

SAVE THE BEACH CLUB COMMITTEE

9526 Oak Bay Road #201

Port Ludlow, WA 98365

November 8, 1997

Dear LMC Members:

Olympic Resource Management (ORM), a Pope Resources company, is moving ahead with its plan for an "orderly development of the Port Ludlow Community" to "create optimum value for its unitholders and others." Many of the improvements envisioned, of course, will be welcome.

A key element of the evolving plan is sale of the North Bay Beach Club to ORM, using the proceeds to finance expansion of the South Bay Club to serve the entire Port Ludlow community. We find this action both unnecessary and undesirable. Here are some of the reasons:

1. The Beach Club, in its present location, is a prime reason why many of us have settled in or hope to locate in Port Ludlow. The Beach Club is a focal point for socializing, swimming, dancing, conditioning and other recreational activities. Moreover, the facility has a significant impact on the worth of our properties, both retail value and value to our way of life.
2. The Beach Club property, five-plus acres, is anchored by five hundred feet of low-bank waterfront and is fully owned by the LMC membership. It extends from the beach to Oak Bay Road and includes tennis courts, parking areas and the Bridge Deck used by an active group of bridge players and for small meetings. The fate of Kehele Park and of the vehicle storage area on Swansonville Road, also owned by LMC, has not yet been identified as part of the ORM proposal.
3. Dissolution of LMC as a corporation is provided for in Article X of its By-Laws. If such action is intended by those favoring the sale of the Beach Club, "each person who is then a member shall . . . receive his pro rata share of the assets . . ." This is not consistent with the proposed transfer of funds from the sale of the Beach Club to a larger and combined club.
4. Improvements have been made to the Beach Club as needed over the years. For instance, the men's and women's locker rooms were completely reconstructed over the past year. Needs for maintenance and improvements are continuously reviewed and implemented. That is provided for by the "Replacement Fund Allocation" in the Budget. Despite rumors to the contrary, the Beach Club structure is sound and there is no problem with its continued use. Expansion of the Beach Club may be desirable with the growth of LMC membership.
5. Most North Bay residents will never find the time nor the need to get to know all other North Bay residents. Selectively, they have come to know and enjoy being with individuals from both North **and** South Bay. Combining the North and South Bay clubs into one club is truly not needed for any purpose. There are advantages to having two clubs, one of which is flexibility in scheduling use of facilities.
6. Bigger is not necessarily better, nor is change necessarily better. Examples, perhaps, are removal of the small-boat ramp at the Marina, the added third nine holes at the golf course, and building the Inn with the jammed-in townhouses.

(over)

7. There is a perception that selling the Beach Club property to ORM is the only solution to making Port Ludlow "a vital highly regarded community." On the contrary, we share the viewpoint of a very large number of North Bay homeowners that we will be a highly regarded community only if we retain the Beach Club.

It is well for us to remember when considering this ORM initiative to construct a "Hallmark Community" that ownership of property offers a freedom of choice that is well worth preserving. Keep this in mind if we are to face a vote. Help us to save the Beach Club and its contribution to the quality of life in Port Ludlow.

Respectfully submitted,

The Save the Beach Club Committee

P. S.: Signatures of Committee members were to have been affixed to this letter. So many of our supporters wanted to sign the letter, too, that the concern about someone's being overlooked has prompted the omission of all names. This will also make it easier to complete the mailing activities expeditiously.

*The Following Are Additional Thoughts Submitted
to the Committee by a Fellow Homeowner*

October 29, 1997

A great many more answers and clarifications are needed before we would agree to go along with ORM's proposal to unite the North and South Bay Communities in Port Ludlow.

Just for the record, here are a few facts that should be considered before anyone makes a decision on this issue:

- 1) Pope (ORM) owns the Marina and the two parking lots above it. Pope (ORM) also owns the Harbormaster and the parking lot above it. And they own the Conference Center where the Lobby and Reservations Offices are located. They have ample room to put up any kind of recreation building they need to accommodate their hotel guests.
- 2) No matter how many times they change their name to throw a smoke screen around the real issue, they are still Pope and Talbot. They are big business and have an agenda: To do whatever it takes to get back the Beach Club and that strip of land that separates the Resort properties.
- 3) The South Bay Rec. Center (Bay Club), although very nice and fairly new, is not in our opinion large enough to accommodate all of the people in the various associations. The area surrounding the Bay Club where the condos are located is an adult community. No children live there and children do not use the Bay Club. What then becomes of the young families who now live in or are moving into North Bay? Some of us who have lived in North Bay for 20-plus years have adult children and grandchildren who visit and like to use the Beach Club.

Let's just say by some remote circumstance ORM was able to buy the Beach Club, tear it down and build a beautiful recreation facility. The bottom line is that they would own it, they would run it, and they would regulate when and by whom it could be used, since its primary purpose would be for the use of the Resort guests.

Pope's (ORM's) proposal also states that all of the associations in the various communities would be dissolved and that one new association would be formed, a Board of Trustees appointed or elected to serve all the combined communities, and that officers of ORM would occupy two seats on the Board. This doesn't sound like a really good description of self-government to us.

541 Pioneer Drive
Port Ludlow, WA 98365
October 27, 1997

Dear Howard:

It seems that there is need for you to clarify for LMC members what you meant to convey through your Winter Message in **The Port Ludlow Log**. It gives the impression that you favor unification of both the governance and the social and recreational activities of North Bay and South Bay.

The cost would be loss of "our beloved . . . Beach Club," you wrote, but "let us regard this as possibly the only opportunity we are likely to have to raise Port Ludlow to a level that will guarantee its future as a vital, highly regarded community." Really?

Howard, for many of us, bigger is not better. I ask you:

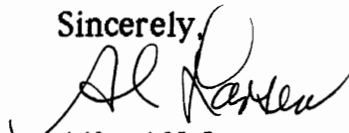
- Will our problems be better addressed by a new 11-person board than through LMC and CLOA?
- Is it necessary to have one large club in order to facilitate as much "getting-to-know-each-other" as is individually desired?
- How many complaints have been registered about the difficulty of getting together with or getting to know South Bay people?
- Are not the increasing numbers of combined activities accomplishing this?

Here's the way it looks, Howard. ORM is losing money on the Port Ludlow development and has come up with a plan to overcome identified deficits, as they should, but they want our Beach Club property.

It's the missing link and your message in the **Log** appears supportive of that objective. You may not have taken into account that more than a third of LMC members would likely vote for the status quo, preventing a sale.

Now, Howard, I hope you believe that I can both like you as a person and disagree with the stance you appear to have taken on this issue.

Sincerely,



Alfred N. Larsen

October 21, 1997

Minutes of the Save Our Beach Club Association (S.O.B.)

Meeting was called to order by: Allene Greene at 4:10 PM..

In attendance were: Alene and Virgil Greene
Tim Hampton
Cecilia and Al Larson
Margot and Bill Veal
Betty Taylor
Lenetta Johnson
Toni Moseson
Ken Schneider
Marian Peterson
Helen Harris
George Wiggenton
Bill Shamhart

Allene stated the purpose of our organization and handed out a meeting outline.

The following topics were discussed:

Our group should try to pinpoint the threat of being unable to get the 66 2/3 % vote.
What do we have to counteract Olympic Resources Management's proposal?
What legal obligations do we have?
How will we finance the mailing to all lot owners?
If a vote is called for, can the Board table the vote?
Can we attend the meeting of LMC absentee owners to be held in Seattle by ORM?
Is there a reversionary clause? Helen Harris says "yes it is in effect".
Al Larsen read the 1986 explanation of the reversionary clause. " Pope has to prove that we are guilty ".

It was agreed we should all write individual letters in response to Howard Slacks" editorial in the October 1997 Log.

It was agreed that we should each bring a draft of a letter to be sent by the SOB's to all owners.

It was suggested to contact individual friends currently out of the area that are beach club members.

Also suggested were letters to the Web sight. (<http://www.olympus.net/community/ludlowBeachClub/>)

Further remarks:

There are 89 individuals who own more than one lot - They represent 189 lots.

The next meeting will be held Tuesday, October 28th , at 4:00PM

Respectfully Submitted,
Lenetta Johnson

Oct. 6, 1997

Promises Promises, The Biggest Snow Job Since The Last Ice Age.

I read with mixed emotions the article in The Leader about Port Ludlow's future and the changes being proposed by Pope's newly formed "Olympic Resource Management," and I ask myself who would stand to benefit most by these proposed changes. Clearly it would not be the people of Port Ludlow. Mike Derrig's reappearance on the scene several months ago has a single purpose and that is to get the Beach Club for the Resort.

The Beach Club is owned equally by each lot owner in the North Bay Community. Pope Resources (now Olympic Resource Management) has no right or title to the Beach Club and it's only interest is that of greed and self interest. The Beach Club is not located on resort property as stated in the Leader's article, Every inch of ground beneath the Club, the parking lot above it, the Bridge Deck and the property right up to Oak Bay is owned by the people of the North Bay Community whose governing body is the Ludlow Maintenance Commission. .

We have heard The Resort is losing money, but that they now want to create a "Hallmark Resort" by using our Beach Club to-do it. This is not new news, Pope has been trying to create a Hallmark resort for 28 years and so far has not succeeded.

A proposal similar to the one being made today by Mike Derrig was made to LMC Inc. several years ago and failed because the majority of the home owners knew that we all shared ownership in one of the most beautiful, and yes most valuable, properties in the Northwest.

I wish someone would explain to me how a greater number of people owning one club house is better than the same number of people owning two club houses. If North and South Bay want to unite we don't need Pope to do that for us. Or maybe a reciprocal agreement between the two communities is all that's needed, and the best part of all is that we would lose nothing in the bargain.

One thing should be made clear and that is it wouldn't make a particle of difference if everyone in South Bay, Highland Greens, and all of the other Associations involved in this proposal voted 100 percent to accept what Olympic Resource Management is proposing, Unless the North Bay residents had a two-thirds majority in favor of it, it wouldn't mean diddley squat as for as the Beach Club is concerned.

If we were to surrender our right and title to what is legally ours we would surely be the losers. Our property as lot owners and home owners would be devalued because there would be less to offer potential buyers if we ever decided to leave the area.

As far as self government goes, North Bay (The LMC) since it's inception has always been self governing. The Board of Trustees made up of North Bay and Condo owners, With its various committees, has operated successfully for over 20 years.

If the Resort (ORM) is able to keep all of it's promises to the community such as building a larger conference center, two restaurants, guest room capacity of 250, indoor tennis and fitness center, museum, youth center, ect.,ect., why doesn't it build it's own "Beach Club." Why indeed.

Archie J. Charwell
Kane Greene
Robert M. Kellner, Sr.