

Letter to Riviera Community Club Members

Water quality and access is a concern all over the world, and it is here on our Island, too.

All Island residents draw from the same aquifer (a large underground body of rock and/or sediment that holds groundwater). Access to the aquifer, via wells, is controlled by the Department of Ecology who assigns *water rights*. When the Riviera Community Club (RCC) was established over 50 years ago, the Lake Josephine Riviera Water District was created and was allocated water rights to serve the expected population of the RCC. Island residents who were not members of the RCC were required to secure water rights and to dig their own well. Every well represents a "puncture" of the aquifer and each "puncture" poses a threat to the entire water supply.

Residents of the Cole Point region of the Island formed an entity (Cole Point Associates or "CPA") to jointly address their communal needs for a safe, secure supply of water. Over the years, CPA has made many requests to the RCC to purchase water, but our Covenants prevented us from doing so. Recently we were asked by the CPA Board to consider annexing the Cole Point Association lots, thereby eliminating the prohibition against providing water to homes in the CAP. CPA home and lot-owners would become full, dues-paying Members of the RCC, and therefore have rights to our water system.

The prospect of CPA joining the RCC holds benefits for existing RCC Members, but there are risks to be mitigated. The benefits include adding 60 new lots paying full annual dues. By increasing the number of lots shouldering the cost of RCC operations, individual Member costs will be less. More importantly, by including these lots in our water system, the number of wells accessing the Island's aquifer will be reduced. The result, experts agree, would significantly decrease the likelihood of bacterial infestations, saltwater intrusions, and similar problems in the future. Adding CPA lots as users to our water system poses no risk to the amount of water available to existing RCC Members.

There are a number of matters related to annexing Cole Point Association lots that need careful consideration, discussion, and agreement on both sides. We expect that the CPA will require expenditures that are specific to their community and common areas and unrelated to the rest of RCC Members, such as installing new pipes in their water distribution system. These costs would be borne by CPA residents only, not by existing RCC Members. Any Annexation Agreement we propose will reflect this necessity. Current RCC membership is to bear no cost burden of the annexation transition. CPA membership will be responsible for all costs of becoming RCC members and incorporating themselves into the RCC water system.

We are also negotiating how RCC standards will be applied to existing homes and future development in Cole Point Association and how non-water related issues will be handled. Once discussions and negotiations are complete, both Boards will make a decision on proceeding by asking our Members to approve or disapprove the Annexation of Cole Point Association by the Riviera Community Club.

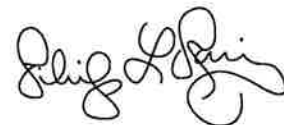
Please know that the RCC Board and RCC Management Team are committed to preserving and protecting our community. We will not propose any plan that jeopardizes existing Membership rights. We can take no action without your approval and will not seek to do so.

We are pursuing this Annexation as an opportunity to preserve the safety and security of our water system for the RCC and the betterment of our Island's natural resources for posterity and ourselves.

Thank you.



Luke Atzert, President



Philip L. Ronning, General Manager