

# COUNTY OF PLACER

County Administrative Center  
175 Fulweiler Avenue  
Auburn, CA 95603

## Oversight Board

of the Successor Agency of the  
former Placer County Redevelopment Agency

May 24, 2013  
1:00 P.M.  
Auburn, California

175 Fulweiler Avenue, Auburn, CA

### Members of the Board:

Jennifer Montgomery, Placer County Board of Supervisors, Chair  
Ron McIntyre, Public Member appointed by County Board of Supervisors  
Gerald Johnson, appointed by Superintendent of Board of Education  
Dr. Ronald Feist, Public Member appointed by Superintendent of Board of Education  
Chris Yatooma, appointed by California Community College Chancellor  
Lane Lewis, appointed by North Tahoe Public Utility District  
Thomas Hart, former Redevelopment Agency Employee appointed by County Board of Supervisors

## AGENDA

---

### 1. Call to Order

### 2. Pledge of Allegiance

### 3. Public Comments

*At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the items come up for Board consideration. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak. Comments from the audience WITHOUT coming to the podium will be disregarded or ruled out of order. Please state your name and address for the record.*

### 4. Approval of Contracts for FY 2013-14

#### Action Item

Approve a resolution authorizing the Successor Agency's renewal and execution of third party service contracts for one year through June 30, 2014.

**5. Receive an update relating to financial notes for the B.B., LLC properties.**

**Information Only**

**6. Close.**

Future items and meetings.

*The above actions of the Oversight Board (Board) shall not become effective for five (5) business days, pending any request by the Department of Finance (DoF). If DoF requests review of the above Board actions, it will have forty (40) days from the date of its request to approve the Board action or return it to the Board for reconsideration and action. If action is taken by the Oversight Board, action will not be effective until approved by DoF.*

*Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the Clerk of the Board's office at 175 Fulweiler Avenue, Auburn, CA during normal business hours. Placer County is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you are hearing impaired, we have listening devices available. If you have a disability and need a disability-related modification or accommodation to participate in the meeting, please contact the Clerk of the Board's office at (530) 889-4000. Contact the Clerk of your needs at least 24 hours prior to the meeting. If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Clerk five (5) business days prior to the scheduled meeting for which you are requesting accommodation. Request received after such time will be accommodated on if time permits.*

---

**4**

***Approval of  
Contracts  
FY 2013-14***

---

**PLACER COUNTY  
OVERSIGHT BOARD  
MEMORANDUM**

**TO:** Honorable Members of the Oversight Board  
**FROM:** Allison Carlos, Successor Agency Officer designee  
**DATE:** May 24, 2013  
**SUBJECT:** Contracts for FY 2013-14

---

**ACTION**

Approve a resolution authorizing the Successor Agency's renewal and execution of third party service contracts for one year through June 30, 2014.

**BACKGROUND**

The former Placer County Redevelopment Agency and the Successor Agency have used a number of contractors for services. As the Successor Agency winds down operations, contract services are required. The contracts are largely for the purposes of toxic soil remediation or for activities associated with property sales and the wind-down of Successor Agency operations.

<b>Contractor</b>	<b>Duties</b>	<b>Amount</b>
Agate	Snow Removal	\$6,000
Andregg Geometrics	Survey, Right of Way	\$25,000
Burke Williams & Sorenson, LLP*	Legal Services	\$160,000
Goodwin Consulting Group*	Bond Services	\$25,000
Gensburg and Sons	Snow Removal	\$4,200
Johnson-Perkins	Property Appraisal	\$25,000
Rock and Rose	Property Maintenance	\$30,000
Kleinfelder West	Soil Testing and Monitoring	\$25,000
Tahoe City Public Utility District*	Property Maintenance	\$10,000

\*Replacing former contractor or consultant

The obligations associated with these contracts are currently listed on the Successor Agency's Recognized Obligation Payment Schedule (ROPS) approved by your Board February 20, 2013. In order to continue the contractual activities itemized above, staff requests the Oversight Board approve the Successor Agency's renewal and execution of the above service contracts for one year, through June 30, 2014.

cc: David Boesch, Placer County Successor Officer  
Susan Bloch, Placer County Successor Agency Counsel

# Before the Placer County Oversight Board, State of California

In the matter of:

**Approval by the Placer County Oversight Board to authorize the Successor Agency's renewal and execution of identified third party service contracts to June 30, 2014.**

Resol.  
No: .....

Ord.  
No: .....

The following Resolution was duly passed by the Oversight Board of the County of Placer at a regular meeting held \_\_\_\_\_, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:  
Clerk of said Board

\_\_\_\_\_  
Chair, Oversight Board

---

WHEREAS, pursuant to the provisions of California Health and Safety Code Section 34167.5 the Oversight Board may approve the actions of the Successor Agency that continue to oversee the development of properties until the contracted work has been completed or the contractual obligations of the former Redevelopment Agency can be transferred to other parties;

WHEREAS, the Oversight Board wishes to approve the Successor Agency's renewal and execution of the following service contracts for one year until June 30, 2014;

<b>Contractor</b>	<b>Duties</b>	<b>Amount</b>
Agate	Snow Removal	\$6,000
Andregg Geometrics	Survey, Right of Way	\$25,000
Burke Williams & Sorenson, LLP*	Legal Services	\$160,000
Goodwin Consulting*	Bond Services	\$25,000
Gensburg and Sons	Snow Removal	\$4,200
Johnson-Perkins	Property Appraisal	\$25,000
Rock and Rose	Property Maintenance	\$30,000
Kleinfelder West	Soil Testing and Monitoring	\$25,000
Tahoe City Public Utility District*	Property Maintenance	\$10,000

\*Replacing former contractor or consultant

WHEREAS, on February 20, 2013 the Oversight Board approved the Recognized Obligations Payment Schedule (ROPS) for the six-month period ending December 31, 2013 which included the above contract services as enforceable obligations; and

WHEREAS, the Oversight Board will consider a second ROPS for the six-month period ending June 30, 2014 which will include the above contract services, to the extent applicable.

NOW, THEREFORE, BE IT RESOLVED that the Placer County Oversight Board approves the renewal and execution of the above listed contracts for the amounts shown for one year through June 30, 2014.

---

**5**

***Receive an update  
relating to financial  
notes for the  
B.B., LLC properties***

---

**PLACER COUNTY  
OVERSIGHT BOARD  
MEMORANDUM**

**TO:** Honorable Members of the Oversight Board  
**FROM:** Allison Carlos, Successor Agency Officer designee  
**DATE:** May 24, 2013  
**SUBJECT:** Receive an update relating to financial notes for the B.B., LLC properties

---

**INFORMATION ITEM** - No action is requested.

**BACKGROUND**

At the April 22, 2013 Oversight Board meeting, staff provided an update regarding the status of three promissory notes and a pre-development loan held by the Successor Agency (Agency) and secured by the property owned by B.B., LLC. Staff primarily reported on the status of a B.B., LLC due diligence review. John Davis, the current operating manager for B.B., LLC and his team addressed various issues with your Board and illustrated a mixed-use project B.B., LLC would intend to proceed with upon execution of a loan workout agreement.

It may be helpful to clarify the role of the Agency as the holder of notes, the role of the Oversight Board, and restate the compelling interests in Kings Beach at the time the notes were purchased by the former Placer County Redevelopment Agency (RDA). The Oversight Board's core responsibility is fundamentally fiduciary in nature with a duty to taxing entities and has the authority to make decisions regarding the disposition of Agency assets, including notes receivable. Oversight Board approval is required for any modification to the terms of existing loan agreements. The Agency is responsible to wind-down the affairs of RDA and dispose of assets in accordance with Oversight Board direction and California State Department of Finance approval. Agency staff recognizes that high quality development and community improvement for the Kings Beach area remains a priority for Placer County and the community. At the April 22 meeting, direction was provided to staff to work with B.B., LLC to obtain detailed financial information and terms of an agreement to bring back to the Oversight Board in June. There was also a request to bring back information regarding options the Agency may have regarding the notes.

On April 25, 2013, staff met with John Davis and Michael Turner, his financial consultant. In order to ensure clear understanding, on April 26, 2013 staff provided a letter to B.B., LLC clarifying the Agency's role, financial information needs, and proposed certain terms for addressing matters of financial assurances and project performance. (Attachment A)

On May 3, 2013, staff received a letter from John Davis that expressed concerns, goals, and clarified his role as operating manager of B.B., LLC, among other things. (Attachment B)



Placer County Oversight Board  
May 24, 2013  
Page 2 of 2

On May 10, 2013 staff received a Letter of Intent from Michael Turner on behalf of John Davis to enter a new loan agreement. Staff is currently reviewing a number of proposed terms for discussion with the B.B., LLC team. (Attachment C)

**CONCLUSION**

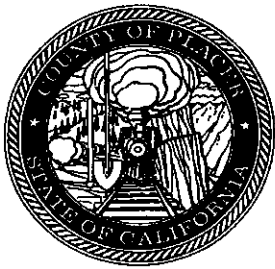
Agency staff understands the importance to the community of fulfilling the vision for the assembled properties. Staff is also cognizant of its responsibility to preserve and maximize the assets to the RDA for the benefit of all taxing entities in the area. The key elements presented by B.B., LLC for this project are consistent with what the community has envisioned for this site for years. A favorable outcome would effectively balance the responsibilities of the Successor Agency and Oversight Board under the Dissolution Act with the interest for a quality project, cohesively planned and executed.

The Agency staff intends to return to your Board with Successor Agency recommendations and options in June 2013.

Attachments:

- A – Successor Agency letter to John Davis
- B – John Davis letter to Successor Agency
- C – Michael Turner letter to Successor Agency

cc: David Boesch, Successor Agency Officer  
Susan Bloch, Placer County Successor Agency Counsel  
John Davis, B.B., LLC



## SUCCESSOR AGENCY

175 Fulweiler Avenue  
Auburn, CA 95603  
Telephone: (530) 889-4030

VIA CERTIFIED MAIL &  
U.S. MAIL

April 26, 2013

John Davis  
BB LLC  
c/o TMFC Inc.  
521 Charcot Avenue, Suite 101  
San Jose, CA 95131

Dear Mr. Davis:

This letter is in follow up to the conference call held yesterday between Placer County Successor Agency (Agency) staff and members of your team, and recaps the key points that were discussed. In addition, we attempt to provide context for financial assurances requests and future negotiations that will inform our recommendation to the Oversight Board (OS Board) regarding treatment of the outstanding B.B.LLC loans. Further, we wish to communicate specific response timeframes to ensure we are meeting the intent of state law and the interests of the OS Board for successor agencies of former redevelopment agencies.

### Background

It is important to clarify the role and responsibilities of the Agency and the OS Board as B.B. LLC's past experiences have been with the now-defunct redevelopment agency. The former Placer County Redevelopment Agency (RDA) was dissolved pursuant to state law on February 1, 2012. The Agency, a legal entity distinct from the County of Placer, succeeded to the interests of the RDA and is the current holder of both the note evidencing the \$500,000 predevelopment loan that the RDA provided to B.B. LLC and the three promissory notes acquired by the RDA from Umpqua Bank and Central Bank. The primary objective of the Agency as prescribed by state law is to effect the wind down of the affairs of the RDA and the disposition of all assets for the purpose of distributing proceeds to the taxing entities.

Agency actions, including without limitation decisions to authorize the execution of agreements such as a loan workout/forbearance agreement and decisions to dispose of real property and other assets are subject to review by both the County Board of Supervisors, acting in its capacity as the governing board of the Successor Agency (Agency Board), and by the OS Board which is comprised of representatives of the taxing entities. As specified in state law, the members of the OS Board have a fiduciary duty to the taxing entities. In turn, actions of the OS Board are subject to the review and approval of the State Department of Finance. Therefore, a decision to execute a workout or forbearance agreement must consider the goals and interests of these various entities.

At the April 23, 2013 OS Board meeting, you provided a depiction of a proposed project for the site that received positive response from the community and members of the OS Board. Members of the OS Board also expressed interest in ensuring that the County (the public taxpayers) be made whole on the notes and that there be a cure of the property tax delinquencies. Further, at the meeting OS Board members expressed a strong desire to receive information regarding the financial strength of the development team, the economic viability of the proposed project, and an analysis of alternatives. Finally, as discussed in our meeting yesterday, the primary objective of the Department of Finance is to obtain the greatest return of cash revenue to the taxing entities in the near term.

To meet the myriad of interests and regulatory oversight requirements, Agency staff noted that any proposed workout terms must be tailored to satisfy all perspectives and concerns. There is no longer a RDA and without strong assurance of a loan repayment, the Agency is constrained from acting as the de facto guarantor of promissory notes that have been in default for a number of years. It is conceivable that the Agency Board, the OS Board, or the Department of Finance might determine that it is in their best interests and the best interest of the taxing entities for the Agency to acquire the property through a foreclosure sale.

#### Written Response Requested

As a result of your team's response to our March 4, 2013 letter, where you provided information on the financial health of S.K. Brown the previous guarantor of the notes for B.B. LLC, staff is compelled to request further information regarding the financial status of the new development team. We require assurance that the new development team has the financial wherewithal to pay off the notes and loan. We respect your desire to maintain the confidentiality of your financial information and can make arrangements to have the information delivered to our financial consultant on a confidential basis. Understanding that the land is currently the collateral for the bank notes, it leaves the Agency with little room for negotiating flexibility other than the possible foreclosure option. Your offer to have the company provide a guaranty does not provide assurance to the Agency as we assume that the property that already serves as collateral to the existing deeds of trust is the company's sole asset. As outlined below, please provide a proposal for a mutually acceptable security, such as personal guaranty, a letter of credit, or other form of security.

During the conference call you mentioned you were considering refinancing the existing loans and paying off the notes. If that is the case, it would be timely to provide more specific information regarding how and when you intend to implement this at the same time that you supply your financial and development information. You also stated you hope to return with a response to the Agency staff on Monday, April 29, 2013 regarding the discussion yesterday of financial assurances and guaranty.

To ensure we are communicating clearly and providing you with more detail regarding Agency interests as you also requested while moving expeditiously, the Agency requests written response no later than Thursday, May 2, 2013 to the main points discussed yesterday and other core Agency deal points as follows:

- (i) By May 10, 2013 developer to provide written financial information for principals of the development team;
- (ii) By May 10, 2013 developer to provide a written proposal of an acceptable security, such as a personal guaranty, letter of credit or other form of security;

- (iii) Upon execution of a loan workout agreement, developer to provide an initial and substantial upfront payment, in the realm of \$500,000, on the notes or as otherwise determined by the Agency to reduce overall liabilities;
- (iv) Upon execution of a loan workout agreement, developer to provide a written property tax payment plan agreed upon by the County Tax Collector for all parcels.

In addition to the above, for any proposed loan forbearance agreement we will need to address the loan repayment time period, the interest rate, treatment of interest accrued to date, the principal amount to be repaid, proposed terms for Agency or Placer County participation, provision for payment of Agency legal and consulting fees, and specific performance milestones and dates for their accomplishment.

In anticipation of our receipt of the above-requested information I will be in contact to set up an in-person meeting with you and your team for late next week or the following week.

Sincerely,

COUNTY OF PLACER

A handwritten signature in black ink, appearing to read 'Allison Carlos', with a long horizontal flourish extending to the right.

Allison Carlos,  
Placer County Successor Agency Officer's Designee

Cc: David Boesch, Placer County Successor Agency Officer  
Susan E. Bloch, Attorney At Law

Ms Alison Carlos  
County of Placer  
Successor Agency  
175 Fulweiler Ave.  
Auburn CA 95603

Re: Follow up to April 25, 2013 conference call

Ms Carlos,

This letter is in response to our conference call on April 25, 2013 and the follow up letter I received dated April 26, 2013.

I am very concerned that my involvement with BB LLC is being misunderstood or misconstrued by you and other members of the Successor Agency. To restate my legal involvement, it is equivalent to that of a receiver. I was appointed Managing Member of BB LLC in order to collect a debt from the owner of BB LLC. My goal is to maximize the equity of BB LLC or as the Oversight Board termed it in relation to the County's debt "to be made whole". I am not an owner of BB LLC nor am I a development partner. I do realize that in order to maximize the equity that there are some needs for funding that I will have to do. This includes the entitlement costs etc. It is my goal to minimize these costs since I am only a creditor/receiver. I also understand that I will be called on to provide construction financing guarantees when the project is at that point.

My involvement should not change the deal that the County entered into with BB LLC and Steven Brown. I was not involved when the County invested in the purchase of the notes. At that time the County must have been comfortable with the development deal and Steven Brown's guarantee. The strength that I bring to the deal today is that of a future source of funds to get the project completed. I am not willing to provide guarantees of any type for the notes that were purchased by the County prior to my involvement.

As a creditor/receiver being called on to advance funds I am continually evaluating if this deal is financially feasible for me to stay involved. If there is no equity to be realized or if the cost of the realization of that future equity is too high then my involvement with this deal will stop. The guarantees that you are requesting are just this type of issue and if this is required then my involvement will cease.

I do believe that my involvement (without the note guarantee) is beneficial to the expeditious development of this project. I can provide the future funding and financial strength that Steven Brown does not have at this time. This will allow this project to continue moving forward to a more timely completion that is to the benefit of all of us. We need to work together towards a goal of mutual equity in the debts that we both have.

Another point that has been raised is the review of my personal financial statements. I understand this is necessary for the County to be comfortable that I have the ability to fund future entitlements costs and secure the necessary financing. As I stated previously, I am very concerned about the confidentiality of this information. I am comfortable a process can be worked out where your financial consultant can meet with myself and my financial team to give them adequate understanding of my financial situation. However, my information is not audited nor will I be requesting any audits in the future due to your review.

I would also like you to provide me a rough estimate of the entitlements costs and fees for the development of these sites. I am not that familiar with Placer County and the Tahoe area and need to

make sure that I completely understand what is going to be required of me for my future involvement. I know you cannot guarantee these costs but this would greatly help me understand the project.

A project of this type involves a large amount of risks due to many factors. I am trying to move this project forward for the benefit of all parties but I need to keep my role clarified. I realize this is a unique situation so we all need to remind ourselves of this difference as we move forward.

Since there is not a personal guarantee on the table for the loan and if current cash needs to be raised for the governmental agencies then perhaps we should discuss a cash purchase of the notes on a reasonable discounted basis or other methods of assurances of my potential level of commitment.

I look forward to hearing from you and your team once you have a chance to review this response. If we are going to keep to the deadline of May 10 as defined in your April 26<sup>th</sup> letter then I would need your response to this letter no later than May 8<sup>th</sup>.

Respectfully,

  
John Davis, Managing Member of BB LLC

**RETAIL | OFFICE | INDUSTRIAL**CORPORATE OFFICE:

4980 HILLSDALE CIRCLE, SUITE A  
EL DORADO HILLS, CA 96762

REGIONAL OFFICE:

1790 FIRST STREET  
LIVERMORE, CA 94550

REGIONAL OFFICE:

OPENING SOON  
SALT LAKE CITY, UT

www.proequityam.com  
CORPORATE CA DRE 01870526



**MICHAEL H. TURNER**  
CEO | *Managing Director*  
michaeltturner@proequityam.com  
D 916.514.5039  
O 866.647.8844  
C 916.5211042  
F 916.514.5039

May 10, 2013

VIA EMAIL / US MAIL

Allison Carlos  
**Placer County Executive Office**  
175 Fulweiler Avenue,  
Auburn, CA 97603

**RE: Letter of Intent to enter into a new loan agreement  
By and between BB LLC and the County of Placer, Successor Agency to RDA**

Ms. Carlos:

Thank you for your email response to our recent letter sent to your office on May 3, 2013. We have some continued concerns with the tone and direction of Staff responses and gestures that we hope we can solve for over the next several weeks. This letter, we hope, will clarify our position on very specific deal points that we felt the board and/or board members were very clear on in the Oversight Committee meeting in April.

We provided you with a Letter of Intent with the primary proposed terms of a Loan Workout Agreement on February 5, 2013; the recent Oversight Board meeting occurred on April 22, 2013. The requirement of a personal guarantee was not raised in our five months of dialogue with staff, was not presented to the Oversight Board for affirmation, nor was it required in the direction by the Board to staff. John Davis terminated our call on April 25<sup>th</sup> with the understanding that we were to provide your office with a response that following Monday, April 29<sup>th</sup>; this very letter. However, staff initiated a letter in advance of that date, issued on April 26<sup>th</sup>. Unfortunately the tone and delivery of the letter sent from Staff, not only was delivered in a hostile manner, but set a very negative tone, compounded by the introduction of new, additive terms than those brought forward during that conference call. The April 26<sup>th</sup> letter from Staff states a requirement of an upfront payment "in the realm of \$500,000." This was an additive requirement that again was not presented to nor required by the Board. Our efforts to meet with staff in preparation for, and our team's attendance at the April Oversight Board, were a waste of resources if terms required from staff were not going to be raised until after the Board meeting.

We are concerned that the direction of this negotiation continues to digress and we consider this letter one of the last attempted to proceed forward. You will find below our terms under which we hope to continue our discussions:

**County Fees:**

Our request in the letter sent to your office last week was meant to not only restate John's position in the deal, but request Placer County assist us in getting us updated on what fees we would expect from the County. The response was your email that gave the tone of "you have consultants, use them".....which we find contrary to the nature of mutual engagement and the potential for a joint force of efforts to deliver this project. Again, we ask, that the county assist in providing us a list of anticipated entitlement, development and all other fees as it pertains to the project.

**Financial Statements:** It is acknowledged on all sides that a clear understanding of John Davis's financials are needed and necessary. With that said, we are willing, under a confidentially agreement, to allow members of Staff, the County and Oversight Board to directly inspect and review the financials statements of John Davis. We will not accept audited review, but will allow accounting professionals representing the County to review as any other lender. Anything stronger exceeds that of typical lenders and will be construed as disingenuous and hostile. We encourage the County and its representatives to independently verify these statements, as any other lender would do consistent to industry standard practice. In addition John will make his CPA available to answer any questions.

**Collateral:** We require that the County not only acknowledge the valuation of the property as collateral, but also acknowledge in a Staff report that the property is in a cash flowing position that sufficiently covers the debt service ratios required under normal lending practices. Since we are discussing an interest only loan, we believe that the DCS ratios are well at standard lending practices.

**Personal Guarantee:** We acknowledge that the County of Placer and its successor agency to RDA need to protect the tax payer's interest. Under the same philosophy, Staff needs to recognize the extreme financial risk that this project contains due to current entitlement status (or the lack thereof) and the extreme hurdles required by CEQA and NEPA (TRPA). Additionally John has to assume that the final EIR/EIS findings will be challenged, given the level of development concerns parts of the community and special interest groups have, such as the Sierra Club. Because of this and the many failed developments in Tahoe, John Davis is not will to personally guarantee the loan, nor will John provide a letter of credit against it. Should this issue have come up during the last year of discussions, this negotiation would have either terminated or be much further along. Since this is a new term we feel this condition is not only hostile, but again, a demonstration of true lack of understanding of the development hurdles that are placed before the project. If this project were entitled and merely requiring a design review process it would be a different story. Those reasons are further justified by the following:

- The collateral is a cash flowing asset. This would be realized county income in event of foreclosure.
- The valuation of the property will meet the nearly the total value of the County's monetary risk as represented in the December 2012 appraisal commissioned from Johnson-Perkins Associate by Placer County

We feel that the protection of the tax payer, should the County have the knowledge to handle the asset, can be made whole should foreclosure be exercised. To help assure these events and as a written condition in our agreement we are willing to write in a set of technical default provisions that will allow for such funds to be placed into a lock box, upon default and any applicable cure periods, and released to the county.

**Principal Amount:** To further clarify our position and in order to make the tax payer whole, we are strictly talking about the purchase price of the notes equal to \$4,250,000 To be further broken down the purchase of:

- Central Pacific Bank Loan \$855,500
- Central Pacific Bank Loan \$594,500
- Umpqua Bank Loan \$2,800,000



**Interest Rate:** Interest rate shall be calculated at LAIF rate plus one percent and shall be deferred for time frame equal to two years, subject to the milestone compliance required of the County and under the terms defined below under term of loan.

**Interest Payments:** All interest payment will accrue at the above interest rate against the stated principal amount outlined above for the period of the loan and will become due upon expiration of the term defined below.

**Loan Term:** Loan term will be an initial two year period beginning July 1, 2013 and ending June 30, 2015. Such dates will be extended in the event that County of Placer fails to meet such milestone requirements as provided for in the loan agreement and in accordance with corresponding performance milestones for BBLLC to be further defined at a later date.

**Taxes:** It has been the County's position to separate the loan workout agreement from the delinquent tax discussion. In order to proceed forward with entitlement, the taxes must first be addressed. The entitlement process will inform the milestone dates of the agreement. It is our sentiment that Staff should be assisting BBLLC in forging a mutually acceptable agreement with the Tax Collector concurrent to this negotiation. Here is how we view the issue:

- Placer County took control (purchased) said notes on October 27, 2010 and December 23, 2010.
- Tax delinquency began in 2008 tax year and continued through 2012.
- County not only continued to work with BB LLC during that period, but provided Steven Brown with an additional line of pre-development dollars.
- County did not cease entitlement work until April 2012 due to delinquent taxes at a point the taxes had been past due for over three years.

The County, whether via RDA or not, has unclean hands in the event, therefore moving forward we ask, in the form of a contingency written into the loan agreement, BB LLC will enter into a payment program and/or elect to pay off all back taxes. The County, as a condition attached to the contingency, will assist BB LLC negotiating the removal of all penalties and interest from the back taxes, in addition to establishing a proper assessment that represents true market valuations for the respective tax years. This will leave the principal amounts due and paid for by the restructured BB LLC entity either through payment plans or paid off entirely.

Allison, on another note, in our November meeting with David Boesch we were excited to hear the County was committed to hiring a "Business Development Manager". In most counties and cities this role is one that facilitates doing business with the County to weave through the issues, provide and share information, etc. We have experienced absolutely the opposite. We have received no help from Staff, with consistent push back to require John Davis to jump through hoop after hoop. We ask that this change. This is a unique opportunity to work in partnership to deliver both the taxing districts and the community net fiscal benefit. We want to set a new tone of joint cooperation in striving to unlock this fantastic project that the community wants.

Additionally, we as of now ask that the May 16<sup>th</sup> meeting be moved to San Jose at John's office. We felt this would be the first step in County demonstrating a new level of cooperation.

Please understand that this document is meant to continue to frame the outline of a loan restructuring and is subject to alteration under the various conditions brought forth by the County. Only the terms outlined and agreed to with the loan agreement itself shall be construed at the final terms and conditions.

Let us conclude that we excited and very eager to move this forward in a productive way to both the benefits of the tax payers and the project.

Respectfully,

**On behalf of John Davis, BB LLC,  
ProEquity Asset Management Corporation**



**Michael Turner**  
CEO | Managing Director

CC: John Davis,  
Mark Carlquist,  
Wyatt Ogilvy,  
Cynthia Lazares,  
David Bruening,  
Leslie Bruening