

August 1, 2024

VIA E-MAIL AND
REGISTERED FIRST CLASS MAIL
RETURN RECEIPT REQUESTED

SilverRock Development Company, LLC
c/o The Robert Green Company
3551 Fortuna Ranch Road
Encinitas, CA 92024
Attention: Robert Green

Re: Failure to Cure Notice and Confirmation of Default
Purchase, Sale, and Development Agreement

Robert:

This letter serves to memorialize that, as of July 31, 2024, SilverRock Development Company, LLC ("SDC") did not cure the Defaults as more specifically described in that certain letter from the City, dated July 1, 2024, a copy of which is attached hereto (the "City's July 1 Notice of Default"; additionally, all capitalized words in this letter shall have the same meanings ascribed to them in the City's July 1 Notice of Default unless otherwise noted). Therefore, pursuant to Section 501 of the Original PSDA, SDC is in default, with no right to cure, and SDC no longer has any rights as "Developer" under the PSDA.

Specifically, SDC has not, and cannot, perform the Defaults noted in the July 1, 2024 Notice of Default: (a) failure to deliver a copy to the City Attorney and City Manager of all loan documents in a sufficiently final draft form for the Bridge Loans and Recapitalization Loans by June 30, 2024, and (b) failure to close on the Recapitalization Loans with the Recapitalization Lenders by June 30, 2024.

Furthermore, the City is compelled to correct a material misstatement made in a letter, dated August 1, 2024 (12:01 am), from the Robert Green Company, promulgating that SDC has the authority to determine whether CMG, one of multiple parties to the MOU "has no further rights, liabilities, or obligations under the MOU or the PSDA or in connection with the Developer-Held Properties." As clearly explained in the City's July 1 Notice of Default, "Provided that Developer and Developer's affiliated entities **perform, and perform to completion**, under [MOU] . . . , Developer shall be deemed by the City to be taking actions to cure the Defaults identified in the Notice of Default." [Emphasis added.]

SDC did not perform under the MOU, which frustrated the ability for not only SDC to complete its obligations for assignment of rights and properties to CMG, but frustrated all parties' ability to perform. In fact, SDC willfully took unauthorized actions to prevent the parties to the MOU from being able to perform.

As referenced in the July 10, 2024 Cease and Desist Demand from the City Attorney's Office, SDC, without the City's knowledge or approval, executed and recorded mechanics liens for the benefit of SDC (or SDC-affiliated entities) and deeds of trust for unknown, unauthorized, and unapproved purported financing sources of the Project. The "Purported Secured Interests" as described in the Cease and Desist Demand were willfully in violation of the City's rights under Sections 211, 311.1, and other sections of the PSDA, which require SDC (or any SDC entity) to obtain the City's prior approval for any financing of the infrastructure improvements and various project components in connection with the Project. In other words, SDC was required to obtain the City's prior approval before recording any of the Purported Secured Interests, but SDC failed to do so—and SDC continues to defy the City's demand to remove these unauthorized documents from record title on any of the properties.

Given the bad faith under which SDC has acted since the City's July 1 Notice of Default—where SDC took actions and wrote statements in direct contradiction to the manner in which SDC was instructed to cure the default for failing to close by June 30, 2024 on the Recapitalization Loans—the City has no choice but to declare that SDC is in full breach of the PSDA and that SDC no longer has any rights as "Developer" under the PSDA.

Moreover, the actions taken by SDC to frustrate the performance of the parties under the MOU, coupled with the August 1, 2024 Robert Green Company letter, provide clear evidence that SDC does not have the capacity or ability to perform the obligations of the "Developer" as defined in the PSDA.

Finally, pursuant to Sections 508 and 509 of the Original PSDA and Section 7.1 of Amendment No. 5, the City retains and reserves all of its rights cumulatively, and does not waive any other default(s) that Developer may otherwise now or in the future have by delivery of this letter.

Should SDC have any questions, you may contact me at (760) 777-7100.



Jon McMillen
City Manager

cc: Bill Ihrke, City Attorney (via email)
Parties listed:

<p>The Robert Green Company 343 Fourth Ave San Diego, CA 92101 Attention: Robert Green robert@therobertgreencompany.com</p>	<p>Crosbie Gliner Schiffman et al. 12750 High Bluff Drive, Suite 250 San Diego, California 92130 Attention: Dana Schiffman Attention: Thomas Crosbey dschiffman@cgs3.com tcrosbie@cgs3.com</p>
<p>Caldarelli Hejmanowski Page & Leer 3398 Carmel Mountain Road Suite 250 San Diego, CA 92121 Attention: William Caldarelli, Esq. wjc@chpllaw.com</p>	<p>Clinton L. Blain, Attorney at Law 3990 Old Town Avenue, Suite B-101 San Diego, CA 92110 Attention: Clinton Blain, Esq.</p>
<p>Michelman & Robinson, LLP 10880 Wilshire Blvd. 19th Floor Los Angeles, CA 90024 Attn: Edward D. Vaisbort, Esq. Attn: Eric Rans, Esq. evaisbort@mrlp.com ERans@mrlp.com</p>	<p>Abbey, Weitzenberg, Warren & Emery 100 Stony Point Rd, Ste. 200 Santa Rosa, CA 95401 Attn: Mitchell B. Greenberg, Esq. mgreenberg@abbeylaw.com</p>
<p>Watt, Tieder, et al., LLP 4 Park Plaza, Suite 1000 Irvine, CA 92614 Attn: David McPherson Email: dmcpherson@watttieder.com</p>	<p>Finch, Thornton & Baird, LLP 4747 Executive Drive San Diego, CA 92121 Attn: Andrea L. Petray Email: apetray@ftblaw.com</p>
<p>Rodriguez Wright LLP Attn: Stephen M. Wright, Esq. Email: swright@rodriguezwright.com</p>	

First Pathway Partners Attn: Dan Wycklendt 311 E. Chicago Street, Suite 510 Milwaukee, WI 53202	Keillor Capital Attn: Eric Keillor 2429 W. Coast Hwy, suite 210 Newport Beach, CA 92663
Silver Arch Capital Attn: Jeff Wolfer 411 Hackensack Ave, Suite 803 Hackensack, NJ 07601	Ziegler Investment Banking Attn: Aaron Gadouas One North Wacker Drive, Suite 2000 Chicago, Illinois 60606

July 1, 2024

VIA E-MAIL AND
REGISTERED FIRST CLASS MAIL
RETURN RECEIPT REQUESTED

SilverRock Development Company, LLC
c/o The Robert Green Company
3551 Fortuna Ranch Road
Encinitas, CA 92024
Attention: Robert Green

Re: Notice of Default of Purchase, Sale, and Development Agreement
Amendment No. 5

Robert:

As public records reflect, the City of La Quinta ("City") and SilverRock Development Company, LLC ("Developer" or "SDC"), entered into a Purchase, Sale, and Development Agreement on or about November 19, 2014 ("Original PSDA"), as amended by that certain Amendment No. 1 to PSDA dated on or about October 29, 2015 ("Amendment No. 1"), that certain Amendment No. 2 to PSDA dated on or about April 18, 2017 ("Amendment No. 2"), that certain Amendment No. 3 to PSDA dated on or about November 28, 2018 ("Amendment No. 3"), that certain Amendment No. 4 dated on or about October 12, 2021 ("Amendment No. 4") and that certain Amendment No. 5 dated on or about November 16, 2023 ("Amendment No. 5" and collectively referred to as the "PSDA") for the SilverRock Resort Project, renamed Talus project (the "Project"). Under Amendments Nos. 4 and 5, the Developer and City memorialized the City-approved Revised Capitalization that was then presented to the City by Developer.

Revised Capitalization & Schedule of Performance

Recital K, Sections 2 and 3, and the revised Schedule of Performance of Amendment No. 5 address Developer's obligations with respect to the "Bridge Loans," "Recapitalization Lenders," and "Recapitalization Loans" (all as defined therein). Additionally, pursuant to Sections 2 and 7.9 of Amendment No. 5, Developer had the obligations to deliver to the City Attorney and City

Manager for review a copy of all loan documents in a sufficiently final draft form relating to the Bridge Loans and Recapitalization Loans.

Pursuant to the revised Schedule of Performance in Amendment No. 5, Developer was to use diligent efforts to complete the closing of the Recapitalization Loans by January 1, 2024; provided, however, that, pursuant to Section 3 of Amendment No. 5 and Footnote 1 of the revised Schedule of Performance, Developer had until June 30, 2024, as the outside date to close on the Recapitalization Loans.

Default and Cure

YOU ARE HEREBY ON NOTICE that, pursuant to Section 501 of the Original PSDA, which remains binding and operative pursuant to Section 7.1 of Amendment No. 5, the City hereby declares the Developer in "Default" of its obligations under the PSDA. This letter serves as written Notice of the Default and cure of the Default is governed by Article 500, and specifically Section 501, of the Original PSDA. In accordance with Section 501, Developer shall have thirty (30) days from receipt of this Notice of Default to cure the Defaults referenced herein: (a) failure to deliver a copy to the City Attorney and City Manager of all loan documents in a sufficiently final draft form for the Bridge Loans and Recapitalization Loans, and (b) failure to close on the Recapitalization Loans with the Recapitalization Lenders.

Provided that Developer and Developer's affiliated entities perform, and perform to completion, under that certain MEMORANDUM OF UNDERSTANDING AND AGREEMENT RELATING TO DEFAULT AND DEVELOPER REQUIREMENTS ("MOU") dated May 24, 2024 ("MOU"), by and among the City, Developer (and Developer's affiliated entities), Poppy Bank ("Poppy"); Cypress Point Holdings, LLC ("Cypress"), RD Olson Construction, Inc. ("Olson"), Granite Construction Company ("Granite"), Montage North America, LLC ("Montage"), and Christopher M. George ("CMG," and collectively, all parties to the MOU are referred to as the "MOU Parties"), Developer shall be deemed by the City to be taking actions to cure the Defaults identified in the Notice of Default.

Additionally, the City hereby retains and reserves any and all rights and remedies available at law or in equity, including those available under any and all provisions of the MOU, that certain AGREEMENT TO WAIVE AND MODIFY NOTICE AND CURE PERIOD (PURCHASE, SALE, AND DEVELOPMENT AGREEMENT) (Cypress Point Holdings LLC Trustee Notice), dated February 7, 2024, between City and Developer (the "Waiver And Modification Agreement"), and the PSDA (including Amendment No. 5), due to Developer's Default and any and all anticipatory default(s). Additionally, pursuant to Sections 508 and 509 of the Original PSDA and Section 7.1 of Amendment No. 5, the City retains and reserves all of its rights cumulatively, and does not

waive any other default(s) that Developer may otherwise now or in the future have by delivery of this Notice of Default.

Should you have any questions and to schedule a meeting, please contact me at (760) 777-7100.

Sincerely,



Jon McMillen
City Manager

cc: Bill Ihrke, City Attorney (via email)

Clinton L. Blain, Attorney at Law 3990 Old Town Avenue, Suite B-101 San Diego, CA 92110 Attention: Clinton Blain, Esq.	Crosbie Gliner Schiffman et al. 12750 High Bluff Drive, Suite 250 San Diego, California 92130 Attention: Dana Schiffman Attention: Thomas Crosbey dschiffman@cgs3.com tcrosbie@cgs3.com
Caldarelli Hejmanowski Page & Leer 3398 Carmel Mountain Road Suite 250 San Diego, CA 92121 Attention: William Caldarelli, Esq. wjc@chpllaw.com	
Michelman & Robinson, LLP 10880 Wilshire Blvd. 19th Floor Los Angeles, CA 90024 Attn: Edward D. Vaisbort, Esq. Attn: Eric Rans, Esq. evaisbort@mrlip.com ERans@mrlip.com	Abbey, Weitzenberg, Warren & Emery 100 Stony Point Rd, Ste. 200 Santa Rosa, CA 95401 Attn: Mitchell B. Greenberg, Esq. mgreenberg@abbeylaw.com

First Pathway Partners Attn: Dan Wycklendt 311 E. Chicago Street, Suite 510 Milwaukee, WI 53202	Keillor Capital Attn: Eric Keillor 2429 W. Coast Hwy, suite 210 Newport Beach, CA 92663
Silver Arch Capital Attn: Jeff Wolfer 411 Hackensack Ave, Suite 803 Hackensack, NJ 07601	Ziegler Investment Banking Attn: Aaron Gadouas One North Wacker Drive, Suite 2000 Chicago, Illinois 60606

From: Jon McMillen
Sent: Thursday, August 1, 2024 8:40 PM
To: Robert S. Green Jr. (robert@therobergreencompany.com)
Cc: Dana Schiffman; Tom Crosbie; wjc@chpllaw.com; Edward D. Vaisbort (LA); Eric Rans (OC); mgreenberg@abbeylaw.com; Monika Radeva; Bill Ihrke; David McPherson; apetray@ftblaw.com; swright@rodriguezwright.com
Subject: Re: Notice of Default of Purchase, Sale, and Development Agreement
Attachments: Notice of Default - SDC Failure to Close Recap Financing July 1_ 2024 _Singed (20804339.1).pdf; Failure to Cure - Breach Notice .pdf

Good Evening Robert, Please see attached Failure to Cure Notice and Confirmation of Default. Please contact me to discuss.

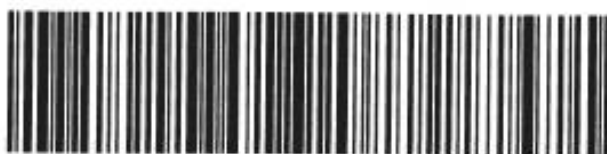
Regards



Jon McMillen | City Manager
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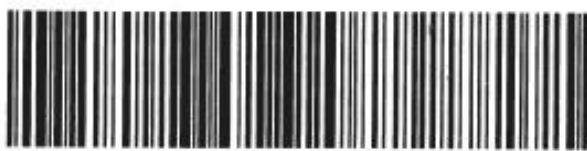


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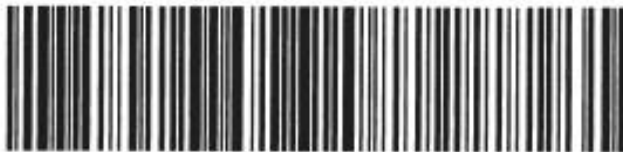


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