



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

June 25, 2013
9:00 A.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.

1. Approval to enter into a remediation contract for contaminated soil excavation and disposal on property located in Kings Beach in the amount of \$219,068.

Action Item

Presenter: Allison Carlos

Under the Dissolution Act the Placer County Oversight Board must authorize the execution of contracts required to conduct the work of winding down the former Placer County Redevelopment Agency work program.

2. Consider the status of B.B., LLC loan workout agreement discussions and provide direction.

Action Item

Presenter: Allison Carlos

6. Close.

Future items and meetings.

Next meeting: Tuesday, July 16, 2013
10:30 A.M.
Auburn, CA

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.

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Soil Remediation

**PLACER COUNTY
OVERSIGHT BOARD
MEMORANDUM**

TO: Placer County Oversight Board
FROM: Allison Carlos, Successor Agency Officer Designee
DATE: June 25, 2013
SUBJECT: Soil Excavation and Off Site Disposal - Phase II, Construction Contract

ACTION REQUESTED

1. Adopt a Resolution authorizing the Successor Agency enter into a construction contract with Eagle Environmental Construction, in the amount of \$219,068 for soil excavation and off-site disposal - Phase II at 8784 North Lake Blvd., Kings Beach, CA,
2. Authorize the Placer County Successor Agency Officer to execute the construction contract on behalf of the Placer County Successor Agency, and
3. Authorize the Placer County Successor Agency Officer to approve and sign contract change orders up to \$21,900.

BACKGROUND / SUMMARY

The Soil Excavation and Offsite Disposal - Phase II project is located at 8784 North Lake Boulevard, Kings Beach, CA 96143 currently owned by the Placer County Successor Agency.

The former Placer County Redevelopment Agency (RDA) purchased 8784 North Lake Boulevard, Kings Beach on April 23, 2007. The property was historically developed as a Chevron gasoline service station. Previous remediation on the property consisted of underground storage tank removal performed by Chevron in 1974; removal of a waste oil underground storage tank; limited soil excavation by Environmental Control Associates in 2005; and removal of approximately 1,500 cubic yards of petroleum-contaminated soil in the fall of 2011. Additional remediation efforts are required by Lahontan Regional Water Quality Control Board (Lahontan) to address remaining soil and groundwater contaminated with petroleum-based products. A Corrective Action Plan (CAP) that details the required work to remediate the site was prepared and submitted to Lahontan for approval. The Department of Public Works (DPW) was requested to assist in the soil remediation effort through development of a construction contract, procurement of a contractor, and project administration for work to be completed this summer.

Bids were opened on June 18, 2013. Ten (10) bids were received. The lowest responsive and responsible bidder was determined to be Eagle Environmental Construction with a bid of \$219,068.

ENVIRONMENTAL

The proposed project is exempt from CEQA pursuant to Section 15330(b)(5). On April 23, 2013, a Notice of Exemption was filed by DPW on behalf of the Placer County Successor Agency.

FISCAL IMPACT

Implementation of the CAP is estimated to cost \$705,000. The project is fully funded and the Successor Agency Oversight Board and the Department of Finance have recognized implementation of the CAP as an Enforceable Obligation on a previously-approved Recognized Obligation Payment Schedule (ROPS).

Attachments: Resolution

**Before the Oversight Board to the Placer County
Successor Agency
County of Placer, State of California**

In the matter of:

Approving and authorizing the Successor Agency to the former Placer County Redevelopment Agency to execute construction contract between the Placer County Successor Agency and Eagle Environmental Construction for Soil Excavation and Off Site disposal – Phase II; and Authorize the Placer County Successor Agency Officer to approve and sign contract change orders up to \$21,900.

Resol. No. _____

Ord. No.: _____

First Reading: _____

The following _____ **Resolution** _____ **was duly passed by the Oversight Board for the Placer County Successor Agency at a regular meeting held on** _____ **by**
the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Oversight Board

Attest:
Clerk of said Board

WHEREAS, Health & Safety Code 34177 allows the Oversight Board to authorize the Placer County Successor Agency to conduct the work of winding down the former Placer County Redevelopment Agency (RDA);

WHEREAS, RDA purchased 8784 North Lake Boulevard, Kings Beach in 2007 with historical use as a gasoline service station;

WHEREAS, previous remediation at the property consisted of underground storage tank removal, removal of a waste oil underground storage tank, and limited soil excavation and removal by RDA;

WHEREAS, additional remediation efforts remain to be completed and are required by Lahontan Regional Water Quality Control Board to address remaining soil and groundwater contaminated with petroleum based products;

WHEREAS, consistent with the Corrective Action Plan, on April 22, 2013 the Successor Agency authorized solicitation of bids for contracts to conduct soil removal and site remediation as part of wind down efforts under the Dissolution Act;

WHEREAS, the California Department of Finance has recognized completion of the Corrective Action Plan as an Enforceable Obligation under the Recognized Obligation Payment Schedule, and previously approved a contract for this work with a different vendor; and

WHEREAS, Successor Agency and County staff solicited bids, have identified Eagle Environmental Construction as the lowest responsive and responsible bidder, and have recommended the award of the contract to such firm;

BE IT RESOLVED AND ORDERED by the Governing Board of the Successor Agency to the former Placer County Redevelopment Agency that the Successor Agency Officer is authorized to execute a construction contract with Eagle Environmental Construction, with Successor Agency Counsel's and Risk Management's review and approval, for Soil Excavation and Off Site Disposal - Phase II in the amount of \$219,068, with no net County cost; and authorizes the Successor Agency Officer to approve and sign change orders up to \$21,900.

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***Status of B.B., LLC
Loan Workout
Agreement***

**PLACER COUNTY
OVERSIGHT BOARD
MEMORANDUM**

TO: Honorable Members of the Oversight Board
FROM: Allison Carlos, Successor Agency Officer Designee
DATE: June 25, 2013
SUBJECT: Consider the status of B.B., LLC loan workout agreement discussions and provide direction

ACTION REQUESTED

1. Consider the status of Loan Workout Agreement (LWA) negotiations with B.B., LLC; a limited liability company, and
2. Provide direction for preparation of a LWA between the Placer County Successor Agency and B.B., LLC, or for another course of action regarding outstanding loans.

BACKGROUND / SUMMARY

At the direction of the Oversight Board (Board) at the April 22, 2013 meeting, Successor Agency (Agency) staff initiated negotiation of conceptual terms for a LWA with B.B., LLC for the four promissory notes held by the Agency and in default, including three notes purchased by the former Redevelopment Agency from commercial lenders and a pre-development loan originated by the Redevelopment Agency. After several weeks of discussion and written correspondence with John Davis, B.B., LLC manager, while tentative agreement has been reached for a few terms, agreement has not been reached over key terms of interest to the Successor Agency. Examples of terms that B.B., LLC has indicated are unacceptable include:

- Commitment to maintain properties as assembled for development as a unified project.
- Set aside of funds in trust to assure entitlement processing.
- Delivery of detailed pro forma.

The attached letter from John Davis, dated June 18th, 2013 reflects his response to the terms proposed by the Successor Agency in its letter to Mr. Davis dated June 13, 2013 (attached). In addition to the items listed above, there remain numerous unresolved details that are delaying resolution of a LWA.

CONCLUSION / RECOMMENDATION

There has been limited progress in completing this negotiation since April 22nd. As noted previously, a favorable outcome for the B.B., LLC site is delivery of a quality mixed-use project, cohesively planned and executed in a manner that will serve the interests of the community and the taxing entities. The negotiations have not changed the Successor Agency's position as the holder of the defaulted promissory notes, and it remains unclear whether a project can be delivered as anticipated. Absent some shift in B.B., LLC's position within the negotiation, staff would recommend the Board direct staff to prepare documentation and return in July with an action item that could effect other options, such as foreclosure.

Attachments:

June 18, 2013 Letter from John Davis
June 13, 2013 Letter from Successor Agency

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

June 18, 2013

VIA EMAIL / US MAIL

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

**RE: Fourth Letter of Intent to propose Loan Restructuring
County of Placer as note holder under RDA Successor Agency
Repayment of Full loan purchase amount plus interest**

Ms. Carlos:

Thank you for your letter that responds to our terms first brought forth in a Letter of Intent to staff in February. I am pleased to see a progression of clearly defined terms, as we believe this was the first time the county responded in this manner, which, since the submission of our first LOI, in February we had been asking for. Unfortunately we were a little dismayed to see yet further introduction of new terms and conditions that have never been discussed. With that said we continue to march forward with our position. To be clear our position is not posturing other than in an effort to balance development risk and the reputation of development in the Tahoe Basin.

In the same format, but with the county's corresponding terms, we will respond item by item so there is, what we hope, and no ambiguity of terms:

Term	<p><u>County June 13, 2013 Letter:</u></p> <p>The Agreement would terminate on December 31, 2015. Provided that there has been no default under the Agreement and all milestones have been satisfied, the term may be extended for a two-year period ending December 31, 2017. Any further extension beyond such date would be in the sole discretion of the Successor Agency and would be subject to approval by the Oversight Board and, if required, the California Department of Finance. During the term of the Agreement, provided that there has been no default, the Successor Agency would agree not to pursue foreclosure.</p> <p><u>BB LLC Response:</u></p> <p>The Agreement would terminate on December 31, 2015. Provided that there has been no default under the Agreement and all milestones have been satisfied, the term may be extended for a two-year period ending December 31, 2017. Extensions may be granted at the sole discretion of the Successor Agency and be subject to Oversight Board and, if required, the California Department of Finance, with exceptions to those as further defined herein. During the term of the Agreement, provided that there has been no default, the Successor Agency would agree not to pursue foreclosure.</p>
Agreement Termination	<p><u>County June 13, 2013 Letter:</u></p> <p>Default under any provision of the Agreement would be grounds for termination and Successor Agency would pursue all remedies. In the event of default, Successor Agency could pursue foreclosure on the basis of the full face value of the Notes plus accrued interest.</p>

	<p><u>BB LLC Response:</u></p> <p>Default under any provision of the Agreement would be grounds for termination and Successor Agency would pursue all remedies. In the event of default, Successor Agency could pursue foreclosure on the basis of the full purchased value of the notes, plus interest.</p>
<p>Property Tax Default Payment Plan</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>As a condition of the Agreement, B.B. LLC must have entered into a written agreement with the Placer County Treasurer-Tax Collector that addresses payment of all tax delinquencies and penalties. A copy of the fully-executed tax payment plan must be delivered to the Successor Agency by no later than June 30, 2013. Neither the Successor Agency nor Placer County has agreed to provide any kind of financial assistance in connection with the resolution of the tax delinquencies and penalties</p> <p><u>BB LLC Response:</u></p> <p>County has stated in numerous emails that this was agreed to at the time of a workout agreement. This is a reversal in terms and BB LLC respectfully declines to agree. Furthermore, it was never the intention of BB LLC to seek any form of financial assistance as stated in previous letters.</p>
<p>Property Tax Payments</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>On a monthly basis throughout the term of the Agreement, B.B.,LLC shall be required to deposit into an impound account controlled by the Successor Agency one-twelfth {1/12} of the then current annual amount of property taxes and assessments levied against the Property.</p> <p><u>BB LLC Response:</u></p> <p>BB LLC will agree to this so long as its right to tax appeal is not in any way waived and that such over payments can be credited back directly to LLC, since any triple net leases will require us to refund directly back to the Tenants.</p>
<p>Loan Principal Repayment</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>Provided that there has been no default under the Agreement, the amount required to pay off the principal balance of the Loan shall be the sum of Four Million Seven Hundred Fifty Thousand Dollars {\$4,750,000}. This sum is equal to the \$500,000 predevelopment loan originated by the RDA plus the purchase price that the RDA paid for the notes originated by Umpqua and Central Pacific Bank. The Agreement will not provide for a permanent write-down of the principal balance of the Notes; rather, the reduction of the principal amount payable is a concession that is expressly contingent upon compliance with the Agreement.</p> <p><u>BB LLC Response:</u></p> <p>The payoff principal amount will be in the sum of Four Million Seven Hundred Fifty Thousand Dollars {\$4, 750,000}. This sum is equal to the</p>

	<p>\$500,000 predevelopment loan originated by the RDA plus the purchase price that the RDA paid for the notes originated by Umpqua and Central Pacific Bank. BB LLC will not agree to a claw back of face value and request a permanent principal write-down.</p>
<p>Interest Going Forward</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>The interest rate commencing upon the effective date of the Agreement and continuing until the Loans are fully repaid shall be the quarterly LAIF rate in effect from time to time plus two percent {2%}. Interest shall be compounded on a monthly basis. Interest shall be deferred until and payable on the Repayment Date {defined below}.</p> <p><u>BB LLC Response:</u></p> <p>The interest rate commencing upon the effective date of the Agreement and continuing until the Loans are fully repaid shall be the quarterly LAIF rate in effect from time to time plus one and one quarter percent {1.25%}. Interest shall be compounded on a monthly basis. Interest shall be deferred until and payable on the Repayment Date {defined below}.</p>
<p>Loans Repayment Date</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>All principal and interest, including interest accrued prior to the effective date of the Agreement, shall be due and payable on the date {Repayment Date} which is the earliest of: {i} the expiration of the term of the Agreement {as such may be extended pursuant to the terms of the Agreement}, {ii} the date upon which construction financing closes for the first phase of the project to be developed on the Property or part thereof, and {iii} the occurrence of an event of default by B.B.,LLC or other signatories of the Agreement.</p> <p><u>BB LLC Response:</u></p> <p>BB LLC request a calculation and estimate of this amount before agreeing this term. BB LLC position is that all interest be waived until a new agreement is in place.</p>
<p>Pre-Development Cost Trust Account</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>By no later than November 30, 2013 Borrower shall deposit into a trust account held by Successor Agency the sum of Three Hundred Thousand Dollars {\$300,000}. Such funds shall be used to pay for Placer County and Tahoe Regional Planning Agency permit application fees, entitlement processing, and environmental consultant fees. Any funds remaining in such account at the expiration or termination of the Agreement shall be applied toward the outstanding balance of the Loans. Upon full drawdown of Trust Account funds, B.B.,LLC shall replenish the Account as required to ensure sufficient funding is provided at the sole discretion of the Successor Agency.</p> <p><u>BB LLC Response:</u></p> <p>Unfortunately this condition is a new condition never previously discussed. John Davis has provided financial information that should adequately address any issue in requiring such an account. To date we have received no feedback of approval or question. Therefore, BB LLC</p>

	declines this term and will not agree to it.
Property to Remain Assembled for Development as Unified Project.	<p><u>County June 13, 2013 Letter:</u></p> <p>No portion of the Property may be sold, or conveyed by ground lease or otherwise, without the Successor Agency's prior written consent, which consent may be withheld in Successor Agency's sole discretion.</p> <p><u>BB LLC Response:</u></p> <p>BB LLC will not agree with condition. Given the level of oversight by Placer County Planning, TRPA, the developer needs the flexibility to mitigate project risk. This works against that principal and cannot be agreed upon. It is the developer position to deliver a similar scoped project to that presented to the board, but without the adoption of the Area Plan and the uncertainties of the EIR process, we cannot guarantee what was presented will be approved. Should the Successor Agency guarantee such certainty of project scope, we can then explore such terms. It is our position, respectfully, this is an overreach of the Successor Agency's duties.</p>
Option to Purchase.	<p><u>County June 13, 2013 Letter:</u></p> <p>The Successor Agency shall have an option to purchase the Property. The exercise price shall be the lesser of Four Million Seven Hundred Fifty Thousand Dollars {\$4,750,000} or the outstanding principal balance payable under the Loans at the time of exercise. The Successor Agency may pay the option price via a credit toward the outstanding balance of the Loans. The option shall be assignable in the discretion of the Successor Agency. The option shall be exercisable upon the occurrence of an event of default under the Agreement, including without limitation, the failure to make tax or loan payments when due, the failure to meet specified development milestones, or the violation of any other requirements under the Agreement or the Loan documents (other than as expressly modified by the Agreement).</p> <p><u>BB LLC Response:</u></p> <p>BB LLC will not agree to this in its entirety.</p>
Development Pro Forma	<p><u>County June 13, 2013 Letter:</u></p> <p>No later than June 3D, 2013, B.B.,LLC provide Successor Agency with detailed development pro forma, including sources and uses for the project proposed to be developed on the Property.</p> <p><u>BB LLC Response:</u></p> <p>BB LLC has provided pro forma information and at this point respectfully decline to provide further information until we come to an agreement.</p>
	<p><u>County June 13, 2013 Letter:</u></p> <p>The Agreement shall require compliance with the following development milestone:</p>

November 30, 2013	Submit complete application to TRPA and County for environmental review.
November 30, 2015	Environmental review anticipated to be completed with Planning Commission and Board of Supervisor Hearings for entitlements scheduled.
December 30, 2016	Submit construction plans to County for review. (Within 12 months following certification of EIR/EIS)

BB LLC Response

We will restate our position provided June 6, 2013

On February 5, 2013 we submitted and suggested the concept of milestones that we deemed aggressive on the developer side, but attainable. Those dates pursuant to the letter submitted on February 5, 2013 are as follows:

- February 2013 – Letter of Intent to Oversight Board
- March 2013 – Draft Loan Workout Agreement with County Staff
- April 2013 – Loan Workout Agreement to Oversight Board
- April thru September 2013 – Development of modified project design
- November 2013 – Project Applications to Placer County and TRPA
- January 2014 – 2016 – Placer County / TRPA EIR/EIS Process
- 2016 - Implement pre marketing program along with securing construction financing.
- 2016 to 2017 - Commence Construction of first of several development phases.

Since the submission of these set of milestones it now has been 4 months of very valuable time. Therefore we cannot agree to the timeline as stated by the Staff above. In addition there are some outside contingencies beyond the control of the developer that need to be addressed, such as the adoption of the Area Plan under the Area Plan update before the County currently. We ask that the county keep the timelines focused on what we believe is the minimum amount of time to complete the required work. So further delay of the agreement would continue push out the timelines. Currently if the agreement were adopted this month, we would propose the following milestones:

Milestone	Date	Detail
1	April 30, 2014	Complete application to Placer County and TRPA shall be submitted.
2	July 30, 2014	Placer County shall have adopted an Area Plan in conformance to the current process. In the event this has not happened, BB LLC shall have a one month extension for every month such a plan is not adopted. With the plan County shall acknowledge that BB LLC shall not be able to entitle or proceed with its process EIR/EIS process.

	3	January 2015	Subject to the conditions above, BB LLC shall have completed is EIR/EIS process including all public hearings. This date shall be extended in the event that completion are unreasonably delayed by events beyond the control of BB LLC.
	4	April 2017	Complete submission for improvement plans
	<p>Again, these milestones should be adjusted to the actual signature date of the agreement.</p>		
<p>Additional Terms</p>	<p><u>County June 13, 2013 Letter:</u></p> <p>Compliance with all other terms of the Loan Documents will be required. This includes, without limitation, requirements relating to insurance, property maintenance, and provision of cash flow and other financial information to the Successor Agency. The Successor Agency's advance written approval shall be required for all contracts, agreements, rental agreements and leases that are not terminable upon 30 days' notice. Without exception, all residential and commercial tenants must be provided with a move-in notice in form approved by the Successor Agency and that includes information regarding potential relocation benefits and waiver thereof to the extent permitted by applicable law.</p> <p><u>BB LLC Response</u></p> <p>Compliance with all other terms of the Loan Documents will be required. This includes, without limitation, requirements relating to insurance, property maintenance, and provision of cash flow and other financial information to the Successor Agency. The Successor Agency's advance written approval shall be required for all contracts, agreements, rental agreements and leases that exceed one (1) year of which approval shall not be reasonable withheld or delayed. Should BB LLC not receive comment or approval within 10 days of written request, such request shall be deemed acceptable. Without exception, all residential and commercial tenants must be provided with a move-in notice in form approved by the Successor Agency and that includes information regarding potential relocation benefits and waiver thereof to the extent permitted by applicable law.</p>		

As is customary in this type of negotiation, we ask that you provide us a feedback in a similar format and/or redline. We think this provides all parties and board members transparency and ease of understanding.

Please understand that any position taken by John Davis or BB LLC shall be considered non-binding until a full agreement has been signed and executed by both parties.

To conclude, we want to express to the board and to the stakeholders that in review of the alternatives to this plan, we feel that this plan provides (a) full payback of the tax payers for the purchase of the loan; (b) payment of all back property taxes; (c) interest earned in profit to the tax payers; and (d) a project that

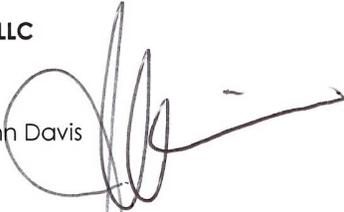
contributed to higher taxes basis and civic pride. Alternatively any foreclosure would require a write down over value based on tax payment, plus other natural reductions in the bases of a new developer coming in and doing the same work. In other words, to bring some of the resort developers, it is consensus that the property would have be a fire sale. We believe this is not in the best interest nor meets the fiduciary obligations of the successor agency.

Again, it would be great of the county would provide a written response in a similar or redline format. We thank you for your time and effort to the process.

Respectfully and Sincerely,

BB LLC

John Davis

A handwritten signature in black ink, appearing to be 'John Davis', written over a circular stamp or mark.

CC: David Boesch, County Executive Officer
Mark S Carlquist, Esq.
Cindy Lazares, CPA
Wyatt Ogilvy, Ogilvy Consultants
Michael Turner, ProEquity Asset Management
Sue Bloch, Burke, Sorensen, Williams



COUNTY OF PLACER

County Administrative Center
175 Fulweiler Avenue
Auburn, CA 95603

Successor Agency of the former Placer County Redevelopment Agency

VIA EMAIL

June 13, 2013

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

RE: June 5, 2013 correspondence to the Placer County Successor Agency

Dear Mr. Davis:

Thank you for the letters provided to the Placer County Successor Agency (Successor Agency) dated June 5, 2013. This letter provides a response and contains terms that the Successor Agency proposes for a loan forbearance/workout agreement (Agreement) in connection with the four promissory notes (Notes) held by the Successor Agency that are secured by property owned by B.B., LLC and that are currently in default. The Notes evidence B.B., LLC's obligation to repay: (i) a loan originated by Umpqua Bank (\$4,550,000) and subsequently purchased by the Placer County Redevelopment Agency (RDA), (ii) two loans (\$2,237,500) originated by Central Pacific Bank and subsequently purchased by the RDA, and (iii) a predevelopment loan (\$500,000) originated by the RDA, (all of the foregoing collectively referred to as Loans). Regarding your solicitation for comments regarding your financial statement provided to the Successor Agency, it is under review and we currently do not have additional questions.

In order to expeditiously negotiate conceptual terms for an Agreement so that staff may discuss this with the Placer County Oversight Board (Oversight Board) in a timely manner, I respectfully request you provide a written response to as many elements of this letter as possible by 5:00 p.m., Monday June 17, 2013. For any items you cannot address within that timeframe, please identify the date you will submit your response.

1. Term. The Agreement would terminate on December 31, 2015. Provided that there has been no default under the Agreement and all milestones have been satisfied, the term may be extended for a two-year period ending December 31, 2017. Any further extension beyond such date would be in the sole discretion of the Successor Agency and would be subject to approval by the Oversight Board and, if required, the California Department of Finance. During the term of the Agreement, provided that there has been no default, the Successor Agency would agree not to pursue foreclosure.
2. Agreement Termination. Default under any provision of the Agreement would be grounds for termination and Successor Agency would pursue all remedies. In the event of default, Successor Agency could pursue foreclosure on the basis of the full face value of the Notes plus accrued interest.
3. Property Tax Default Payment Plan. As a condition of the Agreement, B.B., LLC must have entered into a written agreement with the Placer County Treasurer-Tax Collector that addresses payment of all tax

delinquencies and penalties. A copy of the fully-executed tax payment plan must be delivered to the Successor Agency by no later than June 30, 2013. Neither the Successor Agency nor Placer County has agreed to provide any kind of financial assistance in connection with the resolution of the tax delinquencies and penalties.

4. Property Tax Payments. On a monthly basis throughout the term of the Agreement, B.B.,LLC shall be required to deposit into an impound account controlled by the Successor Agency one-twelfth (1/12) of the then-current annual amount of property taxes and assessments levied against the Property.

5. Loan Principal Repayment. Provided that there has been no default under the Agreement, the amount required to pay off the principal balance of the Loans shall be the sum of Four Million Seven Hundred Fifty Thousand Dollars (\$4,750,000). This sum is equal to the \$500,000 predevelopment loan originated by the RDA plus the purchase price that the RDA paid for the notes originated by Umpqua and Central Pacific Bank. The Agreement will not provide for a permanent write-down of the principal balance of the Notes; rather, the reduction of the principal amount payable is a concession that is expressly contingent upon compliance with the Agreement.

6. Interest Going Forward. The interest rate commencing upon the effective date of the Agreement and continuing until the Loans are fully repaid shall be the quarterly LAIF rate in effect from time to time plus two percent (2%). Interest shall be compounded on a monthly basis. Interest shall be deferred until and payable on the Repayment Date (defined below).

7. Accrued Interest. Payment of interest that has accrued under the terms of the documents executed in connection with the Loans prior to the effective date of the Agreement shall be deferred until, and payable on, the Repayment Date.

8. Loans Repayment Date. All principal and interest, including interest accrued prior to the effective date of the Agreement, shall be due and payable on the date (Repayment Date) which is the earliest of: (i) the expiration of the term of the Agreement (as such may be extended pursuant to the terms of the Agreement), (ii) the date upon which construction financing closes for the first phase of the project to be developed on the Property or part thereof, and (iii) the occurrence of an event of default by B.B.,LLC or other signatories of the Agreement.

9. Pre-Development Cost Trust Account. By no later than November 30, 2013 Borrower shall deposit into a trust account held by Successor Agency the sum of Three Hundred Thousand Dollars (\$300,000). Such funds shall be used to pay for Placer County and Tahoe Regional Planning Agency permit application fees, entitlement processing, and environmental consultant fees. Any funds remaining in such account at the expiration or termination of the Agreement shall be applied toward the outstanding balance of the Loans. Upon full drawdown of Trust Account funds, B.B.,LLC shall replenish the Account as required to ensure sufficient funding is provided at the sole discretion of the Successor Agency.

10. Property to Remain Assembled for Development as Unified Project. No portion of the Property may be sold, or conveyed by ground lease or otherwise, without the Successor Agency's prior written consent, which consent may be withheld in Successor Agency's sole discretion.

11. Option to Purchase. The Successor Agency shall have an option to purchase the Property. The exercise price shall be the lesser of Four Million Seven Hundred Fifty Thousand Dollars (\$4,750,000) or the outstanding principal balance payable under the Loans at the time of exercise. The Successor Agency may pay the option

price via a credit toward the outstanding balance of the Loans. The option shall be assignable in the discretion of the Successor Agency. The option shall be exercisable upon the occurrence of an event of default under the Agreement, including without limitation, the failure to make tax or loan payments when due, the failure to meet specified development milestones, or the violation of any other requirements under the Agreement or the Loan documents (other than as expressly modified by the Agreement).

12. Development Pro Forma. No later than June 30, 2013, B.B.,LLC shall provide Successor Agency with detailed development pro forma, including sources and uses, for the project proposed to be developed on the Property.

13. Development Milestones. The Agreement shall require compliance with the following development milestones:

November 30, 2013	Submit complete application to TRPA and County for environmental review.
November 30, 2015	Environmental review anticipated to be completed with Planning Commission and Board of Supervisor Hearings for entitlements scheduled.
December 30, 2016	Submit construction plans to County for review. (Within 12 months following certification of EIR/EIS)

14. Additional Requirements. Compliance with all other terms of the Loan Documents will be required. This includes, without limitation, requirements relating to insurance, property maintenance, and provision of cash flow and other financial information to the Successor Agency. The Successor Agency's advance written approval shall be required for all contracts, agreements, rental agreements and leases that are not terminable upon 30 days' notice. Without exception, all residential and commercial tenants must be provided with a move-in notice in form approved by the Successor Agency and that includes information regarding potential relocation benefits and waiver thereof to the extent permitted by applicable law.

Bear in mind, this letter does not represent a binding commitment. A definitive Agreement will be subject to approval by Oversight Board. Actions of the Oversight Board are also subject to approval by the California Department of Finance. Neither this letter, nor any action or failure to act by the Successor Agency or the former Placer County Redevelopment Agency, should be construed as a waiver of any of the Successor Agency's rights or remedies under any existing documents, including without limitation under any of the guaranty agreements or indemnity agreements delivered in connection with the Loans, under any of the deeds of trust recorded in connection with the Loans, or under law or equity.

Thank you in advance for your consideration and response to this letter. I look forward to receiving your response so that we can proceed with this matter. Please contact me at (530) 889-4030 if you have questions regarding this letter.

Sincerely,



Allison Carlos
Successor Agency Official, Designee

Cc: David Boesch, County Executive Officer
Sue Bloch, Burke, Sorensen, Williams
Mark S. Carlquist, Esq. mark@carlquistlaw.com