

D. RICE MANAGEMENT, INC.
UNSOLICITED PROPOSAL FOR GOLF COURSE LEASE
PUBLIC PRIVATE PARTNERSHIP (P3, SECTION 255.065, FL STATS.)

Section I. Description: D. RICE MANAGEMENT, INC. (Proposer/Lessee) seeks to obtain a two-year lease agreement with one-year Lessee renewal option, with the City of Key Colony Beach, Florida (the City/Lessor) for the continued operation and general maintenance of the Par 3 Golf Course and related equipment owned by the City. This proposal shall include the Key Colony Beach Golf Course property situated in the City of Key Colony Beach, Florida, having approximately 14 acres together with all the improvements thereon, including the Pro Shop Building, one-half of the City of Key Colony Beach Service Building (located at 460 8th Street, Key Colony Beach), and the inventory of tools, maintenance mower and other equipment. This proposal does not include operation and maintenance of the tennis/pickle ball courts, park area or restrooms.

Proposer has the necessary skills, knowledge, and qualifications to operate and maintain the Key Colony Beach Golf Course property in an efficient, profitable, and workmanlike manner making it suitable and playable for use by the residents of Key Colony Beach and the general public. Proposer has cared for and operated the Key Colony Beach Golf Course for over 17 years.

Section II. Basic Terms/Lease Payment: Proposer shall pay Lessor rent for the continued operation and general maintenance of the Key Colony Beach Golf Course property as follows:

Thirty-Nine Thousand Five Hundred Dollars and 00/100 (\$39,500.00) per year plus applicable sales tax for the year, payable in equal monthly installments on the first (1st) day of each month as rent for that month. If rent is not paid by the 10th of the month, Proposer will pay a 5% late charge.

Additionally, a COLA rent increase/adjustment shall be applied in the second and third years of the lease agreement.

Proposer/Lessee, at his sole discretion, may notify the Lessor in writing his intent to terminate the lease upon ninety (90) days advance notice prior to October 1ST of any year. If the Lessee terminates the Lease as provided, the Lessee agrees to stay on as Lessee until the Lessor finds a replacement.

Lessee has previously placed and pledged with Lessor a Bank Certificate of Deposit in the amount of \$20,000.00 to be used as a rent guaranty, damage and security deposit to be held by Lessor until lease termination. The deposit is also a further guarantee for those who have purchased memberships at the Key Colony Beach Golf Course. The Proposer agrees to extend and transfer the CD to the Comprehensive Agreement.

Section III. Liability Insurance: Proposer/Lessee has maintained and renewed a \$1,000,000.00 general liability insurance policy protecting the interests of Lessor and Lessee that is on file with the City of Key Colony Beach, Florida. Said insurance policy will be renewed over each year of the three-year lease agreement proposed herein.

Section IV. Golf Course Equipment: Proposer/Lessee will maintain golf course equipment in the same condition as when Lessee took possession and shall surrender same in the same condition, except for reasonable wear and tear.

Should replacement or reconditioning (disassembly, replacement of parts, cleaning, rust removal and painting, so that the equipment is as near mechanically equal to a new piece of equipment as possible) is necessary, Lessee will obtain estimates for parts necessary for replacement or reconditioning, and expense for parts shall be paid by Lessor. Expenses of labor will be paid by Lessee.

Lessee will purchase hand tools, weed eaters and small rotary lawn mowers. This type of equipment will remain the property of the Lessee.

Section V. Irrigation System: The pumping station, irrigation system main line, and valve replacements / repairs shall be maintained by Lessor. The Lessee shall be responsible for maintaining sprinkler heads, timers and monitoring irrigation. Any parts needed for irrigation shall be paid for by Lessor. Repairs that are the responsibility of the Lessee shall be at Lessee's expense other than capital improvements to the water system which will be submitted to Lessor for approval. The cost for FKAA water used for irrigation shall be at Lessor's expense. Lessor will also provide reverse osmosis water for irrigation at no cost to Lessee.

Arbor Care/ Tree Trimming: Lessor will be responsible for all arbor care and tree trimming on an as needed basis.

Section VI. Daily Hours / Duties: The golf course starter will provide the following daily duties:

- a. The Course Will Open by 8:00 a.m. daily.
- b. Make sure clubs and carts are in order.
- c. Outside Walkways Free of Debris
- d. Ashtrays Cleaned Out.
- e. Always be a Starter.
- f. Sweep and Clean Pro Shop.
- g. Open until Daily Until 4:00 p.m.
- h. Appropriate Dress.

Hours of Operation:

Lessee will limit hours of operation of the golf course to natural light hours and will not place outdoors lights on the property without approval from the Lessor.

Holidays:

The Lessee shall be permitted to close the golf course on Thanksgiving Day and Christmas Day. The course will remain available to members for play and an honor box will be placed for other players.

Summer:

The Golf Course shall be closed on Mondays during the summer months.

Additional Responsibilities of Lessee:

- a. Cut Greens as Needed
- b. Change Hole Locations Weekly.
- c. General Pick Up of Coconuts Daily.
- d. Rake Sand Traps Twice Weekly.
- e. Check Tees and Sweep Mats Daily.
- f. Cut Shoulders A Minimum of Once a Week.

- g. Cut Fairways A Minimum of Once a Week.
- h. Treat for Weeds When Needed.
- i. Clean Service Building as Needed. Lessor to Provide Paper Products.
- j. Empty Trash on Whole Course as Needed.
- k. Test Sprinkler System on a regular basis.

Section VII. Permissible Sales: Lessee will be permitted to sell golf related supplies, equipment and vended snacks with no more than two (2) vending machines on the property. Any other sale items require permission from the Lessor.

Section VIII. Act of God: If the golf course is seriously damaged by an act of God, then any repairs to the course, leased buildings or equipment will be at the expense of the Lessor, and rent shall be suspended until the course is playable.

Section IX. Risk of Loss to Personal Property: Lessee's personal property placed in or on the premises shall be at the risk of the Lessee. Lessor will not be liable for any loss to Lessee's personal property for any cause.

Section X. Breach of Lease: In the event of a breach of the lease agreement, other than failure to pay rent, Lessor will give written notice of the breach and Lessee shall have ten (10) business days to cure the breach.

Section XI. Prevailing Party Attorney's Fees: In any litigation resulting from a breach of the lease, the prevailing party shall recover the court costs and reasonable attorney's fees including appellate attorney's fees.

Section XII. Utilities: Lessee will pay all charges for water and electricity, except as stated herein. Lessor will pay for one-half of electricity used in the Service Building. Lessee will maintain the Service Building in neat and proper condition. Lessor will maintain the restrooms.

Section XIII. Notice: Written notice by certified, Federal Express or other courier service, or delivered to the premises will be sufficient notice to the Lessee. Written notice mailed or delivered to the office of Lessor will be sufficient notice to the Lessor.

Section XIV. Signs/Advertising: Lessee will not use signs, awnings or advertising concerning the premises without approval from the Lessor.

Section XV. Requested Waiver of Fees, Performance Bonds or Costs: Lessee requests a waiver of any fees, performance bonds or any other costs associated with the submission of this Unsolicited 3P Proposal to the City.

Section XVI. Financial Documents: D. RICE MANAGEMENT, INC.'S Profit and Loss Statements for years 2023, 2024 and the period January 01. 2025 through June 30, 2025, regarding the operation and management of the Key Colony Beach Golf Course are attached. Proposer will provide additional financial documentation upon request from the City of Key Colony Beach and/or its counsel.

Section XVII. Revenues-User Fees / Sales and Expenses:

<u>Year</u>	<u>User Fees</u>	<u>Sales</u>	<u>Total Gross Profit</u>	<u>Expenses</u>	<u>Net Income</u>
2023	\$ 92,938.16	\$ 65,927.80	\$158,865.96	\$123,013.76	\$ 36,198.95
2024	\$120,250.08	\$ 84,811.19	\$205,061.27	\$121,909.31	\$ 83,535.08
2025 (January through June)	\$ 68,583.00	\$ 34,452.14	\$103,035.14	\$ 49,599.34	\$ 53,559.29

Average Net Monthly Income for Thirty Months (January 2023 through June 2025):

\$ 5,776.44 (\$36,198.95 + \$83,535.08 + 53,559.29 = \$173,293.32 divided by 30)

Projected Net Income:

Proposer anticipates that net income for operation of the course for full year 2025 will be similar or slightly lower than year 2024 due to loss in membership sales caused by the aging of current members and the change in the character of the City of Key Colony Beach from a second home community to primarily a vacation rental community over recent times. Annual members of the course have dwindled over the years from a high of 125 to a current count of 77. The Legion group was lost over the past year due to aging of its members. Based on these factors, Proposer does not believe that D. Rice Management's net income for operation of the course will increase much over the next three years and may become somewhat reduced due to the increase in some of the expense factors.

User Fees, Membership Fees and Increases:

The last time that user fees (day players) increased was in year 2024. In 2023 the cost of a 9-hole round of golf was \$13.00 and the cost of an 18-hole round of golf was \$21.00. These rates increased in 2024 to \$15.00 and \$23.00 respectively. The Proposer based the 2024 user fee increases on Proposer's experience playing golf and comparing prices at many other similar pitch & putt golf courses throughout Florida and in several other states. Most of the courses visited charge an average of approximately \$18.00 for a 9-hole round of golf. The cost of annual membership on the Key Colony Beach Golf Course is \$525.00 for the first person and \$375.00 for the second person in the same household. This is slightly lower than membership fees charged on other similar golf courses researched by the Proposer. However, the Proposer is mindful of the uniqueness of the Key Colony Beach Golf Course and wants to keep the daily user fee to play as reasonable as possible and maintain / stabilize annual memberships in the hopes of increasing it somewhat with care and attentive customer service rather than raising user fees if possible. User fees were not increased in the year 2025 and the Proposer does not anticipate raising same in the next couple of years.

Revenues:

All revenues generated from player user fees, membership fees, sale of goods etc. related to the operation and maintenance of the Key Colony Beach Golf Course shall be the sole property of the Proposer/Lessee. Proposer shall also have the sole right to set user/membership fees and the costs of goods sold and make adjustments to same as necessary.

Respectfully submitted,

D. Rice Management, Inc.
2375 Overseas Highway

By: /s/ Daryl Rice
Title: Owner / President

D. Rice Management Inc.

Profit and Loss

January - December 2023

	TOTAL
Income	
Greens Fees	92,938.16
Sales	65,927.80
Total Income	\$158,865.96
GROSS PROFIT	\$158,865.96
Expenses	
Automobile Expense	853.16
Repairs & Maintenance	162.93
Total Automobile Expense	1,016.09
Bank Service Charges	7.80
Depreciation Expense	1,457.00
Dues and Subscriptions	50.27
Employee Leasing	39,860.49
Fertilizer Expense	2,519.29
Insurance Expense	3,928.98
Interest Expense	640.05
Licenses and Permits	403.75
Licenses & Fees	268.20
Total Licenses and Permits	671.95
Meals and Entertainment	18.44
Merchant Discount Fee	4,712.80
Payroll Expenses	
Payroll	
Officers Salary	15,000.00
Total Payroll	15,000.00
Tax	
FICA	1,147.50
FUTA	42.00
SUTA	7.00
Total Tax	1,196.50
Total Payroll Expenses	16,196.50
Postage and Delivery	454.16
Professional Fees	3,250.10
Rent Expense	36,414.84
Repairs and Maintenance	2,250.60
Supplies	639.75
Telephone Expense	6,373.81
Travel Expense	1,323.99
Utilities	1,226.85
Total Expenses	\$123,013.76
NET OPERATING INCOME	\$35,852.20

D. Rice Management Inc.

Profit and Loss

January - December 2023

	TOTAL
Other Income	
Interest Income	103.74
Sales Tax Collection Allowance	243.01
Total Other Income	\$346.75
NET OTHER INCOME	\$346.75
NET INCOME	\$36,198.95

D. Rice Management Inc.

Profit and Loss

January - December 2024

	TOTAL
Income	
Greens Fees	120,250.08
Sales	84,811.19
Total Income	\$205,061.27
GROSS PROFIT	\$205,061.27
Expenses	
Advertising and Promotion	400.00
Automobile Expense	1,458.92
Repairs & Maintenance	691.67
Total Automobile Expense	2,150.59
Bank Service Charges	47.20
Depreciation Expense	83.00
Employee Leasing	29,521.65
Fertilizer Expense	882.00
Insurance Expense	1,972.83
General Liability Insurance	2,029.00
Total Insurance Expense	4,001.83
Licenses and Permits	24.50
Meals and Entertainment	68.80
Merchant Discount Fee	4,806.72
Office Supplies	230.75
Payroll Expenses	
Payroll	
Officers Salary	24,000.00
Total Payroll	24,000.00
Tax	
FICA	1,836.00
FUTA	42.00
SUTA	7.00
Total Tax	1,885.00
Total Payroll Expenses	25,885.00
Postage and Delivery	593.14
Professional Fees	3,940.98
Rent Expense	39,267.48
Repairs and Maintenance	2,198.06
Supplies	654.95
Taxes	94.62
Telephone Expense	5,237.36
Travel Expense	652.50

D. Rice Management Inc.

Profit and Loss

January - December 2024

	TOTAL
Utilities	1,168.18
Total Expenses	\$121,909.31
NET OPERATING INCOME	\$83,151.96
Other Income	
Interest Income	126.91
Sales Tax Collection Allowance	256.21
Total Other Income	\$383.12
NET OTHER INCOME	\$383.12
NET INCOME	\$83,535.08

D. Rice Management Inc.

Profit and Loss

January - June, 2025

	TOTAL
Income	
Greens Fees	68,583.00
Sales	34,452.14
Total Income	\$103,035.14
GROSS PROFIT	\$103,035.14
Expenses	
Advertising and Promotion	400.00
Automobile Expense	2,019.76
Bank Service Charges	5.20
Employee Leasing	13,486.67
Fertilizer Expense	495.77
Insurance Expense	1,697.60
Licenses and Permits	150.00
Meals and Entertainment	52.37
Merchant Discount Fee	3,246.11
Office Supplies	186.36
Postage and Delivery	504.83
Professional Fees	1,773.38
Rent Expense	19,745.83
Repairs and Maintenance	1,846.07
Supplies	651.29
Telephone Expense	2,708.26
Utilities	629.84
Total Expenses	\$49,599.34
NET OPERATING INCOME	\$53,435.80
Other Income	
Interest Income	33.49
Sales Tax Collection Allowance	90.00
Total Other Income	\$123.49
NET OTHER INCOME	\$123.49
NET INCOME	\$53,559.29