



November 15, 2019

To: Grand Panama Beach Resort Owners

Enclosed you will find your Board of Directors proposed operating budget for 2020, notice of the meeting including the agenda, reserves schedule, CPA opinion letter, modified reserve contribution limited proxy and surplus funds limited proxy. Florida condominium law provides that the board send these documents to all owners for their review. The board meeting to ratify the 2020 budget will be held at 3:00 pm on December 6, 2019, at 495 Richard Jackson Blvd., Panama City Beach, FL 32407 (the Resort Collection Association Management Office, in the board room). Owners who have questions regarding this budget can contact members of the board, Lee Waller, or the association accounting office at Resort Collection prior to the meeting.

As you review the board's proposed budget, you will notice two different options. The first option is based on modifying the funding of the reserves to \$350,000 and the second option is funding exactly as the 2018 reserve study proposed at \$479,000. The monthly assessment amounts reflecting these options are listed at the bottom of the proposed budget page, for your convenience. Please note, should you chose to fund the reserves at \$479,000, your monthly assessments will be increasing by 6.38%. Should you chose to funding the reserves at \$350,000, your assessments will remain the same as 2019.

Attached is a limited proxy ballot for you to vote. All proxy must include your unit number. The secretary will be the proxyholder by default, unless otherwise specified (self or other owner, keep in mind this person must be present at the meeting on Dec 6<sup>th</sup> for your vote to count). Then determine if you want the designee to have General Powers (the designated voter can vote as they chose) or Limited Powers (the designated voter must vote as selected on the proxy). If Limited Power is chosen, check yes **or** no, as well as sign and date the bottom. If General Powers are chosen, please initial on the line provided. Please remember, the association must have a majority vote in order for option 1 (funding the reserves at \$350,000 and your assessment to remain the same) to pass. If a ballot is not received for your unit, you will be voting for option 2 (funding the reserves at \$479,000 with increasing your monthly assessment by 6.38%). You will also find an opinion letter from a CPA regarding the reserve funding options.

In addition, there is a second limited proxy to vote on surplus funding. Voting yes on this ballot means you are voting for any surplus funds from 2019 to be applied to the 2020 budget.

**\*\* We strongly urge you to return the proxies by email to [LWaller@resortcollection.com](mailto:LWaller@resortcollection.com) as soon as possible.**

We know this is a lot of information at one time. Should you have any questions or need assistance with any of the proxies, please reach out to members of the board, Lee Waller at (850) 814-6387 or the association accounting office at (850) 235-7482.

Sincerely,  
Frank Booke, President  
Board of Directors  
**Grand Panama Beach Resort  
Condominium Association, Inc.**



TO: ALL OWNERS

Notice is hereby given of a Meeting of the Members of Grand Panama Beach Resort Association, Inc. to be held at the following date, time, and place:

**DATE OF MEETING:** Friday, December 6<sup>th</sup>, 2019

**TIME OF MEETING:** 3:00 PM (CT)

**PLACE OF MEETING:**

Resort Collection Association Office (By Montego Bay)  
495 Richard Jackson Blvd.  
Panama City Beach, FL 32407  
(Conference Room)

**CONFERENCE CALL IN NUMBER:** (218) 339-7800 \*New Dial-In Number\*

**ACCESS CODE:** 152-0081

**AGENDA:**

**CALL MEETING TO ORDER**

**CERTIFY MEETING WAS PROPERLY NOTICED**

**NEW BUSINESS**

1. Limited Proxy Votes
  - A. Reserve Funding
  - B. Surplus Operating Funds

**ADJOURNEMENT**

\*Board of Directors Budget Ratification Meeting for the 2020 Budget to immediately follow\*



TO: ALL BOARD MEMBERS

Notice is hereby given of a Meeting of the Board of Directors of Grand Panama Beach Resort Association, Inc. to be held at the following date, time, and place:

**DATE OF MEETING:** Friday, December 6<sup>th</sup>, 2019

**TIME OF MEETING:** 3:00 PM (CT)

**PLACE OF MEETING:**

Resort Collection Association Office (By Montego Bay)  
495 Richard Jackson Blvd.  
Panama City Beach, FL 32407  
(Conference Room)

**CONFERENCE CALL IN NUMBER:** (218) 339-7800 \*New Dial-In Number\*

**ACCESS CODE:** 152-0081

**AGENDA:**

**CALL MEETING TO ORDER**

**ESTABLISH A QUORUM**

**CERTIFY MEETING WAS PROPERLY NOTICED**

**READING AND DISPOSING OF PREVIOUS MEETING MINUTES**

**NEW BUSINESS**

1. Ratify 2020 Budget

**ADJOURNEMENT**



**GRAND PANAMA ASSOCIATION**  
2020 PROPOSED OPERTING BUDGETS

	2020 PROPOSED OPTION 1	2020 PROPOSED OPTION 2	2019 OPERATING
ASSESSMENT INCOME	2,022,820	2,151,820	2,022,820
BEACH SERVICE CONTRACT	50,000	50,000	35,000
MISCELLANEOUS	-	-	3,500
<b>TOTAL REVENUE</b>	<b>2,072,820</b>	<b>2,201,820</b>	<b>2,061,320</b>
SALARIES & WAGES	411,407	411,407	344,775
ACCOUNTING	6,500	6,500	13,500
ADMIN EXPENSES	16,354	16,354	15,022
BANK FEES & CC CHARGES	-	-	-
ANNUAL OWNERS MEETING	300	300	300
BAD DEBT	5,000	5,000	5,000
DEPRECIATION	-	-	2,380
DOT SURETY BOND	875	875	500
INSURANCE	306,778	306,778	247,449
LANDSCAPE	20,500	20,500	29,443
LEGAL FEES	12,241	12,241	5,000
LICENSES / FEES	2,386	2,386	2,439
MANAGEMENT FEES	133,350	133,350	127,000
PEST CONTROL	6,224	6,224	5,772
R & M BLDG	85,000	85,000	90,000
R & M ELEVATOR	41,431	41,431	31,500
R & M EQUIPMENT	5,000	5,000	5,000
R & M FIRE SYSTEM	22,022	22,022	35,000
R & M PARKING GARAGE	5,054	5,054	6,500
R & M POOL	36,686	36,686	36,686
R & M FITNESS CENTER	3,195	3,195	6,455
SECURITY	148,470	148,470	176,675
SECURITY PASS REIMBURSEMENTS	(172,764)	(172,764)	(150,000)
STATE CONDO FEES	1,196	1,196	1,196
SUPPLIES / TOOLS	5,000	5,000	-
UNIFORMS	2,500	2,500	2,500
UTILITIES - TELEPHONE	8,650	8,650	17,295
UTILITIES - CABLE	86,646	86,646	108,190
UTILITIES - WIFI	71,262	71,262	-
UTILITIES - ELECTRIC	137,799	137,799	139,765
UTILITIES - GAS	19,567	19,567	17,643
UTILITIES - GARBAGE	64,986	64,986	63,250
UTILITIES - WATER / SEWAGE	208,335	208,335	196,086
NON RECURRING EXPENSES	20,869	20,869	-
REPLACEMENT RESERVES	350,000	479,000	479,000
<b>TOTAL EXPENSE</b>	<b>2,072,820</b>	<b>2,201,820</b>	<b>2,061,320</b>

UNIT TYPE	2020 MONTHLY ASMT OPTION 1	2020 MONTHLY ASMT OPTION 2	2019 MONTHLY ASMT
<b>T1</b>			
C & D	\$ 516.95	\$ 549.91	\$ 516.95
E & F	\$ 651.76	\$ 693.33	\$ 651.76
G	\$ 872.66	\$ 928.31	\$ 872.66
F	\$ 1,011.12	\$ 1,075.60	\$ 1,011.12
<b>T2</b>			
B	\$ 411.28	\$ 437.51	\$ 411.28
D	\$ 516.95	\$ 549.91	\$ 516.95
E & F	\$ 664.06	\$ 706.41	\$ 664.06
G	\$ 873.11	\$ 928.79	\$ 873.11
H	\$ 1,032.07	\$ 1,097.89	\$ 1,032.07
<b>COMMERCIAL</b>			
TIKI 1	\$ 178.54	\$ 189.93	\$ 178.54
TIKI 2	\$ 88.81	\$ 94.48	\$ 88.81
PM	\$ 116.14	\$ 123.55	\$ 116.14
RETAIL 1	\$ 919.57	\$ 978.21	\$ 919.57
RETAIL 2	\$ 1,196.49	\$ 1,272.79	\$ 1,196.49
RETAIL 3	\$ 894.52	\$ 951.57	\$ 894.52

# CARTER & COMPANY

Certified Public Accountants, LLC

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Destin, Florida 32541  
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[www.cartercpa.net](http://www.cartercpa.net)

November 13, 2019

Amy Ludlam  
c/o Resort Collection Association Management  
495 Richard Jackson Blvd.  
Panama City Beach, FL 32407

RE: Grand Panama Beach Resort Condominium Association, Inc. reserve funding

I have reviewed the reserve study and reserve funding analysis documents and also reviewed the 718 statute and the FAC 61B-22.005.

To begin, there is no statutory requirement to fund the reserves according to your reserve study. Additionally, though not recommended, reserve funding can be waived, reduced, or increased with a majority vote of the general association. It appears that the question here is surrounding the balloon payment.

FAC 61B-22.005(b) states "If the association maintains a pooled account of two or more of the required reserve assets, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payments" Stated another way, the annual pooled account reserve assessment must be at an amount to ensure the pooled account will never have a negative ending balance during any year of the reserve study analysis.

The DBPR has, in recent years, opined that any increase in reserve contributions over the length of a cash flow analysis would be considered balloon payments and prohibited by FAC 61B-22.005(b). Nothing in the code, however, defines exactly what a balloon payment is although the general understanding is that a balloon payment is a series of smaller payments followed by a significantly larger payment. The DBPR maintains their opinion, however, and has cited Associations' for noncompliance on this issue. That being said, without the code giving a more concrete definition of what a balloon payment constitutes, there will always be room to argue this point from both sides, which is why going over this issue with the Association's legal counsel is recommended.

Looking over your calculation and the reserve study, your analysis appears sound and the reserve balance never goes negative. A 10% increase to reserves every fifth year appears reasonable and, in my understanding of the definition, not a balloon payment. I am not sure why the reserve study analyst chose funding of \$479,000 as stable yearly contributions as the study makes no mention of their rationale for that amount to be adequate yet not excessive. I would say from a financial perspective, that your reserves appear fully funded. Of course, this is not to say a special assessment wouldn't be necessary if that actual costs exceed expected costs in a given year, but that is the general case in all these projected scenarios.

Sincerely,

Ashleigh Lyons, CPA  
Audit Manager



