

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

THURSDAY

10:00 A.M.

SEPTEMBER 30, 2010

Board members present: Chairman Mark McClain, Vice-Chairman Paul Jewell and Commissioner Alan Crankovich.

Others: Catherine Dunn, Deputy Clerk of the Board; Neil Caulkins, Deputy Prosecutor; Kirk Holmes, Public Works Director; Doug D'Hondt, County Engineer; Jim Van De Venter, Maintenance Manager; Kelly Carlson, Airport Manager and Administrative Assistant; Steve Lathrop, representing Suncadia; Gary Kittleson and Tom Luersen, Suncadia; Mary Swift, Daily Record; David Gerth, Kittitas Conservation Trust; Louis Musso; Larry Nickel; Mickey Hulz; Bonnie Reay and Catherine Clerf.

SPECIAL MEETING

SUNCADIA LETTER OF CREDIT

COMMISSIONERS

At 10:00 a.m. **Chairman McClain** moved the meeting into the Commissioners Auditorium due to the large number of people attending. Once in the Auditorium, he opened a special meeting to consider the Suncadia Letter of Credit extension. There was a Point of Order raised by Larry Nickel requesting to have the meeting recorded, which was denied.

Steve Lathrop, representing Suncadia, said if the deal does not get together the transaction will fail, but Jeld-Wen will not give up trying even as frustrated as they are. The extension is proposed for 30 days but Suncadia is recognizing that the Letters of Credit will expire November 5, 2010. They are asking for an extension to December 5, 2010. Suncadia will remain under pressure to complete this project as Jeld-Wen wants to see it done. **Mr. Lathrop** said there is some misinformation in the public as the County has never been without security in this situation and the public needs to get their facts straight. In the meantime, the County is safe and Suncadia is asking for the County's indulgence to extend the Letters of Credit.

Chairman McClain said the County has an agreement with Suncadia requiring them to have X number of dollars in place with Letters of Credit not to expire before May, 2011. He asked **Neil Caulkins, Deputy Prosecutor**, and the Suncadia representatives if that was correct. **Mr. Caulkins** said the document talks about Letters of Credit or replacement Letters of Credit to be good through May 2011, but not to whether they expire sooner than May.

Kirk Holmes, Director of Public Works, said that as far as their department is aware, the Letters of Credit are in force.

Commissioner Crankovich asked if the County had an updated Engineer's Estimate. **County Engineer, Doug D'Hondt** said the current one is dated October 2007. He said he would like to see an updated version and the developer's engineer should update it.

Steve Lathrop said **Mr. Caulkin's** proposed amendment will clarify the agreement that rolling extensions would not be allowed, but an extension to May would suffice although that could not be done today.

Chairman McClain said unless the Board wants clarification from the courts, the County is saying to get the Letters of Credit in place. The agreement doesn't say incremental extensions or not. The incremental extensions would require more diligence on the County's part.

Vice-Chairman Jewell said that the matter could go through the courts, but everyone agrees what the intent of the agreement is.

Tom Luersen, Loew's Executive Vice-President, said they are very sensitive to the Board's frustration. He said the intent was to have the Letter of Credit in place to May and they are trying to expedite it. He said the obligations of the developer are protected and there is no liability on the County. He said they are making tremendous strides and are close to full resolution. They will continue to communicate closely with the County.

Kirk Holmes said all work from last year is complete. He said he would like to meet with Suncadia regarding Jenkins Drive.

Chairman McClain said if it goes to the 31st day, the County will pull the Letters of Credit immediately. He said he thought the County should have concessions to protect County businesses, but he felt the County is protected.

Vice-Chairman Jewell asked if the Board should anticipate sitting here, doing the same thing in thirty days. **Mr. Luersen** said he thought they would be.

Vice-Chairman Jewell said the County would need clarification of the documents and if it's an incremental extension, the County will need to get reports on the project on a regular basis and an update on the Engineer's Estimate.

Chairman McClain asked when the extension would be made. **Tom Luersen** said today or tomorrow.

Commissioner Crankovich said he objected to the incremental extensions and asked what would happen if the resort fails. **Tom Luersen** said he didn't know the details, but defaults by lender groups are avoided because the partners work hard to see they don't happen. He said they have seen other projects go into default and the projects have shut down, workers lose jobs and they go into litigation for years. He said an element of trust is needed. Jeld-Wen could walk away but won't. He said he continued to believe they are moving ahead and he feels positive about the outcome.

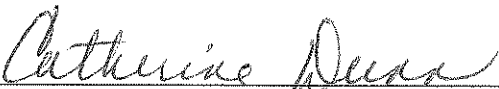
Chairman McClain said he felt this special meeting had gathered more attention than it should have and suggested scheduling these meetings as part of a standing meeting such as the Public Works Study Session.

Kirk Holmes said that would work for the extensions.

Meeting adjourned at 10:32 a.m.

DEPUTY CLERK OF THE BOARD

KITTITAS COUNTY COMMISSIONERS
KITTITAS COUNTY, WASHINGTON


Catherine Dunn


Mark McClain, Chairman