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8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SANTA ROSA DIVISION

11 In re

12 DEERFIELD RANCH WINERY, LLC,

13 Debtor.
14

Case No. 15-10150-AJ

Chapter 11

Judge: Hon. Alan Jaroslovsky

15
16 **AMENDED PLAN OF REORGANIZATION**

17 *Dated February 22, 2016*
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1 **INTRODUCTION**

2 Deerfield Ranch Winery, LLC, the debtor and debtor-in-possession in the above captioned
3 Chapter 11 reorganization case, hereby proposes this Plan of Reorganization (as amended,
4 modified or supplemented from time to time, this “Plan”), pursuant to 11 U.S.C. § 1121. The
5 Debtor is the proponent of this Plan within the meaning of § 1129 of the Bankruptcy Code.¹

6 The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code
7 on February 13, 2015, thereby commencing the Case. The Disclosure Statement filed
8 concurrently herewith provides a description of the Debtor’s history and business, financial
9 results, projections, and a summary of the Plan. There also are other agreements and documents
10 that are or will be filed (as part of the Supplemental Plan Documents, defined below, or otherwise)
11 and are referenced in the Plan or the Disclosure Statement or both.

12 Pursuant to § 1125(b) of the Bankruptcy Code, a vote to accept or reject the Plan cannot be
13 solicited from holders of Claims and Interests until the Disclosure Statement has been approved by
14 the Court. The Debtor urges the holders of all Claims and Interests entitled to vote on the Plan to
15 read the Plan and Disclosure Statement, all exhibits thereto, and any supplemental documents filed
16 with the Court, before voting to accept or reject the Plan. To the extent that the Disclosure
17 Statement is inconsistent with the Plan, the Plan will govern. The Debtor expressly reserves the
18 right to alter, amend, modify, revoke, or withdraw the Plan as set forth in § 1127 of the
19 Bankruptcy Code, Bankruptcy Rule 3019, and Article 10.

20 **ARTICLE I**
21 **DEFINITION AND CONSTRUCTION OF TERMS**

22 1.1. *Definitions.* The following Definitions apply in this Plan:

23 1.1.1 “Administrative Expense Claims” means those Claims described in Section
24 2.3.1 below.

25
26
27 ¹ Capitalized terms have the definitions provided in Article I below, or elsewhere in this Plan.
28

1 1.1.2 “Allowed,” with respect to a Claim, means an unpaid Claim against the
2 Debtor (i) proof of which was timely filed with the Court and as to which no objection is filed; (ii)
3 which was listed in Debtor’s schedules of assets and liabilities filed in the Case, as they may be
4 amended from time to time through the Confirmation Date, and (A) was not listed as disputed,
5 contingent or unliquidated and (B) as to which no objection has been filed; or (iii) which has been
6 Allowed by a Final Order of the Court.

7 1.1.3 “Allowed Secured Claim” means a Claim in Class 1A, Class 1B, or Class
8 1C, as described in Section 2.4, that is Allowed.

9 1.1.4 “Ballot” means each of the ballot forms that are distributed with the Plan
10 and Disclosure Statement to holders of Claims and Interests included in Voting Classes.

11 1.1.5 “Bankruptcy Code” means title 11 of the United States Code, as in effect on
12 the Petition Date and as thereafter amended, if such amendments are made applicable to the Case.

13 1.1.6 “Bankruptcy Court” or “Court” means the United States Bankruptcy Court
14 for the Northern District of California, or the United States District Court for the Northern District
15 of California, as the context requires.

16 1.1.7 “Bankruptcy Rules” means, collectively and as the context requires, the
17 Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as in effect on the
18 Petition Date and as thereafter amended, if such amendments are made applicable to the Case, the
19 Federal Rules of Civil Procedure, as applicable to the Case or proceedings therein, and the Local
20 Rules of the Court, as applied to the Case or proceedings therein.

21 1.1.8 “Case” means the Debtor’s Chapter 11 case, No 15 -10150, before the
22 Bankruptcy Court.

23 1.1.9 “Cause of Action” means any and all claims and causes of action which
24 might be asserted by the Debtor or the Reorganized Debtor, including as debtor-in-possession.

25 1.1.10 “Claim” means any right to payment from the Debtor, whether or not such
26 right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured,
27 disputed, undisputed, legal, equitable, secured or unsecured, or any right or equitable remedy for
28 breach of performance if such breach gives rise to a right to payment, whether or not such right to

1 an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed,
2 undisputed, legal, equitable, secured or unsecured. For the avoidance of doubt, the term “Claim”
3 shall be given the broadest meaning given to that term under the Bankruptcy Code.

4 1.1.11 “Claims Bar Date” means the later of (i) June 18, 2015; (ii) 30 days after
5 the claimant received notice of the Case; or (iii) 30 days after a lease or executory contract is
6 rejected, unless the Court determines that, under the circumstances, the law requires the
7 application of a later date to the subject Claim. For a governmental unit only, the “Claims Bar
8 Date” shall mean 180 days after the order for relief.

9 1.1.12 “Class” means a category of Claims or Interests designated pursuant to the
10 Plan.

11 1.1.13 “Class-A Units” means those membership Interests in the Debtor described
12 in Section 2.4.7, below.

13 1.1.14 “Confirmation” means the entry of a Confirmation Order by the Bankruptcy
14 Court.

15 1.1.15 “Confirmation Date” means the date on which a Confirmation Order is
16 entered by the Bankruptcy Court.

17 1.1.16 “Confirmation Order” means the order of the Court confirming the Plan
18 pursuant to § 1129 of the Bankruptcy Code.

19 1.1.17 “Co-Obligor” means any Person other than the Debtor that might be held
20 liable on a Co-Obligor Claim, including an affiliate of the Debtor or an equity holder, officer,
21 director, employee or agent of the Debtor.

22 1.1.18 “Co-Obligor Claim” means a claim or cause of action against a Co-Obligor
23 to the extent that such claim or cause of action was or could have been asserted against the Debtor
24 on any theory or basis including claims and causes of action under guarantees.

25 1.1.19 “Creditor” means any Person that has a Claim against the Debtor.

26 1.1.20 “Creditors Committee” means the official committee of unsecured Creditors
27 appointed in the Case.

28 1.1.21 “Debtor” means Deerfield Ranch Winery, LLC.

1 1.1.22 “Disallowed Claim” means any Claim (i) proof of which was required to be
2 filed by the Bankruptcy Code or an order of the Court but as to which no proof of Claim or request
3 for payment was timely or properly filed before the applicable Claims Bar Date, (ii) which has
4 been voluntarily withdrawn by the holder thereof, (iii) deemed not allowable against the assets of
5 the Debtor or Estate by an order of a court of competent jurisdiction or by stipulation of the Claim
6 holder and any party objecting to the Claim, or (iv) which the Debtor listed on its schedules of
7 liabilities as a disputed, contingent, or unliquidated Claim and for which the Claim holder did not
8 file a proof of claim prior to the Claims Bar Date. If a Claim is disallowed in part, the remainder
9 of the Claim will be, as applicable, an Allowed Claim or a Disputed Claim.

10 1.1.23 “Disputed Claim” means a Claim which falls into one of the following
11 categories: (i) a Claim listed by the Debtor in its schedule of liabilities or for which a proof of
12 claim has been filed, as to which an objection has been filed and which objection has not either
13 been withdrawn or determined by a Final Order; or (ii) a Claim listed by the Debtor in its schedule
14 of liabilities as being disputed, contingent, or unliquidated, and as to which a proof of Claim has
15 not been filed.

16 1.1.24 “Discharged Claim” means a Claim that is discharged pursuant to this Plan.

17 1.1.25 “Effective Date” means a date selected by the Debtor which is not later than
18 30 days after the Confirmation Order becomes a Final Order. To the extent practicable, the
19 Effective Date shall occur no later than December 31, 2015.

20 1.1.26 “Estate” means the estate created by the commencement of the Case
21 pursuant to § 541 of the Bankruptcy Code or the reopening of the Case.

22 1.1.27 “Estate Assets” means, if a Plan Administrator is appointed by the Plan
23 Administrator Order, all assets of the Estate and the Reorganized Debtor, as the case may be,
24 existing on or after entry of the Plan Administrator Order, including all Causes of Action.

25 1.1.28 “Existing Credit Documents” means any and all documents existing as of
26 the Petition Date and evidencing the indebtedness of the Debtor to Rabobank or related
27 companies, or any security interests securing such indebtedness.

28 1.1.29 “Final Decree” means an order of the Court closing the Case.

1 1.1.30 “Final Order” means an order or judgment of the Court, or other court of
2 competent jurisdiction, as entered on the docket in the Case or the docket of any court of
3 competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which
4 the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired,
5 and no appeal or petition for certiorari or other proceedings for a new trial, reargument or
6 rehearing has been timely taken, or as to which any appeal that has been taken or any petition for
7 certiorari that has been timely filed has been withdrawn or resolved by the highest court to which
8 the order or judgment was appealed or from which certiorari was sought, or the new trial,
9 reargument or rehearing has been denied or resulted in no modification of such order, provided,
10 however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil
11 Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of
12 civil procedure, may be filed with respect to such order, shall not cause such order not to be a
13 Final Order.

14 1.1.31 “Guarantors” shall mean the guarantors under the Existing Credit
15 Documents, including Robert Rex and Paulette J. Rex, in both their individual and trustee
16 capacities.

17 1.1.32 “Interest” means the legal, equitable, contractual and other rights of the
18 holders of equity interests in the Debtor, represented by any limited liability company membership
19 interests or other equity interests evidencing a present ownership interest in the Debtor prior to the
20 Effective Date, whether or not transferable, together with all rights pertinent thereto, as provided
21 in the Operating Agreement.

22 1.1.33 “LIBOR” shall mean the 1-month LIBOR (London Interbank Offered
23 Rate), as more particularly provided in the New Credit Documents, or any substitute rate for
24 LIBOR as provided therein.

25 1.1.34 “Managing Members” shall be the managing members of the Debtor as
26 provided in the Operating Agreement.

27
28

1 1.1.35 “New Credit Documents” has the meaning provided in Section 3.2.2.1, and
2 shall include the documents so designated and attached as exhibits to the “Supplemental Plan
3 Documents” filed herein.

4 1.1.36 “New Note” means the document so designated and attached as an exhibit
5 to the “Supplemental Plan Documents” filed herein. The New Credit Documents shall include the
6 New Note.

7 1.1.37 “Operating Agreement” means the Debtor’s OPERATING AGREEMENT FOR
8 DEERFIELD RANCH WINERY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, including all
9 amendments thereto.

10 1.1.38 “Person” shall mean an individual, partnership, corporation, trust,
11 unincorporated association, or other entity or association.

12 1.1.39 “Petition Date” means February 13, 2015, the date on which the Debtor
13 filed its petition for relief in the Court commencing this Case.

14 1.1.40 “Plan” means this Chapter 11 plan of reorganization, as it may be amended
15 or modified.

16 1.1.41 “Plan Administrator” means a plan administrator for liquidation of the
17 Estate Assets, appointed pursuant to the terms of Section 3.2.2.4 below and subject to the terms of
18 the Plan Administrator Provisions.

19 1.1.42 “Plan Administrator Order” means an order for appointment of a Plan
20 Administrator pursuant to the terms of Section 3.2.2.4.

21 1.1.43 “Plan Administrator Provisions” means the document so designated and
22 attached as an exhibit to the “Supplemental Plan Documents” filed herein. The Plan
23 Administrator Provisions are incorporated herein by reference as if fully set forth herein, provided
24 that such Plan Administrator Provisions are effective only on entry of a Plan Administrator Order.

25 1.1.44 “Rabobank” means Rabobank, N.A., the Debtor’s principal secured lender,
26 which is the holder of the Class 1B Claim, and includes its related companies, all as provided in
27 the Existing Credit Documents and the New Credit Documents.

28

1 1.1.45 “Real Property” means, collectively, the real property located in Sonoma
2 County, California and owned by the Debtor commonly known as “Deerfield Ranch Winery”,
3 10200 Sonoma Highway (Highway 12), Kenwood (unincorporated part of county), Sonoma
4 County, California, APNs 050-240-021, -032, and -033, and 050-250-035, as more particularly
5 described in the Existing Credit Documents, together with all rights appurtenant thereto, and all
6 fixtures attached thereto.

7 1.1.46 “Related” means, with respect to a Co-Obligor Claim, the associated Claim
8 that was or could have been asserted against the Debtor on any theory or basis.

9 1.1.47 “Reorganized Debtor” means the Debtor, on and after the Effective Date.

10 1.1.48 “Restructured Credit Documents” means, collectively, (i) the New Credit
11 Documents; and (ii) the Existing Credit Documents, as amended, modified, or supplemented by
12 the New Credit Documents, to the extent that the Existing Credit Documents remain in effect
13 pursuant to the New Credit Documents.

14 1.1.49 “Retained Professional” means each of the attorneys, accountants, financial
15 advisors and other professionals retained by the Debtor, the Creditors Committee, or the Plan
16 Administrator whose employment has been approved by the Court.

17 1.1.50 “Secured Claim” means a Claim secured by a lien on any property of the
18 Estate, to the extent of the value of the interest of the holder of such Claim in the Estate’s interest
19 in such property.

20 1.1.51 “Suspension Period” has the meaning given that term in Section 5.8 below.

21 1.1.52 “Supplemental Plan Documents” means the compilation of documents and
22 forms of documents, schedules and exhibits, including the New Credit Documents, as they may
23 thereafter be altered, amended, modified, or supplemented in accordance with the terms of this
24 Plan, and after the Effective Date as they may be altered, amended, modified, or supplemented in
25 accordance with their terms.

26 1.1.53 “Units” means those membership Interests in the Debtor described in
27 Section 2.4.8, below, and so defined in the Operating Agreements.

28

1 1.1.54 “Unsecured Claim” means a Claim to the extent that it is not a Secured
2 Claim.

3 1.1.55 “Unsecured Interest Rate” means 3% simple interest.

4 1.1.56 “US Trustee” means the Office of the United States Trustee.

5 1.1.57 “Voting Classes” means Class 1A, Class 1B, Class 1C, Class 3A, Class 3B,
6 and Class 4A, as defined in Section 3.2, below.

7 1.2 The singular of any of the foregoing definitions includes the plural and vice versa
8 where the context so requires, “includes” and “including” are not limiting, “may not” is
9 prohibitive and not permissive, and “or” is not exclusive.

10 1.3 A term used in the Plan, whether or not capitalized, that is not defined in the Plan
11 but that is used in the Bankruptcy Code or the Bankruptcy Rules has the meaning assigned to the
12 term in the Bankruptcy Code or Bankruptcy Rules, as applicable.

13

14 **ARTICLE II**
DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

15 2.1. *Claims Provided For Herein.* Various types of Claims and Interests are defined or
16 described in this Plan. This Plan is intended to deal with all Claims and Interests against or in the
17 Debtor or property of the Debtor or the Estate of whatever character, whether or not with recourse,
18 whether or not contingent or unliquidated, and whether or not previously Allowed by the
19 Bankruptcy Court pursuant to Bankruptcy Code § 502, which arise in any manner or from any
20 event or circumstance. However, only those Claims Allowed pursuant to Bankruptcy Code § 502
21 will receive any distribution under this Plan. All Claims will be discharged without any
22 distribution, recovery, recourse, or residual interest or right to the extent not expressly included in
23 any Class or otherwise provided any treatment hereunder.

24 2.2. *Limitation on Inclusion in a Class.* A Claim shall be deemed classified in a
25 particular Class only to the extent that the Claim qualifies within the description of that Class, and
26 shall be deemed classified in a different Class to the extent the Claim qualifies within the
27 description of that Class. A Claim shall be included in a particular Class only to the extent that the
28 Claim is an Allowed Claim in that Class.

1 2.3. ***Non-Classified Claims.*** The following Claims shall not be classified hereunder but
2 shall be entitled to the treatment set forth in Section 3.1:

3 2.3.1 All administrative expenses and any other Claims that may be Allowed
4 pursuant to § 503(b) of the Bankruptcy Code and entitled to priority pursuant to § 507(a)(2) or
5 § 507(a)(3) of the Bankruptcy Code (except such Claims for US Trustee quarterly fees as are
6 described in Section 2.3.3 herein). The Administrative Expense Claims will include the allowed
7 unpaid compensation of Estate professionals for fees and expenses incurred prior to the
8 Confirmation Date;

9 2.3.2 All Allowed Claims of governmental units based on any demand for
10 payment of a tax entitled to priority pursuant to § 507(a)(8) of the Bankruptcy Code, including all
11 allowable interest and penalties thereon that are entitled to priority (“Priority Tax Claims”), but
12 expressly excluding the Secured Claims of the County of Sonoma which are treated under
13 Class 1A herein; and,

14 2.3.3 Any fees payable to the US Trustee entitled to treatment pursuant to §
15 1129(a)(12) of the Bankruptcy Code.

16 2.4. ***Classification of Claims and Interests.*** Allowed Claims not described in
17 Section 2.3 hereof are classified as follows:

18 2.4.1 *Class 1A (Sonoma County Secured Claims):* Class 1A shall consist of the
19 Allowed Secured Claims of the County of Sonoma for real property taxes, assessments, and other
20 amounts included in real property taxes with respect to the Real Property that were delinquent or
21 defaulted on the Petition Date, together with all penalties and accrued and accruing interest in
22 respect thereof, which are secured by tax liens encumbering the Real Property.

23 2.4.2 *Class 1B (Rabobank Secured Claim):* Class 1B shall consist of the Allowed
24 Secured Claim of Rabobank, which shall be in the amount of \$11,750,000, which amount shall be
25 inclusive of all amounts to which Rabobank is entitled to under the Existing Credit Documents,
26 including attorneys’ fees, other fees, costs, and interest.

27 2.4.3 *Class 1C (Secured Claims):* Class 1C shall consist of every Allowed
28 Secured Claim, other than those classified in Class 1A or 1B. Class 1C includes but is not limited

1 to the claims of grape growers who are secured by California statutory liens, or by replacement
2 liens provided by prior order of the Court.

3 2.4.4 *Class 2 (Priority Claims)*: Class 2 shall consist of all Allowed Claims
4 entitled to priority under § 507 of the Bankruptcy Code, other than those described in Section 2.3,
5 above.

6 2.4.5 *Class 3A (General Unsecured Claims)*: Class 3A shall consist of all
7 Allowed Unsecured Claims, other than (i) Claims included in Class 2, (ii) Claims described in
8 Section 2.3, above, and (iii) Claims described in Section 2.4.6, below.

9 2.4.6 *Class 3B (Management Unsecured Claims)*: Class 3B shall consist of the
10 Allowed Unsecured Claims of the Managing Members for repayment of operating loans made by
11 the Managing Members to the Debtor, in the amount of approximately \$442,758.40, as reflected
12 on the Debtor's Schedule F Amended.

13 2.4.7 *Class 4A (Defined Return Equity)*: Class 4A shall consist of those equity
14 Interests in the Debtor which are described as "Class-A Units" in the Operating Agreement, and
15 have those characteristics described in Section 3.3.4 of the Operating Agreement, including all
16 accrued deferred payments to the holders of such equity Interests accrued pursuant to the
17 Operating Agreement.

18 2.4.8 *Class 4B (Equity)*: Class 4B shall consist of all equity Interests in the
19 Debtor other than those classified in Class 4A, which are the membership "Units" as defined in the
20 Operating Agreement, and all options to purchase "Units" as provided under the Operating
21 Agreement.

22
23 **ARTICLE III**
TREATMENT OF CLAIMS AND INTERESTS

24 3.1. *Non-Classified Claims*. The non-classified Claims described in Section 2.3 hereof
25 shall be treated as follows:

26 3.1.1 With respect to a Claim described in Section 2.3.1, to the extent that the
27 holder of such Claim has not previously been paid, the holder shall receive from the Reorganized
28 Debtor on account of such Claim cash equal to the allowed amount of such Claim on or as soon as

1 practicable after the later of the Effective Date or the date the Claim becomes an Allowed Claim.
2 In the case of Retained Professionals, such Claims shall be paid on a final basis as soon as
3 practicable after the Court has entered an order approving their final fee applications.

4 3.1.2 With respect to a Claim described in Section 2.3.2, to the extent that the
5 holder of such Claim has not previously been paid, as soon as practicable after the later of the
6 Effective Date or the date the Claim becomes an Allowed Claim, such holder shall receive from
7 the Reorganized Debtors on account of such Claim cash equal to the Allowed amount of such
8 Claim together with interest at the rate provided under § 511 of the Bankruptcy Code.

9 3.1.3 With respect to fees of the US Trustee described in Section 2.3.3, to the
10 extent, if any, that such fees have become due prior to the Confirmation Date and have not
11 previously been paid, then such fees shall be paid pursuant to 11 U.S.C. § 1129(a)(12) and 28
12 U.S.C. § 1930. Any such fees relating to the period from and after the Confirmation Date shall be
13 paid by the Reorganized Debtor pursuant to 28 U.S.C. § 1930.

14 3.2. ***Classified Claims and Interests.***

15 3.2.1 *Class 1A (Sonoma County Secured Claims):* The Class 1A Claims are
16 impaired. If Rabobank becomes subrogated to the holder of the Class 1A Claims pursuant to
17 Section 3.2.1.5 below, (i) the Class 1A Claims will thereupon be deemed to be Allowed Secured
18 Claims in the then outstanding amount thereof; and (ii) thereafter neither the Debtor, the Creditors
19 Committee, nor any other Person may file an objection in the Case to any of the Class 1A Claims.
20 In full and complete satisfaction, the holder of the Allowed Class 1A Claims shall receive
21 payment in full as follows:

22 3.2.1.1 The holder of the Allowed Class 1A Claims shall receive
23 deferred cash payments in an aggregate amount equal to the amount of its Allowed Secured
24 Claims, plus interest at the rate required pursuant to § 511 of the Bankruptcy Code (including, for
25 the avoidance of doubt, if Rabobank becomes subrogated to the holder of the Class 1A Claims
26 pursuant to Section 3.2.1.5 below, interest at that rate thereafter). Specifically, the holder of the
27 Allowed Class 1A Claims shall receive five annual payments each consisting of one-fifth of the
28 principal amount of the Class 1A Claims, plus interest accrued through the date each such

1 payment is paid, commencing on April 15, 2016. Each such payment shall be paid on or before
2 the 15th day of April (by way of example, the second payment shall be paid on or before April 15,
3 2017, and the final payment on or before April 15, 2020).

4 3.2.1.2 The Allowed Class 1A Claims shall accrue interest at the rate
5 required pursuant to § 511 of the Code, from the petition date until such Claims are paid in full.

6 3.2.1.3 The County of Sonoma shall retain any liens it holds as a matter
7 of law that secure the Class 1A Claims; provided, however, that upon full satisfaction of the
8 Allowed Secured Class 1A Claims, any liens held by the County of Sonoma that secure the Class
9 1A Claims shall be released and the Real Property shall be held free and clear of those liens; and
10 provided, further, however, that if Rabobank becomes subrogated to the holder of the Class 1A
11 Claims pursuant to Section 3.2.1.5 below, (i) those liens shall also be released and the Real
12 Property shall be held free and clear of those liens; and (ii) simultaneously with that release, the
13 Class 1A Claims shall become secured by the liens that secure the Debtor's obligations under the
14 New Note and the other Restructured Credit Documents pursuant to Section 3.2.2.2 below and in
15 the same order of priority that those liens of Rabobank previously had (for the avoidance of doubt,
16 no junior lien on the Real Property or any other collateral that is subject or would become subject
17 to those liens of Rabobank immediately prior to that subrogation will have or obtain any priority
18 over those liens of Rabobank as to the Class 1A Claims or the Debtor's obligations under the New
19 Note and the other Restructured Credit Documents on account of that subrogation).

20 3.2.1.4 Upon a sale or refinance of any parcel of the Real Property by
21 the Reorganized Debtor, so long as the County of Sonoma is the holder of the Class 1A Claims,
22 the Class 1A Claims shall be released and discharged and the liens of the County of Sonoma
23 securing the Class 1A Claims shall be released and reconveyed as to the sold parcel only, provided
24 that the unpaid portion of the Allowed Class 1A Claims attributable to that parcel of the Real
25 Property shall be paid to County of Sonoma at closing of the sale or refinance.

26 3.2.1.5 If Rabobank pays the Class 1A Claims then outstanding to the
27 County of Sonoma in full, Rabobank shall become subrogated to the County of Sonoma with
28

1 respect to the Class 1A Claims, and the Class 1A Claims will thereafter be treated as provided in
2 the Restructured Credit Documents.

3 3.2.2 *Class 1B (Rabobank Secured Claim)*: The Class 1B Claim is impaired.
4 The Class 1B Claim is deemed hereby and acknowledged by the Debtor to be an Allowed Secured
5 Claim in the amount of \$11,750,000, and neither the Debtor, the Creditors Committee, nor any
6 other Person may file an objection in the Case to the Class 1B Claim. In full and complete
7 satisfaction, the holder of the Allowed Class 1B Claim shall receive the following treatment:

8 3.2.2.1 The holder of the Class 1B Claim shall receive the New Credit
9 Documents (which will, *inter alia*, amend and restate, as provided therein, certain of the Existing
10 Credit Documents) and retain, to the extent provided in the New Credit Documents, the Existing
11 Credit Documents in full satisfaction of the Class 1B Claim. In evidence of all existing loans and
12 other obligations under the Existing Credit Documents, as restructured pursuant to this Plan, the
13 Debtor will issue the New Note, which shall include the following terms:

14 (a) The New Note shall have an initial principal amount of
15 \$11,750,000.

16 (b) The New Note shall have a five-year term, beginning
17 January 1, 2016. The maturity date for the New Note shall be December 31, 2020 (the “Maturity
18 Date”).

19 (c) Interest shall accrue on the New Note, beginning on
20 January 1, 2016, at the greater of: (i) LIBOR plus 3.5%; or (ii) 5%, subject to the additional
21 provisions of the New Credit Documents with respect to interest. Monthly Interest payments are
22 due beginning on February 15, 2016, and continuing monthly thereafter on the 15th calendar day of
23 each month through December 15, 2020; provided, however, that the Debtor will not be in default
24 for failure timely to make a monthly interest payment if that payment is received by the end of the
25 month in which it is due.

26 (d) In addition to the monthly interest payments described in
27 Section 3.2.2.1(c), the Debtor shall make the following payments of principal by the date
28 indicated, which shall be applied to the principal balance of the New Note: \$150,000 due on

1 December 15, 2016; \$200,000 due on December 15, 2017; \$400,000 due on December 15, 2018;
2 and \$550,000 due on December 15, 2019; provided, however, that the Debtor will not be in
3 default for failure timely to make one of these principal payments if that payment is received by
4 the end of the month in which it is due. All outstanding principal and all accrued but unpaid
5 interest under the New Note, and all other obligations under the Restructured Credit Documents,
6 shall be due and payable in full on the Maturity Date.

7 (e) In addition to the payments described above, the Debtor shall
8 make additional annual principal payments, each in the amount of 20% of the amount, if any, by
9 which the yearly sales of bottled and bulk wine for the preceding year as shown on the Debtor's
10 year-end financial statements to be provided to Rabobank under the New Credit Documents
11 exceed the projections set forth in the Debtor's Disclosure Statement in support of this Plan for
12 that year (the "Sales Payment"). The first Sales Payment, if any, due under this Section 3.2.2.1(e)
13 shall be due on June 15, 2017 (for any amount due for the 2016 calendar year), and further Sales
14 Payments shall be due on June 15th of each succeeding year through June 15, 2020, for the
15 preceding year; provided, however, that the Debtor will not be in default for failure timely to make
16 one of these principal payments if that payment is received by the end of the month in which it is
17 due.

18 (f) The New Credit Documents will contain, among other
19 things, reporting covenants that are standard in this industry for a loan of this size, and shall
20 include a requirement that the Debtor shall provide unaudited, CPA-compiled financial statements
21 for each year (due by April 30th of the following year), internally prepared financial statements for
22 each half-year (due by August 31st of that year), and copies of the Debtor's tax returns, all as more
23 particularly provided in the Restructured Credit Documents. There shall not be any financial
24 covenants in the Restructured Credit Documents. The Debtor shall employ a financial advisor
25 acceptable to Rabobank throughout the term of the New Note. Bill Brinkman shall be the initial
26 such financial advisor. Thereafter, the names of other proposed financial advisors to replace or
27 succeed Mr. Brinkman shall be submitted to Rabobank in writing with a C.V. or other relevant
28 background information. Rabobank shall have ten business days to accept or reject the proposed

1 financial advisor, and Rabobank shall not unreasonably withhold its consent under this Section
2 3.2.2.1(f) to such a replacement or successor.

3 3.2.2.2 The Debtor's obligations under the New Note and the other
4 Restructured Credit Documents shall continue to be secured by all real and personal property
5 collateral presently securing the Class 1B Claim, including the Real Property (and Rabobank shall
6 retain its existing liens thereon), and will also be secured by all personal property collateral
7 hereafter acquired by the Debtor of the same types as that existing personal property collateral, all
8 as more particularly provided in the Restructured Credit Documents.

9 3.2.2.3 The Restructured Credit Documents shall provide that the
10 following shall constitute a material event of default: (i) failure to make any required principal
11 payment by the end of the month in which it is due; (ii) failure to make any required interest
12 payment by the end of the month in which it is due; (iii) failure to pay the balance owed under the
13 New Note and all other amounts owed under the Restructured Credit Documents on the Maturity
14 Date; (iv) failure to make any required payment for secured real property taxes (either for
15 payments due under the Plan to holders of Class 1A Claims or future payments for real property
16 taxes) when due; (v) failure to cure within 14 days following receipt of notice of that default either
17 (1) a default under the reporting covenants of the Restructured Credit Documents, or (2) a default
18 under the requirement to retain a financial advisor as provided by the Restructure Credit
19 Documents; and (vi) other defaults specifically delineated in the Restructured Credit Documents
20 as material events of default, subject to any applicable cure period provided therein.

21 3.2.2.4 Upon the occurrence of a material event of default under the
22 Restructured Credit Documents, a Plan Administrator shall be appointed on the request of
23 Rabobank, provided that a Plan Administrator shall be appointed only on: (i) the occurrence of
24 one of the events of default specified in section 3.2.2.3 above, or (ii) the occurrence of a material
25 event of default that the Restructured Credit Documents specifically provide will give rise to
26 appointment of a Plan Administrator. In the event that Rabobank requests appointment of a Plan
27 Administrator, the only question for determination by the Bankruptcy Court shall be whether such
28

1 a material event of default has occurred. It shall be understood that this provision is an essential
2 term of the Plan, and is material to Rabobank's consent to the Plan.

3 (a) In the event that a Plan Administrator is appointed pursuant
4 to the provisions of this Section 3.2.2.4, the Plan Administrator shall take control of the Estate
5 Assets, operate and manage them (including the business of the winery), and conduct an orderly
6 and expeditious sale process, with a specific direction to maximize, to the extent reasonable in the
7 circumstances, the value of the Estate Assets for all parties, including equity, all pursuant to the
8 Plan Administrator Provisions and the Plan Administrator Order. The Plan Administrator shall be
9 the representative of the Estate for all purposes, including pursuant to section 1123(b)(3)(B) of the
10 Bankruptcy Code.

11 (b) To the extent that the Case has been closed prior to any
12 material default triggering the right to appointment of a Plan Administrator, the Case may be
13 reopened on the request of Rabobank for the purpose of requesting appointment of a Plan
14 Administrator pursuant to the provisions of this Section 3.2.2.4. On any such reopening of the
15 Case for that purpose, all assets of the Reorganized Debtor, including (i) all Causes of Action; and
16 (ii) all assets of the Reorganized Debtor acquired or arising after the Effective Date, will be
17 deemed to be assets of the Estate as reopened.

18 (c) To the extent that the Estate Assets have not been sold within
19 two years following the date of appointment of the first Plan Administrator, and in certain other
20 circumstances as specified in the Restructured Credit Documents, Rabobank shall have the right to
21 foreclose and exercise its other rights and remedies, pursuant to applicable state law, on and with
22 respect to all Rabobank collateral under the Restructured Credit Documents.

23 3.2.2.5 The Reorganized Debtor shall be entitled to make prepayments
24 under the Restructured Credit Documents at any time and from time to time without penalty, on
25 notice to Rabobank, and otherwise in accordance with the Restructured Credit Documents.

26 3.2.2.6 Upon payment in full of all obligations under the Restructured
27 Credit Documents, any and all liens or security interests of the holder of the Class 1B Claim shall
28 be released and all collateral shall be held by the Reorganized Debtor free and clear of such liens.

1 3.2.2.7 Rabobank, as the holder of the Class 1B Claim shall have the
2 option, in its sole discretion, to pay in full the unpaid balance of the Class 1A Claims on behalf of
3 the Reorganized Debtor, at any time until the Class 1A Claims are paid in full (the “Class 1A
4 Option”). To the extent that Rabobank exercises its Class 1A Option, the Reorganized Debtor
5 shall pay to Rabobank all amounts that would otherwise have been paid to the holder of the Class
6 1A Claims, on account of the Class 1A Claims, on the terms provided in Section 3.2.1, above.

7 3.2.2.8 On the Effective Date, all Causes of Action and all other rights,
8 causes of action, claims for relief, defenses, and other entitlements held by the Debtor, the Estate,
9 or the Reorganized Debtor against Rabobank are waived and released as provided in the
10 Restructured Credit Documents.

11 3.2.2.9 The provisions of the Restructured Credit Documents shall
12 control over the provisions of this Plan to the extent of any inconsistency between them. The
13 Restructured Credit Documents may be amended or modified as provided therein without
14 amending or modifying this Plan.

15 3.2.3 Class 1C (Other Secured Claims): Class 1C is impaired. In full and
16 complete satisfaction, the holders of the Allowed Class 1C Claims:

17 3.2.3.1 Shall retain their liens until paid in full;

18 3.2.3.2 Shall receive payment in full on or before thirty days following
19 the Effective Date, with interest at a rate of 5% per year simple interest, accrued from the
20 Confirmation Date, provided that any and all liens securing such Class 1C Claims shall be
21 released and discharged upon the payment provided herein.

22 3.2.4 Class 2 (Priority Unsecured Claims): Class 2 is unimpaired. To the extent
23 the holder of any Allowed Class 2 Claim has not previously been paid, then such holder shall
24 receive from the Reorganized Debtor on account of such Claim cash equal to the Allowed amount
25 of such Claim, paid on or as soon as practicable after the Effective Date.

26 3.2.5 Class 3A (General Unsecured Claims): Class 3A is impaired. In full and
27 complete satisfaction, the holders of the Allowed Class 3A Claims shall receive payment in full, as
28 follows:

1 3.2.5.1 Not later than thirty days following the effective date, the
2 Reorganized Debtor shall file with the Court a schedule identifying the Class 3A Claims that have
3 been Allowed and the Class 3A Claims that are Disputed. In its discretion, the Reorganized
4 Debtor may, from time to time thereafter, update that schedule.

5 3.2.5.2 The holder of each Allowed Class 3A Claim shall receive eight
6 equal quarterly payments which shall aggregate the amount of such Claim including interest,
7 commencing on or before April 15, 2016, provided that the final payment shall include all accrued
8 and unpaid interest and principal on account of such Claim as provided below. Each such
9 payment shall be paid on or before the 15th day after the end of the applicable quarter (by way of
10 example, the second payment shall be paid on or before July 15, 2016).

11 3.2.5.3 Allowed Class 3A Claims shall accrue interest at the Unsecured
12 Interest Rate, from the Petition Date until such Claims are paid in full.

13 3.2.6 Class 3B (Manager Unsecured Claims): Class 3B is impaired. In full and
14 complete satisfaction, the holders of the Allowed Class 3B Claims shall receive payment in full, as
15 follows:

16 3.2.6.1 The holders of the Allowed Class 3B Claims shall receive
17 payment of interest only on the Allowed amount of the Class 3B Claims, on a monthly basis from
18 and after the Effective Date. The holders of the Allowed Class 3B Claims shall receive payment
19 of in full of the balance of the Allowed 3B Claims on or before January 31, 2021, provided that
20 such payment shall be made only if the holder of the Class 1A Claim and the holder of the Class
21 1B Claim have, respectively, been paid in full on account of those Claims. Each such interest
22 payment shall be paid on or before the 31st day of each month, commencing on January 31, 2016,
23 provided that all other payments required under the Plan are current.

24 3.2.6.2 Allowed Class 3B Claims shall accrue interest at the Unsecured
25 Interest Rate, from the petition date until such Claims are paid in full.

26 3.2.6.3 In no event shall the holders of the Class 3B Claims receive any
27 payment unless all other payments required pursuant to this Plan are current.

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1 3.2.7 *Class 4A (Defined Return Equity)*: Class 4A is impaired. In full and
2 complete satisfaction of their Class 4A Interests, the holders thereof shall receive the following
3 treatment:

4 3.2.7.1 Each holder of a Class 4A Interest shall retain its Class-A Units
5 (as defined in the Operating Agreement).

6 3.2.7.2 All deferred payments due to holders of Class 4A Interests
7 pursuant to Section 3.3.4 of the Operating Agreement shall be converted to additional Class-A
8 Units at the value of \$12,500 per Unit, rounded down to the nearest whole Unit.

9 3.2.7.3 The Operating Agreement shall be amended to provide that the
10 Class-A Units will no longer pay dividends, but will be entitled to a position of retirement superior
11 to the regular Units.

12 (a) Section 3.3.4 of the Operating Agreement shall be amended
13 to read as follows:

14 The Company, upon approval of a Supermajority of its Members
15 may issue Class-A Units. Bridge loans outstanding as of July 30,
16 2008, from Members shall be converted to Class-A Units, as defined
17 in section 2, "Definitions." Each Class-A Unit shall be valued at
18 \$12,500. Conversion of bridge loan debt shall be based on the
19 aggregate sum of the principal and unpaid interest accrued as of
20 June 30, 2008. At the option of the holding Member each Class-A
21 Unit may be converted to Deerfield Ranch Winery LLC Units at a
22 rate of one for one, regardless of the offering price of the Unit of
23 Membership when conversion is made. At the request of the holding
24 member, the Company will offer the Class-A Units of such Member
25 for sale to other existing Members or potential investors in
26 preference to the regular Units held by existing Members, subject to
27 the terms of Article 9, below (provided that the Company shall not
28 be required to offer such Member's units for sale in preference to
new Units that may be sold by the Company). As stated in the
"Definitions", a Class-A Unit is a Preferred Unit of Membership that
has a position of retirement superior to the regular Membership Unit
and otherwise has all the rights, obligations, limitations and
restrictions of "Units of Membership" also known as "Units".

 (b) The definition of "Class-A Unit" in Section 2 of the
Operating Agreement shall be amended to read as follows:

"Class-A Unit" shall mean a Preferred Unit of Membership that has
a position of retirement superior to the regular Membership Units
and otherwise has all the rights, obligations, limitations and
restrictions of "Units of Membership" also known as "Units".

1 3.2.8 *Class 4B (Equity)*: Class 4B is unimpaired. Each holder of a Class 4B
2 Interest shall retain its interest.

3
4 **ARTICLE IV**
5 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

6 4.1. *Assumption of Unexpired Leases and Executory Contracts.* The following
7 contracts shall be assumed as of the Effective Date, pursuant to § 365 of the Bankruptcy Code, by
8 confirmation of this Plan. Entry of the Confirmation Order shall constitute approval, pursuant to §
9 365(a) of the Bankruptcy Code, for the assumption of the executory contracts assumed pursuant to
10 the provisions of this Section.

11 4.1.1 *Contracts to be assumed:*

12 4.1.1.1 The Operating Agreement shall be assumed, as modified by this
13 Plan.

14 4.1.2 As to each of the above-listed contracts, the Debtor contends that no cure
15 payment is required in order to assume the contract, unless otherwise stated above. If a counter-
16 party asserts that a cure amount is required, it must assert the right to a cure payment by filing a
17 timely objection to confirmation of the Plan, or by filing a cure demand not later than the 15th day
18 after Confirmation.

19 4.2. *Rejection of Contracts Not Expressly Assumed.* Except as otherwise provided in
20 this Plan or the Confirmation Order, any and all executory contracts or unexpired leases shall be
21 deemed rejected as of the Effective Date. Entry of the Confirmation Order shall constitute the
22 approval, pursuant to § 365(a) of the Bankruptcy Code, for the rejection of the executory contracts
23 rejected pursuant to the provisions of this Section.

24 4.2.1 Any Claim associated with rejection of a contract pursuant to this Plan shall
25 be Disallowed, unless it is (i) the subject of a proof of Claim filed within 30 days following the
26 Confirmation Date and (ii) subsequently is Allowed.

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**ARTICLE V
OTHER MATTERS REGARDING CLAIMS**

5.1. **Single Claim.** Except as otherwise provided by this Plan, a Person that holds multiple Claims based on the same indebtedness or obligation, shall be deemed to have only one Allowed Claim against the Estate in an amount equal to the largest of all such similar Claims for the purposes of voting and distributions under the Plan.

5.2. **Unclaimed Distributions.** Distributions to holders of Allowed Claims will be sent to the last known address set forth on such holder's proof of Claim filed with the Court, or on the schedules, if no proof of Claim was timely filed. If a holder of an Allowed Claim cannot be located after a reasonably diligent effort, fails to deposit a distribution, or otherwise fails to accept a distribution within 90 days following the date of such distribution, then the distribution to such holder shall be canceled and there shall be no further distributions required with respect to such Claim.

5.3. **Objections to Claims.** Except as provided in Sections 3.2.1 and 3.2.2 above, any party in interest may object to any Claim or Interest treated herein by filing an objection with the Court and serving it upon the claimant and the Debtor no later than ten days before the first day set for the Confirmation Hearing. Except as provided in Sections 3.2.1 and 3.2.2 above, the Debtor and Reorganized Debtor may object to any Claim or Interest at any time. From and after the Effective Date, the Reorganized Debtor may prosecute objections to Claims. A Claim or Interest shall be treated as disputed upon the filing of an objection to such Claim or Interest.

5.4. **Treatment of Disputed Claims.** No distribution shall be made on account of any Disputed Claim, unless and until it becomes an Allowed Claim. In the event that a Claim is Disputed at the time of a scheduled distribution under the Plan, the Reorganized Debtor shall maintain a reasonable reserve for such Disputed Claim.

5.5. **Late-Filed Claims.** Proofs of Claim that are not filed on or before the applicable Claims Bar Date shall receive no distribution under this Plan and shall be Dissallowed. The submission of a Ballot shall not constitute an amendable informal proof of Claim or an

1 amendment to a previously filed proof of Claim or scheduled Claim. Any amendment to an
2 otherwise timely filed proof of Claim must be filed on or before the Effective Date.

3 5.6. **No Distribution to Disallowed Claims.** Notwithstanding any provision herein to
4 the contrary, no distribution shall be made on account of any Claim determined to be a Disallowed
5 Claim.

6 5.7. **Prepayment.** Notwithstanding anything to the contrary, the Debtor may prepay all
7 or any portion of a Claim or a note issued in payment of a Claim at any time without charge or
8 penalty, including the Class 1A, Class 1B, and Class 1C Claims, and the New Note; provided,
9 however, as to the Class 1B Claim and the New Note, the Debtor complies with the prepayment
10 provisions of the Restructured Credit Documents.

11 5.8. **Co-Obligor Claims.** Efforts to collect upon Co-Obligor Claims shall be suspended
12 for a period of 30 days past the deadline provided herein for payment of the Related Claim (the
13 “Suspension Period”).

14 5.8.1 Notwithstanding the foregoing, in the case of the Co-Obligor Claims against
15 the Guarantors of the Class 1B Claim, the Suspension Period shall expire on the earlier of (i) the
16 conclusion of a sale conducted of substantially all Estate Assets by a Plan Administrator pursuant
17 to Section 3.2.2.4; (ii) two years from the date of appointment of the first Plan Administrator; or
18 (iii) the time otherwise provided by the New Credit Document to be executed by the Guarantors
19 pursuant to the following sentence. The New Credit Documents shall contain, *inter alia*, (i) a
20 reaffirmation of the Guarantors’ obligations (as those obligations may be modified by this Plan or
21 the Restructured Credit Documents) under the existing guaranties of the Debtor’s obligations to
22 Rabobank as restructured pursuant to this Plan and the Restructured Credit Documents; (ii) a
23 waiver by the Guarantors of defenses to those obligations of the Guarantors; (iii) a release and
24 waiver of all rights, causes of action, claims for relief, and other entitlements held by the
25 Guarantors against Rabobank; and (iv) a tolling agreement for the purpose of tolling any
26 applicable statute of limitations during the Suspension Period, all as more particularly provided in
27 the New Credit Documents, which New Credit Document containing those provisions the
28 Guarantors shall execute.

1 5.8.2 During the Suspension Period applicable to a Co-Obligor Claim, the Court
2 may exercise jurisdiction over that Co-Obligor Claim, and if that Co-Obligor Claim is commenced
3 in any other court or jurisdiction, that Co-Obligor Claim may be removed to the Court.

4 5.8.3 The Court, and any other court permissibly exercising jurisdiction over a
5 Co-Obligor Claim, shall order as follows:

6 5.8.3.1 If the Related Claim is a Disputed Claim, the Co-Obligor Claim
7 shall be stayed until the Related Claim is Allowed or Disallowed.

8 5.8.3.2 If the Related Claim is an Allowed Claim, all proceedings
9 against the Co-Obligor shall be suspended until the earlier of (i) the end of the Suspension Period
10 applicable to the Co-Obligor Claim with respect to which that Related Claim relates; and (ii) the
11 date on which that Related Claim is paid in full. Upon payment of that Related Claim in full and
12 termination of all other obligations and liabilities with respect thereto, that Co-Obligor Claim and
13 any related proceeding shall be dismissed with prejudice. Otherwise, the Court, and any other
14 court permissibly exercising jurisdiction over that Co-Obligor Claim, shall conduct a Status
15 Conference in the month prior to the end of the Suspension Period applicable to that Co-Obligor
16 Claim at which it may grant such relief as may be just and equitable with respect to that Co-
17 Obligor Claim.

18 5.8.3.3 If the Related Claim is a Disallowed Claim or a Discharged
19 Claim, the Court shall dismiss that portion of the Co-Obligor Claim with respect to which that
20 Related Claim relates with prejudice, provided that:

21 (a) If the Court determines that it is legally impossible or
22 inappropriate to dismiss that Co-Obligor Claim with prejudice, the Reorganized Debtor, in its
23 unfettered discretion, may conditionally waive the Claims Bar Date to permit that Related Claim
24 to be asserted against the Debtor, in which case the other provisions of Section 5.8.2 shall apply to
25 that Co-Obligor Claim.

26 (b) If the Reorganized Debtor makes the foregoing election and
27 the Creditor fails to assert that Related Claim against the Debtor, the Court shall dismiss that Co-
28 Obligor Claim with prejudice.

1 (c) The Reorganized Debtor may make the election
2 contemplated by this Section 5.8.3.3 and also pursue an appeal of the Court's determination that
3 gave rise to the election. Upon entry of a Final Order reversing that determination and
4 determining that it was permissible to discharge that Co-Obligor Claim with prejudice, that Co-
5 Obligor Claim and that Related Claim shall thereupon forthwith be dismissed with prejudice, and
6 the conditional election shall be given no further force or effect.

7 5.8.4 Notwithstanding anything to the contrary contained in this Section 5.8, any
8 applicable statute of limitations with respect to a Co-Obligor Claim shall be tolled during the
9 Suspension Period applicable to that Co-Obligor Claim, except to the extent that such statute of
10 limitations has already expired as of the Confirmation Date.

11
12 **ARTICLE VI**
13 **MEANS FOR IMPLEMENTING THE PLAN**

14 6.1. **Plan Effectiveness.** The Plan shall become fully effective and binding upon all
15 parties on the Effective Date.

16 6.2. **Revesting.**

17 6.2.1 On the Confirmation Date, all cash on hand shall vest in the Reorganized
18 Debtor, subject to the liens under the Restructured Credit Documents, and to the replacement liens
19 of grape growers provided by prior order of the Court. Such cash may thereafter be used freely, in
20 the Reorganized Debtor's discretion, but subject to the requirements of this Plan and the
21 Restructured Credit Documents.

22 6.2.2 On the Effective Date, the Real Property shall vest in the Reorganized
23 Debtor, free and clear of all liens and encumbrances and all creditor claims, rights and
24 entitlements whatsoever, excluding only (i) the liens held by the holder of the Class 1A Claims,
25 and (ii) the lien held by the holder of the Class 1B Claim securing the obligations of the
26 Reorganized Debtor under the Existing Credit Documents as restructured or amended and restated
27 by the New Credit Documents.

1 6.2.3 Notwithstanding anything to the contrary, on the Effective Date all property
2 of the Estate shall vest fully in the Reorganized Debtor, free and clear of all liens and
3 encumbrances and all creditor claims, rights, and entitlements of any kind, except as specifically
4 provided herein (for the avoidance of doubt, the liens held by the holder of the Class 1B Claim
5 securing the obligations of the Reorganized Debtor under the Existing Credit Documents as
6 restructured or amended and restated by the New Credit Documents will continue).

7 6.2.4 At any time after the Effective Date, subject to the Restructured Credit
8 Documents, the Reorganized Debtor may (i) obtain credit in its unfettered discretion; or (ii) raise
9 capital in the form of debt or equity.

10 6.3. ***Sale or Refinance.*** From and after the Effective Date and subject to the terms and
11 conditions of the Restructured Credit Documents, the Reorganized Debtor may effect a
12
13 refinancing in full of the debt evidenced by the Restructured Credit Documents if the refinance
14 complies with the Restructured Credit Documents and otherwise applicable law.

15 6.4. ***Preservation of Causes of Action.*** On the Effective Date, all rights, causes of
16 action, claims for relief, and other entitlements held by the Estate or the Debtor, shall be deemed
17 fully vested in the Reorganized Debtor. Subject to Section 3.2.2.8 above, the Reorganized Debtor
18 shall have all rights previously held by the Debtor to prosecute any such claims or causes. All
19 such rights, causes of action, claims for relief, and other entitlements shall remain property of the
20 Reorganized Debtor, and may be prosecuted or consensually resolved by the Reorganized Debtor
21 in its reasonable discretion; provided, however, that all such claims and causes against Rabobank
22 and certain related parties are released and waived pursuant to Section 3.2.2.8 above and the New
23 Credit Documents.

24 6.5. ***Use of Funds.*** On the Effective Date, or as soon as practicable thereafter, the
25 Reorganized Debtor shall fund the treatment of all non-classified Claims, and every other payment
26 required to be made on the Effective Date or as soon as practicable thereafter, or otherwise when
27 due under the Plan, subject to the terms, as applicable, of this Plan and the Restructured Credit
28

1 Documents. Subject thereto, from and after the Effective Date, the Reorganized Debtor shall
2 apply all cash on hand and all subsequently received revenues as follows:

3 6.5.1 First, to payments required in connection with the Allowed Class 1A, Class
4 1B, and Class 1C Claims, when due under the terms of the Plan, and to other amounts that become
5 due and payable under the Restructured Credit Documents as the same become so due and
6 payable.

7 6.5.2 Second, to payment of the Allowed Class 2 Claims, when due under the
8 Plan.

9 6.5.3 Third, to payment of the Allowed Class 3A Claims, when due under the
10 Plan.

11 6.5.4 Fourth, to the expenses of the operation of the Reorganized Debtor and its
12 business, in the discretion of the management of the Reorganized Debtor, including the payment
13 of compensation to professionals for post-Confirmation services.

14 6.5.5 Fifth, to payment of the Allowed Class 3B Claims, when due under the
15 Plan.

16 6.6. ***De Minimis Distributions.*** If, pursuant to the Plan, the Reorganized Debtor would
17 otherwise be required to make a distribution to any person of less than \$100, the Reorganized
18 Debtor may choose to forego making such distribution and instead (a) add the amount to the next
19 distribution to such person, or (b) if no further distribution to such claimant is otherwise required
20 by the Plan, make no distribution to such person.

21 6.7. ***Bankruptcy Procedure and Transition.***

22 6.7.1 ***Notice Required Post-Confirmation.*** Except as otherwise specifically
23 provided in this Plan, notice of matters that arise after the Confirmation Date, including fee
24 applications, shall be given only to (a) the Reorganized Debtor; (b) the Office of the United States
25 Trustee; (c) Rabobank; and (d) Persons who request notice of such matters through a written
26 request that is filed with the Court and served on the Debtor not earlier than the Confirmation
27 Date. Consistent with the Local Rules of the Court, no other form of service shall be required on
28 parties receiving service through ECF.

1 6.7.2 *Post-Confirmation Motions.*

2 6.7.2.1 Except as otherwise specified herein, matters arising after the
3 Confirmation Date and subject to the Court’s retained jurisdiction may be initiated in the same
4 manner and with the same effect as if the Case was pending before the Court and the Plan had not
5 been confirmed. Except as provided in the Restructured Credit Documents, unless the Court
6 orders otherwise, every Person party to such a matter shall bear its own attorneys’ fees and costs in
7 connection therewith.

8 6.7.2.2 The Reorganized Debtor may take such actions, including the
9 initiation of proceedings or the prosecution of a motion, as may be reasonably necessary in order
10 to interpret or enforce the terms, purposes, and intent of the Plan.

11 6.7.3 *Dissolution of the Committee.* The Creditors Committee shall be dissolved
12 as of the Effective Date, or as soon thereafter as may be practicable.

13 6.7.4 *Post-Confirmation Professionals.*

14 6.7.4.1 From and after the Confirmation Date, the Reorganized Debtor
15 may employ professional persons as it determines appropriate in its sole discretion, without the
16 requirement for approval by the Court or any other party.

17 6.7.4.2 Professionals employed by the Reorganized Debtor may be paid
18 in the ordinary course, and need not submit fee applications with respect to services performed
19 after the Confirmation Date.

20 6.7.5 *Administration of the Case.* The Reorganized Debtor shall endeavor to
21 conclude the administration of the case within a reasonable period of time. After the Effective
22 Date, the Reorganized Debtor shall evaluate, and if it determines appropriate, prosecute, subject to
23 Sections 3.2.1 and 3.2.2 above, Causes of Action and objections to Claims.

24 6.7.6 *Quarterly Fees.* The Reorganized Debtor shall continue to pay quarterly
25 fees to the US Trustee, pursuant to 28 U.S.C. § 1930(a)(6), until the Case is closed. Such fees
26 shall be paid by the Reorganized Debtor at the rate in effect at the time the fees are due, and as
27 soon as practicable after the fees are ordinarily due.

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1 6.7.7 *Post-Confirmation Reports.*

2 6.7.7.1 Quarterly, following the end of each calendar quarter after entry
3 of the Confirmation Order, the Debtor shall file a quarterly post-Confirmation status report, the
4 purpose of which is to explain the progress made toward completing all steps necessary for entry
5 of a Final Decree. The quarterly reports shall be filed following the end of the applicable calendar
6 quarter, within the time ordinarily required by the US Trustee. The report shall include a
7 statement of receipts and disbursements, with the ending cash balance, ending on the last day of a
8 quarter, and shall be on the form provided by the US Trustee. Quarterly reports must be filed
9 every quarter that the Case is open, unless otherwise ordered by the Court.

10 6.7.7.2 A copy of each quarterly report shall be served upon the Persons
11 as provided in Section 6.7.1, above.

12 6.7.8 *Final Decree.* As soon as reasonably practicable, consistent with the
13 provisions of this Plan and the Bankruptcy Code, including 11 U.S.C. § 350, the Reorganized
14 Debtor shall file and serve an application for a Final Decree, together with a proposed Final
15 Decree.

16 6.8. ***Corporate Operations and Management.***

17 6.8.1 *Managing Members.* The existing Managing Members of the Debtor shall
18 be the Managing Members of the Reorganized Debtor.

19 6.8.1.1 Subject only to their duty to comply with the provisions of the
20 Plan and otherwise applicable law, the Managing Members of the Reorganized Debtor are restored
21 to their full corporate powers, pursuant to the terms of the Operating Agreement.

22 6.8.2 *Operating Agreement.* The Operating Agreement, as modified by this Plan,
23 shall remain in full force and effect, and shall be the operating agreement, pursuant to California
24 law, of the Reorganized Debtor.

25 6.8.2.1 Section 3.1.1 of the Operating Agreement shall be amended to
26 read as follows:

27 3.3.1 In the event that the Managers determine that additional
28 capital is needed by the Company at any time during the term of the
Business Plan, the Company may offer to sell additional Units to

1 existing Members or new Members, in the Managers' sole
2 discretion, provided, however, that the Managers may not accept
3 Capital Contributions under this Section which, when aggregated
4 with the Capital Contributions made pursuant to Section 3.2.3,
5 exceed \$20,000,000. The names and addresses of and number of
6 Units purchased by the additional Members shall be set forth on
7 Exhibit "A" hereto, as amended from time to time by the Managers
8 to reflect the admission of additional Members. The company will
9 offer to sell additional units for \$15,000. The minimum investment
10 shall be \$150,000 (i.e. 10 Units). Units offered for sale at this stated
11 price will be offered in the Phase 4.0 Private Placement
12 Memorandum and subscription.

13 6.8.2.2 The terms of the Operating Agreement are hereby revised and
14 modified as provided herein. The Reorganized Debtor is authorized to revise the Operating
15 Agreement document to reflect the modifications provided herein, but such modifications shall be
16 effective regardless.

17 6.9. **Other Actions.** On and after the Effective Date, the Reorganized Debtor shall be
18 authorized to take such actions as reasonably necessary to complete and effectuate the terms of
19 this Plan, subject only to the specific limitations contained in this Plan, the Bankruptcy Code or
20 Bankruptcy Rules, any order of the Court, and the Restructured Credit Documents.

21 6.10. **Survival of Legal Claims.** The Reorganized Debtor shall have the right, post-
22 Confirmation, to pursue any and all Causes of Action that survive the revesting of assets
23 contemplated by this Plan and the effectiveness of the New Credit Documents.

24 **ARTICLE VII**

25 **EFFECT OF CONFIRMATION**

26 7.1. **Binding Effect of Confirmation.** As of the Confirmation Date, the provisions of
27 this Plan shall be binding on the Debtor, the Estate, all holders of Claims against or Interests in the
28 Debtor, and all other Persons whether or not such Persons have accepted this Plan. The rights,
benefits, and obligations of any Person named or referred to in the Plan will be binding on, and
will inure to the benefit of, the executors, administrators, successors and assigns of each Person,
whether or not they have accepted the Plan.

1 7.2. **Discharge of Claims and Termination of Interests.** Except as otherwise provided
2 in the Plan or the Confirmation Order and to the maximum extent permitted by the Bankruptcy
3 Code and any other applicable law:

4 7.2.1 Upon the occurrence of the Effective Date, the Confirmation Order shall act
5 as a discharge of any and all Claims against and all debts and liabilities of the Debtor and
6 Reorganized Debtor, as provided in §§ 524 and 1141 of the Bankruptcy Code, and such discharge
7 shall void any judgment against the Reorganized Debtor at any time obtained to the extent that it
8 relates to a Discharged Claim.

9 7.2.2 On the Effective Date, the Reorganized Debtor shall be deemed discharged
10 and released from all Claims and Interests, including demands, liabilities, Claims and Interests that
11 arose before the Effective Date and all debts of the kind specified in §§ 502(g), 502(h) or 502(i) of
12 the Bankruptcy Code, whether or not: (a) a proof of Claim or proof of Interest based on such debt
13 or Interest is filed or deemed filed pursuant to § 501 of the Bankruptcy Code, (b) a Claim or
14 Interest based on such debt or Interest is Allowed pursuant to § 502 of the Bankruptcy Code, (c)
15 the holder of a Claim or Interest based on such debt or Interest has accepted the Plan, or (d) such
16 Claim is listed in the Debtor's schedules of assets and liabilities.

17 7.2.3 As of the Effective Date all Persons (including governmental entities) shall
18 be precluded from asserting against the Reorganized Debtor, its successors, or its assets any other
19 or further Claims or Interests based upon any act or omission, transaction or other activity of any
20 kind or nature that occurred prior to the Effective Date. For the avoidance of doubt, this Section
21 7.2.3 shall not enjoin, release, or bar any claims against any non-debtor party.

22 7.3. **Injunction.** Entry of the Confirmation Order will permanently enjoin the
23 commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any
24 Claims discharged or modified pursuant to the Plan. Any act in violation of this injunction shall
25 be void. The Reorganized Debtor shall be entitled to costs, including reasonable attorneys' fees
26 and costs, for any action necessary to enforce this injunction. Notwithstanding anything to the
27 contrary, the foregoing injunction shall not impede or impair enforcement of the terms of the Plan,
28 including the exercise of rights under the Restructured Credit Documents by the holder of the

1 Class 1B Claim or as subrogee to the Class 1A Claim if it becomes subrogated thereto as
2 contemplated in this Plan and the Restructured Credit Documents.

3 7.4. **Ratification.** Subject to all of the terms of this Plan, the Confirmation Order shall
4 be deemed to ratify all transactions effectuated by the Debtor during the pendency of the Case to
5 the extent occurring pursuant to an order of the Court.

6
7 **ARTICLE VIII**
MISCELLANEOUS PROVISIONS

8 8.1. **Exemption from Certain Transfer Taxes and Recording Fees.** Pursuant to
9 Bankruptcy Code § 1146(c), the issuance, transfer, or exchange of a security, or the making or
10 delivery of an instrument of transfer under the Plan may not be taxed under any law imposing a
11 stamp tax or similar tax. The taxes from which such transfers are exempt include stamp taxes,
12 recording taxes, sales and use taxes, transfer taxes, and other similar taxes.

13 8.2. **Grace Period.** Except with respect to the Class 1A Claim and the Class 1B Claim or
14 any payment to be made under the Restructured Credit Documents, any payment to be made under
15 this Plan shall be deemed timely made if it is mailed to the recipient's last known address within
16 10 calendar days following the date described in this Plan.

17 8.3. **Governing Law.** Unless a rule of law or procedure is supplied by federal law,
18 including the Bankruptcy Code and the Bankruptcy Rules, the laws of the State of California
19 (without reference to its conflict of law rules) will govern the construction and implementation of
20 the Plan and any agreement, documents, and instruments executed in connection with the Plan
21 unless otherwise specifically provided in such agreements, documents, or instruments.

22 8.4. **Integration.** The provisions of this Plan and the Confirmation Order (including, as
23 to the Class 1B Claim, the Restructured Credit Documents) shall supersede any and all prior
24 agreements, documents, understandings, written or otherwise, in respect of any Claim, and the
25 treatment or satisfaction thereof, except as provided in any order of the Court. All such prior
26 agreements, documents or understandings are merged herein, and no Person may thereafter pursue
27 or prosecute any Claim or demand arising out of or pertaining to such superseded agreements,
28 documents or understandings as against the Debtor or Reorganized Debtor.

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**ARTICLE XI
REQUEST FOR CONFIRMATION**

11.1. *Confirmation Pursuant to § 1129(b)*. If necessary, the Debtor requests Confirmation of the Plan pursuant to § 1129(b) of the Bankruptcy Code.

DATED: February 22, 2016 DEERFIELD RANCH WINERY LLC.

By: /s/ Robert W. Rex
Robert W. Rex
Responsible Individual
Managing Member

Presented by:
McNUTT LAW GROUP, LLP

By: /s/ Shane J. Moses
Shane J. Moses
Counsel for the Debtor