

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO**

**IN RE:**

**COCO BEACH GOLF & COUNTRY CLUB, SE\***

**DEBTOR**

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**CASE NO. 15-05312 ESL**

**CHAPTER 11**

**DISCLOSURE STATEMENT  
DATED: March 1, 2016**

**TO THE HONORABLE COURT,  
CREDITORS AND OTHER PARTIES IN INTEREST:**

By counsel, now appears the Debtor in Possession to submit this Disclosure Statement dated March 1, 2016.

In San Juan, Puerto Rico, this 3<sup>rd</sup> day of March of 2016.

**RESPECTFULLY SUBMITTED.**

***/S/Wigberto Lugo Mender***  
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## **1. INTRODUCTION AND BANKRUPTCY PROVISIONS**

### **1.1 BANKRUPTCY CODE PROVISIONS FOR POST PETITION DISCLOSURE:**

Section 1125 of the Bankruptcy Code requires that a Debtor makes post-petition disclosure in the form of a disclosure statement which provides "adequate information" to its creditors before debtor or a party acting on its behalf may solicit acceptances of a Chapter 11 plan of reorganization. Creditors are urged to consult with their attorney, or with each other, and to review all of the pleadings and other documents on file with the U.S. Bankruptcy Court in order to fully understand the disclosures made herein, regarding Debtor's proposed Plan of Reorganization (hereafter referred to as the "Plan") and any other pertinent matters in this case. A copy of the Plan prepared is attached to this Disclosure Statement.

### **1.2 DISCLAIMER:**

Creditors are advised that the financial information contained in this Disclosure Statement has not been the object of an audit and is not certified by independent public accountants, except where expressly stated otherwise. Debtor does not warrant or represents that the information contained herein is without inaccuracy notwithstanding the efforts to disclose all matters with careful attention to accuracy and completeness.

### **1.3 VOTING REQUIREMENTS:**

In order for each Plan to be confirmed by the Bankruptcy Court, the Bankruptcy Code requires that the Plan be approved by all impaired classes of creditors and interest holders or that the Court finds that the Plan is "fair and equitable" as to any dissenting class. As provided by 11 U.S.C. § 1124, a class of claims or interests is impaired under a plan unless, with respect to each

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claim or interest of such a class, the plan:

(1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

(2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default:

(A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;

(B) reinstates the maturity of such claim or interest as such maturity existed before such default;

(C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and

(D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Ordinarily, but not in all circumstances, a plan may not be confirmed unless at least one impaired class, assuming there is at least one impaired class, accepts the plan. A class has accepted the plan if such plan has been accepted by creditors, other than those under 11 U.S.C. 1126 (e), that hold at least two-thirds ( $2/3$ ) in amount and more than one-half ( $1/2$ ) in number of the allowed claims of such class held by creditors, that have accepted or rejected such plan, those actually

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voting for the Plan. Creditors may vote for the acceptance or rejection of the plan.

Each creditor is urged to consult with its own attorney and obtain advice on the proposals and dispositions of this Disclosure Statement and Plan of Liquidation. The statements contained herein are only a brief summary of the confirmation process and should not be relied upon in making your determination as to whether to vote in favor of or against the Plan. Creditors should consult their attorneys before making a determination to vote for or against the Plan.

Creditors are expressly referred to the Debtor's Schedules of Assets and Liabilities and the Statement of Financial Affairs and all other documents duly filed with the Bankruptcy Court. This Plan is predicated upon certain assumptions that may not materialize, and you are urged to give consideration to such assumptions.

No representation concerning Debtor, or as to the actual or realizable value of its property is authorized by the Debtor other than as set forth in this Disclosure Statement. Any amendments or clarifications to this Disclosure Statement or the Plan shall be in writing and filed with the Court.

## **2. DEBTOR'S HISTORY**

### **2.1 DEBTOR'S HISTORY AND OPERATIONS:**

Coco Beach Golf & Country Club S.E. is a special partnership organized on December 30, 1999 under the laws of the Commonwealth of Puerto Rico to acquire, develop, construct, own, use, sell, lease, operate, and manage two championship golf courses, a club house, and related facilities in the municipality of Rio Grande, Puerto Rico.

During February 2008, the Coco Beach Golf & Country Club S.E change its name to Trump International Golf Club Puerto Rico. The property was developed in two phases, the first

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one entailed the construction of the first 18 holes championship golf course, a clubhouse for two golf courses, and the installation of the land and irrigation system for the second golf course. This phase was completed during 2004. The second phase, which was completed in April 2005, consisted of the construction of the second 18 holes golf course. The partners of Coco Beach Golf & Country Club S.E. are Coco Beach Development Corporation (CBDC) and Mr. Arturo Diaz Marquez, owner of CBDC, who passes away in October 2012. In addition, the Estate of Arturo Díaz-Marquez and the Estate of Judith M. Irizarry are the other partners in this venture.

Debtor was the owner of a Golf & Country Club, which included, among other things, two 18-hole golf courses and country club facilities located on a parcel land with a total surface area of 2,501,944.021 square meters, equivalent to 636.5629 “cuerdas” in Zarzal Ward, Rio Grande, Puerto Rico, together with all structures, improvements, machinery, fixtures and equipment affixed or attached to the Land and all easements, rights, privileges and appurtenances pertaining thereto to operate this golf facility within the Master Plan of the Coco Beach Golf Resort. This touristic project was conceived as Mr. Arturo Díaz-Marquez, dream of developing a first class resort to contribute to the economic development of Puerto Rico and enjoyment of visitors and locals.

Through a multimillion combined investment, Debtor’s golf courses were completed during the year 2005. Shortly thereafter this property was immediately considered among the best golf facility in the Caribbean. The signature event at the Golf & Country Club is the Puerto Rico Open, an official FedEx Cup tournament on the Professional Golf Association (“PGA”) Tour, which has been held every March at the Golf & Country Club since 2008. The Puerto Rico Open was the first, and remains as the only, PGA Tour tournament held in Puerto Rico.

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2.2 REASONS FOR FILING OF PETITION:

In general, the ambitious tourism project conceived within Coco Beach's Resort Master Plan was significantly affected by the adverse economic situation of the Island which have prevailed for no less than the last ten years. The limited sales on the residential part of the project hinder any prospects of development of the golf course as an ancillary business venture for the project.

Debtor's inability to raise sufficient operating income to cover operating expenses drained all capital and resources of what is a high maintenance cost center in such a project.

Prior to considering the filing of a Chapter 11 proceeding, Debtor undertook marketing efforts to sell the Golf & Country Club. Specifically, during the year 2011, Betterroads Asphalt, LLC, the owner of Coco Beach Resort ("the Resort"), decided to sell all of the Resorts components owned by it, except for the Gran Meliá Hotel and Vacation Club. The effort included the use of brokers and direct contract with potential purchasers. To that end, a virtual data room was presented to potential purchasers in Puerto Rico and outside the Island. This initial effort failed to generate any offers.

Thereafter, during the year 2013, the Resort was marketed to private equity funds that invested in the hospitality sector. Again, this initiative produced no offers. The following year, negotiations were held with three (3) groups, one from the United Kingdom, one from New York and one stateside entity with significant holdings in Puerto Rico. However, these negotiations also failed to produce an agreement.



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Finally, in January of 2015, OHorizons Global LLC (“OHG”) expressed its interest in acquiring the Resort. As a result, Debtor and OHG executed an exclusivity agreement to allow OHG to conduct preliminary due diligence, which led to the execution of a master agreement for the purchase by OHG of the Resort, including the Golf & Country Club. After almost four years of significant marketing efforts, both in Puerto Rico and offshore produced no buyers other than OHG.

**3. DATE THE PETITION WAS FILED:**

On July 13, 2015, Debtor filed a voluntary petition for relief under the provisions of Chapter 11 of the Bankruptcy Code. Since the date of filing of this petition, Debtor has been managing its affairs and operating its business as a debtor-in-possession pursuant to 11 U.S.C. § 1107 and § 1108.

**4. BANKRUPTCY PROCEEDINGS:**

*4.1 GENERAL:*

Following the filing of the bankruptcy petition that commenced this case, and after significant procedural events, the Honorable Bankruptcy Court entered Order approving substantially all of Debtor’s real and personal assets. The aggregate amount received on the date of closing was \$2,200,000, and said funds have been deposited with the Clerk of the U.S. Bankruptcy Court for further distribution to allowed creditors in this case pursuant to the terms of the Plan.

Upon filing of this bankruptcy petition Debtor has taken all possible measures necessary to liquidate its assets in the best way possible in order to maximize the dividend to be provided to

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creditors, both secured and unsecured. Upon consummation of this sale transaction, the remaining task to be accomplished by debtor is the distribution of the sales proceeds through consented carved-out distributions to be agreed to by the secured creditors as further determined through the provisions of the Plan of Liquidation.

On the other hand, throughout these bankruptcy proceedings, Debtor has complied with the Operating Guidelines for a Chapter 11 Debtor as follows:

- a) Monthly Operating Reports have been completed and filed with the Court up to December 31, 2015.
- b) Quarterly fees required by the U.S. Trustee are up to date.
- c) Tax returns and declarations have been filed as these become due.

#### 4.2 EMPLOYMENT OF PROFESSIONALS:

On July 15, 2015, Charles A. Cupprill-Hernández filed an application for employment as counsel with this application granted by this Honorable Court on August 17, 2015 (Dockets No. 14 & 45).

On October 22, 2015, Charles A. Cupprill-Hernández, Esq., previous counselor for debtor in this proceedings, resigned to the legal representation in this case. This Honorable Court granted this motion on October 26, 2015 (Dockets No. 91 & 97). The former counselor for the debtor filed his final application for compensation and the final amount of fees and expenses due as these have been approved by the Honorable Court is \$32,803.25. (Dockets No. 134 & 184)

Upon counselor's resignation, on October 23, 2015 Debtor filed an application to employ attorney Wigberto Lugo Mender and the firm of Lugo Mender Group LLC., who will serve as

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attorneys for Debtor in Possession. Pursuant thereof, on October 26, 2015, the Court entered an Order approving this employment for the above captioned case (Dockets no. 95 & 100).

On July 15, 2015, Debtor filed an application to employ Certified Public Accountant (CPA) Luis R. Carrasquillo & CO. PSC, which was approved by this Honorable Court on August 17, 2015 (Dockets no. 15 & 46). On October 27, 2015, CPA Carrasquillo resign his appointment in this case. The former financial consultant for the debtor filed his final application for compensation and the final amount of fees and expenses due as these have been approved by the Honorable Court is \$916.98. (Dockets No. 180 & 201)

4.3 OPERATIONAL AND PROPERTY ADJUSTMENTS IMPLEMENTED:

In order to provide funds for Debtor's Plan of Reorganization, since the filing of this petition Debtor determined that the best alternative for all parties in interest was to liquidate all its assets through a "carve-out" sale providing a reduced dividend to its secured creditors while reserving a portion of the proceeds to comply with mandatory payments required.

On Petition Date, the Debtor filed a *Motion for the Entry of Orders: (A) Approving the Asset Purchase Agreement and Sale of Certain of the Debtor's Assets, Pursuant to Section 363 and 365 of the Bankruptcy Code, Free and Clear of All Liens, Claims, Interests and Encumbrances, and (B) Approving the Bidding Procedures to Solicit Higher and Better Offers and Select the Successful Bidder* (Docket No. 4) (the "Sale Motion"). Through the "Sale Motion", the Debtor asked the Court to, among other things, approve certain bidding procedures governing the marketing and sale of the Debtor's assets at a public auction (the "Auction"), and to schedule a hearing (the "Sale Hearing") to consider approving the sale of substantially all of the assets of the

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Debtor (the “Sale”). The “Sale Motion” also sought approval of OHG, or its designee, as the stalking-horse bidder at the Auction, pursuant to an asset purchase agreement that OHG negotiated with the Debtor.

On September 2, 2015, the Court entered an order (Docket No. 57) (the “Bidding Procedures Order”) that established certain sale-related deadlines (collectively, the “Original Sale Deadlines”).

On November 3, 2015, the Debtor and OHG filed a *Joint Motion to Expedite Deadlines Related to Sale of Debtor’s Assets, Pursuant to Section 363 and 365 of the Bankruptcy Code Free and Clear of All Liens, Claims, Interests and Encumbrances* (Docket No. 135) (the “Emergency Motion”) requesting that the Court expedite the Original Sale Deadlines so that the “Auction” and “Sale Hearing” could be conducted more expeditiously due to the Debtor’s severe and undisputed liquidity crisis.

On November 6, 2015, the Court entered the *Order Granting Emergency Joint Motion to Expedite Deadlines Related to Sale of Debtor’s Assets, Pursuant to Section 363 and 365 of the Bankruptcy Code, Free and Clear of All Liens, Claims, Interests and Encumbrances* (Docket No. 138) whereby the Emergency Motion was granted and certain of the Original Sale Deadlines were expedited. Pursuant to the “Bidding Procedures Order” at Docket No. 57, as later amended by Order granting “Emergency Motion to Expedite Deadlines” at docket no. 138, an auction was held on Wednesday, November 18, 2015. Pursuant to the “Bidding Procedures Order” at Docket No. 57, as later amended by Order granting “Emergency Motion to Expedite Deadlines” at docket no.

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138, an auction was held on Wednesday, November 18, 2015.

On November 20, 2015, and following the entry of the “Sales Order”, the Sales Deed and related Asset Purchase Agreement by which all real and personal property subject of the sale were subscribed and completed. The purchaser of these assets was OHORINZON GLOBAL, LLC., who provided as the aggregate sales price an official check in the amount of \$2,200,000.00. All sales proceeds have been deposited with the Clerk of the United States Bankruptcy Court.

## **5. DEBTOR’S FINANCIAL INFORMATION**

### **5.1 GENERAL FINANCIAL INFORMATION:**

For purposes of filing the above-captioned petition Debtor filed the required Summary of Schedules, Schedules and Statement of Financial Affairs. (Docket No. 1) Debtor hasn’t made any amendments to the schedules filed or Statement of Financial Affairs.

Monthly operating reports available in the Bankruptcy Court file show Debtor’s finances and results of operations for the period after the date of the filing of the petition and up to the date of the closing of the sale. Upon transfer of all business assets, the remaining economic activity for the Debtor will be the distribution of the proceeds of the sale.

A summary of the Monthly Operating Reports filed with the Court is enclosed as **Exhibit 1.**

### **5.2 LIABILITIES AS OF PETITION DATE:**

As provided above, Debtor filed its respective Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the “Schedules and Statements”) with the Bankruptcy Court on July 13, 2015. Among other things, the Schedules and Statements include

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the claims of known creditors against Debtor as of the Petition Date, based upon Debtor's books and records.

On April 3, 2013, the Bankruptcy Court entered an Order setting the bar date for general unsecured claims until November 20, 2015 and for governmental units (as defined by section 101 (27) of the Bankruptcy Code) until January 10, 2016 (the "Bar Dates"). (Docket No. 8)

Specifically, to this date, Debtor has received 32 proofs of claim forms asserting approximately \$35,441,667.05 in claims. Debtor has reviewed the asserted claims and determined to object to those claims which to this date should be disallowed in whole or in part.

Debtor's estimates of Allowed Claims are identified herein. A reconciliation of all amounts scheduled or claimed has been prepared by Debtor and the same is included as Schedule of Payments attached as **Exhibit 2**.

### 5.3 PENDING LITIGATION:

Ongoing litigation, against or in favor of the debtor in this case, with the current know status of each proceeding is detailed as follows.

- Marisol Molina Bonilla vs. Gran Melia PR Golf Resort et al. (Civil Case No. N3CI2014-0382) – pending at the Commonwealth of PR First Instance Court-Subsection of Rio Grande. This action entails a tort action against debtor, the equity security holder of the Debtor, and several related parties, for alleged damages suffered upon an accident at Debtor's property. This litigation has been stayed upon the filing of this case without any award of damages. No proof of claim has been filed.

### 5.4 LIQUIDATION ANALYSIS:

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One requirement for the confirmation of a plan under Chapter 11 of the U.S. Code is that, with respect to each impaired class of claims, each claim holder of such class has accepted the plan or will receive or retain under the plan on account of such allowed claim, a value as of the effective date of the plan, that is not less than the amount such claim holders would receive or retain if the Debtor were liquidated under Chapter 7 of the Code on such date. In order to provide the value as of the effective date of the plan under a Chapter 7 scenario, Debtor has determined the net asset value to be provided to unsecured claimants on the sales proceeds amount realized on the sales of the assets as this compare to the secured claims encumbering said proceeds.

In summary, all real and personal properties pertaining to this bankruptcy estate are fully encumbered to Puerto Rico Tourism Development Fund. Debtor's estimated analysis shows that upon sale of all estate assets and payment of liens and expenses, unsecured creditors would receive no dividend under a Chapter 7 proceeding inasmuch all realizable funds would be distributed first to the allowed secured creditor.

## **6. SUMMARY OF THE PLAN OF REORGANIZATION**

### **6.1 DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS:**

The Plan in Debtor's case divides creditors into NINE (9) classes. The classes of creditors are as follows:

#### **CLASS 1 –SECURED CLAIM WITH PR TOURISM DEVELOPMENT FUND**

The secured amount due under this class is in consideration to various commercial loans granted to Debtor by creditor Puerto Rico Tourism Development Fund ("PRTDF"), a subsidiary of the Government Development Bank for Puerto Rico ("GDB"), an instrumentality of the

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Commonwealth of Puerto Rico. PRTDF filed the claim no. 22 in the amount of \$32,667,159

Regarding this obligation, in addition to “PRTDF”, Banco Popular de Puerto Rico (“BPPR”) has appeared in this proceeding as Trustee of the bondholders of the Tourism Revenue Refunding Bonds, 2011 Series A of Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (“AFICA”). This group of bondholders, although not direct creditors of the debtor, are parties in interest that may be affected by the distribution on this secured claim. BPPR filed the claim no. 26 in the secured amount of \$17,858.14.

Pursuant to this credit facility documents, PRTDF holds a perfected first rank senior lien in substantially all real and personal property once owned by the debtor. Upon sale of all property of the debtor, PRTDF secured interest has been fixed on the sales proceeds consigned with the Court in the amount of \$2,200,000 plus the amount of funds available in the reserve account estimated as of this date in \$1,144,235.98.

## **CLASS 2 - ADMINISTRATIVE EXPENSE – CARVE-OUT 1**

Administrative expenses are costs or expenses of administering Debtor’s chapter 11 case which are allowed under § 507(a) (2) and 503 of the Bankruptcy Code, including, but not limited to, the United States Trustee’s quarterly fees; fees and expenses of Debtor’s counselor and of the accountant as these may be allowed by the Bankruptcy Court upon application therefore and after notice and hearing according to the Bankruptcy Code and Rules and; any unpaid taxes or fees accrued since petition date as well as court costs accrued since the petition date. At the request of the Debtor, the Court has set as the last day for filing administrative claims on March\_\_\_\_\_ of



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2016. Any claim received after this date will not be considered for distribution under this Class.

Administrative expenses also include accrued bills to be paid at closing date and the value of any goods sold to Debtor in the ordinary course of business and received within 20 days before the date of the filing of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

At the request of the Debtor, the Court has set as the last day for filing administrative claims on March\_\_\_\_ of 2016. Any claim received after this date will not be considered for distribution under this Class.

Debtor estimates the liability in this Class 1 not to be over the amount of \$480,000. Refer to Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

**CLASS 3 – CENTRO DE RECAUDACION DE INGRESOS MUNICIPALES – CARVE-OUT 2**

This Class accounts for all secured and priority amounts due to Creditor Centro de Recaudación de Ingresos Municipales (“CRIM”) who filed Proofs of Claim number 1 and 2-2. Claim number 1 details a secured balance due by the estate in the amount of \$603,287. This amount claimed is on account of real property taxes due on several parcels of land which were sold free and clear of liens and encumbrances to **OHORINZON GLOBAL, LLC**. Refer to the updated CRIM’s debt certificate enclosed as **Exhibit 3**.

Claim 2-2 entails an unsecured claim entitled to priority pursuant to 11 U.S.C. § 507(a)(8) of the Code in the amount of \$92,339 for personal property taxes owed by the debtor.

**CLASS 4 – WAGES & SALARIES – CARVE-OUT 3**

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The Class 4 consist of all allowed priority claims pursuant to Section 507(a)(4), namely wages and other employee benefits, up to a maximum of \$11,725 for each individual, earned within 180 days before the date of the filing of the petition. Employee wages accrued or owed within 180 days prior to filing Debtor's petition were scheduled and claimed in the amount of \$76,979 and accrued Christmas Bonuses for the year 2015 in the amount of \$43,800. Refer to **Exhibit 3** for particular allowed claimants under this class.

#### **CLASS 5 – GOLF MEMBERSHIP CONTRACTS**

This class shall consist of all bonafide Golf & Country Club members or participants qualified to received benefits and that are in compliance with the terms and conditions set forth in the Golf Membership Contracts entered with the Debtor prior to the filing of the petition as more fully detailed as unsecured creditors in the Schedule F of the case.

As further detailed in the Notice of Assumed and Assigned Contracts by Potential Buyer filed on November 19, 2015 (Docket No. 157), all said membership contracts were assumed by the purchaser **OHORINZON GLOBAL, LLC**. Upon assumption of these contracts, there is no liability nor amounts due under this class.

#### **CLASS 6 – OTHER OPERATING CONTRACTS TO BE ASSUMED**

This class is in consideration of certain operating contracts as further detailed in the Notice of Assumed and Assigned Contracts by Potential Buyer filed on November 19, 2015 and in the Notice of Additional Assumed Contracts filed on November 25, 2015 (Docket No. 176). Including the Tournament Facilities Agreement between Debtor and PGA Tour Inc. This agreement was signed on January 27, 2007, between Puerto Rico Golf Foundation Inc., a nonprofit corporation

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organized under the laws of Puerto Rico, Debtor and PGA Tour Inc., a Maryland corporation, to coordinate the professional golf tournament known as the Puerto Rico Open.

As further detailed in the Notice of Assumed and Assigned Contracts by Potential Buyer filed on November 19, 2015 and in the Notice of Additional Assumed Contracts filed on November 25, 2015 (Docket No. 176), all said operating contracts were assumed by the purchaser **OHORINZON GLOBAL, LLC**. Upon assumption of these contracts, there is no liability nor amounts under this class.

#### **CLASS 7- CLAIMS AFFILIATED ENTITIES**

The amount due under this class is in consideration of several amounts due to related corporations and entities controlled by the Empresas Diaz group. The amounts and entities owed under this Class are listed in Schedule F in the case. The aggregate liquidated debt under this class is in the amount of \$43,816,408.

#### **CLASS 8 – GENERAL UNSECURED CREDITORS -CARVE-OUT 5**

This class shall consist of all general unsecured creditors for which the Debtor is the main obligor and shall include all claims included by the Debtor on the schedules and all those who filed a timely proof of claim. The estimated maximum liability on amounts under this class is in the amount of \$1,752,540. Refer to Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

#### **CLASS 9 – EQUITY SECURITY INTEREST HOLDERS**

Equity security and interest holders are the current owners of the common stocks of the Debtor. The current stockholders of Debtor are Coco Beach Golf and Resort, LLC., the Estate of

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Arturo Díaz and the Estate of Judith M. Irizarry which own 90%; 5% and 5% of the voting common stock, respectively.

## 6.2 TREATMENT FOR CLASSES OF CLAIMS AND INTEREST

Pursuant to the Honorable Court's Debtor's Sale Motion and Order, Debtor's Plan contemplates the distribution of sale proceeds obtained on the sale of substantially all of the assets of the debtor. To the extent that gross proceeds are encumbered to Class 1 and 3 claimants, the distribution to allowed creditors on other classes will entail "carve-out" distributions authorized by these secured creditors upon the provisions of 11 U.S.C. Section 363(f).

In general, Debtor intends to pay on the earlier of 1) the Entry of a Court Order authorizing the disbursement of sales proceeds consigned with the Clerk of the Court or 2) the effective date of the Plan as follows.

### **CLASS 1 –SECURED CLAIM WITH PR TOURISM DEVELOPMENT FUND**

On the effective date of the Plan or Reorganization or at any different date consented by the Debtor and PRTDF pursuant a settlement reached by the parties, this secured creditor will be paid as follows:

1. An initial lump sum payment equal to a determined settlement amount of \$1,000,000;
2. With the turnover of all amounts deposited in Debtor's Reserve Account existing at Banco Popular de Puerto Rico;
3. A final dividend still to be determined after payment of all carve-out amounts approved by in the Plan. The estimated residual net proceeds after payment of carve-outs 1, 2, 3, 4 and 5 should be no more than \$11,769.

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Regarding the amounts claimed by BPPR on account of Proof of Claim No. 26, PRTDF will pay this balance claimed from the funds received in payment of its secured claim under this Class. Upon payment of the amounts detailed herein, all amounts due by the Debtor to PRTDF or to Banco Popular de Puerto Rico as Trustee of the bondholders of the Tourism Revenue Refunding Bonds, 2011 Series A of Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (“AFICA”) will be deemed paid in full.

*This class is impaired.*

#### **CLASS 2 – ADMINISTRATIVE EXPENSES – CARVE-OUT 1**

This Class shall consist of Allowed Administrative Expense Claims, as provided under Section 503 of the Bankruptcy Code. The Court has set as the last day for filing administrative claims of 2016. Any claim received after this date will not be considered for distribution under this Class.

This class shall be paid in cash and in full as soon as practicable or agreed with the creditor on the later of (a) the Effective Date of the Plan or (b) the Entry of a Court Order authorizing the disbursement of sales proceeds consigned with the Clerk of the Court after such claim becomes an allowed Administrative Claim. Refer to the Schedule Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

The funds to pay this class shall be obtained as a “Carve-Out” of the sales proceeds consigned with the Clerk to be allowed by Secured Creditor PR Tourism Development. The distribution under this class will be fixed in the amount of no more than **\$480,000**.

*This class is not impaired.*

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**CLASS 3 – CENTRO DE RECAUDACION DE INGRESOS MUNICIPALES –  
CARVE-OUT 2**

Centro de Recaudación de Ingresos Municipales will be paid a one-time lump sum payment of \$225,000. This creditor shall be paid in cash and in full as soon as practicable or agreed with the creditor on the later of (a) the Effective Date of the Plan or (b) the Entry of a Court Order authorizing the disbursement of sales proceeds consigned with the Clerk of the Court. Refer to the Schedule Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

The funds to pay this class shall be obtained as a “Carve-Out” of the sales proceeds consigned with the Clerk to be allowed by Secured Creditor PR Tourism Development. The distribution under this class will be fixed in the amount of **\$225,000**.

Upon payment of the amounts detailed herein, all secured amounts due by the Debtor to Centro de Recaudación de Ingresos Municipales which may encumber all real property or sales proceeds resulting from the transfer of Debtor’s assets as well as any unsecured priority amounts entitled to priority pursuant to 11 U.S.C. § 507(a)(8) of the Code will be deemed paid in full and any and all liability discharged.

*This class is impaired.*

**CLASS 4 – WAGES & SALARIES**

This class shall be paid in cash and in full on the later of (a) the Effective Date of the Plan or (b) the Entry of a Court Order authorizing the disbursement of sales proceeds consigned with the Clerk of the Court. Refer to the Schedule Payments under the Plan of Reorganization enclosed as **Exhibits 2 and 3**.

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The funds to pay this class shall be obtained as a “Carve-Out” of the sales proceeds consigned with the Clerk to be allowed by Secured Creditor PR Tourism Development. The distribution under this class will be fixed in the amount of no more than **\$146,000**.

*This class is not impaired.*

#### **CLASS 5 – GOLF MEMBERSHIP CONTRACTS**

As further detailed in the Notice of Assumed and Assigned Contracts by Potential Buyer filed on November 19, 2015 (Docket No. 157), all said membership contracts were assumed by the purchaser **OHORINZON GLOBAL, LLC**. Upon assumption of these contracts, there is no liability nor amounts due by the debtor under this class.

*This class is not impaired.*

#### **CLASS 6 – CONTRACT TO BE ASSUMED OR TRANSFER**

As further detailed in the Notice of Assumed and Assigned Contracts by Potential Buyer filed on November 19, 2015 and in the Notice of Additional Assumed Contracts filed on November 25, 2015 (Docket No. 176), all said operating contracts were assumed by the purchaser **OHORINZON GLOBAL, LLC**. Upon assumption of these contracts, there is no liability nor amounts due by the debtor under this class.

*This class is not impaired.*

#### **CLASS 7- CLAIMS AFFILIATED ENTITIES**

This class will not receive any cash dividend throughout this plan. The members of this class, as additional consideration for the confirmation of this Plan, will waive and any and all distributions to which all of the related entities which conform the Empresas Diaz may be entitled.

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*Even though this class is impaired, this will not vote for the plan.*

#### **CLASS 8 – GENERAL UNSECURED CREDITORS**

On the effective date of the plan, allowed claimants shall receive from the Debtor a lump sum payment in the aggregate amount of \$20,000, to be paid pro-rata among all allowed claimants under this Class. PRTDF will not receive distribution from the unsecured claims funds on their unsecured deficiency claim. However, PRTDF shall be entitled to vote on the Plan under this class.

The funds to pay this class shall be obtained as a “Carve-Out” of the sales proceeds consigned with the Clerk to be allowed by Secured Creditor PR Tourism Development. The distribution under this class will be fixed in the amount of no more than **\$20,000**.

Refer to the Schedule Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

*This class is impaired.*

#### **CLASS 9 – EQUITY SECURITY INTEREST HOLDER**

Equity security interest holders will not receive any cash dividend throughout this Plan. Further, upon the effective date or the date in which all distributions of sales proceeds are completed, whichever comes later, all rights and interest of the equity security holder shall be terminated. Debtor’s common shares will be cancelled within 120 days of the sales proceeds distribution date as Debtor’s operations will cease.

*Even though this class is impaired, it will not vote for the Plan.*

#### **7. PAYMENT OF UNSECURED PRIORITY GOVERNMENT CLAIMS UNDER 11 U.S.C. SECTION 507(a)(8) and §507(a)(3):**

Allowed other government unsecured claims entitled to priority pursuant to 11 U.S.C. §



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507(a)(8) of the Code, classified by the terms proposed in the Plan are as follows:

- a. Internal Revenue Service: \$115,806 (Secured Portion of Claim No. 5-3)
- b. Municipio de Rio Grande: \$15,151 (Priority Portion of Claim No. 16)
- c. State Insurance Fund: \$33,587 (Priority Portion of Claim No. 18)
- d. PR Department of Labor: \$31,634 (Priority Portion of Claim No. 21)
- e. PR Treasury Department: \$27,268 (Priority Portion of Claim No. 31)
- f. PR Treasury Department IVU: \$75,928 (Priority Portion of Claim No. 32)

All allowed unsecured priority claims as further detailed herein shall be paid in cash and in full on the later of (a) the Effective Date of the Plan or (b) the Entry of a Court Order authorizing the disbursement of sales proceeds consigned with the Clerk of the Court. Refer to the Schedule Payments under the Plan of Reorganization enclosed as **Exhibit 2**.

The funds to pay these creditors shall be obtained as a “Carve-Out” of the sales proceeds consigned with the Clerk to be allowed by Secured Creditor PR Tourism Development. The distribution to this creditors will be fixed in the amount of no more than **\$299,373**.

In relation with the claim of IRS, if Debtor fails to make any deposit of any currently employment tax liability, fails to make any payment of any tax to IRS within 10 days of the due date of such deposit or payment, if Debtor fails to file required federal tax returns by the due date, or if the Debtor fails to make any payments due to the IRS under this plan, the IRS may declare that the Debtor is in default, provided that a notice is given in writing to the Debtor to the address of record. If the IRS declares the Debtor in default, the Debtor must cure that default within 30 days. If the total amount in default is not cure, then the entire imposed liability to be paid under

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the plan, together with any unpaid current liability, shall become due and payable immediately upon written demand.

The IRS, notwithstanding any stay which may be in effect, may then collect any unpaid liabilities through the administrative collection provision of the IRS.

**8. IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS:**

As provided by 11 U.S.C. 1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the plan:

(1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

(2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.

- a. cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
- b. reinstates the maturity of such claim or interest as such maturity existed before such default;
- c. compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
- d. does not otherwise alter the legal, equitable, or contractual rights to which such

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claim or interest entitles the holder of such claim or interest.

**9. DISCHARGE OF CLAIMS:**

In accordance with § 1141(d)(3) of the Code, the Debtor will not receive any discharge of debt in this bankruptcy case.

The confirmation order of this Plan shall constitute an injunction against the pursuit of any claim or Equity Interest, whether or not a proof of claim or proof of interest based on any such debt, liability, or interest, is filed or deemed filed under 11 U.S.C. 501, such claim is allowed under 11 U.S.C. 502, or the holder of such claim has accepted this Plan in the manner set forth herein.

**10. OBJECTIONS TO CLAIMS:**

The Debtor, at its option or upon order of the Bankruptcy Court, if requested may file an objection to any claim as to its validity or amount within 30 days before the confirmation date and may substitute for the Debtor as the objecting party to any pending claim objections. Objections not filed by the date of confirmation shall be deemed waived. If an objection is made, payment to such claimants will be made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing such class to which such claims belongs.

The claim of any creditor whose claim has been scheduled as disputed but who has not filed a proof of claim shall be disallowed by confirmation of the Plan, unless written objection to such disallowance is filed prior to the confirmation hearing.

**11. OTHER PROVISIONS**

**11.1 EXECUTORY CONTRACTS:**

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As further detailed in the Notice of Assumed and Assigned Contracts by Potential Buyer filed on November 19, 2015 (Docket No. 157), and in the Notice of Additional Assumed Contracts filed on November 25, 2015 (Docket No. 176), specific membership and operating contracts were assumed by the purchaser **OHORINZON GLOBAL, LLC**.

In any event, Debtor expressly rejects pursuant to 11 U.S.C. Section 365(a) any and all Executory Contract and which have not been expressly assumed by **OHORINZON GLOBAL, LLC**.

11.2 MEANS OF EXECUTION OF THE PLAN AND FUTURE MANEGEMENT OF DEBTOR:

On the effective Date of the Plan or Reorganization, Debtor will provide lump sum payments for all classes to which the Plan of Reorganization proposes a payment distribution as detailed in section 6.2 *Treatment For Classes Of Claims And Interest*. See Schedule Payments under the Plan of Reorganization, **Exhibit 2**.

The funds necessary to fulfill the proposed payments are currently consigned with the Clerk of the Bankruptcy Court and are to be disbursed upon the terms detailed in the Plan.

Further, upon the confirmation or the date in which the sales proceeds are distributed to allowed creditors, all rights and interest of the equity security holder shall be terminated. In addition, Debtor's common shares will be cancelled within 120 days from effective date, as Debtor's operations will cease after the distribution of the liquidated funds of its assets.

**12. PROVISIONS FOR THE MODIFICATION OF THE PLAN:**

The Debtor may propose amendments or modifications of this Plan at any time prior to its

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confirmation pursuant to 11 U.S.C. 1127. After confirmation of the Plan, the Reorganized Debtor may, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manner as may be necessary to carry out the purposes and effects of the same.

**13. CLOSING OF THE CASE:**

At such time as the case has been substantially consummated, this case shall be closed. In order for the case to be close, Debtor shall file an application for final decree showing that the case has been fully administered and the Plan has been substantially consummated. The Court may conduct a hearing upon application thereof and after notice to all creditors and parties in interests. Thereafter an order approving the Debtor's report and closing of the case shall be entered.

**14. RETENTION OF JURISDICTION:**

The Bankruptcy Court shall retain jurisdiction over this case as is conferred upon it by law, rule or statute, or by this Plan, to enable the Debtor to consummate any and all proceedings which they may bring before or after the entry of the order of confirmation, in order to carry out the provisions of this Plan.

This is the Disclosure Statement and Plan of Reorganization hereby proposed to creditors and parties in interest, filed with the Honorable Bankruptcy Court on this same date. Parties are encouraged to review these documents in order to formulate an informed decision on Debtor's whereabouts and conditions. A hearing to consider the approval of this Disclosure Statement will be scheduled by the Honorable Court, with Notice of said hearing served to all parties as per the master address list.

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**COCO BEACH GOLF & COUNTRY CLUB, SE.**

A handwritten signature in blue ink, appearing to be 'JL Diaz Irizarry', written in a cursive style.

By Mr. Jorge Luis Diaz Irizarry

**RESPECTFULLY SUBMITTED,**

In Guaynabo, Puerto Rico, this 3<sup>rd</sup> day of March of 2016.

**I HEREBY CERTIFY:** That on this same date I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System which will send notification of such filing to the participants appearing in said record.

**I HEREBY CERTIFY:** That on this same date, a true and correct copy of the foregoing Disclosure Statement and Plan of Reorganization, has been hand delivered to the United States Trustee, and mailed by first class service to those parties that, in writing, have requested copy of said document, as ordered by the Court.

*/S/ Wigberto Lugo-Mender*  
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## INDEX TO EXHIBITS

Exhibit Number	Description
1.	Summary of the Monthly Operating Reports
2.	Schedule of Payments under the Plan of Reorganization
3.	Detail Debts of Vacations & Christmas Bonus