

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF FLORIDA
PENSACOLA DIVISION**

In Re: **PENSACOLA BEACH, LLC**

Case No.: 13-30569WSS

Debtor in Possession

Chapter: 11

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DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION

1. **INTRODUCTION:**

This is the disclosure statement (“Disclosure Statement”) in the small business Chapter 11 case of PENSACOLA BEACH, LLC, (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Reorganization Plan of PENSACOLA BEACH, LLC, (the “Plan”) filed by the Debtor on the 5th day of August 2013. A full copy of the Plan is attached to this Disclosure Statement as Exhibit “A”. **Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.**

The proposed distributions under the Plan are discussed at page 4 to 9 of this Disclosure Statement. General unsecured creditors are classified in Class B, and will receive a distribution of 0% of their allowed claims, as there are none.

A. **PURPOSE OF THIS DOCUMENT**

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the plan proposes to treat claims or equity interest of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why PENSACOLA BEACH, LLC believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to the what you would receive on your claim or equity interest in liquidation, and
- The effect of the confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. **Deadlines for Voting and Objecting;
Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan described in this Disclosure Statement. This Section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of Hearing to Confirm the Plan:*

The Hearing at which the Court will determine whether to confirm the Plan will take place on the ____ day of _____, 2013, at the Bankruptcy Court located at 100 North Palafox Street, Pensacola, Florida.

2. *Deadline for Voting to Accept or Reject the Plan:*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Sherry F. Chancellor, Esquire, 619 West Chase Street, Pensacola, Florida 32502. See Section IV.A below for a discussion of voting eligibility requirements.

Your ballot must be received by the ____ day of _____, 2013 or it will not be counted.

3. *Deadline for objecting to the Adequacy of Disclosure and Confirmation of the plan.*

Objections to this Disclosure Statement or to the confirmation of the Plan must be Filed with the Court and served upon all interested parties by the ____ day of _____, 2013.

4. *Identity of Person to Contact for More Information.*

If you want additional information about the Plan, you should contact:

C. **Disclaimer**

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to Final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until the ____ day of _____, 2013.

II. **BACKGROUND**

A. **Description and History of the Debtor's Business**

The Debtor is a limited liability corporation. Since 2001, the Debtor has been in the business of operating a Hotel.

B. Insiders of the Debtor

<u>Name</u>	<u>Relationship</u>	<u>Compensation</u>
David Brannen	Manager by virtue of his Directorship of Pensacola Beach, Inc. manager of Pensacola Beach, LLC	None
Mike Bruno	Manager	None

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the Bankruptcy Petition was filed, the officers, directors, managers or other persons in control of the Debtor, (collectively the “Managers”) were:

Highpointe Hospitality, Inc., d/b/a Highpointe Hotel Corporation, pursuant to the Management Agreement Dated June 15, 2011 and in accordance with the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010.

The Managers of the Debtor during the Debtor’s Chapter 11 case have been Highpointe Hospitality, Inc., d/b/a Highpointe Hotel Corporation, pursuant to the Management Agreement Dated June 15, 2011 and in accordance with the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010.

The effective date of the of Order confirming the Plan, the directors, officers and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the “Post Confirmation Managers”) will be:

Highpointe Hospitality, Inc., d/b/a Highpointe Hotel Corporation

The responsibilities and compensation of these Post Confirmation Managers are described in section III D of this Disclosure Statement.

D. Events Leading to Chapter 11 filing

The Debtor-In-Possession operates a hotel on Pensacola Beach. The real property of Pensacola Beach is leased property and until shortly prior to the beginning of the Debtor-In-Possession's current conflict with American Fidelity Life Insurance Company, leaseholders on Pensacola Beach did not pay property taxes. After years of litigation, the state court found that leaseholders held equitable title in the real property they leased and would therefore be responsible for the payment of real property taxes. The Debtor-In-Possession's tax liability at that point was assessed at approximately \$950,000.00. Prior to the imposition of the taxes, the Debtor-In-Possession had gone through a slow business year and revenues were lower than normal. This resulted in the Debtor-In-Possession

becoming two payments behind on the mortgage to American Fidelity Life Insurance Company. The Debtor-In-Possession attempted to bring the mortgage payments current and counsel for American Fidelity Life Insurance Company had agreed to accept three payments to cure the arrearage. The principal for the Debtor-In-Possession arrived at the office of counsel for the creditor approximately ten minutes beyond the deadline set by counsel for creditor and the payment was refused. Based upon the combination of missed payments and defaulting on the terms of the mortgage due to the fact that the taxes were not current, American Fidelity Life Insurance Company defaulted the Debtor-In-Possession, called the note due and subsequently began the foreclosure process.

The state court case resulted in the entry of the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010. This Order has been a controlling factor in this Chapter 11 case as that Order dictates significant aspects of the operation of the business including, but not limited to, the fact that all funds received by the hotel in excess of \$50,000.00 each month are to be turned over to the creditor; that the creditor in "its sole and absolute discretion" may use the funds it has received to do the following: Apply the funds to the indebtedness due under the note; pay ad valorem taxes and or MSBU (Municipal Services Bond Unit) taxes and liens; to pay for improvements and/or the protection and preservation of the hotel; and to be used for the slower and winter months. Based upon information recently provided to this court, American Fidelity Life Insurance Company has used the funds to pay ad valorem taxes of \$1,075,344.04, contributed \$30,000.00 to the operating fund and applied the balance of \$3,623,072.11 to the Judgement against the Debtor-In-Possession. The state court case resulted in the entry of a Final Judgement against the Debtor-In-Possession. A foreclosure sale was scheduled for May 3, 2013. The sale was cancelled upon the filing of this action on May 2, 2013.

E. Significant Events During the Bankruptcy Case:

- There have been no asset sales outside of the ordinary course of business.
- Sherry F. Chancellor, Esquire has been approved by the Court to represent the Debtor in this Chapter 11 proceeding.
- An Order has been entered allowing the use of cash collateral that incorporates the Stipulated Order referenced above.
- The Debtor-In-Possession has filed motions which have been denied regarding the use of funds to make required improvements to the hotel.
- 2004 Examinations of the principal and a Marriott representative have been held.
- \$203,072.00 was paid on June 30, 2013 and \$372,463.00 paid was paid on July 31, 2013 to reduce the debt to American Fidelity Life Insurance Company

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other

Avoidance actions as there are none.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions.

The identity and fair market value of the estate's assets are listed in Exhibit B.

The Debtor's most recent financial statements, issued before bankruptcy, are set forth in Exhibit C.

The Most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case are set forth in Exhibit D.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS.

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class: Not applicable.

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under §507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date 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.

The following chart lists the Debtor's estimated administrative, expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses arising in the Ordinary Course of Business after the Petition date	\$392,032.91 Average monthly expenses, including but not limited to, the payment to American Fidelity Life Insurance Company under the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010.	Ordinary expenses are being paid in accordance with Cash Collateral Order entered in this matter which incorporated the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010.
The Value of Goods received in the Ordinary Course of Business within 20 days before the Petition Date	N/A	
Professional Fees as approved by the Court	\$20,000.00 previously paid \$15,000.00 in additional fees anticipated	Paid to Sherry F. Chancellor, PA as authorized by this Court. Pensacola Beach, Inc. shall be compensated for the payment of this necessary expenditure . To be paid upon the closing of the refinancing, at such time the debt of American Fidelity Life Insurance Company is satisfied or upon the closing of the case whichever shall first occur
Clerk's office fees	\$1,039.00 (Filing Fee)	Pensacola Beach, Inc. shall be compensated for the payment of this necessary expenditure upon the closing of the refinancing
Other Administrative Expenses: Costs for the	\$1,130.00	To be paid upon the closing of the refinancing, at such

Attorney for the Debtor-In-Possession		time the debt of American Fidelity Life Insurance Company is satisfied or upon the closing of the case whichever shall first occur
Office of the U.S. Trustee Fees	\$6,500.00	Pensacola Beach, Inc. shall be compensated for the payment of this necessary expenditure upon the closing of the refinancing

2. *Priority Tax Claims*

Priority Tax claims are unsecured income, employment and other taxes described in §507(a)(8) of the Code. Unless the holder of such a §507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the date of the order of relief.

The following chart lists the Debtor's Estimated §507(a)(8) priority tax claims and their proposed treatment under the plan. NONE

C. **CLASSES OF CLAIMS AND EQUITY INTERESTS:**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by the property of the Debtor's Bankruptcy estate (or that re subject to setoff) to the extent allowed as secured claims under §506 of Code. If the value of the collateral or setoffs securing the creditor's claims is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class #	Description	Insider (Yes or No)	Impairment	Treatment
1	Debt to American Fidelity Life Insurance Company Claim #6 in the amount of \$16,335,159.13	NO	Yes	The creditor received \$3,623,072.11 between April 2010 and May 2013 which has been applied to reduce the debt owed by the Debtor-In-Possession. The Debtor-In-Possession proposes to maintain the status quo for a

				period of six months to allow the Debtor-In-Possession to either refinance the property, obtain sufficient funding to satisfy the debt, or liquidate the property in order to satisfy the debt.
1	Frederic G. Levin	No	Yes	The creditor has a lien specifically against the proceeds being held in a separate Debtor-In-Possession account. The funds held total \$978,430.96, From those funds, \$120,000.00 shall be released to the Debtor-In-Possession to purchase televisions to maintain their franchise agreement with Marriott. Upon the satisfaction of the debt to American Fidelity Life Insurance Company these funds should be released to Mr. Levin
2	Escambia County Tax Collector	No	Yes	All unpaid real and personal property taxes shall be paid upon the satisfaction of the Debt to American Fidelity Life Insurance Company upon the closing of the refinancing or sale of the property.

2. *Classes of Priority Unsecured Claims.*

Certain priority claims that are referred to in §§507(a)(1), (4), (5), (6) and (7) of the Code are required to be placed classes. The Code requires that each holder of such a claim receive case on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

3. *Classes of General Unsecured Claims*

General unsecured claims, are not secured by property of the estate and are not Entitled to priority under §507(a) of the Code.

The following chart identifies the Plan's proposed treatment of the general unsecured Classes:

Class #	Description	Insider (Yes or No)	Impairment	Treatment
1	General Unsecured debts as detailed in Claim #2 AT&T, Claim #4 Royal Coffee, # 5 Lamar Advertising,	NO	No	The general unsecured debts are being paid under the appropriate orders from this Court and the State Court. Any balances due and owing at the time of the refinancing or other event that results in the satisfaction of the debt to American Fidelity Life Insurance Company shall be paid at that time

4. *Classes of Equity Interest Holders*

Equity interest holder are parties who own an ownership interest (i.e. an equity) interest in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders include both general and limited partners. In a limited liability company, ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity security holders:

<u>Class #</u>	<u>Description</u>	<u>Impairment</u>	<u>Treatment</u>
1	Appaloosa Development 5% interest; Pensacola Beach, Inc. 55% interest; PB Boston 36% Interest; Mike Bruno 4% interest	None	The equity security holders have not received any funds from the business in many years and has no plan to do so during the pendency of the plan

D. **Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

The Debtor-In-Possession proposes that for a six month period American Fidelity Life Insurance Company shall continue to receive funds as they have been since the entry of the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010 and the Order Authorizing Use of Cash Collateral entered by this Court.

2. *Post-Confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation shall be as follows:

Name	Affiliations	Insider (Yes or No)	Position	Compensation
Highpointe Hospitality, Inc., d/b/a Highpointe Hotel Corporation	Management company for the Debtor-In-Possession since 2001	No	Management Company	Payment shall be pursuant to the Management Agreement Dated June 15, 2011 and in accordance with the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010.

E. *Risk Factors*

The proposed Plan has the following risks: The risks involved in the proposed plan are minimal. What the Debtor-In-Possession proposes is to maintain the status quo for six months. The funds received by American Fidelity Life Insurance Company have not decreased since the entry of the Stipulated Order Regarding Management of Hotel and Dismissal of Highpointe Hospitality, Inc. as Defendant, Dated March 25, 2010. There is no reason to anticipate any substantial changes or fluctuations that would affect the distribution of funds. The principal of the Debtor-In-Possession is currently making

efforts to satisfy the debt of American Fidelity Life Insurance Company and fully anticipates that he should be able to do so within six months of the confirmation of the plan.

F. Executory Contracts and Unexpired Leases

The Plan, in Exhibit 5.1, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Exhibit 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The deadline for filing a Proof of Claim based upon a Claim Arising From the Rejection of a Lease or Contract will be determined by the Court.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys and/or Advisors.

The following are the anticipated tax consequences of the Plan: There will be minimal tax consequences to the Debtor as the Debtor's taxes are current. The Debtor does not anticipate any tax consequences to the creditors of the estate.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the

creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that 1 class is impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that 4 classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case is September 19, 2013.

2. What Is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. Who is Not Entitled to Vote

The holders of the following five types of claims and equity interests are not entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;

- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section [B.2.].

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward

each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are proposed to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

2. Ability to Make Future Plan Payments And Operate Without Further Reorganization

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit G.

The financial projections indicate that there will be sufficient cash flow to maintain the status quo for an additional six months in order to fully complete the plan.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. NO DISCHARGE OF DEBTOR.

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

B. Modification of Plan.

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Respectfully submitted this the 1st day of August 2013

/s/ David Brannen
David Brannen
PENSACOLA BEACH, LLC
Plan Proponent

/s/ SHERRY F. CHANCELLOR
Sherry F. Chancellor, Attorney for
PENSACOLA BEACH, LLC

EXHIBITS

- A. **Copy of Plan of Reorganization**
- B. **Identity and Value of Material Assets of Debtor**
- C. **Prepetition Financial Statements**
- D. Most Recently Filed Operating Report
- E. Liquidation Analysis (Not Applicable as Debtor's Unsecured Creditors are vendors and service providers who are being paid)
- F. Cash on Hand on the Effective Date of the Plan
- G. Projections of Cash Flow and Earnings for Post-Confirmation Period