classes on brewing that teach students everything from production to distribution. These programs will be offered at no expense to the students.

Coffee Shop

The Coffee Shop will operate during the morning hours prior to regular restaurant and brewery hours. In addition to gourmet coffee roasting, we will be serving local pastries & bakery items, made on premise. These morning pastries and coffee can be enjoyed in our outdoor courtyard.

ARCHITECTURAL RENDERINGS





FIRST FLOOR



- Kitchen
- Diesel Generators
- Courtyard & Playground
- Inside Dining
- Brewery Equipment
- Coffee House
- Restrooms
- Flex Space

SECOND FLOOR



- Flex Space
- Inside Dining
- Restrooms

INSPIRATION

American Icon Brewery in Vero Beach, FL is a similar historic renovation project of a former diesel plant.



Example of redevelopment of historic diesel plant building.



Example of the Tap Room with existing refurbished generator.

The Vero Beach Diesel Power Plant (also known as the City of Vero Beach Municipal Power Plant) is a historic power plant in Vero Beach, Florida located in downtown Vero Beach on a 2-acre site. The power plant was built in 1926 replacing an earlier power plant due to the area's extensive growth. It was built in the masonry vernacular style by architects Carter and Damerow and by the engineering firm, Kennard and Sons.

In its original state in 1926, the Diesel Plant had 3 operating engines and in 1937 the 750-kilowatt Busch-Sulzer air injected diesel generator was added that is still with American Icon Brewery today. A Busch-Sulzer generator happens to be one of the generators remaining in the Key West Diesel Plant that will also be refurbished.



Example of how the upstairs dining will overlook the fermentation vessels .



Example of how our copper clad serving tanks will be suspended overhead in the Tap Room.



Example of outside landscape.

INSPIRATION

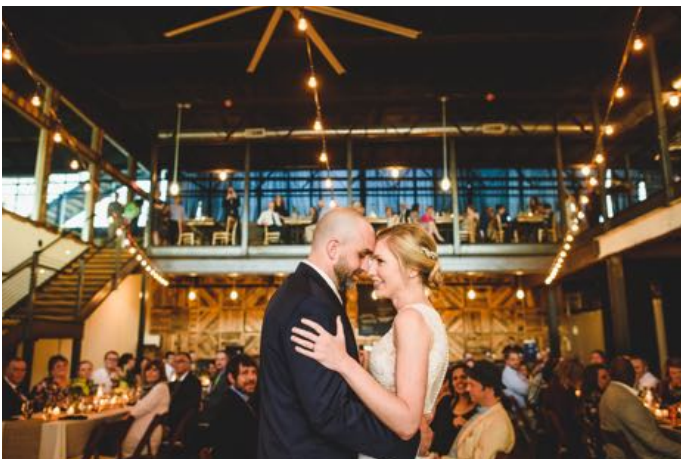
RESTAURANT OFFERINGS

- Progressive American pub-style fare focusing on local ingredients and cuisine
- Fresh beer offerings with food pairings and new beer releases and tastings regularly
- Large wine selection featuring Rams Head's Point of the Bluff Vineyard located in the Fingerlakes region of New York
- Creative cocktails



MULTI-USE FLEX SPACE

- Weddings & Receptions
- Corporate Events
- Public Gatherings
- Seminars
- Fundraisers
- Meetings
- Workshops



FINANCIALS

Proposed Lease Term:

Initial Twenty (20) year lease with 2 Ten (10) Year Options for Extension

Proposed Lease Price:

Base rent calculated using the table below, at \$21.00 per square foot resulting in \$427,350.00 for the first year of annualized rent. Subsequent lease years to increase at 3% per annum. No percentage rent years 1 & 2 thereafter 4% above base rent.

Usable Space (per sq foot)	
1st floor	12,350
2nd Floor	6,500
Out-Door	<u>1,500</u>
Total	20,350
Rent Calculation	
Base Rent \$	21.00 /sq foot
Annual \$	427,350.00
Building Improvements \$	4.95/ sq foot **
Annual \$	100,732.50
Total Rent \$	25.95/ sq foot
Total Rent Year 1 \$	528,082.50

*Initial 20 year term only; not to be paid on extensions.

Improvements and Budget:

- Tenant to provide \$11,000,000 in Tenant & Building Improvements - which will revert to City at end of lease term
- \$2,000,000 in Building Improvements to be performed by Tenant. These improvements to be financed by City and repaid by Tenant through additional rent of \$4.95/sq ft as noted above
- City shall provide all utilities to building necessary for operation.

Expectations, & Conditions Requested by Tenant:

- Tenant requests that all environmental cleanup to be performed and paid by the City of Key West
- Site to be turned over in clean, constructible condition
- City of Key West to indemnify and Hold Harmless the Tenant for any potential future environmental issues prior to our lease.
- Tenant shall not assign this Lease or any interest therein and without the prior written consent of Landlord, such consent shall not be unreasonably withheld or conditioned
- 12 Month Rent Holiday at beginning of lease
- No Percentage rent year 1 & 2

Financing and Financial Capacity:

- Combination of bank financing, principal contribution and third party investment through existing network of high net wealth individuals.

Redevelopment Schedule:

- Planned opening within 18 months, after permitting is completed.

Additional City Benefits:

- Community engagement
- Local business subcontractors will have priority in consideration to perform improvements at site
- Approximately 50 new part-time and full-time positions to be added into working pool with competitive wages and benefits

SUMMATION

Rams Head feels this is a true opportunity to restore a historic landmark and make it a centerpiece of the already successful Truman Waterfront Project. We see a need in the city of Key West for a space that can accommodate larger groups for meetings and different types of gatherings with a historic charm. An important part of this project is dedicated to helping educate persons interested in the culinary and brewing industry - both industries are thriving and searching for trained, talented, eager personnel. Rams Head's years in the restaurant, brewery and entertainment industry give us the ability to train from within. Rams Head also recognizes the talent that lives within this community and will involve those talented people wherever it can in the educational programs. We have put months and months of careful thought and effort into this project. I have personally been looking at this site for years with this plan in mind. Finally, I feel it is time to step up and take what is remaining of the building, give it the facelift it deserves and make it something that this city can be proud of.

Sincerely,

Bill Muehlhauser

