

LAW OFFICES
MULVANEY, KAHAN & BARRY

A LIMITED LIABILITY PARTNERSHIP

COLUMBIA CENTER

SEVENTEENTH FLOOR

401 WEST A STREET

SAN DIEGO, CALIFORNIA 92101-7944

TELEPHONE 619 238-1010

FACSIMILE 619 238-1981

WEBSITE: www.mkblaw.com

riinn@mkblaw.com

JOHN MCEVOY (RET.)

OTHER OFFICES
LOS ANGELES, CA

JAMES F. MULVANEY
LAWRENCE KAHAN
EVERETT G. BARRY, JR.
ROBERT A. LINN
PAULA ROTENBERG
REX B. BEATTY
JOHN A. MAYERS
TINA M. PIVONKA
PATRICK L. PRINDLE
LAURIE E. BARBER
NATALIE D. WILHELM
TOBY S. KOVALIVKER
HANNAH L. FABRIKANT

OF COUNSEL
KIT J. GARDNER

February 4, 2008

VIA FEDERAL EXPRESS

Mr. Rusty Dupray
Chairman, Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, CA 95667

Re: Bass Lake Estates Subdivision
Board Agenda – February 5, 2008

Dear Chairman Dupray:

Reza Shera of Carmichael Investments Group, LLC ("Carmichael") has asked that we write to you on Carmichael's behalf in response to the February 1, 2008 letter from Mr. Sandberg, sent to you on behalf of Silver Springs, LLC. Carmichael is the owner and developer of the property subject to the proposed subdivision map for Bass Lakes Estates that is on your agenda for hearing tomorrow.

Both Mr. Scott's and Carmichael's projects front Bass Lake Road. We are informed that County staff has proposed as a condition for approval of Carmichael's map that certain frontage improvements be constructed along Bass Lake Road. As noted by Mr. Sandberg, the same requirements for improvements to Bass Lake Road are a condition of the map for the Silver Springs subdivision, which map was approved a number of years ago.

Mr. Sandberg proposes that the County impose a condition upon approval of Carmichael's map that requires Carmichael reimburse Silver Springs LLC for 50% of the cost of the road improvements, assuming that Silver Springs proceeds with its development first and actually constructs the road improvements. We are informed that there is no reciprocal condition in the Silver Springs map. In addition to being proposed for unilateral application, the proposal for a 50/50 split is not equitable as Carmichael's project has less frontage on Bass Lake Road than does Silver Springs' project, and Carmichael's project (much smaller in scale than that of Silver Springs) will have substantially less impact on Bass Lake Road.

Mr. Rusty Dupray
Chairman, Board of Supervisors
February 4, 2008
Page 2

While Carmichael recognizes that the developers of these projects must proceed in harmony as a result of the County making the road improvements a condition of both projects, it is premature and inappropriate for the County to impose a condition that the cost be split equally, and to impose a schedule as to when such reimbursement would be due. Silver Springs apparently has taken several years to bring its project to fruition from its tentative and/or final map approval; Carmichael wants the same opportunity to proceed with its project and to incur related development expenses when it ready to bring its project to market (e.g. when it applies for building permits).

Carmichael has not received a budget or other estimates for the proposed road improvements, nor has it received any information regarding the respective burdens placed on, or benefit to, the respective projects relative to the improvements required for Bass Lake Road. A 50/50 percent division as proposed by Mr. Sandberg is not equitable, and the cost sharing requires further analysis. The parties should be allowed to negotiate fair and equitable terms without either party (in this case Carmichael) being burdened with conditions not imposed on the other party's project (through the vehicle of conditional map approval).

Mr. Sandberg's comments in his February 1 letter that a subsequent owner of the Bass Lake Estates subdivision would not be on notice of a requirement to reimburse his client, unless the map for Bass Lake Estates so provides. Again, with no similar condition in the map for the Silver Springs subdivision, Carmichael is already at risk in this same regard. Although the parties do need to proceed in harmony, we require a level playing field when entering into negotiations for cost-sharing of the road reimbursements and require equal treatment by the County Board.

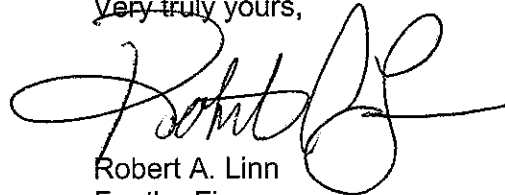
We ask that Carmichael's tentative map be approved with the condition for road improvements as proposed by County staff, and without expanding the condition beyond those imposed upon Silver Springs itself. We need the map approved so that Carmichael can move forward with obtaining financing, estimating the costs of the improvement conditions, and finalizing its project engineering, much as has been allowed to Silver Springs through the orderly evolution of its project. We look forward to the parties negotiating a pragmatic and realistic agreement for reimbursement of road expenses in the future.

Last week, just a few business days prior to the pending hearing on Carmichael's map, Silver Springs presented a draft Cost Sharing Agreement for consideration. It left several issues open (e.g. percentage of contribution, and the cost of improvements), which require more analysis than can be done in the time allowed. Further, it proposed that reimbursement be made within 30 days after demand is made therefor, which (like Mr. Sandberg's current proposed map condition), does not account for the realities of whether financing or other resources are currently available to Carmichael to actually make the referenced payment.

Mr. Rusty Dupray
Chairman, Board of Supervisors
February 4, 2008
Page 3

Cost sharing of the road improvements requires further consideration by the parties burdened with this condition. In fairness and based on existing precedents, the only condition that should be imposed upon Carmichael's map in this regard is, as the County staff has already proposed and as exists in Silver Springs' map, that the road improvements be constructed. The parties should be left to their own devices to determine how this is to be done.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert A. Linn", written in a cursive style with a large initial "R".

Robert A. Linn
For the Firm

RAL:mb

cc: Mr. Gene Thorne (via email – gene@thornecivil.com)