

There's Good Reason to Question Supervisor Uhler's Integrity

Many GB residents are dubious of Supervisor Uhler's reasons for opening up our Community Plan. He claims it's for the benefit of our community. However many suspect it's for the benefit of developers who fund Uhler's political ambitions.

The real beneficiary is Kirk Uhler.

It appears Uhler has used his Supervisor position, along with Sup Robert Weygandt, to steer the largest solar power project for Placer County to Solar Power, Inc., Uhler's employer. Both Sup Weygandt's brother (who's also Sup Weygandt's business partner) and Supervisor Uhler own stock in this company.

This appears to be a "sweetheart" deal, especially since County negotiated with this company for months, finalizing the details before Solar Power, Inc. was in the business of installing solar panel systems.

This egregious behavior didn't end there.

Even though the only obvious legal code the Board of Supervisors (BOS) violated pertains to the Brown Act, in that they deliberately mislead the public by naming a different company, "Solar Power and Geothermal Energy, Inc.," on the documentation used to publicize and notice this issue prior to and at BOS hearings, there were many other shady events that progressed throughout this arrangement.

This deal is similar to "insider trading", where Wall Street insiders use exclusive information to financially benefit themselves.

After reviewing the time line, it becomes clear there were many questionable activities and opportunities that our Supervisor, Kirk Uhler, either engaged in or conveniently ignored that scored financial gain to himself and his associates on the backs of the taxpayers.

How can we trust Uhler to do the right thing for our Community Plan when given the opportunity to fulfill his

supervisory duty, he chose instead to participate in what appears to be a self-serving deal for his company that wasn't in the best interest of Placer County?

Please take a few minutes and see how Uhler's company appeared to have influenced Placer county employees to behave disturbingly. It may shed light on our bewilderment as to why the Planning Director is so inconsistent, noncommittal and appears to stick to a script.

Read the details below.

Time Line of Solar Power, Inc.'s (SPI) "deal" with Placer County

Back ground info: An entity was incorporated in Nevada in Nov. 2005 under the name, "Solar Power, Inc." (IRS # 20-1470649). It appears their source of income was from investing in sub-prime auto loans by their subsidiary, Welund Fund, earning about \$8,500 in 2006. They never had income from sales of any solar power generating systems. They merged with Solar Power, Inc. of CA on 12/26/06, and stated in their SEC filing (10K-SB, year ending 12/31/06, filed 4/16/07), that they discontinued their former auto loans business and changed their focus, strategy and direction and "pursued operations in the solar power business."

Prior to May 2006 – County states that they've been working w/Solar Power, Inc. for months and have concluded negotiations

as of May 1st or close to that date. Per transcript of BOS Sept 26th 2006 meeting where this solar system was considered, the electricity rate Solar Power, Inc. would charge the County would be based on PG&E's May 1st Tier A-6 rate schedule, because that's when they concluded negotiations.

This appears to be a contract that came about without competitive bidding.

Note: At this point the solar company the county's been working with, Solar Power, Inc. (C2880869), doesn't appear to have been in the business of selling and installing solar systems; they don't even have a contractor's license.

Why would County pick a company with no previous solar power installations and no track record for a project worth over \$3,000,000?

May 22, 2006 – Solar Power, Inc. is incorporated in Ca.

May 2006 – Solar Power, Inc. negotiates to buy a business that has been selling and installing solar systems for about a year. Solar Power, Inc. includes in its SEC filing (10K, fiscal ending 12/31/06), that they acquired a solar business “in order to accelerate it’s entry into the CA market for sale and installation of solar systems.”

August 22, 2006 – Solar Power Inc. gets a general bldg contractor’s license.
Note: To apply for the Calif Public Utilities Commission’s Rebate (this rebate was valued at \$975,808), the installer needs to be licensed.

Unknown Date – Solar Power Inc. submits the CPUC Rebate request for this project through PG&E (administrator).

Sept 26, 2006 – At BOS meeting, Solar Power, Inc. is the only company County discusses regarding approval of this project. However, another company name, “Solar Power and Geothermal Energy, Inc” is used in all the documentation for the public, like the Notice of the Hearing, Agenda, Agenda Summary, and the Subject line of the Memorandum. Also the Motion is worded to approve “Item 25”, not mentioning the company name. Per county staff the electricity this system will provide is a “fraction” of what the facility uses.

There appears to be a violation of the Brown Act here.

In 2004 a homeowner installed what appears to be the same panels used in this project (Sharp NE165U1). At that time they were told that by the 8th year the free electricity would pay for their investment. Also, they were told that after the 15th year the panels would start to degrade and the energy production would diminish exponentially (half life) and to anticipate installing new panels after 20+ years. However, according to Solar Power, Inc. the panels last much longer. In their proposal, County pays \$500,000 + purchases the electricity from SPI (at the same rate County pays PG&E) for 10 yrs. Around the 14th year the system should be at break even, and “at that time the system would have a remaining useful life of 25 years.” ***Who do you believe?***

Dec 19, 2006 -- Kirk Uhler returned to the Board of Supervisors to fill the vacancy created after 4th District Supervisor, Ted Gaines, was elected to the State Assembly in November. At the Dec. 19th meeting, the four remaining board members selected Kirk from a field of five candidates who applied to serve the final two years of Gaines’ term. Kirk was sworn into office immediately after the vote.

Dec 28, 2006 -- Kirk Uhler, who is the VP of Government and Industrial Relations of Solar Power, Inc., is granted 200,000 stock options. (SEC filing, DEF-14A, 1/22/2007)

Dec 31, 2006 – A fiscal year end SEC filing lists William Weygandt as owning 100,000 shares of Solar Power, Inc. as of 12/31/06. (SEC filing, SB-2, 1/16/07)

Note: William Weygandt is the brother of Supervisor Robert Weygandt. Prior to this, Gus

Thompson, reporter for the Auburn Journal, published a report that William and Robert Weygandts are partners in a family trust. They are also principals in WECO Inc.

2 out of 5 supervisors have financial interests in Solar Power, Inc.

March 28, 2007 – County executes the contract, “Energy Service contract and Ground Lease” (leases the 3 acres of county land for \$1 a year for 10 years) with Solar Power, Inc.

- Paragraph 23.4, states Solar Power, Inc. is responsible for obtaining and paying for all costs related to permit fees, etc required by law for the construction of the system.
- However, in an exhibit (Exhibit B) titled “Solar System Description” it states the contrary, “County will cover all permit costs and facilitate all permitting.”

It turns out the county took care of the permits at no charge to SPI, which could have been in the tens of thousands of dollars for a project of this

April 23, 2007 – County pays Solar Power, Inc. \$50,000 even though according to terms of the contract the first payment is not earned until the system is “ready for commercial operations.”

May 2007 -- Solar project “broke ground” per Solar Power, Inc.’s website, even though a bldg permit was never issued until August.

August 22, 2007 -- The building permit was opened for this project which was already in construction. (Permit # BCAA-261177.07)

Seven months later Solar Power, Inc. terminates contract w/the County. However, they don’t return the \$50,000. Recently, Sup Uhler and other SPI execs insist SPI is “out of the picture”. ***So, what happened to the \$50,000?***

Note: Permit fees are based on the value of the improvements. The system was worth over 3 million dollars (per testimony at BOS 9/18/07 hearing), and the favorable lease terms (3 acres of land for only \$10 for a 10-year period)

may have added value. However no fees were charged. The county listed themselves as the owner-builder contrary to the contract.

There appears to be a violation of the Brown Act again.

August 28, 2007 -- The permit is finalized with questionable procedures, such as important items like “Ground Elec” was not inspected; “Rough Elec” and “Final Elec” was signed off on the same day the permit was finalized, 8/28/07, just 6 days after the permit was opened.

Sept 18, 2007 – At BOS Hearing the name, “Solar Power and Geothermal Energy, Inc.” is used AGAIN in the Agenda, Summary Action and the Subject line of the Memorandum, even though Solar Power, Inc. is the company on the contract and was Rebate recipient.

At the hearing, the Facilities Dept seeks approval to restructure and execute a new agreement with Solar Power, Inc., because the original agreement was not beneficial for SPI. The original contract stated the County would purchase the system from SPI for \$500,000, by paying \$50,000 a year for 10 years, which can be likened to “installments”— under such installment sales the IRS would consider this structure as already “sold”.

So, apparently at this point the IRS considers the County as the owner not Solar Power, Inc., and SPI wouldn’t qualify for the tax credit.

A “public” entity like Placer County does not have to file income tax returns with the IRS or the CA Franchise Tax Board. Thus, tax credits have no value to the county of Placer.

The Motion is passed to change the contract. Sup Uhler recused himself. However, Sup Weygandt, who’s brother is also a stockholder and is Sup Weygandt’s financial partner, does not.

Note: The IRS tax credit is 30% of the total cost of the system and it’s a CREDIT of taxes owed, not a write-off (i.e. 30% of \$3 million is approximately a \$1,000,000 credit to a tax bill). Also, the credit is good for up to 20 years, so one can “carry it forward” and use it in profitable years. The system was described as a “3 plus million dollar facility” per testimony at this hearing.

The approved Addendum and “The Option Agreement”:

The addendum deletes the section describing the purchase arrangement and instead says that Solar Power Inc. grants an “option” to the County to

purchase the system at the end of 10 years for \$500,000. (*Which would likely be decided by the BOS.*)

Then, a related agreement, “The Option Agreement”, says Placer County will pay Solar Power, Inc. a deposit of \$50,000 within 30 days of the “Firm operation date” which appears to be the first day the County purchases electricity produced by the system. Then, at the 10th year the County can purchase the system for \$450,000, however, if they don’t purchase, Solar Power, Inc. keeps the \$50,000. Also, the agreement makes the County responsible for the removal of any liens, security interests or encumbrances on the system, not Solar Power, Inc. who is the owner.

This deal changes again...

Oct 18, 2007 – Now the County enters into a new agreement with a different solar company, Solar Power Partners. The two contracts they agree to are a “Power Purchase Agreement” and a “Land Lease Agreement” that leases the land for \$0.00 and now obligates the county to purchase the electricity from Solar Power Partners. In addition to buying the electricity, the county is now made financially and legally responsible for additional duties (vs the other contract):

It appears the county took on more financial obligation and more liability when they agreed to the terms of this new agreement with Solar Power Partners. So this contract doesn’t appear to be in the best interest of the County as required by government code.

- County pays for the installation and maintenance of perimeter fencing with locking gates. In the previous contract this was Solar Power, Inc’s responsibility.
- County must pay for security -- a surveillance system or patrols -- to protect the system against theft, damage or destruction. Previously, Solar Power, Inc. was responsible for protection.
- County pays for the property insurance (which was SPI’s responsibility in the other contract).
- County pays for property tax and assessments (which was SPI’s responsibility in the other contract). This feature is a generous relief for Solar Power Partners, and was included in this contract “in order to induce Tenant to enter into this lease.”
- County agrees to release Solar Power Partners from responsibility of damages due to fires, casualties, etc. arising from negligence.

Solar Power, Inc. and County terminate their original agreement, dated 3/27/07. However, what is unclear is if they cancelled the “The Option Agreement”, which should likely occurred, because it appears to be subject to the 3/27/07 agreement.

So why would the County terminate the agreement that is more favorable for them? And enter into an agreement that appears to put a greater financial burden on the County? And if the contract w/Solar Power, Inc. was terminated did SPI return the \$50,000?

There’s a fourth change to the deal.

Jan 29, 2008 – County agrees to an amendment of the Oct 18th contract with Solar Power Partners (per SPP’s website, they arrange power purchase agreements then sell them to investors).

As of March 31, 2008 – Per Prospectus for Solar Power, Inc. (SEC Filing, Form S-1, filed April 28, 2008), William Weygandt, Sup Weygandt’s brother, who’s also his business partner, owns 52,000 shares of stock in Solar Power, Inc.

A fifth change:

A 5th contract between Placer County and Solar Power Partners is signed that enables Solar Power Partners to “sell” their deal to investment bankers (Macquarie).

April 1, 2008 -- County is asked to agree to another contract acknowledging that County, referred to as “landlord” in this version, is aware that Solar Power Partners, referred to as “tenant”, is selling the “assets” including the lease (dated 10/18/07 & amendments) to MacQuarie Holdings, an investment bank from Sydney Australia.

April 3, 2008 -- Solar Power Partners tells County the “Commercial operation date” is 4/9/08 and to make the electricity payments directly to Macquarie.

May 5, 2008 -- MacQuarie notifies the County that electricity charges began as of March 31st not April 9th, as stated in prior communication.

May 19, 2008 -- County receives a bill from MacQuarie for 31 days of electricity in the amount of \$11,873.64.

Summer/Fall 2008 – A resident was alerted that the 3 acres housing the solar system installation was absent from the assessor’s tax rolls. This is highly

unusual, because the Land Lease Agreement (tenancy for 10 years) creates a “possessory interest” of this real property, in that Lessee (tenant) has the “exclusive right” to use the 3 acres for 10 years. Also, the improvements installed on this parcel generate income for the tenant, about \$145,000 a year, by selling the electricity it produces to Placer County.

Placer County has a procedure (as mandated by the CA State Board of Equalization for all of CA’s 58 counties) to determine the taxable value of a “possessory interest” that’s similar to real estate appraising. Appraisers determine the value of commercial real estate, “income producing property”, by the amount of income it generates. So, this 3-acre parcel is worth millions, and should not have been precluded from the tax rolls, bearing \$0 taxes.

The resident requested the Placer County Assessment Appeals Board to take-up this matter, to determine if property tax evasion occurred. The resident filed a formal assessment appeal to bring this issue forward.

January 26, 2009 – At the Assessment Appeals Board Hearing the legal counsel for the Assessor stated to the Board that the determination is straight forward and they could have an answer in “ten days to two weeks”. The item is continued to March.

March 16, 2009 -- At the 2nd Appeals Board Hearing the County Assessor reads a prepared statement saying her department hasn’t obtained all the documents and is too busy to make the determination. Appeals Board member, Warren Burns, questioned the Assessor on her department’s stalled review. She responded by re-stating that she needs more time and she hasn’t obtained all the documents. The item is continued, again, this time to the end of August 2009.

March 19, 2009 – Appeals board member, Warren Burns, is fired from his position by Supervisor Weygandt.

March 30, 2009 – A local reporter for the Auburn Journal, who recently published a couple articles regarding the tax roll controversy and the firing of Appeals Board member, Warren Burns, receives a letter (addressed to him and his paper) from Placer County Counsel Anthony La Bouff attempting to assure him Solar Power, Inc. is not involved in the current assessment roll controversy. Counsel states several reasons; one in particular is contrary to the actual testimony from the Sept 18, 2007 BOS hearing.

Even though the reporter received the Counsel’s letter via fax, addressed specifically to him, and before he could finish reading it, he receives a call from the CEO of Solar Power Inc. wanting to discuss the letter’s contents.

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