



# Monarch Bay Association

April 9, 2008

Dear Friends and Neighbors:

This letter is to inform you of a recent communication from the Moulton family. Last Tuesday morning, John Miles received a call from the Moulton family counsel informing him that the family is "serious" in its interest in pursuing an early exercise of the option by Monarch Bay residents to purchase the family's residual fee interest in Monarch Bay. As you may know, for years representatives of Monarch Bay have suggested to the Moulton family that this is the best and most logical way to resolve our disagreements *but* until this call, they have never indicated any interest in pursuing this topic.

At this point, there is no available information on price or terms but we expect more detail to emerge as we engage in dialog with Moulton family representatives. The Moulton family has requested a confidentiality agreement to govern negotiations until such time as we approach a mutual (nonbinding) agreement on price and terms; therefore, we can only share information as permissible under the confidentiality agreement. We know the importance of this subject to our homeowners and we will use our best efforts to keep you informed. We would appreciate it if you will hold your questions until such time as more complete information can be disclosed. At that point appropriate people will be contacting you individually. If we are successful in reaching what appears to be a fair agreement, you will have ample opportunity to ask all questions and cast your vote – for or against.

~~PLEASE UNDERSTAND THAT IN NO EVENT WILL YOUR RIGHTS AS THEY CURRENTLY EXIST UNDER THE 2020 OPTION AGREEMENT BE ALTERED UNLESS YOU SPECIFICALLY CONSENT. WHAT THE MOULTONS PROPOSE WILL BE IN ADDITION TO AND NOT A REPLACEMENT OF YOUR 2020 OPTION RIGHTS AND YOU, IN YOUR SOLE DISCRETION, CAN ELECT TO PARTICIPATE OR NOT.~~

MONARCH BAY ASSOCIATION

By: Wayne Rayfield  
Wayne Rayfield, President

MONARCH BAY LAND ASSOCIATION

By: John B. Miles  
John B. Miles, President