

**COMMISSIONERS' MINUTES
KITITAS COUNTY, WASHINGTON
COMMISSIONERS CONFERENCE ROOM
SPECIAL MEETING**

WEDNESDAY

10:00 A.M.

MARCH 28, 2012

Board members present: Chairman Alan Crankovich, Vice-Chairman Obie O'Brien and Commissioner Paul Jewell.

Others: Mandy Robinson, Deputy Clerk of the Board; Kirk Holmes, Public Works Director; Neil Caulkins, Deputy Prosecutor; Attorney Steve Lathrop (By Phone), Representing Suncadia; Paul Eisenberg, Suncadia; Edward Khalatian, Representative of Oaktree Capital Management LP; Jeff Slothower, Representing Suncadia and 1 member of the public.

SPECIAL MEETING

SUNCADIA

COMMISSIONERS

At 10:00 a.m. Chairman Crankovich opened a Special Meeting to follow up from a Special Meeting held on March 26, 2012 which was at the request of Attorney Steve Lathrop to discuss Suncadia updates.

Attorney Steve Lathrop, representing Suncadia, explained how the Commissioners have been aware of their recapitalization program and wanted to report it was now in its final phase as reported at their previous meeting. According to the Development Agreement it requires them to obtain consent from the Kittitas County Board of Commissioners. He indicated that this is somewhat different than the two times they have done this before, as over the next few weeks the principles will be Oaktree Capital Management LP and Lowe Enterprises, which will create "New Suncadia, LLC". He noted Suncadia will not be released at this time. He said in order to make this happen a series of transactions must begin by the end of the month, and the conveyance will not happen for several weeks, stressing the importance of the limited amount of time due to deadlines. Mr. Lathrop said the past two times they have gone through this process the Commissioners have given their consent during a meeting and the minutes represent all the necessary documentation.

Neil Caulkins, Deputy Prosecutor indicated that he had, had time to review the documents and the documents have brought up a few concerns. He outlined portions of the document he felt the BoCC should be aware of.

Commissioner Crankovich requested clarification on whether or not the "New Suncadia LLC" had been created already. Steve Lathrop, explained

that Suncadia and New Suncadia LLC is are separate. He explained that Suncadia LLC made up of Suncadia LLC and Lowe Enterprises, and New Suncadia LLC will be comprised of Lowe Enterprises and Oaktree Capital Management LP. He felt the County has the best of both worlds with the options before them. He explained the delivery method of financial information and stated that he felt they have covered all questions brought up in the previous meeting held on March 26, 2012.

Commissioner Crankovich questioned what the consequences would be if the Board was unable to make a decision by the end of the month. Edward Khalatian, Representative of Oaktree Capital Management LP explained the security his client needed to invest and why. He explained that there was a strong potential if the deadline wasn't met and how Oaktree would have to pull out. Commissioner Crankovich expressed his frustration with regard to the extremely short amount of time the BoCC has had to consider everything before them. Commissioner O'Brien questioned whether or not they would receive additional information if they were given a longer time frame. Commissioner Jewell reviewed what his understanding was of the March 26, 2012 meeting.

There was discussion and clarification regarding entitlements.

Edward Khalatian, Representative of Oaktree Capital Management LP reviewed what the intent of the letter from Suncadia LLC Senior Vice President Paul Eisenberg (delivered on 3-28-2012) was. He explained how and when New Suncadia LLC becomes an active party to the Development Agreement, there should be no noticeable changes.

Commissioner Jewell expressed his concern with regard to the County having to commit to everything up front with no guarantee. Mr. Khalatian explained that the County shouldn't worry about the risk to the County because in the rare event something were to happen the County can pull the letters of credit that are in place for situations like that. Commissioner Jewell stated that he was under the impression that the letters of credit have expiration dates. Neil Caulkins addressed Commissioner Jewell's concerns regarding expiration dates on the letters of credit. He explained that they do expire however, they are set to automatically renew.

Commissioner O'Brien questioned whether or not Oaktree was aware of the prior obligations Suncadia LLC has with the County. Commissioner Jewell questioned how those changes were going to impact other jurisdictions. He asked that a list of completed "like" projects be submitted for the Board to do reference checks and see the final outcome.

Commissioner Crankovich questioned if the County could do a preliminary approval with conditions, so they could accommodate deadlines.

Steve Lathrop questioned what the Board would need in front of them in order for them to approve the transfer of Development Agreement. He stressed that they are not asking to release Suncadia LLC of their obligations. Commissioner Jewell stated that he wanted to see final documents that the County's Prosecutor has reviewed and is satisfied with and then follow up with another Special Meeting to consider those documents. Commissioner Jewell reminded the Board that time is of the essence.

Jeff Slothower offered to draft the documents and have them to the County Prosecutor for their review.

Staff was directed to schedule a Special Meeting for Friday March 30, 2012 at 1:00 p.m. in the Commissioners Conference Room, to consider proposed enabling documents.

Meeting adjourned at 11:20 a.m.

DEPUTY CLERK OF THE BOARD



Mandy Robinson

**KITTITAS COUNTY COMMISSIONERS
KITTITAS COUNTY, WASHINGTON**



Alan Crankovich, Chairman