COMMISSIONERS' MINUTES  
KITTITAS 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