

Dear Sea Ranch Community:

Thank you for your emails and other statements of support. We do consider your input valuable and we will endeavor to respond to frequently asked questions and comments in updated postings to our website at www.srlep.com.

When we last wrote, we were awaiting the response from Design Committee (DC) to our Request for Reconsideration of the 10 conditions imposed in the DC's letter granting Preliminary Approval of our project. We have now received the DC's response letter, which essentially denies our request for reconsideration.

Many of you have asked us what the DC's 10 conditions are. Although we are willing to share that information with you below, you should know that the DC's 10 conditions constitute a demand to substantially redesign our project, would result in a project which is not economically viable and consequently will not be built. We truly believe that our design team delivered an excellent design plan given the numerous environmental challenges within the site.

The following illustrates with some more specificity the DC's 10 conditions. In its first condition, the DC requires the Lodge Owner to relinquish valuable further development rights conferred by the 1991 Settlement Agreement. In its second condition, the DC imposes height restrictions inconsistent with both Sonoma County Rules and TSRA's Design Rules. The third through seventh conditions not only amount to the DC attempting to re-design the project, but many of them are also inconsistent with the Conceptual Approval previously granted by DC or our compliance with legal requirements such as the Americans With Disabilities Act. In its eighth condition, the DC seeks to usurp the role of Sonoma County governmental agencies. In its ninth condition, the DC requests additional information that it was not entitled to under either the 1991 Settlement Agreement or the preliminary submittal checklist that was agreed upon with DCEM staff. In its tenth condition, notwithstanding its granting Preliminary Approval, the DC seeks to impose a second preliminary approval step (which is not provided for in the Design Rules) and is inconsistent with the preliminary approval granted in the October letter. If you are interested in reviewing the DC's October letter, the Lodge Owner's Request for Reconsideration, and the DC's letter of January 2, 2009 denying reconsideration, we have posted those documents on our website.

Some of you have asked whether the problems that we have encountered with the DC are attributable to a failure to meet with them a sufficient number of times. Between the spring of 2007 and the present, we have met with the DCEM staff, the DC and various sub-groups of the DC at least 14 times to keep them fully apprised of our development plans and to seek their input and guidance. During the process, the DC had ample opportunity to comment on our plans as they developed. Nevertheless, many of the DC's 10 conditions were not raised during these meetings and some of the 10 conditions were inconsistent with the DC's prior comments and DC's conceptual approval of our project.

If our proposed small scale and environmentally sensitive project is not approved without unwarranted conditions, then we doubt that any other project permissible under the 1991 Settlement Agreement would be approved by DC. Because of the current financial markets and the considerable delay the DC and its process has caused thus far, our capital partner's financial backing for the Lodge project is very uncertain. In the event of further delays in the design approval process, we will lose our financial backing and it will be impossible to find alternative financing for our project.

Quite simply, the time has come to simply judge our proposed project on its current merits. In order to move our project forward as expeditiously as possible, we have requested a meeting with the Board to discuss various contractual matters that have arisen under the 1991 Settlement Agreement. We are hopeful that such a meeting will occur shortly.

If you are interested in this project succeeding, and you have not already done so, please give us your e-mail address or other contact information, and we'll keep you updated on our efforts and let you know how you may support us in making the project become a reality.