

Contact:

Marcie Graham

Marketing Manager / Public Information Officer

760.777.7032 – Office

760.501.8924 - Mobile

Email: mgraham@laquintaca.gov

For Immediate Release

July 26, 2024

CITY OF LA QUINTA TAKES LEGAL ACTION TO PROTECT TALUS RESORT PROJECT

La Quinta, CA: The City of La Quinta has submitted for filing a lawsuit against SilverRock Development Company, The Robert Green Company, and other named defendants, relating to actions taken by the developer that violate a Purchase, Sales and Development Agreement (PSDA) and a Memorandum of Understanding (MOU) with the City for the development of the Talus resort.

The City's lawsuit is in response to the following actions taken by The Robert Green Company and SilverRock Development Company LLC (collectively, the developer):

- Unknown to the City, and without notice, starting on July 1, 2024, and through at least July 5, 2024, the developer executed multiple promissory notes purported to be secured by the real property owned by the developer, without the City's approval.
- The developer also recorded encumbrances known as "mechanics liens" against the developer's own property, when mechanics liens operate to protect payment of contracted construction workers and design professionals.
- The City states in the lawsuit that these actions taken by the developer, on and after July 1, 2024, intentionally and fraudulently, are trying to frustrate and thwart the Memorandum of Understanding (MOU) entered into on May 24, 2024, developer's other contractual obligations with the City, and have encumbered all or portions of the developer-held properties with unenforceable mechanics liens and unauthorized deeds of trust without the City's approval.

- The developer did not close financing by June 30, 2024, and on July 1, 2024, the City issued to the developer a notice of default under the operative amendment, and pursuant to the MOU, another party to the MOU (CMG) issued its notice that it would proceed with its rights to pay off the existing secured creditors and mechanics liens and assume the project, agreements, and property to resume and complete construction.

The lawsuit alleges that by filing mechanics liens and unauthorized deeds of trust without the City's approval, the developer breached contractual obligations as detailed in the Purchase, Sales and Development Agreement (PSDA) between the developer and the City, with an intent to hinder the project's progress.

The City's lawsuit in Riverside County Superior Court seeks to compel the developer to remove unauthorized encumbrances from the property and to uphold its contractual obligations. Among the remedies sought by the City, are:

1. Injunctive relief that would compel the developer to remove the unauthorized encumbrances and prevent any further unauthorized encumbrances.
2. An order for the developer to honor its contractual obligations under the MOU.
3. An award of damages to compensate the City.

The Talus resort project is a cornerstone of the City's land use plan and is expected to create jobs, generate revenue, and enhance the quality of life for residents and visitors alike. The City is committed to protecting this important investment and ensuring the project moves forward.

###