

Flagler Golf Management, LLC

d/b/a Ocean Palm
224 Datura Street
Suite 409
West Palm Beach, FL 33401

July 18, 2018

VIA HAND DELIVERY

VIA EMAIL: lnewsom@cityofflaglerbeach.com

pennyoverstreet@cityofflaglerbeach.com

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ATTENTION: City Manager

Flagler Beach City Commission

105 S. 2nd Street

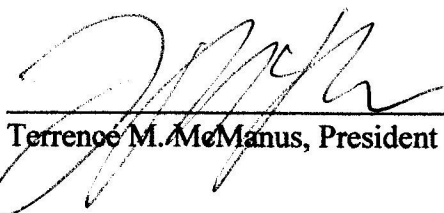
Flagler Beach, FL 32136

RE: NOTICE OF DEFAULT

Dear City Manager:

This letter is to notify you that you are in default of the lease agreement, specifically but not limited to, section 5.5 in which you have installed public infrastructure (stormwater project), without written notice or agreement from Flagler Golf Management, LLC. Such public infrastructure work has caused significant disruption of business and revenue and is still ongoing and accruing to date. Financial records already provided to the City Clerk reflect a year over year loss of revenue of \$108,000.00 dollars of which the city has only compensated \$22,000.00. This loss of revenue does not reflect the anticipated increase in revenue that we did not implement due to the course condition of the stormwater project. Secondly, you, through your contractor, Cline Construction failed to restore the golf course to its condition prior to the beginning of the project. It is noted that the contractor did patchwork resodding of certain areas but this was done at a time that it was known that there was no functional irrigation due to the stormwater project and there was no subsequent functional irrigation for several months after and caused the resodding of those areas to fail. More important, no consideration, repair, or resodding was done to the putting green areas and the estimates coming in for those repairs are near \$50,000. Therefore you have 7 days (July 25, 2018), to cure the defect. If you do not cure the defect by July 25, 2018, we are willing to submit to a binding arbitration or mediation. However, we are prepared to litigate for damages and FUTURE lost earnings.

Flagler Golf Management, LLC



Terrence M. McManus, President

7-18-18
Date