

To: Grand Panama Beach Resort Board of Directors

Thank you for the opportunity to provide this formal response to the default notice issued to FirstService Residential. We recognize the seriousness of the concerns presented and appreciate the clarity with which they were outlined. Our team has conducted a thorough review of each item, engaged the appropriate internal departments, and taken immediate steps toward correction. The following document details our actions, planned remedies, and renewed processes designed to ensure full compliance with our contractual obligations and a higher standard of service delivery moving forward.

1. Failure to Provide Financial Statements

Monthly financial statements have not been provided by the 30th day for the past three months. Delays have ranged from 7 to over 30 days, representing a serious lapse in fiduciary duty and transparency.

CURE: A meeting was conducted with the Senior Director of Client Accounting, during which we requested—and received—authorization to reprioritize the completion of Grand Panama’s financial statements. This reprioritization moves Grand Panama’s financials higher in the production schedule to ensure timely delivery in accordance with contractual requirements. Additionally, the General Ledger accountant previously assigned to this account has been replaced, and a senior-level accountant has now been assigned to oversee and complete Grand Panama’s financial reporting.

2. Improper Collection of Assessments

The Association is awaiting an official report regarding the collection of special assessments. We require confirmation that these funds were properly collected and maintained in a separate account to service the loan balance.

CURE: Pending. We are currently awaiting a detailed report from Accounts Receivable to confirm the collection status of all Special Assessment funds. It is important to note that these funds were not maintained in a separate, dedicated account by the prior management company. Upon assuming management responsibilities, all Special Assessment monies were already within the Association’s primary operating account. The Special Assessment has been properly recorded and tracked on the balance sheet within your financial statements.

3. Failure to Punctually Disburse Payments

Per the contract, the agent must make disbursements regularly and punctually. Numerous bills have remained unpaid for over five months, resulting in finance charges and late fees. Specifically, Cavinder Elevator has refused service due to overdue payments, and front desk phone service remains disconnected without explanation. The Association should not be responsible for finance charges or late fees.

CURE: The Regional Director conducted a comprehensive review of all Grand Panama invoices dating back to July 2025, during which all late fees and penalty interest

charges were identified. FirstService Residential will issue the Association a credit in the amount of \$653.49, representing the full total of these charges. Once the credit has been applied, supporting documentation will be provided to the Board of Directors for verification.

To prevent any recurrence of delayed payments, the following accounts will be transitioned to autopay status: FPL, Culligan, Teco Peoples Gas, Tiger Natural Gas, and other recurring monthly billing accounts. Although these accounts will be placed on autopay, each invoice will continue to route through AVID and will follow the standard internal approval workflow to maintain oversight and financial control.

In addition, the CAM will conduct early-morning daily reviews of all incoming invoices and complete timely submissions through AVID to ensure no future delays in processing.

As of March 10, 2026, the front desk phone line has been fully reactivated and is now fully operational, resolving the previous interruption in service.

4. Inadequate Internal Procedures

The agent has failed to maintain systematic procedures for responding to service requests. Numerous maintenance requests, emails, and phone calls from Board members and owners—particularly regarding payments and assessments—have gone unanswered or significantly delayed.

CURE: Regarding maintenance requests: Randy Hulver, Maintenance Supervisor, is now fully trained in the work order system and will ensure consistent use and timely resolution of all work orders. Each morning, Randy will review all open requests and assign them to the appropriate team member. Upon completion, he will verify all work and formally close out each order. Weekly, the CAM will provide the Board of Directors with a detailed report documenting all open, in-progress, and completed work orders, included alongside the CAM's Management Report.

Regarding delayed communication: The CAM has brought all outstanding emails up to date and will now dedicate a structured portion of each workday exclusively to returning calls and responding to email correspondence. The Regional Director will continue providing oversight to ensure responsibilities are properly prioritized and that service expectations are consistently met.

To further strengthen support and accelerate operational recovery, FirstService Residential has assigned an additional CAM, Tanya Russell, to provide administrative assistance and help eliminate the existing backlog at no additional charge to the Association.

Although the notice of default establishes a 30-day cure period, the Board has agreed to allow a 90-day performance window for Randy Hulver to fully stabilize and elevate maintenance and janitorial operations to the Board's satisfaction. We appreciate the Board's willingness to provide this extended timeframe, and we are committed to

ensuring that meaningful, measurable, and lasting improvements are achieved well within that window.

5. Hiring Practices / Cleaners / Maintenance

The Association was assured of a dedicated crew capable of meeting its needs. However, several issues have arisen, including staff turnover, lack of a structured cleaning and maintenance schedule, and insufficient oversight. Essential maintenance logs are missing, and current cleaning coverage does not meet Board requirements.

CURE: The final open common-area cleaner position has been offered and accepted, and the candidate is currently undergoing the required background check. Upon successful clearance, the individual will begin employment. We acknowledge that staffing turnover has occurred, largely as a result of the necessary termination of the former Maintenance Supervisor. Our priority is to restore stability within the maintenance and janitorial teams, and under Randy Hulver's leadership, we are confident the department will be strengthened quickly and sustainably.

As part of establishing a high-performing and reliable team, personnel adjustments may still be required to ensure that Grand Panama receives the level of service expected and deserved. The Board's concerns regarding maintenance and cleaning schedules have also been addressed. Effective Thursday, March 5, 2026, staffing coverage has been expanded to span 6:00 AM to 10:00 PM, ensuring appropriate coverage throughout high-demand operational periods.

Attached for your review are the updated staffing schedule, as well as the maintenance and common-area cleaning checklists. These documents will continue to be refined over the next several weeks as operational expectations are calibrated and processes standardized. Once finalized, the complete and updated checklists will be provided to the Board.

We are committed to correcting each deficiency with urgency, transparency, and accountability. Our team values the trust placed in us, and we are privileged to serve Grand Panama Beach Resort. We remain fully dedicated to strengthening our performance, rebuilding confidence, and aligning our efforts with the Board's vision. It is our goal to support the community with excellence and to ensure that Grand Panama continues to thrive under a standard of service that reflects the expectations of the Association.

Sincerely,

Jason Bennett
Regional Director