

On November 3, 2017, the North Tahoe Public Utility District, through its attorneys, filed a Complaint for Validation with the Superior Court of California, County of Placer in Roseville, CA for the judicial examination and validation of a lease and financing agreement entered into between the District and Lulima Kings Beach Event Center, LLC for the renovation, operation, maintenance and management of the North Tahoe Event Center in Kings Beach, CA.

While Validation Statutes provide that notice of the validation action can occur solely in a newspaper of general circulation, published in the county where the action is pending and whenever possible within the boundaries of the public agency, the District is taking this opportunity to notify interested parties of this action in a means other than the local newspaper.

In spring 2016, the District solicited proposals from interested proposers regarding the lease or operation of the Event Center and, after reviewing the submitted proposals, the Board directed staff to begin negotiations with Lulima Partners, LLC through its Lulima Kings Beach Event Center, LLC. The District and Lulima negotiated and agreed upon the terms and conditions for the remodel, operation, maintenance and management of the NTEC.

On September 18, 2017, the Board adopted Resolution 2017-19 which approved and authorized execution of the NTEC lease. Leasing the NTEC to Lulima was determined by the Board to be in the best interest of the District for a number of reasons, including that it will ensure that the NTEC remains available for continued District and other public use as a remodeled venue. It will also provide revenue for the District's other recreational programs or services while reducing costs currently incurred by the District of operating the NTEC at an average annual loss in excess of \$90,000 and avoid incurring substantial anticipated expenses in necessary deferred maintenance and capital improvements at the NTEC. Additionally, the Lease Agreement requires that Lulima Kings Beach Event Center, LLC shall renovate the NTEC with tenant improvement expenditures not less than \$5,600,000 while also being obligated to pay annual rent payments to the District according to the Rent Schedule which escalates to \$165,000 at year 10 and annually thereafter by a cost of living adjustment.

The District is asking the Superior Court of California, County of Placer to review Resolution 2017-19 and the Lease Agreement to determine the legal validity of the lease in light of the 1979 deed restriction requiring the property be used "only for park purposes." The District believes that the lease is consistent with the 1979 deed restriction as it requires Lulima to use the property "for park purposes, including recreational, public and community activities," as well as civic events, weddings, receptions, fundraisers and concerts. The lease also includes at least 75 hours annually for NTPUD events, offering discounted use for local non-profits and residents, allowing NTPUD recreation classes to use the NTEC consistent with historical and current usage of the facility and that the Event Center remains available as an emergency shelter.

These provisions in the Lease for public use, along with the monetary commitments for the renovation and annual rent demonstrate that this lease is in the best interest of the District.

Should you desire to contest the legality or validity of the filing of this matter with the Superior Court of California, County of Placer, you may file a written answer to the Complaint no later than December 20, 2017. A typewritten answer in proper legal form must be submitted if you want the Court to hear your case. You can find these forms and more information at the California Courts On-Line Self-Help Center (www.courtinfo.ca.gov/self-help), your county law library, or the courthouse nearest you.

The name and address of the Court is:

Placer County Superior Court
Hon. Howard G. Gibson Courthouse
10820 Justice Center Drive
Roseville, CA 95678

Mailing Address:

PO Box 619072
Roseville, CA 95661-9072

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