

December 27, 2011

Ron Henrickson, City Manager  
City of Rio Dell  
675 Wildwood Avenue  
Rio Dell, CA 95562

Dear Mr. Henrickson;

I hope you had an enjoyable Christmas in Minnesota. I have met with the attorney to discuss the offer you sent on behalf of the city.

He also has some concerns regarding the option. Our main concerns are as follows.

1. An unsecured note is totally unacceptable.
2. The amount of the option is not even close to the amount which would be customary for the purchase price of the property. An option in the amount of \$50,000, payable in advance, would be acceptable (still less than customary) for a one year option on the property.
3. I would be agreeable to carrying the financing with \$300,000 down but not at 0% interest. This is actually illegal and I would be assessed income taxes on what would be deemed minimum interest by the federal government if I agreed to it.
4. The terms listed for the payment on the note (item 6.B.2 & 3) would need to be adjusted.

Feel free to contact me with any questions. If the city is still interested in the property please send me an updated proposal, at your convenience, addressing the above concerns.

Thank you for all your time in this matter.

Sincerely,

  
Linda Todd