

JOINT PROPOSAL – LAZY WAY LANE

Spottswood Management, Inc.
506 Fleming Street, Key West, Florida 33040
(305) 294-6100

Shrimpboat Sound Key West LLC
Contact: David A. Bernsen | (619) 226-1300 | dbernsen@letitride.com

January 8, 2025

Gary Moreira
Senior Property Manager
City of Key West
1300 White Street
Key West, FL 33040

Re: Unified Letter of Interest for Former Recording Studio, Lazy Way Lane, Historic Seaport at the Key West Bight

Dear Mr. Moreira,

On behalf of Spottswood Management, Inc. and Shrimpboat Sound Key West LLC, we are pleased to submit this unified Letter of Interest for the lease of the approximately 1,447 square foot building located on Lazy Way Lane in the Historic Seaport at Key West Bight, commonly known as the former recording studio (the "Property").

Following the Caroline Street Corridor and Bahama Village Community Redevelopment Agency's (CRA) determination to reject all initial proposals and re-notice the call for interest, and at the suggestion of the Bight Board, our two groups have collaborated to present a unified proposal that merges our respective visions. This combined approach creates a comprehensive plan to honor the legacy of Jimmy Buffett while establishing a vibrant, profitable destination that serves both residents and visitors to Key West.

I. THE PROPOSERS

Spottswood Management, Inc. ("SMI") is a Florida corporation and affiliate of Spottswood Companies, Inc. (collectively, "SCI"), a diversified, family-owned organization with investments in real estate, restaurants, timesharing, marinas, hospitality, construction, broadcasting, and banking in the Florida Keys. SCI has developed dozens of properties and owns interests in numerous hotel, timeshare, marina, and commercial properties, with more than 1,000 residential and transient units and over 300,000 square feet of commercial space. Robert A. Spottswood, Jr. serves as President and is part of the seventh generation of the Spottswood family in Key West.

Shrimpboat Sound Key West LLC is a Nevada LLC managed by David A. Bernsen, whose Republica de Conch LLC currently owns several properties in Old Town Key West. This proposal has the full support and active participation of Mac McAnally, Savannah Buffett (Jimmy's eldest daughter), Kenny Chesney, Zac Brown, Lucy Buffett (Jimmy's sister), and the Coral Reefer Band.

II. PROPOSED USE

Our joint vision combines a working recording studio and museum honoring Jimmy Buffett's legacy with a bar featuring margaritas and tropical drinks along with a memorabilia retail and ticketing center. The integrated concept includes:

1. **Working Recording Studio:** Restore the historic studio to operational status with modernized update (that was planned after Jimmy's last recording session) to carry the studio forward. We have secured commitments from renowned artists including Mac McAnally, Kenny Chesney, Zac Brown Band, and the Coral Reefer Band.
2. **Museum and Tours:** Offer affordable tours showcasing the studio restored to Jimmy Buffett's era with today's technology, featuring his actual equipment, instruments, and memorabilia, with private and experiential recording opportunities available.
3. **Margarita and Tropical Drink Bar:** A bar operation showcasing Key West's music, arts, and fishing history with limited indoor seating and outdoor seating for up to 20 persons.
4. **Retail and Memorabilia Sales:** Unique merchandise, Jimmy Buffett lifestyle-themed art, and Coral Reefer Band memorabilia.
5. **Live Entertainment:** Live broadcasts, streaming, podcasts, and musical performances featuring participating artists (with proper permits).
6. **Venue for Hire and Charitable Events:** Utilize the space for private events, weddings, functions, and approved charitable and fundraising events.

We note that this concept has been initially approved and supported Margaritaville Enterprises to ensure proper and legal use of the Buffet name at the Studio on Lazy Way Lane.

III. PROPOSED LEASE TERMS

- **Lease Term:** Five (5) year initial term, renewable for five (5) additional terms of five (5) years each, not to exceed twenty-five (25) years total.
- **Base Rent:** \$2,500.00 per month commencing thirteen (13) months after opening for business, or market rate as determined by the City of Key West. Base Rent will adjust annually based on CPI.

- **Percentage Rent:** Ten percent (8%) of Gross Sales from beverages, museum tickets and memorabilia above the Natural Breakpoint (annual Base Rent divided by 8%). For the avoidance of all doubt, these revenues are not considered revenues of the recording studio for purposes of charitable contributions and are intended to provide strong rents for the city.
- **Security Deposit:** Equal to one month's base rent.
- **Maintenance:** Landlord responsible for roof, structure, foundation, and building exterior. Tenant responsible for HVAC, plumbing, electrical systems, and all interior repairs and replacements.
- **Utilities:** Tenant responsible for all utilities.
- **Tenant Improvements:** No tenant improvement allowance required if the building is delivered in an up-to-code shell condition. All permitting, renovation, and remodeling costs will be the responsibility of Tenant.
- **Insurance:** \$2,000,000.00 aggregate and \$1,000,000.00 per occurrence commercial liability minimum.

IV. CHARITABLE COMMITMENT

A distinguishing feature of this proposal is our commitment to direct 100% of profits from the recording studio operations to Key West charities and community support organizations. The idea here is that the bar, museum and memorabilia portion of the operation can run like a standalone business providing the base rent and percentage rent that should allow the city to receive market-based rents, while allowing the recording studio to continue to exist and provide community and charitable support.

V. PUBLIC BENEFIT

This project provides the following benefits to the City of Key West:

- Preservation and renovation of a historic Key West waterfront recording studio
- Celebration of Key West's music history and Jimmy Buffett's legacy
- Steady revenue source for the City of Key West
- Creation of a world-class tourist destination reaching millions of Jimmy Buffett fans and Parrot Heads globally
- Direct charitable contributions to Key West community organizations

VI. TIMELINE AND IMPLEMENTATION

We anticipate opening to the public within six (6) months after all City permits and approvals are obtained. During the 120-day inspection period following lease execution, we will conduct necessary inspections and deliver a proposed renovation budget to the City. Thomas E. Pope, Architecture has been engaged with respect to the project. Who will be responsible for what portions of the work are to be negotiated between the parties in the 120-day inspection period.

VII. CITY SUPPORT REQUESTED

The City will provide electric, water, and sewer lines to the building consistent with the needs of the intended use. The City's property management will reasonably cooperate with Tenant in securing any permits, licenses, and approvals required for the business plan.

We would welcome the opportunity to meet with the City and the Bight Board to provide additional information and discuss our unified vision for this project. Thank you for your consideration.

Respectfully submitted,



Robert A. Spottswood, Jr., President
Spottswood Management, Inc.



David A. Bernsen, Manager
Shrimpsound Sound Key West LLC

cc: Brian Barroso, City Manager