

MINUTES OF THE
ANNUAL MEMBERSHIP MEETING OF THE
SPANISH LAKES COUNTRY CLUB SERVICE CORPORATION, INC.
JANUARY 15, 2008

The annual meeting of the shareholders of the Spanish Lakes Country Club Service Corporation was held at the Spanish Lakes Country Club Village Auditorium on the 15th day of January 2008. Present were Board Members Joel Wynne, Harvey Newman, Marilyn Carlson, George Camino and John Reiff, as well as Alfredo Camacho, Controller for Wynne Building Corporation, and approximately 62 shareholders. Joel F. Wynne, President of the Board, presided and called the meeting to order at 4:05 P.M.

Mr. Wynne introduced the Board Members for the benefit of new residents.

The minutes of the previous meeting were read. Motion was made to accept the minutes as read, the motion was seconded and the minutes were approved.

Mr. Wynne then turned the floor over to Alfredo Camacho. Mr. Camacho reviewed the Comparative Financial Statement for the Service Corporation for the years ended November 30, 2007 and 2006, as to its assets and liabilities, income and expenses. Mr. Camacho stated that the cost of the water system is stable and it has not increased. He noted that the insurance increased substantially this year.

The questions from the floor:

Q: How many vacant lots are there in the community and how many lots is Wynne Building Corporation billing the Service Corporation for?

A: Mr. Camacho answered: There are currently 44 vacant lots in Country Club Village and last month's billing was for 1,256 homes at \$17.12 each, per month

Q: What portion of the income collected goes towards operation of the water and wastewater plants?

A: Approximately 93% of the amount is applied towards the operation of the Water and Sewer Plants, and the remaining 7% goes towards permitting and additional expenses.

There being no further questions regarding the Financial Report, the floor was turned over to Harvey Newman for his report on the function and operation of the utility system.

Mr. Newman's reported the following: In an effort to conserve regional water supplies, the Governing Board of the South Florida Water Management District has found it necessary to declare an "Extreme District-wide Water Shortage". We have met with the District and have applied for approval of our Watering Schedule. I asked for their approval because we do not allow irrigation systems at Country Club Village. We have been asking for an afternoon watering window for some time and the new schedule includes one. If we had asked the District

to change our Watering Schedule, outside of their regulations, we would have had to apply for a Variance, but the new restrictions include what we wanted.

At this time, Mr. Newman reviewed the new Watering Schedule and noted the change from designated days for different streets to an odd/even house number system. It was also noted that residents can water for one two hour period per week, on their designated day, not twice a day.

Questions from the floor were as follows:

Q: What are the watering restrictions concerning new lawns? I heard that there is a 60 day window to water newly sodded lawns.

A: There are restrictions concerning new lawns. We did not include this in our schedule, as we didn't want those rules misunderstood. We wanted to keep the schedule simple. However, I can look those rules up for anyone who needs it.

Q: Is there a recommended variety of grass for the lawn?

A: Bahia is the most drought tolerant. St. Augustine requires more water and care. Bahia will survive the best in our sandy soil.

Q: Can houses and driveways be washed? A lot of residents received yellow notices to wash their homes and everyone is racing to get this completed.

A: Yes, but please be reasonable and volunteer your conservation efforts. One or two times a year should be adequate to keep your house clean. The District is very concerned about our water resources, as you can see by the once a week watering restrictions.

Q: Power washers can run for 3 ½ to 4 hours while cleaning a house. They use a lot of water.

A: Yes, they do and we have to watch where they put the used water.

Q: Can we start this new schedule next week?

A: You can start on Monday, January 21st.

Q: Who enforces the new schedule?

A: The Police will enforce it. We used to, but it's no longer our issue. We're relieved of it.

Q: How many \$50.00 violations were issued?

A: Very few, but now it is a violation of State Law.

Q: Why is Indian River County excluded from these restrictions?

A: South Florida Water Management District controls south of Indian River County. Therefore, they have control of our county and we follow their rules. Indian River County won't be far behind us.

At this time, Mr. Newman moved on to report on the Reverse Osmosis System:

Mr. Newman stated that 63.7% of the water went back to the Sewer Plant and 37% of the water was used for external water use. Last year, we used 71 million gallons of water, which is under budget, and the average daily use was 195,000 gallons per day.

Mr. Newman mentioned that leak detector tablets were available at the meeting, for residents who want to check their commodes for leaks. Just drop the tablet in the tank and if blue shows in the bowl, there's a leak and the flap should be replaced.

Q: Why are leaks that occur on a Friday not repaired until Monday?

A: It's difficult to get parts on the weekends. An underground leak can be very tedious and we need to make sure that we have all of the proper equipment on hand.

Mr. Newman continued: We had two scheduled outages because of the membrane replacements. We also had a mysterious shut down on January 6th. The night before, the tank was 70% full and by morning the tank was empty. We feared a leak into the lake and we discussed this issue with the Community Manager, Craig. It seems that some of the isolation valves don't work when we are repairing a leak. We are going to test the valves in the park and start a replacement program. If you see a leak, please report it. We always try to fix it that day if we can.

The Brine Dilution Pumps are now silent. We were successful in replacing them.

Additional questions from the floor:

Q: Are all four wells in operation?

A: No. Well #3 overheated yesterday. Service will be here tomorrow to extract that well and we're planning to clean it while it's removed.

Q: Can residents be notified prior to scheduled shut-downs?

A: We usually do. However if it's a leak, we have "Neighbors Helping Neighbors" to inform everyone.

Q: When the light flashes on the plant, I call the emergency number. Is this what I should be doing?

A: Yes. Please call. The light flashes and there is a low alarm. We will be installing an alarm for when we are almost out of water.

Q: Will the alarm be tied into Rod's phone?

A: It's usually the person on call and the answering service.

Q: When a pump fails, do you measure the water level?

A: We constantly measure the water levels. When the well is pulled, the water level is higher – after we pump is when we need to measure.

Q: Do you compare levels prior to installing a well and after pumping?

A: Yes – we measure recovery time.

Q: Have you seen any significant differences in the levels from when the well was originally installed?

A: No.

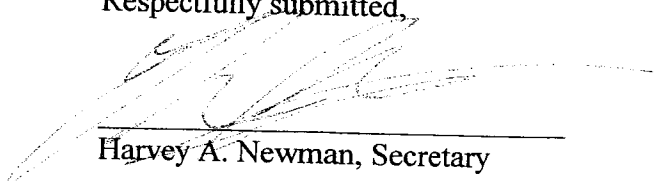
Q: How deep is the water level?

A: The ground water level is approximately 75' to 110'.

There being no further questions, Mr. Wynne mentioned that the water that we get comes from a very large, regional aquifer. We do not have any significant issues with supplying water. The only major issue we've had was the installation of the Reverse Osmosis System. I don't think that there is as high quality comparable system in the area to ours. Also, the Waste Water Treatment Facility is running well.

Mr. Wynne thanked everyone for attending and there being no further business to come before the members, the meeting was adjourned at 5:50 P.M.

Respectfully submitted,



Harvey A. Newman, Secretary