



**FINLAYSON • TOFFER • ROOSEVELT & LILLY LLP**

ATTORNEYS AT LAW

October 25, 2021

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**VIA E-MAIL**

Aram Ordubegian  
Arent Fox LLP  
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Re: *In re Coldwater Development LLC*, U.S.B.C. Case No. 2:21-bk-10335-BB  
*In re Lydda Lud, LLC*, U.S.B.C. Case No. 2:21-bk-10336-BB  
LETTER OF INTENT; PURCHASE OF REAL PROPERTY

Dear Aram:

I am writing to follow up on our telephone conversations over the past few days. As you know, this firm was recently retained to represent Sahara Construction Co., Inc. ("Sahara"). I understand that your firm is the general insolvency and restructuring counsel for Coldwater Development LLC and Lydda Lud, LLC (together, the "Debtors") in the above-referenced bankruptcy cases (jointly administered).

As we have discussed, Sahara is interested in making a bid to purchase the following six lots from the Debtors' bankruptcy estates: Assessor's Parcel Numbers: 4387-021-018, 4387-021-019, 4387-022-001, 4387-022-002, 4387-020-001, and 4387-020-009 (together, the "Property"). The basic terms of my client's proposal are:

- Purchase price: \$37,000,000.00
- Buyer: Sahara or its designee (Sahara will likely create a special purpose entity prior to the closing to take title to the Property)
- Buyer's due diligence period: 60 days
- Refundable cash deposit: \$1,500,000.00 (paid immediately upon execution of the definitive agreement; refundable if the transaction fails to close for any reason other than my client's breach of the agreement)
- Buyer's broker: Jonathan Nash of Hilton & Hyland
- Sale of the Property free and clear of all claims, liens, encumbrances, and interests under 11 U.S.C. § 365(f)
- Subject to Bankruptcy Court approval



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My client recognizes that, on September 17, 2021, the Bankruptcy Court issued an Order that, among other things, established bidding procedures in connection with the Debtors' proposed sale of the Property, and that the deadline for submitting "Qualified Bids" under that Order is today at 5:00 p.m. My client's proposal obviously does not meet all of the requirements of a "Qualified Bid" under the Court's Order. Nevertheless, we are hopeful that you, and ultimately the Bankruptcy Court, will see fit to modify the bidding procedures and/or extend the bidding deadline to allow my client the time necessary to conduct reasonable diligence regarding the potential purchase. We understand and appreciate that there have been previous delays in the sale process and there may be push back on extending the bidding deadline and/or altering the bidding procedures, but my client believes this request is reasonable under circumstances for the following reasons:

First and foremost, Sahara only became aware of this opportunity last week. Since that time, my client has been aggressively attempting to start the necessary diligence process, including, among other things, retaining my firm as bankruptcy counsel, hiring an experienced real estate broker, and consulting with tax advisors. It is simply not possible, however, to complete the necessary diligence on a potential \$37,000,000.00 transaction with this level of complexity within a matter of days. We have immense respect for Judge Bluebond and take the Court-ordered deadlines very seriously. Obviously, it would have been preferable for everyone if Sahara learned of this opportunity months ago and had a reasonable opportunity to conduct the necessary diligence before today's deadline, but that simply did not happen. My client is moving as quickly as possible under the circumstances.

Second, Sahara is a highly-qualified potential buyer. To illustrate this point, I am attaching a copy of Sahara's Prequalification Sheet, which provides some details and background on the company. Among other highlights, Sahara is a local company based in Moorpark. Sahara was originally formed more than 50 years ago in 1968 and was formally incorporated in California in 1985. It is owned by two individuals, Paul Ventura and Philip Albert. Sahara has invested over \$12 million in capital equipment and regularly employs over 200 engineers and skilled tradesmen. Despite the challenges of the COVID-19 pandemic, the company generated \$28 million in revenues in fiscal year 2020. Sahara is currently on track for another highly successful year in 2021—the company has over \$20 million under construction, with developers like Pacific Empire, General Contractors Bristol Engineering and Build Group, and the U.S. Navy. Additional information about Sahara is available at the company's website: [www.saharacontractors.com](http://www.saharacontractors.com).

Third, except as stated below, Sahara does not have any connections, associations, and/or affiliations with the Debtors and their principal, Mohamed Hadid—which I understand may be a concern. The only connection between Sahara (or its owners) and Mr. Hadid is that Sahara is also currently bidding to purchase Mr. Hadid's Strada Vecchia property through a receivership action pending in Los Angeles Superior Court. As part of this process, my client's representatives have spoken to Mr. Hadid on a handful of occasions. My client has no other prior connections with Mr. Hadid.

Fourth, Sahara is attempting to structure a transaction that may actually benefit all of the parties involved, including the public. Specifically, after the sale is completed, Sahara is contemplating



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donating a substantial portion of the Property (approximately four of the parcels) to the city and/or a nature conservancy to be maintained as open space and used for hiking and other outdoor activities. We understand this has been a highly contentious issue for some time. The idea behind this deal structure would be to take advantage of the tax deduction for the donation to offset tax liability in connection with the possible development of the remaining two lots. Sahara believes this potential use of the land—which preserves the majority of the Property as open space—might be something that the local government and environmental groups would support.<sup>1</sup> At the same time, however, the potential donation of a portion of the Property creates numerous complex land use, legal, regulatory, zoning, and tax issues which need to be addressed before my client can complete the purchase. Sahara needs time to work through these complex issues to determine if the proposed deal structure is both economically and politically feasible.

For all these reasons, Sahara requests an extension of the today's bidding deadline to allow time to negotiate a definitive purchase agreement and conduct the necessary diligence. As noted above, we need approximately 60 days to complete this process. Sahara's interest in the Property is real and we are prepared to move forward as quickly as possible under the circumstances. Among other things, Sahara is prepared to submit the \$1.5 million deposit immediately upon the execution of a definitive agreement.

We understand that there is pressure to move these cases forward, but we believe a relatively short delay is warranted. If you think it would help to explain the situation, please feel free to submit this letter and the attachment to the Bankruptcy Court. I will also plan on attending Wednesday's hearing by ZOOM to answer any questions Judge Bluebond may have, and will try to arrange to have representatives of my client available as well. Sahara is very enthusiastic about moving forward with this transaction and, hopefully, finding a solution that is acceptable and beneficial to all interested parties.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jesse S. Finlayson'.

Jesse S. Finlayson

cc: M. Douglas Flahaut, [douglas.flahaut@arentfox.com](mailto:douglas.flahaut@arentfox.com)  
Annie Y. Stoops, [annie.stoops@arentfox.com](mailto:annie.stoops@arentfox.com)

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<sup>1</sup> As you know, Sahara attempted to contact counsel for Give Back, LLC on Friday to discuss these issues in detail. We were informed that Give Back, LLC's counsel was unwilling to speak with us. We remain willing to work with Give Back, LLC, to find common ground.



## A Disabled Veteran Business Enterprise

Los Angeles/Boston/Houston  
www.saharacontractors.com

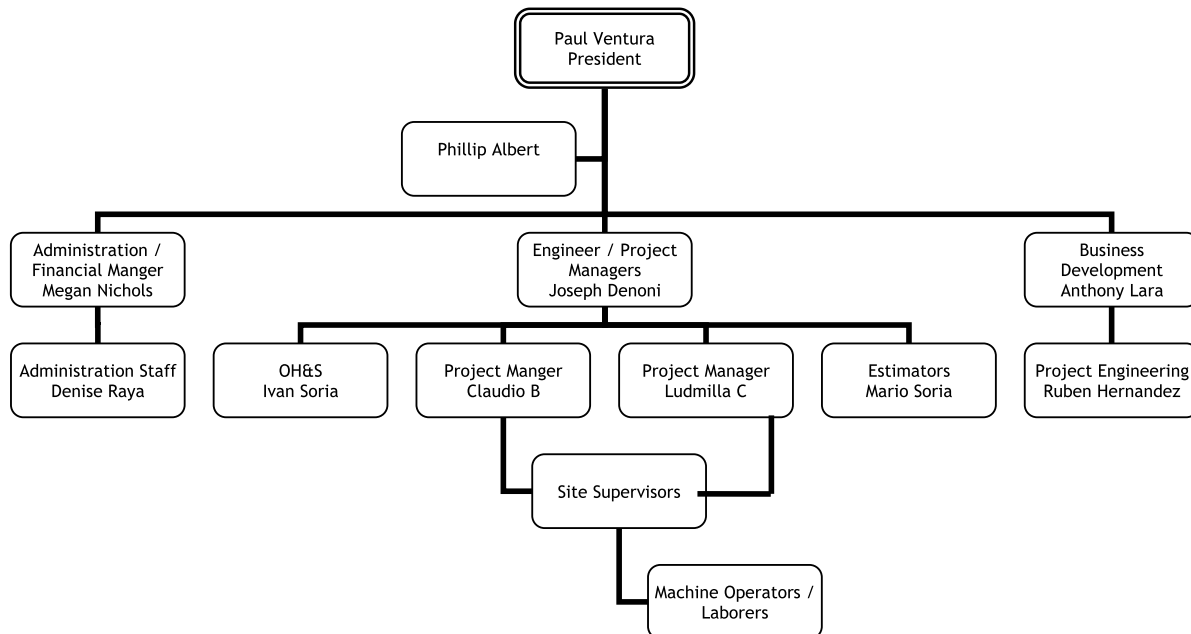
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### HISTORY

Sahara Construction Co., Inc, (Sahara), [www.saharacontractors.com](http://www.saharacontractors.com) has practiced general building construction and heavy civil contracting since its foundation in 1968. Currently in its second generation of leadership, the firm has remained a family held business. Sahara was incorporated in the State of California in 1985; in order to facilitate international expansion efforts. Each company division has experience with a wide variety of building, civil, and transportation sectors including wastewater and water treatment plants, rapid transit, highway and bridgework, educational facilities, warehouse/distribution facilities, athletic facilities, correctional facilities, office, design-build, and more. Sahara has invested over \$12 Million in capital equipment and regularly employs over 200 engineers and skilled tradesmen. The firm performs as an open-shop contractor and is an expert in various building, civil and transportation sectors. In all of its years of construction operations, Sahara has never failed to complete a contract

### Management Structure



## Financial Strength

Sahara carefully manages its workload to minimize financial risk, never undertaking a contract without the proper resources to guarantee its absolute success; the firm invests in and maintains capital resources, including a corporate equipment fleet valued at over \$30 million. Sahara’s business model has been to pursue work experience spanning nearly every conceivable sector of construction projects, and this unique diversity ensures our strength. Sahara has a long history and maintains an excellent relationship with Bank of America, N.A. as our primary bank.

<b>Business synopsis</b>	
<b>Business Name</b>	<b>Sahara Construction Co., Inc</b>
<b>Business Addresses</b>	<b>448 Moorpark Ave, Moorpark, CA 93021</b>
<b>Type of Business</b>	<b>Demolition, civil construction, General contracting, Heavy civil works</b>
<b>When Established</b>	<b>1968</b>
<b>Trading Territory</b>	<b>USA</b>
<b>Revenue (FY2020)</b>	<b>\$28,000,000</b>
<b>Plant and Equipment</b>	<b>\$12,000,000</b>

## Capabilities & Services

### Preconstruction

Sahara firmly believes the amount of effort put forth prior to the start of a project's construction, during what is commonly referred to as the preconstruction phase, has a direct result on a project's overall success. Clearly understanding the owner's goals and creating a plan to implement them is critical in achieving any level of success. Early involvement in a project provides Sahara an opportunity to offer its expertise in the key decision making process and, along with the knowledge of the design team and the guidance of project ownership, help shape the project and ensure the highest level of success.

Sahara has considerable experience in providing preconstruction services to a wide array of clientele. Our preconstruction capabilities include as follows:

1. Program Development
2. Program Budget
3. Bench marking utilizing Historical Cost Data and Historical Schedule Comparisons
4. LEED Cost Benefit Analysis
5. Strategic Sub contractor Selection
6. BIM
7. Select investment into projects pursuant to our in house standards and guidelines

## **Construction**

As a self-performing general contractor and heavy civil contractor, Sahara offers the highest quality construction services. The firm has developed highly effective management systems for staffing; scheduling, cost and budget control, and reporting functions during the construction phase that are proven administrative tools and essential for the on-time, on budget delivery of complex projects. Sahara provides the following construction services:

### **Construction Management**

- General Contracting
- Design Builder
- Job Specific Safety Program
- Strategic Sub Selection
- Self Perform Management Approach
- BIM Coordination
- Track record of On Time and On Budget Completions

### **Green Builder**

Sahara is committed to advancing our knowledge of green technology to assist our clients as partners in building environmentally conscious facilities. We seek innovative solutions that support sustainable construction, leading our industry to socially responsible, economically viable best practices.

### **Green Educational Courses**

Sahara provides its employees many opportunities to educate themselves on green building. We developed and implemented an internal, eight-week LEED Test Prep Course to help our staff gain their credentials and give them an understanding of green building practices. We encourage our employees to attend lectures and workshops hosted by local chapters of the USGBC and other organizations and foundations. Our goal is for our employees to capture the knowledge they gain from these courses and implement it on our jobsites and in their personal lives.

### **Continuing to Grow**

Sahara believes it is important to provide our employees with tools to remain knowledgeable about innovations and changes associated with the green movement. We understand that green building practices are going to continue to evolve and we are dedicated to educating our employees on the latest green technologies and processes. As the industry advances, our focus on education will help ensure we provide our customers the best value for their green buildings

### **Equipment Fleet**

Sahara currently owns and operates an equipment fleet ranging from skid steers to barge-mounted crawler cranes. The replacement value of the equipment measures approximately \$12 million. The company's philosophy has always been and will continue to be, whenever possible, to build projects with our employees and to utilize our own equipment. This approach has empowered our management teams to maximize control of their jobsites by providing the ability to complete their projects in a time frame desirable to our owners.

The following is a sample of the fleet's asset category mix: crawler cranes, RT cranes, bulldozers, backhoes, concrete paving equipment, and caisson drilling equipment, concrete plants, wheel loaders, articulated haulers, motor graders, concrete pumps, construction elevators, and pile driving equipment. The company employs a

competent, staff of both management and mechanic personnel chartered to service the equipment needs across the entire company, coast to coast and internationally.

Sahara strives on a daily basis to ensure our customers and clients are completely satisfied with our endeavours. To this end we aim to increase productivity through innovation, increase safety through education and awareness and to always remember that word of mouth from our clients is the best advertising.

Thank you for reading our profile, if you have any questions or comments please feel free to contact Paul Ventura at [p.ventura@saharacontractors.com](mailto:p.ventura@saharacontractors.com) or 1.702.832.9185