



A RESIDENT OWNED COMMUNITY

A MESSAGE FROM THE PRESIDENT OF CONTINENTAL COUNTRY CLUB R. O. INC.

On August 3, 1989, the final papers were signed which culminated seven (7) months of effort to purchase Continental Country Club from Redman Industries. To accomplish this purchase, a non-profit corporation, C.C.C.R.O., INC. was formed with 900 shares authorized which was the entity that purchased most of the assets of Continental Country Club.

A separate for-profit corporation called Continental Utility, Inc. which is a subsidiary of C.C.C.R.O., INC. was set up to purchase the water and sewer system. This utility company has 2,500 shares of stock authorized but only 900 shares were issued and all of them are owned by C.C.C.R.O., INC.

A loan commitment in the amount of \$4,000,000.00 was obtained from First Florida Bank. We asked for a commitment of this amount because we did not know how much actual cash we could raise. As it turned out we borrowed just \$3,700,000.00 from the bank. The interest rate on this loan is 11.5% and the rate is fixed for five (5) years. At the end of the five year period the loan can be renewed for another five years at whatever the going rate is at that time. The loan is set up on a twenty five year amortization schedule. This is done to keep our payment at an amount that should be no problem for the corporation to make. We can prepay any amount on the loan at any time without penalty. Twice a year the amounts we have prepaid will be reviewed, and if we have prepaid at least \$100,000.00 during the period, the monthly payment will be adjusted downward to correct for the prepayments.

Anytime a new corporation is formed it must have "organizers". In this case the members of the Board of Directors of C.C.R.H.A., INC. served as the organizers because they were the ones who were doing the work on the project and were most familiar with it. The Board of C.C.R.H.A., INC. also serve as the Board of Directors of C.C.C.R.O., INC. until an election is held.

We have discussed this situation with Chris Jayson and Joe Gaynor a number of times and they are of the opinion that there is no conflict of interest and certainly not illegal.

It is our plan to keep the C.C.R.H.A. Board intact until the distribution of the John T. Allen, Jr. Trust Account funds and the legal fee refunds has been completed. At that time changes in the C.C.R.H.A. Board will be made in an orderly manner as called for in the Corporation by-laws.

It is also our intention to conduct an election of Directors for C.C.C.R.O., INC. this Fall when most of our snowbird shareholders have returned. At that time we will have a general meeting of all of the owners of Continental Country Club R.O. Inc.

Over the past few weeks and months, it became necessary for the interim Board of Directors to make many decisions. These decisions had to be made in order to complete the purchase from Redman Industries.

I will give you some information on several of the most important decisions, but first here are some statistics that might be of interest to you. About 70% of the property owners in Continental have purchased a share in C.C.C.R.O. Of the 629 participants in the John T. Allen, Jr. Trust Fund, 451 are using their portion of the fund to buy a share in the corporation or are paying for their share in cash. Fifty five participants have left the park and 123 other participants have not purchased a share in the Corporation. Of the 535 members of C.C.R.H.A. INC., 467 or 87% have purchased a share in the new corporation.

	Total Number	%	Total Dollars	%
Shareholders	451	72%	\$ 911,267	74%
Non-Shareholders	123	19	218,431	18
Gone from park	55	9	93,496	8
	629	100%	\$1,223,194	100%

The Board of Directors is pleased to announce the employment of Bobby E. Hunt as General Manager of Continental Country Club R.O., Inc. We have signed a three year employment contract, prepared by Chris Jayson, with Bob. He brings to the position two years of actual management of the park, as well as many years of business experience. This experience will be extremely important to us during the start-up of the new corporation. The biggest advantage is that Bob provides continuity and avoids the need for us to search and train a new person from the outside. Bob makes his home here in Continental, is a shareholder and has a charter golf membership. He has a larger investment in the success of our venture than most of us. He gave up an eight year career and pension with Redman Industries to make a three year commitment to work with us. He brings the ingredients we need to make our venture successful -- knowledge, experience and enthusiasm.

As General Manager, Bob is responsible for the operations and maintenance of the park as well as the golf course, the utility company and Administration. Steve Girard, our Golf Pro, Tony Young, our greenskeeper and Murray Peters, Chief of everything will report to Bob.

As per the agreement, Bob will report to one person and one alternate person both named by the Board of Directors. The Board has named the President of C.C.C.R.O. and the Vice President of C.C.C.R.O. as the one person and the alternate for Bob to report to.

It is important to recognize that there can only be one person in charge of the operation. We, as owners, must realize that to avoid utter chaos all questions and/or problems must be routed to the General Manager for resolution. This is particularly true in our relations with our employees who will take direction only from their immediate supervisors. If you have any difficulty with any employee or any other problem, you must take it up with Bob Hunt who will consider all angles and resolve all problems.

We will continue to have "COFFEE WITH BOB" meetings or any other type of meeting to keep you fully informed.

The Board of Directors has signed an "Engagement Agreement" with the firm of Logan and Weiss, Public Accountants of Mount Dora, Florida as our CPA firm. Bob Hunt will set up the necessary accounting records for the new corporations. David Logan will review these for compliance with the IRS and the Public Service Commission. David Logan will provide audit service in the future.

The Board has also signed an "Authority to Represent" agreement with the law firm of John T. Allen, Jr. P.A. This firm will act as our General Counsel. We will continue to use Archie O. Lowry of the firm of Pullum & Pullum of Leesburg for local routine matters.

Redman Industries has purchased 20 shares in the corporation at \$3,000.00 each and 20 charter golf memberships at \$4,000.00 each. They have signed notes for each of them. They will be used as sales incentives for the purchasers of new homes and lots. This agreement is for three (3) years at which time any unsold shares and/or memberships will be returned to the Corporation and the unpaid balance on the notes will be cancelled. In the meantime, we will have received the payments of principal and interest on the notes over the three year period.

Redman Industries has agreed to pay O & M on all of the lots owned by them at the rate of \$84.00 per month. This applies to vacant lots as well as lots on which specs or model homes have been placed. For your information, the current O & M charge for vacant lots is \$31.00 per lot. At the present time Redman Industries owns eighty nine (89) lots.

Redman Industries is setting up a model home center in the area immediately adjacent to the shuffleboard court behind the administration building. This is deemed to be necessary to aid in the sale of new homes and lots. This will not be a permanent installation. The homes still have their axles attached and will be moved as quickly as they are sold. In lieu of rent, Redman Industries paid \$3,100.00 to have the entrance road resurfaced. This was not among the engineer's findings during the due diligence period.

Three Guys, Inc. will continue to lease the restaurant from C.C.C.R.O. INC. They have been paying \$2,500.00 or 6% of the gross (whichever is greater) each month as rent. During the Summer months, the \$2,500.00 minimum has become a problem to them. We have agreed to the straight 6% of the gross as the monthly rent. A review of their financial statements for the period of time they have leased the restaurant shows the monthly average to be about \$2,750.00 per month. We have also agreed to subsidize the Eagles Nest which has been a consistent loser. The daily income has not paid the wages of the help required. We will set the hours of operation for the Eagles Nest, and the agreement is subject to change.

Three Guys, Inc. has promised a new menu and our kind of music. Tony is gone. They are very confident that with the change in ownership of CCC more residents will patronize the OAK TREE RESTAURANT AND LOUNGE.
REMEMBER: For every dollar you spend, your Corporation earns 6¢.

Plans are being made for the election of the Golf Board. This Board will be made up of Charter Members. We will continue to have green fee players during the Summer months at Summer rates. This income, about \$4,000.00 per month is very welcome. The lack of control of green fee players and cart rentals in the past has been a great source of irritation to all golfers who live here and pay their dues and trail fees. Much tighter controls of both green fees and cart rentals have been started and will be constantly monitored.

In conclusion, I would like to say that there is still much work to be done to get our organization working smoothly. It will take some time. We ask that you be patient. What we have done is still the best course of action that could have been taken.

C. L. NOLL, PRESIDENT
C.C.C.R.O., INC.

