

**GRAND PANAMA BEACH RESORT**  
**Non-Residential Unit Loan Payment Options Committee Meeting Minutes**  
**18000 Front Beach Road, Panama City Beach, FL**  
**Business Center**

**1. Mission Statement was reviewed.**

Identify all options for satisfying the balloon payment due  
Investigate each option and identify the pros and cons of each option  
Prepare and present a recommendation for the board

**2. Introduction of each committee member**

Gary Middleton (1-803)- facilitator, Mike Harper (2-305), Dennis Hetman, (1-805), Dean O'Reilly (1-401), JPorter Share (2-1207), Elmer Smith, (1-203)  
Nancy Stovall (2-1502), Jarod Triplett (2-1201). Owner in attendance, Sharon Cottrell (1-901)

**3. Operating Budget for Commercial Loan Only**

Gary Middleton shared that currently with the income from the Non-Residential Units including the storage closets that owners lease and were part of the NRU purchase, the net income is \$39,427. He stated that although this included expenses for repairs, assessments and sales tax, he didn't leave a margin for unexpected expenses and the possibility of a tenant vacating.

**4. Positives and Negatives of Paying Off Loan or Refinancing the Loan**

Gary Middleton asked each committee member to identify the pros and cons of paying off the loan or refinancing the loan.

***Payoff Loan***

Pros

- Don't know what the interest rate will be in two years. It will definitely be higher than the current rate of 4.25% we have.
- If refinanced, the interest paid would be around \$1,000,000 over the remaining period of the loan.
- Being free of the debt would give the Association a much better position in two years

Cons

- Additional burden on the owners with the additional payment amount.
- The ability of owners to pay and forced to sell their units
- Impact to operating budget to cover the amount for the non-residential unit assessment

***Refinance***

Pros

- Investments companies and banks are willing to negotiate refinancing options
- With higher interest rates, increase to the unit owners would average between \$9-\$16 a month per unit instead of the \$300-\$400 a month over the next two years

- With recent property tax and insurance increases, increases in the assessments, the inspection requirements and the reduced rental occupancy rates, refinancing would give owners an opportunity to recover before making a decision

Cons

- Uncertainty of interest rates
- Increase to operating budget if current tenants leave
- Origination fee of new loan

Gary then asked each committee member to vote on the which option they wanted to take forward to the board.

Voting Results:

Gary Middleton - Payoff the loan  
Mike Harper - Payoff the loan  
Dennis Hetman - Payoff the loan  
Elmer Smith - Payoff the loan  
Jarod Triplett - Payoff the loan

Dean O'Reilly - Refinance  
JPorter - Refinance

Nancy Stovall - Understood both sides, vote would not count.

With a vote of 5:2, the payoff option would be presented.

**5. Option and Cost of Paying Off Loan or Refinancing the Loan**

With the decision to present the payoff option, methods for payoff discussed were:

- Two lump sum payments (one in 2024 and one in 2025)
- Additional monthly payments starting in either April 2024 or June 2024

It was decided to present information on:

- One lump sum payment in October 2024 and one lump sum payment in October 2025
- Monthly special assessment payment starting in April 2024

All payments collected would go directly to the loan and not held in an account. This would be applied to the principle and start reducing the interest paid by the association and would have the loan paid by the due date of 12/28/2025.

**6. Assignments for Next and Final Meeting Before the Board Meeting**

With the options identified, there is not a need for another meeting. Nancy Stovall has the action to format the presentation, send out to the committee members for review. Gary Middleton and Mike Harper will present to the board.

At the conclusion of the meeting, Sharon Cottrell asked if she could make a comment. She expressed her concern on how detrimental it would to owners to increase operating cost to owners already considering the sale of their units which will flood the market and drive property values down.