

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

IN RE:)	
)	
)	Bankruptcy Case No. 10-13186-SBB
SRKO FAMILY LIMITED)	Chapter 11
PARTNERSHIP)	
EIN: 20-033442)	
)	
Debtor.)	

**DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION
FOR THE DEBTOR DATED JULY 14, 2014 OF JANNIE RICHARDSON AND
WEBELIEVETOMORROW, LLC**

Jannie Richardson (“Ms. Richardson”) and WebelievetoMorrow, LLC (“WBT”) (together, the Plan Proponents”) submit this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code, 11 U.S.C. §101 et seq. (the “Bankruptcy Code”) in connection with the PLAN OF REORGANIZATION FOR THE DEBTOR DATED JULY 14, 2014 OF JANNIE RICHARDSON AND WEBELIEVETOMORROW, LLC dated July 14, 2014 (the “Plan”). The Plan has been filed with the United States Bankruptcy Court for the District of Colorado (the “Court”), and a copy of the Plan is attached as Exhibit A hereto.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT.

I. INTRODUCTION

This Disclosure Statement is provided to all of Debtor’s creditors and other parties in interest entitled to it under the Bankruptcy Code. This Disclosure Statement is intended to provide adequate information to enable the typical creditor or other party in interest to make an informed decision to accept or reject the Plan. **YOU ARE ENCOURAGED TO READ THE PLAN, THIS DISCLOSURE STATEMENT, AND ALL EXHIBITS THERETO IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.** Prior to its distribution to all creditors, the Court approved this Disclosure Statement by Order dated August _____, 2014 as containing

adequate information; however, Court approval of this Disclosure Statement does not imply Court approval of the Plan.

Unless otherwise provided in the Plan, all terms used herein that are defined or used in the Bankruptcy Code are intended to be used in this Plan as defined or used in the Bankruptcy Code.

A. Voting on the Plan

Your vote on the Plan is important. The Plan can be implemented only if it is confirmed by the Court. The Plan can be confirmed only if, among other things, it is accepted by the holders of two thirds in amount and more than one-half in number of the Claimants holding Claims in at least one impaired Class who actually vote on the Plan. In the event the requisite acceptances are not obtained from the other impaired Classes, the Court may nevertheless confirm the Plan if the Court finds that it is fair and equitable to the Class or Classes rejecting it.

Holders of claims in Classes 1A, 1B, 1C, 4, and 5 are impaired and shall be entitled to vote to accept or reject the Plan. Classes 2 and 6 are deemed to reject the Plan. If you have a disputed, contingent or unliquidated claim, you must have your claim estimated by the Court in order to vote.

The Court will hold a hearing on confirmation of the Plan on October ___, 2014 at 9 a.m., and will then, among other things, determine the results of the vote. The date on which the Court approves the Plan is the "Confirmation Date," and the "Effective Date" is the date that is fifteen (15) days after the Confirmation Date. In the unlikely event of an appeal regarding confirmation, the Effective Date shall not commence until the resolution of the appeal. Objections to Confirmation are due on or before October ___, 2014.

A ballot pursuant to which the holder of an Allowed Claim may vote on the Plan accompanies this Disclosure Statement. **Completed ballots should be mailed or otherwise delivered so as to be received no later than 5:00 p.m. Mountain Time on _____, 2014 to:**

Christian C. Onsager
Onsager | Guyerson | Fletcher | Johnson LLC
1801 Broadway, Suite 900
Denver, CO 80202

If your ballot is damaged or lost, or if you have any questions concerning voting, you may contact Christian C. Onsager or Barbara Moss (email: consager@ogfj-law.com and bmoss@ogfj-law.com) or by phone at (303) 512-1123.

B Summary of the Plan

Prior to the Confirmation Hearing, SRKO will conduct an auction of Colorado Crossing. If the auction results in one or more contracts for the sale of all of Colorado Crossing that are approved by the Bankruptcy Court by Final Order, then the Plan will provide for the consummation of any such contracts, to the extent the sales have not closed by the Plan Effective Date, and for the distribution of the net proceeds from the sales to the creditors of SRKO pursuant to the terms of the Plan through the Liquidation Trust.

To the extent that the auction does not result in the Court-approved sale of all of Colorado Crossing, the Plan calls for the vesting of the Colorado Crossing project (or the unsold portions of Colorado Crossing), together with related contracts and leases, permits, licenses, and development rights, and any other assets, in WBT, free and clear of any liens, encumbrances or interests other than the liens for taxes due in 2015. WBT will have Class A and Class B members. Class A will be owned by Allen Richardson, Jeffrey Stinson and J Stinson and will hold either 100% or 95% of the voting power of the members. Although Class A will share in 100% of the profits or losses, the required payments under the Plan are calculated such that the virtually all of the profits are paid to the creditors through the Liquidation Trust. Class B will be owned by the Liquidation Trust and will hold either none or 5% of the voting power of all members. Class B interests will convert automatically to 99% of the Class A membership interests in the event of an uncured material default under the Plan, thus assuring that the Liquidation Trust will control WBT in the event of such a default. The beneficiaries of the Liquidation Trust will be the unsecured creditors of SRKO, including the Richardson Estate.

On the Effective Date, WBT will receive \$3.0 million in equity funding and will borrow \$10.0 million secured by a first lien on all the property (the "Initial Funding Loan"). From these funds, WBT will pay all administrative expenses including all DIP loans, all tax claims, all mechanic's liens against the Vacant Land and \$1.5 million to the holders of the priority mechanic's liens against Filing 1. In addition, WBT will pay \$3.0 million to the Liquidation Trust, the large majority of which will be immediately distributable to the general unsecured creditors.

WBT will close on the sale of certain portions of Filing 1 within 6 months of the Plan Effective Date and will use the net proceeds in accordance with the provisions of the Plan. WBT will proceed with the development of the Vacant Land. From the proceeds of the development, WBT will pay off the Funding Loan pursuant to percentage of sale release prices and make certain

required payments to the Liquidation Trust for distribution to the creditors. The Funding Loan need not be repaid in full before funds will be available for distribution to the general unsecured creditors.

C. Summary of Classification and Treatment of Claims

Class	Description	Treatment	Entitled to Vote	Estimated Recovery
None	Allowed Administrative Expense Claims	Payment in full in cash on the Effective Date or within 10 days after allowance	No	100%
None	Allowed Priority Claims	Payment in full in cash on the Effective Date or within 10 days after allowance	No	100%
None	Professional Fee Claims	Payment in full in cash on the Effective Date or within 10 days after allowance	No	100%
None	U.S. Trustee Fees	Payment in full in cash from the Liquidation Trust in accordance with the applicable schedule for payment of such fees.	No	100%
1A, 1B and 1C	Allowed Category 2 Mechanic's Liens	These Claims will share pro rata in \$1.5 million paid on the Effective Date. Interest on the principal balances will accrue through the Petition Date	Yes	100% of interest and 98% of principal
2	Secured Claims of the Non-Priority Filing 1 Lienholders	The value of the property to which the Class 2 liens attach is insufficient to pay liens of higher priority and therefore the Class 2 Claims will receive nothing on account of their Class 2 Claims, but will be treated as unsecured claims under Class 4.	No as Class 2 Claims; yes as Class 4 Claims	0% as Secured Claim; only distribution through participation in Class 4
3	Vacant Land Mechanic's Liens	Payment in full in cash on the Effective Date or within 10 days after allowance.	No	100%

4	Unsecured Claims	<p>These Claims will be paid from distributions to the Liquidating Trust of (i) \$3.0 million on the Effective Date; \$2.0 million on or before one year from the Effective Date; \$9.0 million on or before two years from the Effective Date; \$2.0 million on or before three years from the Effective Date; \$3.0 million on or before four years from the Effective Date; and \$7.0 million on or before five years from the Effective Date; or (ii) \$3.0 million on the Effective Date; \$2.0 million on or before one year from the Effective Date; and \$13.0 million on or before two years from the Effective Date; or (iii) \$3.0 million on the Effective Date; \$2.0 million on or before one year from the Effective Date; \$9.0 million on or before two years from the Effective Date; and \$5.0 million on or before three years from the Effective Date. The foregoing payment options are at the sole discretion of WBT. The Liquidation Trust will be issued the Class B member interests in WBT which will convert to 99% of Class A member interests in the event of an uncured material default under the Plan. Distributions from the Liquidation Trust will be the pro rata share of 65% and the remaining 35% will be paid to the Richardson Estate pursuant to the court-approved settlement between the SRKO estate and the Richardson Estate.</p>	Yes	<p>Under option (i), 46.0% to 50.6% (at 6% discount rate) or 40.8% to 45.0% (at 12% discount rate); Under option (ii), 33.8% to 37.2% (at a 6% discount rate) or 31.3% to 34.5% (at a 12% discount rate); Under option (iii), 35.2% to 38.7% (at a 6% discount rate) or 32.2% to 35.5% (at a 12% discount rate)</p>
---	------------------	---	-----	---

5	Secured Claims against SRKO not otherwise classified	Any Allowed Secured Claims not otherwise classified in the Plan shall first be subject to valuation under § 506 of the Bankruptcy Code. Assuming that the Claims are secured, these Claims, at the election of WBT, will be (i) paid in cash in the Allowed amount of such Claim on the Effective Date or when Allowed, (ii) paid in the Allowed amount of such Claim from the proceeds available following the sale of any collateral securing such claims (sharing Pro Rata with any other class of creditors holding a lien of equal priority on such collateral), (iii) paid in the Allowed amount of such Claim upon a schedule agreed to by the Holder of the Claim, (iv) the property securing the Allowed Secured Claim may be abandoned to the Holder, or (v) the Secured rights of the Holder may be left unimpaired. Interest shall accrue on the Allowed Claims in this Class at the Interest Rate from the Petition Date until paid in full.	Yes	100%
6	Equity Interests	Equity Interests will receive no Distribution under the Plan and will be cancelled.	No	\$0

II. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

A. The Debtor

SRKO is a Colorado limited partnership formed on October 27, 2003. The following parties hold ownership interests in SRKO:

(a) Duk, LLC, a Colorado limited liability company, was SRKO's original general partner, but was replaced by Moon, LLC on January 11, 2011. Moon holds a one percent (1%) interest in SRKO.

(b) The Allen Richardson Dynasty Trust dated October 27, 2003 holds a thirty-three and one-third percent (33.33%) interest in SRKO;

(c) The Jessica Stinson Dynasty Trust dated October 27, 2003 holds a thirty-three and one-third percent (33.33%) interest in SRKO; and

(d) The Jeffrey Stinson Dynasty Trust dated October 27, 2003 holds a thirty-

three and one-third percent (33.33%) interest in SRKO.

Ms. Ko is the trustee for The Allen Richardson Dynasty Trust, The Jessica Stinson Dynasty Trust and The Jeffrey Stinson Dynasty Trust (collectively, the “Dynasty Trusts”). The beneficiaries of the Dynasty Trusts are the three adult children of Ms. Richardson. The Trusts were estate planning devices, intended to permit SRKO to transfer a portion of Ms. Richardson’s assets to her children during her lifetime, to avoid estate taxes on that portion of her wealth, to shift the income from a portion of her wealth to her children, and to cause any appreciation in the assets to inure to the benefit of her children. The Trusts were established pursuant to the advice and with the assistance of an estate-planning attorney, at a time when SRKO was highly successful and had almost no debt. Ms. Richardson has never served as a trustee.

C. Randall Lewis (“Trustee Lewis”) the Chapter 11 Trustee of the Ms. Richardson estate filed Adversary Case No. 12-01075-SBB seeking a declaration that the Dynasty Trusts are “sham” trusts, that is, that they should be legally ignored and their assets treated as assets of Ms. Richardson’s estate. Although Ms. Richardson is a party to this suit, she has no legal or financial stake in the outcome, and therefore the outcome of the adversary proceeding does not affect her Plan.

After its formation in 2003, SRKO was profitable in its business operations. On October 27, 2003, Ms. Richardson and Ms. Ko in her capacity as trustee for the Dynasty Trusts determined to invest SRKO’s profits in various investments and development projects. On that date, Ms. Richardson and Ms. Ko entered into a Reinvestment Agreement which permitted Richardson to distribute SRKO’s net profits to the Dynasty Trusts for reinvestment in development projects like the Colorado Crossing project. For the next five (5) years, SRKO’s net proceeds were reinvested into a pre-established general fund entitled “Jannie Richardson d/b/a Sunshine Home Management” (the “General Account”), which Ms. Richardson used to track construction funds and expenditures.

Beginning in 2005, SRKO realized profits from various real estate investments and development projects. SRKO’s principal business included commercial real estate development and investments. Between 2005 and 2007, SRKO had earned over \$700,000 in profits as listed on its tax returns. The net profits could have been much higher, but during the relevant time period, it was acquiring additional assets and spending its resources on constructing new improvements. By the end of 2007, SRKO had annual revenue of approximately \$2,000,000. The following are some of the successful real estate transactions in which it was involved:

Stratmoor Heights Development, Colorado Springs, Colorado — The Stratmoor Heights project is a residential development that offered single family residential homes in south Colorado Springs. This raw land was purchased, developed into pad sites, and sold to home building contractors. This project was completed and all developed lots sold prior to the Petition Date.

Candlewood Suites, Colorado Springs, Colorado — The Candlewood Suites is a 122 room extended stay hotel located in Colorado Springs. Richardson, through Noah, LLC, built the hotel in 2000 and subsequently gifted approximately twenty-three percent (23%) of her shares in Noah, LLC to SRKO in 2003. Noah, LLC filed for protection under Chapter 11 of the Bankruptcy Code in February 2010 and the hotel was sold during its bankruptcy case. SRKO received a distribution of approximately \$305,000, representing its proportionate share of the sale proceeds.

Comfort Inn & Suites, Overland Park, Kansas — The Comfort Inn & Suites is an 81 room hotel located in Overland Park, Kansas. This hotel was purchased by SRKO in 2005, which was subsequently contributed by SRKO to JRKO, LLC. SRKO is the 100% owner of JRKO, LLC. JRKO, LLC lost this property in foreclosure.

Pine Creek Village, Colorado Springs, Colorado — Pine Creek Village is a mixed use shopping center located in Colorado Springs, Colorado. There is approximately 100,000 square feet of Class A office space which is primarily occupied by medical use tenants. This shopping center also incorporates approximately 30,000 square feet of ground level retail space. This center was built between 2004 and 2005 by SRKO, after acquiring it from a previous developer that went out of business. SRKO subsequently contributed its ownership of this project to Jessica, LLC, of which SRKO was the 100% owner. This property was ultimately lost in foreclosure.

Pine Creek Medical Office Condos, Colorado Springs, Colorado — The Pine Creek Medical Office Condos is a 28,000 square foot Class A building. This property was built by SRKO without traditional construction financing in 2007 and was converted to commercial condominiums in 2008. SRKO also contributed this property to Jessica, LLC, in exchange for 100% of the membership interests in Jessica, LLC. In April of 2007, Jessica, LLC borrowed a total of \$3 million against the project. The project was sold as commercial condominiums in two separate transactions in 2008, resulting in repayment of the loans, and additional net proceeds in excess of \$2 million which were distributed to SRKO.

1. Ms. Richardson

Ms. Richardson is originally from South Korea and has been living in Colorado Springs since 1976. She began as a hair dresser and then in 1979 started her own excavation company, Century Excavating. Over eight years, the company performed work for the City of Colorado Springs, the City of Salida, and the State of Colorado until the economic downturn of 1986 forced its closure. From 1987 through 1997, Ms. Richardson bought residential properties out of government foreclosure for cash and developed and sold them. Over the years, the business was sufficiently profitable to be self-funded, i.e. it did not need Ms. Richardson to borrow.

Overall, approximately twenty-two family members worked in the family's businesses, including Ms. Richardson's three children, sisters, sisters-in-law, brothers-in-law, and nieces and nephews. Their roles in the businesses included retail, hotel and property management, janitorial, bookkeeping, construction and other clerical services.

2. Ms. Richardson's Family and Related Businesses

Allen Richardson is Ms. Richardson's adult son who worked as an employee of Sunshine Home Management, LLC as a property manager. Allen Richardson currently holds membership interests in the following active entities in which Ms. Richardson has been involved: Ho, LLC; Orchid, LLC; Spring Water Lofts, LLC; and Spring Water Development, LLC. He is a member in a number of entities that are now defunct, although they have not been dissolved. Mr. Richardson was previously a 50% owner of Sunshine Home Management, LLC, but that ownership was transferred to Mr. Lewis as part of the Motion for Entry of Order Designating Trustee to Manage and Control Debtor's Affiliated Entities filed on April 19, 2011 in the Richardson Bankruptcy (Docket No. 326), and approved through a Stipulated Order Approving Motion dated June 7, 2011 (Docket No. 367), which provides that Mr. Richardson shall not be entitled to receive any fractional share distributions from Sunshine Home Management, LLC without court approval. Finally, he is a beneficiary of The Allen Richardson Dynasty Trust, which holds an interest in SRKO and Sunshine Development.

Jessica Stinson is Ms. Richardson's adult daughter. Jessica Stinson currently holds membership interests in the following active family business entities: Ho, LLC; Orchid, LLC; Spring Water Lofts, LLC; and Spring Water Development, LLC. She is a member in a number of entities that are now defunct, although they have not been dissolved. Finally, she is a beneficiary

of The Jessica Stinson Dynasty Trust, which holds an interest in SRKO and Sunshine Development.

Jeffrey Stinson is Ms. Richardson's adult son. Jeffrey Stinson currently holds membership interests in the following active entities: Ho, LLC; Orchid, LLC; Spring Water Lofts, LLC; and Spring Water Development, LLC. He is a member in a number of entities that are now defunct, although they have not been dissolved. Finally, she is a beneficiary of The Jessica Stinson Dynasty Trust, which holds an interest in SRKO.

Paul Ko is Ms. Richardson's nephew who worked as an employee of Sunshine Home Management, LLC, Sunshine Home Management d/b/a Jannie Richardson, and affiliated entities as a bookkeeper from December 2007 to 2010. In January, 2010, Mr. Ko terminated his employment and became a 1099 independent contractor performing bookkeeping services for Debtor and entities in which Ms. Richardson has been involved. Mr. Ko previously held an ownership interest in Spring Water Development, LLC, but has never held any ownership interests in any of Debtor's other entities. He has been performing services for Trustee Lewis since May 16, 2011.

Related to this bankruptcy case, Ms. Richardson filed for protection under Chapter 11 of the Bankruptcy Code on March 25, 2010, which Case No. 10-16450 remains pending in the U.S. Bankruptcy Court for the District of Colorado. Trustee Lewis was appointed to serve as Chapter 11 Trustee of the Ms. Richardson estate on January 28, 2011.

Ms. Richardson and her family members operated their business entities as family businesses for approximately fifteen (15) years. Until financial problems arose regarding Colorado Crossing (as described in detail below), SRKO had not faced any significant prior legal problems. Overall, approximately twenty-two (22) family members work in the Richardson family businesses and, during the course of the Colorado Crossing Mechanic's Lien Litigation, worked without pay with the goal of completing the project.

It has been customary over the years for SRKO to enter into business transactions with affiliated entities. In order to initially raise capital for the Colorado Crossing project, SRKO pledged several properties that were free and clear of liens and encumbrances as collateral to secure funding from various lenders. Various affiliated or related business entities have assisted SRKO in the development of the Colorado Crossing Project. These companies primarily consisted of Ho, LLC, a Colorado limited liability company, Orchid, LLC, a Colorado limited liability

company, Spring Water Lofts, LLC, a Colorado limited liability company, Sunshine Home Management, Inc., and Spring Water Development, LLC, a Colorado limited liability company. These entities: (1) raised capital to complete the project since there was no construction lender, and (2) compensated “human capital” *i.e.* family members who had been working without pay.

B. Other Related Entities and Individuals

Sunshine Home Development, Inc. (“Sunshine Home Development”) was incorporated on October 9, 2003 and is owned in equal thirds by the Dynasty Trusts. SRKO engaged Sunshine Home Development to continue the development of the Colorado Crossing Filing 1 beginning in August 2008 after GE Johnson stopped work.

When SRKO was unable to obtain financing for the project, it pledged some of the replatted Colorado Crossing parcels to secure a Deed of Trust in the amount of eleven million dollars (\$11,000,000) in favor of Sunshine Home Management to allow it to continue working on the Colorado Crossing Filing 1. The amount was based on work performed by Sunshine Home Management commencing from the time GE Johnson Construction Company, Inc. (“GE Johnson”) abandoned the Colorado Crossing Filing 1 through December 31, 2009. Trustee Lewis avoided the deed of trust.

Since Sunshine Home Management claimed to be owed money for work performed on the project, labor and expenses specifically for the Cinemark Theater and the parking garage, Sunshine Home Management, like any other lien holder, attempted to assert its mechanic’s lien in the amount of \$31,993,077 in the Mechanic’s Lien Litigation on February 3, 2010. The El Paso County District Court issued an Order stating that Sunshine Home Management had ten (10) days to substantiate its lien. Sunshine Home Management was unable to comply with the Court’s order because Sunshine Home Management’s counsel withdrew in February 2010, and Sunshine Home Management was unable to timely engage substitute counsel to complete the assertion of its claim in that action. As a result, Sunshine Home Management’s counterclaims were dismissed or about March 29, 2010, and default judgments were entered in favor of those parties who asserted claims against Sunshine Home Management. Sunshine Home Management filed a Proof of Claim No. 55 in the SRKO bankruptcy case to preserve its rights in the total amount of \$31,993,077, claiming \$11,000,000.00 was secured and the remainder unsecured. On December 1, 2011, Sunshine Home Management withdrew its claim.

Ho, LLC was incorporated on August 11, 2009 by Ms. Richardson and her family members,

and formed to be the family company into which family loans and investments could be made for purposes of reinvestment into the Colorado Crossing project. Notes and Deeds of Trust issued in November 2009 for the benefit of Ho, LLC, were designed to document and secure loans made in prior months by family members and friends of Ms. Richardson. All of these transaction have been avoided by stipulation.

Spring Water Development, LLC was created on June 1, 2010. The members of this entity are: (1) Jessica Stinson; (2) Jeffrey Stinson; and (3) Allen Richardson. This entity was created to provide services in the areas of construction, repair and maintenance, landscaping, and other construction related matters. Spring Water Development, LLC works on projects outside of SRKO's scope of work. However, Spring Water Development, LLC has performed repair and maintenance work on the Colorado Crossing property without compensation.

1. Colorado Crossing

On June 1, 2006, SRKO received title to about 152.3 acres of raw land in El Paso County for the purchase price of approximately \$18,500,000, or \$2.75 per square foot. The purchase was made, in part, pursuant to an Internal Revenue Service 1031 tax deferred exchange. As originally conceived, Colorado Crossing was intended to be a mixed-use development that would ultimately contain 1,600,000 square feet of retail and office space and 1,600 multi-family residential units.

SRKO subdivided a small part of this property into Lot 1, Colorado Crossing Filing No. 1, consisting of approximately 17.5 acres ("**Filing 1**"). SRKO proposed a further subdivision, Lot 2, Colorado Crossing Filing No. 2, which consists of five parcels totaling approximately 23 acres in the center of the property, but that subdivision was not finalized with the City of Colorado Springs before the chapter 11 case was filed. The balance of the property was not subdivided. The proposed Filing No. 2 and the balance of the 152.3 acres are referred to as the "**Vacant Land.**"

The first phase of this project was intended to include a 14-screen all-digital movie theatre, 140,000 square feet of Class A office and retail space, and a parking garage. The project currently consists of the following components:

- a. 109,497 square foot office and retail Building F
- b. 14,379 square foot office and retail Building A
- c. 13,522 square foot office and retail Building B
- d. 52,000 square foot movie theater
- e. Three story parking structure containing 1,059 spaces

Access roads, underground utilities, landscaping, and related infrastructure.

Attached hereto as **Exhibit B** are aerial photos showing the location of Colorado Crossing and the partially constructed buildings on Filing 1.

In addition, SRKO formed three metropolitan districts (the “Metro Districts”) to use as vehicles to fund infrastructure development in the project. The Metro Districts have not yet issued any bonds and have received limited tax revenues.

Consistent with the historic business operations of SRKO and the Richardson family business, SRKO did not secure traditional construction financing; rather, construction was financed through proceeds from the sales of other assets and funds provided by various affiliated entities.

SRKO retained an affiliated company, Sunshine Home Development, Inc. (“Sunshine Development”), to serve as the developer of Colorado Crossing. Sunshine Development contracted with the contractors and suppliers who provided the goods and services to SRKO. Ms. Richardson personally guaranteed some of those obligations.

C. Events Leading to SRKO Chapter 11 Filing/Pre-Petition Funding for Colorado Crossing

SRKO’s largest project and the principal cause for the Chapter 11 filing was Colorado Crossing. Since the project began, SRKO and Ms. Richardson invested an estimated \$40 million or more into the development of the project. The initial \$18.5 million investment to purchase the Colorado Crossing property was funded in part by the liquidation and/or refinancing of real estate investments held by SRKO and in part by use of 1031 exchange proceeds held by Ms. Richardson.

1. 2006 Funding Sources

In 2006, SRKO obtained financing secured by two parcels of real estate in order to raise capital for the acquisition of land and for the planning and development of Colorado Crossing. SRKO took out a mortgage against unencumbered real estate called Pine Creek Village (owned by Jessica, LLC) on January 6, 2006 for \$12,700,000 and another mortgage on unencumbered real estate known as the Candlewood Suites property (owned in part by Noah, LLC) on May 17, 2006 for \$3,900,000. Also, Ms. Richardson received 1031 exchange proceeds through the sale of commercial real property located in Las Posas, California of. The amount of the exchange was \$7,417,542.07. These properties were all unencumbered at the time of the financing and/or sale.

At the closing of the Colorado Crossing project, a portion of the property was titled in the name of SRKO and a portion of the property was titled in the name of Ms. Richardson.

Thereafter, development and construction costs were funded in large part by advances made by Ms. Richardson directly and or by entities related to the family.

2. 2007 Funding Sources

In 2007, SRKO and Ms. Richardson continued to sell real estate and obtain loans secured by other unencumbered properties in order to raise capital for the ongoing construction of Colorado Crossing. On April 4, 2007, SRKO obtained financing secured by unencumbered real estate known as the Comfort Inn & Suites, located in Overland Park, Kansas for \$4,300,000. SRKO also obtained financing secured by an unencumbered medical office condo property known as Pine Creek Village Building B (9480 Briar Village) in December 2007. There were two loans placed on this property as the collateral was two separate condos. One of the loans was from Chase Bank for \$2,500,000.00 and the other from Pueblo Bank & Trust for \$500,000.00. Ms. Richardson also obtained financing secured by five unencumbered shopping centers located in Colorado Springs for \$9,015,000.00 on July 31, 2007. With the continuing construction of Colorado Crossing, SRKO and Ms. Richardson needed to continually raise capital.

Ms. Richardson also personally sold four parcels of real estate in 2007 which included two residential condominiums located in Denver, Colorado (70 W. 6th Ave). The two other assets were an office building in New Jersey (616 E. Landis) and a single family residential home in Colorado Springs, Colorado (921 Sawatch). These four real estate parcels that Ms. Richardson sold raised approximately \$1,197,214 in 2007. These proceeds were used for Colorado Crossing.

3. 2008 Funding Sources

In 2008, SRKO sold two condominium units at the Pine Creek Village Building B, applied the net proceeds of about \$2.1 million to Colorado Crossing. On June 16, 2008, SRKO obtained a loan in the amount of \$7,865,000 from Pueblo Bank & Trust and granted a security interest against unencumbered real property defined as the Dawson Ridge Property. The funds obtained from the sale of real estate and the mortgage proceeds were utilized in Colorado Crossing.

Ms. Richardson raised additional financing in 2008 secured by four office buildings located in Colorado Springs, Colorado. Ms. Richardson also sold a residential condo unit located at 70 W. 6th Ave. #204, and SRKO obtained a second loan from Pueblo Bank and Trust in the amount of \$225,000 secured by two other condo units (the 70 West Properties). The funds realized were used for the construction of the Colorado Crossing project.

4. 2009 Funding Sources

Richardson continued to raise capital through 2009 by obtaining financing secured by unencumbered real property known as Southglenn Commons in Littleton, Colorado, and sold a vacant land parcel located in Walnut, California. These funds were also used for the construction of Colorado Crossing.

5. Other Funding Transactions

SRKO obtained financing secured by real property known as 1601 Wewatta St., Denver, Colorado. The proceeds from the refinancing were used on the construction of Colorado Crossing. Due to the constraints caused by funding issues on the Colorado Crossing project, SRKO could not service the debt to the First National Bank of Colorado and the bank filed foreclosure proceedings on this property. SRKO entered into a deed in lieu agreement in exchange for the waiver of any deficiency.

6. Private Investment Funds/Loans

In addition to the sale/refinancing of real estate assets, both SRKO and Ms. Richardson raised approximately \$4.659 million in capital through private investors.

7. Ms. Richardson Contributions to SRKO

Since SRKO was formed in 2003, Ms. Richardson contributed large sums of money to SRKO for various projects, including Colorado Crossing. Initially in 2003, Ms. Richardson gifted assets valued at approximately \$1,000,000 to SRKO for estate planning purposes. The interests in SRKO were then transferred to the respective Dynasty Trusts. Additional and subsequent contributions were classified as loans payable to Ms. Richardson. As of the Petition Date, the balance of the “loan” payable to Ms. Richardson may have been as high as \$30.0 million, excluding interest. Whatever the amounts, any claim by the Richardson estate against SRKO has been settled pursuant to the Amended Settlement Agreement between the two bankruptcy estates approved by the Bankruptcy Court on April 9, 2014 (Docket No. 1078).

In 2008, SRKO suffered financial difficulties and could not pay its contractor, material providers and subcontractors. Before Colorado Crossing Filing 1 was completed, differences arose between SRKO and the contractors working on the project. Many of the firms employed to work on the Colorado Crossing Filing 1 filed mechanics liens encumbering Colorado Crossing Filing 1, and several left the job with work uncompleted, resulting in additional costs and losses.

SRKO unsuccessfully sought financing to complete the project from a variety of lenders. In

the fall of 2008, the U.S. and local economy collapsed. SRKO and Ms. Richardson both took significant risks to raise funds to complete the construction of Colorado Crossing by encumbering a number of unrelated assets. As the economy continued downward into early 2009, retail and commercial tenants in several projects operated by the family businesses also felt the decline and many went out of business, and cash flow dropped below a point where debt servicing was possible. The result was that SRKO and the family businesses both had assets that were foreclosed or were given up pursuant to deeds in lieu of foreclosure in order to maintain the hope of completing Colorado Crossing.

D. Mechanic's Liens Against Crossing Project Filing 1

GE Johnson, a general contractor, entered in to a contract with Sunshine Development as the developer for labor and materials. In August 2008, GE Johnson accelerated amounts owing under the contract and Sunshine Home Management did not pay. GE Johnson filed its lien and on November 4, 2008, it filed Case No. 08 CV 58050 in the El Paso County District Court for monetary judgment and mechanic's lien foreclosure (the "Mechanic's Lien Litigation"). The proceeding ultimately involved most of the parties asserting mechanics' liens against Colorado Crossing.

SRKO's chapter 11 filing stayed the Mechanic's Lien Litigation. SRKO subsequently stipulated to relief from the automatic stay to permit the state court to prioritize the mechanic's lien claims pursuant to Colorado law. The state court entered its order on March 18, 2013 (the "Lien Order") affirming that the liens encumbered only Lot 1 Filing 1, and otherwise establishing their relative priority. A copy of the Lien Order is attached as **Exhibit C**.

E. Significant Post-Petition Events

On July 27, 2010, GE Johnson and Stresscon Corporation filed a Joint Motion to Appoint a Chapter 11 Trustee (Docket No. 266). Following an evidentiary hearing, the Bankruptcy Court denied the Joint Motion to Appoint a Chapter 11 Trustee. On December 29, 2010, the Court approved the appointment of Edward B. Cordes as examiner (the "Examiner") to review all of SRKO's books, records and transactions and to submit a report to the Bankruptcy Court. *See* Order Approving Appointment of Examiner (Docket No. 496).

Trustee Lewis was appointed as the chapter 11 trustee in Ms. Richardson's individual bankruptcy case on January 28, 2011.

On February 25, 2011, the Examiner filed his Preliminary Report of Examiner Dated February 25, 2011 (Docket No. 587). The Examiner found that a lack of corporate formality that resulted in the various entities being run as one organization by Ms. Richardson as the primary person in control, and that resulted in the commingling of funds in the various accounts and related party transactions between and among Ms. Richardson and the various entities involved with SRKO. However, the Examiner also stated that it appeared that at least \$30 million of proceeds from the family businesses were invested in the Colorado Crossing project. In addition, the Examiner believed that cash disbursements from the businesses in excess of \$40 million were likely related to the development of Colorado Crossing. The Examiner was subsequently excused from filing a Final Report.

On March 1, 2011, the Bankruptcy Court entered its Order Approving Amended Stipulation between Ms. Ko and Trustee Lewis (Docket No. 593), providing for an amendment to the Moon, LLC operating agreement. Under the approved Amended Stipulation, Ms. Ko remained the sole owner of Moon, LLC, but Trustee Lewis was appointed as manager of Moon, LLC with the sole power to make all management decisions with its operations and company matters.

The Court approved SRKO's Motion for approval of post-petition financing in an amount up to \$150,000 by N.A. Rieger (the "**Rieger DIP Loan**"). The loan by Mr. Rieger has been fully funded and accrues interest at the rate of 10% per year. As of September 30, 2014, the total indebtedness due Mr. Rieger will be approximately \$167,000.

On January 31, 2012, the Court granted the Motion to Approve Loan Agreement (Docket No. 752) jointly filed by the Trustee and SRKO, giving SRKO authority to borrow up to \$1,750,000 as follows: an initial loan commitment of \$400,000 to SRKO from JSGE, LLC (an entity to be formed by creditors Stresscon Corporation and GE Johnson), authorization for an additional \$350,000 loan to SRKO from JSGE, LLC, and authorization for Trustee Lewis to advance up to \$1,000,000 to SRKO from the Richardson estate. As security for the loans, JSGE, LLC and the Richardson estate would receive administrative claims in SRKO's case as well as junior liens on SRKO's Colorado Crossing Vacant Land senior to all existing interest in that property. The proposed advances to SRKO would be used to fund operations and administrative expenses, including unpaid real estate taxes, costs to winterize and secure the Colorado Crossing project, and engagement of third parties to create financial models and marketing analysis to allow Trustee Lewis to formulate a plan of reorganization in the Richardson case. In July of

2013, the Richardson Estate paid off and took assignment of JSGE's interests in the loan. In May of 2014, JSGE agreed to make additional advances under the DIP Loan to provide up to \$250,000 to SRKO to satisfy on-going administrative expenses pending confirmation of a Plan. In addition, JSGE agreed to make additional advances under the agreement by paying in full the then-outstanding indebtedness to JSGE on account of the advances it made. The outstanding balance due the Richardson estate as of September 30, 2014 will be approximately \$895,500 (the **"Richardson Estate DIP Loan"**). .

Most of the material mechanic's lien claims against SRKO have been settled as to priority and amount.

F. Metro District Issues

In December of 2006, in connection with development of Colorado Crossing, Colorado Crossing Metropolitan District No. 1, Colorado Crossing Metropolitan District No. 2, and Colorado Crossing Metropolitan District No. 3, were formed. The primary purpose of the Metro Districts is to receive title to, and reimburse the developer for the construction of public improvements such as sewer, water, electrical services, roads and parking facilities within Colorado Crossing. Normally, the public improvements are initially paid for by the developer, who is reimbursed by the Metro Districts after the public improvements are complete and have been conveyed to the Metro Districts. The Metro Districts raise funds through the issuance of bonds that are paid by real property tax mill levies to reimburse the developer.

In an arrangement approved by Metro District counsel, Ms. Richardson and four other family members entered into contracts with SRKO to purchase properties within Colorado Crossing in order to be eligible to elect directors for the Metro Districts, as is typical for developers in this situation. The Metro Districts were largely dormant as of the Petition Date. In 2012, the Metro Districts retained counsel experienced in metropolitan districts and began the process of certifying the infrastructure improvements, a necessary preliminary step for issuance of bonds. The Metro Districts did not disburse funds to any developer or other person except to its counsel. Their activities, guided by counsel not affiliated with any party, ultimately were beneficial to the SRKO estate, since any future owner who desired to be reimbursed for infrastructure improvements by the Metro Districts would be required to take the same steps. Pursuant to a settlement in June, 2013, the directors agreed to cooperate with the Richardson Trustee and SRKO in naming new persons to the District boards and to resign from the boards

themselves. In December, 2013, Trustee Lewis was elected as the sole member of all three District boards.

G. Status of Affiliated Bankruptcy Cases

Two affiliated Chapter 11 proceedings to SRKO's case are pending before the Bankruptcy Court:

1. Noah, LLC ("Noah") filed chapter 11 case no. 10-13030 SBB on February 18, 2010. At the time of filing, Noah owned and operated a hotel in Colorado Springs under the Candlewood Suites flag. SRKO holds a 23.47% ownership interest and Ms. Richardson's estate holds a 76.53% ownership interest in Noah. Noah holds a claim in the amount of \$4,297,000 against SRKO (Proof of Claim No. 61). On December 22, 2011, after notice and an evidentiary hearing, the Bankruptcy Court approved the sale of the hotel in the Noah case. Noah retains a \$ 4.3 million claim against SRKO, but has no other assets.

2.. Jannie Richardson. Ms. Richardson filed chapter 11 case no. 10-16450 on March 25, 2010. Her case is still pending.

3. SRKO Plans of Reorganization

On November 10, 2011, the Bankruptcy Court entered its Order for Approval of Agency Agreement and for Clarification of Application of 11 U.S.C. § 1115 (Richardson Docket No. 573), authorizing Ms. Richardson, among other things, to serve as an agent for the Dynasty Trusts in order to formulate a plan of reorganization in this case.

During the case, plans and disclosure statements were filed by SRKO, GE Johnson, and Ms. Ko. All plans were withdrawn or stricken, except the plan filed by G.E. Johnson Construction Company, Stresscon Corp., Mech-One, Inc., Olson Plumbing and Heating Company, Rial Heating and Air Conditioning, Inc., E Light Electric Services, Inc., and Bible Electric, Inc. filed a plan (Docket No. 1099) and disclosure statement (Docket No. 1101) on May 20 and May 21, 2014, respectively.

On March 7, 2014, Trustee Lewis filed three motions relevant to an SRKO plan: Motion to for Approval of Settlement Agreement and Mutual Release; Debtor's Motion to Approve Plan Support Agreements, Use of Property Pursuant to Section 363, and Break-up Fee; and Motion for Orders (a) Employing NRC Realty & Capital Advisors, LLC as Exclusive Real Estate Agent to Conduct Auction of Colorado Crossing; (b) Authorizing an Auction to Solicit Bids for the Sale of

Certain of Debtor's Real Estate Holdings Pursuant to 11 U.S.C. § 363; and (c) Approving Sale Procedures (the "Auction Motion").

The Motion to for Approval of Settlement Agreement and Mutual Release was approved by an Amended Order dated April 15, 2014. Pursuant thereto, all property of any kind relating to Colorado Crossing that belonged to the Richardson estate was conveyed to SRKO; the fees and expenses of counsel to Trustee Lewis would be payable equally by the Richardson estate and SRKO; the Richardson estate received the right to distribution from SRKO equal to 35% of the distribution to all of SRKO's unsecured creditors; and all claims between the two estates except the claim of Noah against SRKO were released. Also, the Richardson Trustee was authorized to waive the Richardson estate's right to require full payment of the Richardson Estate DIP Loan on the Effective Date. As of the filing of this Disclosure Statement, JSGE has actually advanced \$0 of the \$750,000 in committed funds (the "JSGE DIP Loan.").

The Auction Motion was also approved by order dated April 9, 2014. Pursuant thereto, SRKO retained NRC Realty & Capital Advisors, LLC ("NRC") to auction Colorado Crossing to the highest bidder for at least two reasons. First, the highest and best bids received for Colorado Crossing, which will be auctioned in bulk and the Vacant Land and Filing 1 separately, should establish the liquidation value of those properties, for purposes of the "best interests of creditors test" which must be satisfied in order for any plan of reorganization to be confirmed. Second, should no plan of reorganization be confirmed by the Court within a reasonable period of time, the auction was a logical procedure to begin bringing this bankruptcy case to closure.

Pursuant to the Motion to Approve Plan Agreements, Trustee Lewis sought to lay the groundwork for approval of a plan of reorganization for SRKO in conjunction with a third-party lender, ITG. The outline of the ITG proposal called for the formation of a new company to develop the entirety of Colorado Crossing. Trustee Lewis has since abandoned pursuit of this proposal.

III. DESCRIPTION OF ASSETS

During the case, all of SRKO's material assets other than Colorado Crossing and any related personal property has been sold, abandoned, or foreclosed upon.

Filing 1 currently consists of the following components:

- a. 109,497 square foot office and retail building (Building F);
- b. 14,379 square foot office and retail building (Building A);
- c. 13,522 square foot office and retail building (Building B);

- d. 52,000 square foot theater; and
- e. A three story parking structure containing 1,059 spaces.

The improved portion of Filing 1 is approximately 80% completed. The improvements include roadways, underground utilities, traffic signals, signage, landscaping with irrigation and plantings, and virtually all elements needed to operate a retail and commercial facility. The cost of completing Buildings A, B and F will be borne by the purchasers.

Colorado Crossing can be readily accessed through four platted access roads that connect to the existing buildings. The property located within the Filing 1 includes the roads that surround the existing buildings, which lead to main public roads. The Vacant Land is divided into six separate development parcels. Currently, two streets have been constructed on the site. All streets are intended to be private and maintained by a homeowners association upon completion.

SRKO secured appraisals for Filing 1 and the Vacant Land as of November 1, 2009. SRKO's appraiser concluded Filing 1 had an "as-is" value of \$15 million; and the Vacant Land had an "as-is" value of \$11 million. GEJCC secured an appraisal in connection with the filing of its now-withdrawn plan of reorganization, valuing Filing 1 at between \$6 to \$8 million; and the Vacant Land at \$8 to \$9 million.

SRKO has attempted to market Colorado Crossing for sale since its bankruptcy filing. Since the appointment of Trustee Lewis and his assumption of management of SRKO, the highest and best offer that SRKO has received for Colorado Crossing was for \$13,750,000 cash. After discussions with the lien creditors, SRKO rejected that offer as being inadequate, in favor of a plan of reorganization which would realize value for the creditors from the future development of Colorado Crossing.

Filing 1 Lot 1 is subject to outstanding taxes of approximately \$1.1 million, and SRKO estate has paid in excess of \$1 million in securing, insuring, and winterizing the structures and maintaining the landscaping on the common areas within the property. These amounts may be surcharged against Filing 1 Lot 1 under § 506(c) of the Bankruptcy Code and repaid from the proceeds of sale, prior to the distribution of any proceeds to any creditors asserting liens on any portion of Filing 1 Lot 1. Given the small amount of remaining developable acreage and the significant costs to complete the existing structures, some believe that Filing 1 has no value in excess of the outstanding taxes and surcharge amounts. However, in compromise of any dispute over the surcharge claim and the value of Filing 1 Lot 1, the Plan proposes to pay on the Effective Date the taxes against Filing 1 lot 1 and \$1.5 million to the holders of Category 2 Mechanic's Lien claims.

C. Avoidance Actions

Following confirmation of the Plan, the Liquidation Trust may continue to pursue any claims or recovery actions held by SRKO. The Liquidating Trustee may abandon any claims it has against any third party if the L Trustee determines that the claim is burdensome or of inconsequential value and benefit. SRKO is authorized to employ counsel to represent it in any cause of action or claims. It is believed that no such claims still exist, and the Plan Proponents have assigned no value to them.

IV. DESCRIPTION OF LIABILITIES

A. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in §503(b) or §1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to §507(a)(2) of the Bankruptcy Code. Administrative Claims include, but are not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the business of SRKO, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the estate under 28 U.S.C. §1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under §546(c)(2)(A) of the Bankruptcy Code.

1. Professional Fee Claims

The Administrative Claims for the professional fees incurred during the case are as follows:

(i) Bankruptcy Counsel

SRKO retained Kutner Miller Brinen, P.C. as its bankruptcy counsel. The firm estimates that it will be due \$255,000 as of the Effective Date.

(ii) Special Lien Counsel

SRKO retained Sweetbaum, Levin and Sands, P.C. as special counsel to represent SRKO in certain mechanics lien litigation related to the Colorado Crossing Project. The firm estimates that the balance that will be due as of the Effective Date is \$84,278.81.

(iii) Special District Counsel

SRKO retained Dee Wisor, originally with Sherman & Howard, L.L.C. and now with Butler Snow LLP, as special counsel to advise SRKO regarding the Metro Districts. The fees and costs due these firms through the Plan Effective Date are estimated at \$8,000.

(iv) Richardson Trustee and Trustee Counsel

Since the Richardson Trustee assumed control of SRKO, Trustee Lewis and his counsel in the Richardson bankruptcy case, Lindquist & Vennum LLP ("L&V"), have provided services that were of benefit both to the Richardson estate and SRKO's estate. Under the terms of the Richardson/SRKO Settlement Agreement between the two estates approved by the Court in the spring of 2014, SRKO's estate is responsible for 50% of the Trustee's fees and 50% of the fees of L&V incurred through the Plan Effective Date.

Trustee Lewis is compensated based on a percentage of distributions he makes during the administration of the estate, which averages out to be slightly in excess of 3% of the total distributions made. Trustee Lewis anticipates filing an application prior to confirmation seeking approval of fees in the two estates of between \$600,000 and \$750,000, which would be the result of applying the statutory limits on anticipated distributions in the two estates of between \$20 million to \$25 million. SRKO's estate will be responsible for paying 50% of the fees and expenses awarded to Trustee Lewis.

L&V projects that it will incur fees and costs totaling approximately \$2 million through the Plan Effective Date. SRKO's estate will be responsible for paying 50% of the fees and expenses awarded to L&V.

(v) Accountants

SRKO retained Nelson & Company, P.C. ("Accountant") to provide professional accounting services which includes the preparation of Federal and State tax returns for the year ended December 31, 2009. Accountant has been paid \$10,500.00 for those services. Accountant provided no additional services and is not owed any further amounts by SRKO.

(vi) Examiner

The Court appointed Edward B. Cordes as an Examiner. The Examiner has been awarded fees and costs totaling \$48,462.00, none of which have been paid by SRKO.

(vii) Project One

SRKO retained LCP and Project One to provide certain consulting and project management services to SRKO. While LCP has been paid in full for its services, Project One is still owed \$5,264.00 for its services. This amount is currently in dispute.

(viii) Fairfield and Woods, P.C.

Fairfield and Woods, P.C. has served as counsel for certain creditors in connection with

proposing a competing plan. The firm and these creditors may seek payment of legal fees and costs for having made a substantial contribution to the case. Any such application will be disputed.

2. DIP Loans

(i) Rieger DIP Loan

N.A. Rieger loaned SRKO the sum of \$150,000, secured by a junior lien on SRKO's assets. Interest accrues on the Rieger DIP Loan at the rate of 12% per year. The projected balance due as of the Plan Effective Date is \$162,833.53.

(ii) Richardson Estate DIP Loan

The Richardson Estate has advanced a total of \$390,000 to SRKO's estate, and paid off the DIP loan to SRKO from JSGE in an amount of \$314,915.41, for total advances of \$704,915.41. Interest accrues on the Richard Estate DIP Loan at the rate of 14% per year. The Plan Proponents project that, as of the assumed Plan Effective Date of September 30, 2014, the Richardson Estate will be owed a total of \$887,084.97.

(iii) JSGE DIP Loan

JSGE has agreed to advance up to \$250,000 to fund administrative expenses of the SRKO estate incurred prior to the Plan Effective Date. In addition, JSGE has agreed to advance up to \$500,000 to fund preliminary construction expenses in accordance with the terms of the Star Mesa Contract, discussed in Section III.J. above. As of the filing of this Disclosure Statement, JSGE has actually advanced \$0 of the committed funds.

3. Post-Petition Real Property Taxes

SRKO has had insufficient funds to pay the accrued real property taxes on Colorado Crossing during this bankruptcy case. As of the filing of this Disclosure Statement, property taxes for tax years 2011 through 2013 have accrued and are currently due and owing. The outstanding taxes against the separate parcels comprising Filing 1 and Vacant Land are set forth on **Exhibit D** attached hereto. These taxes will be paid in full on the Effective Date.

4. Auctioneer Fees and Costs; Breakup Fee to Potential Purchaser

As discussed above, NRC has been retained to auction the Colorado Crossing project. NRC's proposed marketing budget is \$98,910.00, of which one-half is to be paid when SRKO executes the agreement with NRC, and the other half within 15 days of the bid deadline for the auction, which is set in accordance with the agreement. It is contemplated that the entire

marketing budget will be paid to NRC from available cash on hand, and no additional marketing expenses will be due on the Plan Effective Date. Should the auction conducted by NRC result in a sale of all or a portion of Colorado Crossing that the Bankruptcy Court approves, NRC would be entitled to a commission of 2.0% of the gross purchase price. Should the auction result in the submission of one or more qualifying bids, as defined in the auction procedures, and should SRKO elect not to accept any of those bids, NRC will be due a fee of \$100,000 on the Effective Date. In addition, depending on the amount of the highest qualifying bids, the bidder submitting such bid will be due a breakup fee of \$10,000 to \$20,000 on the Effective Date.

Other than the foregoing amounts, with one exception, SRKO is current on all of its operating expenses, and no other Administrative Expenses are expected to be due as of the Effective Date. The one exception is a disputed obligation claimed by Colorado Springs Utilities ("CSU"). CSU originally claimed to be owed \$43,732.00 for a temporary water tap secured by SRKO and for water used by SRKO to preserve the landscaping at Colorado Crossing. SRKO disputes whether this claim is entitled to administrative priority. It appears that CSU has taken offsets against this claim using funds that are not SRKO or Ms. Richardson bankruptcy estate funds that have reduced CSU's claim to approximately \$10,000. If this dispute remains unresolved, it will be submitted to the Bankruptcy Court for determination. To the extent this dispute is resolved in favor of CSU, the allowed obligation will be an Administrative Expense due and payable on the Effective Date.

5. US Trustee Fees

SRKO is obligated to pay quarterly fees to the Office of the United States Trustee, calculated on the amount of disbursements made by SRKO in each quarter. SRKO is current on its US Trustee fees. The estimated final fee of \$20,000.00 will be due on account of the quarter in which the Effective Date occurs.

6. Surcharge Claim

The Bankruptcy Code permits a debtor to recover, from the proceeds of the sale of collateral, expenditures for preserving that collateral of a particular creditor or group of creditors. SRKO has spent approximately \$1.13 million in preserving Filing 1 for the benefit of the creditors with liens against Filing 1. Attached hereto as **Exhibit E** is a summary of the calculation of the resulting potential surcharge claim. SRKO used proceeds from other asset sales, and from DIP Loans, to pay these

expenses. But for the payment of these Filing 1 preservation expenses, the proceeds from other asset sales could have been used to pay administrative expenses of the estate, reducing the need for the DIP Loans. In settlement of any dispute over the potential surcharge claim and the value of Filing 1 Lot 1, the Plan does not provide for the reimbursement of these expenses from the proceeds of Filing 1, prior to the distribution of any proceeds to Classes 1A, 1B and 1C.

B. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a) of the Bankruptcy Code, including Priority Tax Claims, but excluding any Administrative Claim or Secured Tax Claim. There appear to be no Priority Claims.

1. Secured Claims

Secured Claims are Claims which are secured by properly perfected liens or security interests in property of SRKO's bankruptcy estate.

(i) El Paso County Treasurer

The El Paso County Treasurer filed a proof of claim in the total amount of \$740,590.83, for unpaid pre-petition taxes on the Colorado Crossing property. That claim which was slightly modified by a supplemental proof of claim which corrected the previous estimated taxes for the 2010 tax year and added post-petition accrued interest. The pre-petition taxes are summarized on Exhibit D hereto, together with interest calculated through June 30, 2014. Pursuant to Colorado statute, interest accrues on the unpaid taxes at the rate of 12% per year. Interest will continue to accrue on the taxes until paid on the Effective Date.

(ii) Secured Claims of Category 2 Lienholders

Pursuant to the Lien Order, the following creditors are holders of mechanic's liens against Colorado Crossing Filing 1 ("Category 2 Lienholders") junior only to outstanding real property taxes, in the stated amounts:

Lienholder	Principal Amount	Interest Rate	Lien Date	Accrued Interest as of Petition Date	Total Claim as of Petition Date
Transit Mix Concrete Co.	\$1,254,384.86	12%	09/14/2009	\$65,159.24	\$1,319,544.10
Harding Nursery, Inc.	\$43,845.19	18%	01/08/2010	\$908.14	\$44,753.33
Kwal Howells, Inc.	\$151,163.81	18%	03/01/2010	0	\$151,163.81

(iii) Secured Claims of Non-Priority Filing 1 Mechanic's Lienholders

Those holders of mechanic's liens that are junior to the Category 2 Lienholder liens are listed in the Lien Order (the "**Category 3 Lienholder Claims**"). Pursuant to the terms of the Lien Order, interest accrued on these claims at the rate set forth therein from the stated Lien Recording Date for each Claim forward to the Petition Date. Because these Claims are considered to be under-secured or not Secured Claims at all, interest ceased accruing on the Petition Date.

Certain lien creditors filed statements of liens and other similar pleadings in the real property records, but were not parties to the Mechanics Lien Litigation and have taken no effort to foreclose on or otherwise liquidate their claims. Attached hereto as **Exhibit F-1** is a summary of the additional liens filed against Filing 1 (the "Unliquidated Category 3 Lienholder Claims"). Under Colorado law, a mechanics lien creditor must commence an action to foreclose its lien within six months of filing its Statement of Lien, or its lien is lost. While the bankruptcy filing stayed all foreclosure actions, many of the liens expired prior to SRKO's Petition Date as noted on Exhibit F-1, and those lien rights were lost. Regardless of whether these liens expired by operation of law, or not, there is insufficient value in Filing 1 to satisfy the senior obligations on Filing 1, and thus the Unliquidated Category 3 Lienholder Claims will be treated in the Plan as though they are wholly unsecured.

Finally, SRKO scheduled additional creditors as Secured Creditors in its Schedules (the "Scheduled Category 3 Lienholder Claims"), even though those creditors filed no statements of lien or other claims in the real property records. Attached hereto as **Exhibit F-2** is a list of the Scheduled Category 3 Lienholder Claims. Because these creditors filed no liens in the real property records, they do not hold Allowed Secured Claims. Even if these creditors had valid liens, they are not entitled to be treated in the Plan any more favorably than Category 3 Lienholder Claims.

(iv) Vacant Land Secured Claims

Certain creditors assert mechanic's lien claims against the Vacant Land which, other than the claim of Rio Grande, were not resolved in the Mechanics Lien Litigation. These creditors have filed pre-petition Statements of Lien against the Vacant Land, but have taken no steps to enforce their lien rights, or liquidate their Claims in SRKO's bankruptcy case.

Those claims are summarized as follows:

Lien Claimant	Claim Amount	Interest Rate	Lien Date	Notes
Rio Grande	\$78,398.08	12%	1/6/2009	Finally determined per the Mechanics Lien Judgment
LSC Transportation Consultants, Inc.	\$14,246.45	12%	10/27/2009	No proof of claim filed; listed on Debtor's Schedule D in stated amount
Schumann Communications, LLC	\$70,722.44	18%	9/14/2009	Filed Claim 15; Duplicates Allowed Non-Priority Filing 1 Mechanic's Lienholder
Rockwell Consulting, Inc.	\$40,350.00	18%	10/13/2009	Filed Claim 40
Entech Engineering, Inc.	\$9,338.25	18%	10/13/2009	Filed Claim 39
NES, Inc.	\$53,405.03	18%	2/1/2010	Filed Claim 38

The Plan Trustee will retain the right to dispute the claims of each of the foregoing creditors other than Rio Grande. The foregoing claims were filed within six months prior to the Petition Date, and thus the right of these creditors to foreclose their mechanics' liens had not lapsed prior to the Petition Date, and any foreclosure proceeding was stayed by SRKO's bankruptcy filing. Even if their liens were found to be valid, all would have been Category # Lienholders under the Lien Order, and therefore the Plan accords them the same treatment as unsecured.

The following creditors' lien claims expired by operation of Colorado law prior to the Petition Date. As a result, these claims will be Allowed as Class 4 Claims, subject to the right of the Plan Trustee to dispute their Allowed amount.

Simplex Grinnell	\$201,645.98		11/24/2	Duplicates Allowed Non-Priority Filing 1 Mechanic's Lienholder Claim; Filed Claim 19 in amount of \$11,630.90 as general unsecured claim
Consolidated	\$26,356.00		3/28/20	Listed on Schedule D; Filed Notice of Lis Pendens only; no underlying Statement of Lien

2. General Unsecured Claims

Unsecured Claims are Claims that are not Administrative, Priority, or Secured Claims.

Attached hereto as **Exhibit G** is a list of all of the Unsecured Claims asserted against SRKO's estate, based on filed proofs of claims or SRKO's bankruptcy Schedules. Under the terms of the Richardson/SRKO Settlement Agreement, in full satisfaction of the claims between the estates (other than the Richardson DIP Loan and the Noah, LLC claims in which the Richardson Estate and SRKO's estate both hold interests), the Richardson Estate has the right to 35% of any distribution to the class of general unsecured creditors. The Claim of the Richardson Estate to 35% of the distributions to unsecured creditors in the SRKO case is included in the treatment of Unsecured Claims. For purposes of voting, the total Unsecured Claims in Class 4 are estimated to be \$30.0 million. Based on that figure, to accord Richardson Estate its 35%, the total claims would be \$46.15 million. Therefore, Trustee Lewis will have one vote counted for \$15.0 million.

C. Leases and Executory Contracts

As provided in the Plan, on the Effective Date of the Plan, all unexpired leases and executory contracts of SRKO which have not, prior to the Effective Date of the Plan, been affirmatively assumed by SRKO, are rejected as of the Effective Date. On the date of the entry of an Order confirming the Plan, SRKO shall be the holder of all right, title and interest to the assumed leases and contracts and such assumed leases and contracts shall be in full effect and binding upon SRKO and the other parties thereto. Confirmation of the Plan shall constitute a determination that the payments to be made to said creditors pursuant to the Plan satisfy all conditions precedent to assumption and assignment set forth in 11 U.S.C. §365(b) and (f).

An Order confirming this Plan constitutes approval by the Court of the assumption or rejection of the executory contracts and unexpired leases described herein in accordance with the provisions of 11 U.S.C. §365 and the Rules.

All proofs of claim with respect to claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Bankruptcy Court within twenty (20) days after the earlier of (i) the date of the Bankruptcy Court order approving SRKO's rejection of such executory contract or unexpired lease or (ii) the Confirmation Date. Any claims not filed within such time shall be forever barred and disallowed in full. Claims arising from such rejection, to the extent Allowed, shall be treated as Class 4 unsecured Claims.

V. OVERVIEW OF THE PLAN/MEANS OF EXECUTION

The thrust of the Plan is to pay the administrative expense claims, the outstanding real property taxes, and the mechanics' lien claims against the vacant land in full on the Effective Date. The priority Category 2 mechanic's liens against Filing 1 Lot 1 of Colorado Crossing will be paid a total of \$1.5 million. The Category 3 Mechanics' Liens and the 35% payable to the Richardson Estate will receive payments over the next 5 years unless prepaid under one of the two options outlined below. The initial funds for these payments will come from \$3.0 million in capital infused into WBT and the remainder from an initial funding loan of \$10.0 million. Thereafter, payments will be generated by property sales, reimbursement from bond sales and refinancing of completed construction. In large part, the profit from the development is paid to the creditors.

The Plan provides for the creation of Liquidation Trust under the control of a Plan Trustee that will receive all the Distributions from WBT and distribute them to unsecured creditors. The initial Plan Trustee will be named in the Plan Supplement and will be a party independent of the Plan Proponents. The Plan Proponents have approached Trustee Lewis to be the initial Plan Trustee.

A. TREATMENT OF LIABILITIES

1. Unclassified Priority Claims

As provided in § 1123(a)(1) of the Code, Administrative Claims against SRKO are not classified and are not entitled to vote on the Plan. The same is true of the Allowed Secured Claims for real property taxes assessed by the County of El Paso, Colorado, which will be paid in full on the Effective Date.

Classes 1A, 1B and 1C consist of the Allowed Category 2 Mechanics Lien Claims. These Claims are (a) secured by a valid mechanic's lien against and secured by Colorado Crossing Filing 1 Lot 1 to the extent that the Claims are Secured Claims and (i) are classified in "Category No. 2" pursuant to the Lien Order or (ii) which would have been entitled to such classification if the mechanic's lienor held a valid lien and had been a party to the Lien Order. For this purpose, the value of Lot 1 Filing 1 will be deemed to be \$1.5 million more than the real estate taxes attributable thereto or such greater value as is determined by the Bankruptcy Court if any creditor in Classes 1A, 1B or 1C objects to the Plan on this basis. No surcharge claim shall be assessed unless the holder of a claim in Class 1A, 1B or 1C objects to the valuation of the property securing its lien.

Class 2 is comprised of the Category 3 Mechanics Lien Claims. Category 3 Mechanic's Lien Claims are Claims (a) secured by a mechanic's lien against Colorado Crossing Filing 1 Lot 1 to the extent that such Claim is a Secured Claim and (i) are classified in "Category No. 3" pursuant to the Lien Order or (ii) which would have been entitled to such classification if the mechanic's lienor held a valid lien and had been a party to the Lien Order. Since the value of Filing 1 Lot 1 is less than the amount of the liens against it that are prior to the liens of the Category 3 Mechanics Lien Claims, Class 2 Claims shall receive nothing under Class 2, but shall be treated as unsecured claims within Class 4.

Class 3 is comprised of Allowed Vacant Land Mechanics Lien Claims. These Claims are Claims secured by a valid mechanic's lien against Colorado Crossing Filing 1 Lot 2 as Colorado Crossing Filing 1 Lot 2 is used in the Lien Order. Class 3 Claims shall be deemed Secured Claims in the full amount of the Claims and shall be paid in full with interest to the date of payment on the Effective Date. The holders of Claims in this Class are not impaired and are not entitled to vote to accept or reject the Plan.

Class 4 consists of the Allowed Unsecured Claims and is impaired under the Plan. Class 4 includes the claim held by Trustee Lewis on behalf of the Richardson estate and the Category 3 Mechanics Lien Claims. Class 4 will receive distributions from the Liquidation Trust established for their benefit, pro rata on the basis of their Allowed Class 4 Claims. WBT will make the following payments to the Liquidating Trust pursuant to the following options:

Option (i):

Date of Distribution	Amount of Distribution
Effective Date	\$3,000,000
12 Months after the Effective Date	\$2,000,000
24 Months after the Effective Date	\$9,000,000
36 Months after the Effective Date	\$2,000,000
48 Months after the Effective Date	\$3,000,000
60 Months after the Effective Date	\$7,000,000

Or Option (ii):

Date of Distribution	Amount of Distribution
Effective Date	\$3,000,000
12 Months after the Effective Date	\$2,000,000
24 Months after the Effective Date	\$13,000,000

Or Option (iii):

Date of Distribution	Amount of Distribution
Effective Date	\$3,000,000
12 Months after the Effective Date	\$2,000,000
24 Months after the Effective Date	\$9,000,000
36 Months after the Effective Date	\$5,000,000

The purpose of the options is to incentivize acceleration of payment to the unsecured creditors by offering a discount in return for earlier payment.

Pursuant to the Settlement Stipulation and Mutual Release between the Richardson estate and the SRKO estate, 35% of the distribution to this class will be paid to the Richardson estate. Since Class 4 is impaired, the holders of such Claims are entitled to vote to accept or reject the Plan.

Class 5 consists of Allowed Other Secured Claims. If there are any Allowed Secured Claims not otherwise classified in the Plan, they shall first be subject to valuation under § 506 of the Bankruptcy Code. Assuming that the Claims are Allowed Secured Claims, these Claims, at the election of WBT, will be (i) paid in cash in the Allowed amount of such Claim on the Effective Date, (ii) paid in the Allowed amount of such Claim from the net proceeds from the sale of the collateral securing such Claim, (iii) paid in the Allowed amount of such Claim upon a schedule agreed to by WBT and the holder of the Claim, (iv) the property securing the Allowed Secured Claim may be abandoned to the holder in full satisfaction of such Other Secured Claim, or (v) the Claim may be left unimpaired. Each Class 5 Secured Claim shall retain the lien on the collateral securing the Claim until paid the Allowed amount of their Secured Claim. If the value of the Estate's interest in the property securing the Other Secured Claim exceeds the Allowed amount of such Claim, interest shall accrue on Allowed Other Secured Claims at the prime rate from the Petition Date, not to exceed such value. Since Class 5 may be impaired, the holders of such Claims are entitled to vote to accept or reject the Plan.

Class 6 consists of the Interests in SRKO, which will be cancelled on the Effective Date and receive nothing under the Plan. Class 6 is therefore deemed to reject the Plan.

2. United States Trustee Fees

SRKO or the Liquidation Trust will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective

Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed. SRKO's obligation to file post confirmation quarterly reports pursuant to 11 U.S.C. § 1930(a)(7) continues until the Chapter 11 case is dismissed, converted or closed. Since it is expected the case will be closed and a Final Decree entered shortly after the Effective Date, it is not expected that the fees will be a material post-petition obligation. Post-confirmation payments due to the United States Trustee are estimated to be approximately \$325 per quarter.

B. MEANS FOR EXECUTION OF THE PLAN

WBT is a manager-managed Colorado limited liability company owned in equal parts by Ms. Richardson's three children, Jessica Stinson, Jeffrey Stinson and Allen Richardson. Ms. Richardson will be the initial manager and will receive a salary of \$5,000 per month. On the Effective Date, WBT will receive \$3,000,000 in investment funds. Ultimately, the funds will come from Spring Water Development, LLC, Jessica Stinson and Ho Investments, LLC, as a combination of their internal funds and money borrowed by these entities through loans secured by collateral that is not property of SRKO or the Richardson Estate. None of these loans will be payable by WBT. The family businesses may provide a source of capital to WBT in the future if additional amounts are needed in the future, but no commitment has been made.

On the Effective Date, WBT will close on senior secured exit financing in the amount of \$10.0 million to provide initial funding along with the \$3.0 million in capital infusions. A copy of the lender's commitment letter setting forth the agreed loan terms is attached as **Exhibit H** [to be provided]. This Initial Funding Loan will be secured by a first and prior lien on all of WBT's assets, will bear an interest rate of ____% and will be payable interest only monthly. The Initial Funding Loan will mature three years from the Effective Date and will provide for releases of collateral for 75% of the proceeds of any sale of property. The proceeds of the Initial Funding Loan, together with the initial investment described above, will be applied to pay all priority, tax and allowed secured claims, and to make a \$3.0 million distribution to the Liquidation Trust.

VI. POST-EFFECTIVE DATE OPERATIONS

WBT's business plan and projections are outlined in the attached **Exhibit I**. It is prepared on an annualized basis, so the events outlined therein may occur earlier or later. The business plan conservatively provides for a full one year's interest reserve for the Initial Funding Loan, notwithstanding that substantial paydown of the Initial Funding Loan is anticipated. WBT's

operating expenses are anticipated to be \$250,000 per year, which includes Ms. Richardson's salary, legal and accounting, utilities, landscaping and maintenance, insurance and miscellaneous expenses.

WBT's first task will be to obtain approval of and record an amended plat. Estimated time frame for recording the amended plat and drafting and recording the master covenants and restrictions is six months. Although SRKO permitted the original development plans to expire, WBT's proposed development is substantially similar to the now expired plans, which SRKO had worked on with the City. Therefore the PPs believe that approval will be easier to obtain in a shorter period. To be conservative, \$250,000 has been budgeted for this process.

It is also important to understand that the amended Plat establishes a PUD that offers a reasonable amount of flexibility for future development. Therefore, parcels currently contemplated for residential development will support commercial development as well. Accordingly, the proposed land uses described herein may be changed as circumstances dictate in order to achieve the best value in a reasonable time frame.

On the Effective Date, WBT will have entered into contracts with 10% non-refundable earnest money for the sale of certain parcels as follows:

Parcel Description	Proposed Purchaser	Amount
Office and Commercial Land (13.9 Acres)(Parcel A)	Mr. Yong Cho & Newgrounds, LLC	\$1,300,000.00
Building A	Windflower, LLC & Crystal Water, LLC	\$ 280,000.00
Building B	Da Nam Ko, Jessica Stinson	\$ 280,000.00
Building F	Spring Water Development, LLC, Newgrounds, LLC	\$2,160,000.00
TOTAL		\$4,020,000.00

These sales provide two benefits: first, they help monetize Filing 1 Lot 1, which some have opined is of little or no value. Second, the buyers will be able to finance the completion of construction on their own, thus relieving WBT from this burden while materially contributing to the completion of Filing 1 Lot 1.

A. Between 180 Days And One Year From Confirmation

The sales of the parcels described above will occur immediately upon recording of amended plat, which is forecast to take place at six months from the Effective Date.

B. Between One Year And Two Years from Confirmation

Within the first or the second year, WBT anticipates selling the sites for Buildings C, D & E in Filing 1 Lot 1. Also within the first year, the Metro Districts will be able to issue bonds for public sale for at least \$4,000,000.00 for the purpose of reimbursing Sunshine Home Development for the infrastructure development costs it paid prepetition. Substantial progress in certifying these costs was made during the chapter 11 case. On the Effective Date, Sunshine Home Development will assign and grant to WBT a security interest in the reimbursement proceeds in consideration for WBT's use of the funds to pay creditors.

WBT will also complete the theater building. WBT anticipates that Cinemark will lease the theater, which will permit refinancing of the building for an estimated \$4.0 million. It is anticipated that certain restaurants in Colorado Crossing Filing No. 1 will also be opened for business, some of which may be owned and operated by members of the Richardson family.

During the year, WBT will complete the infrastructure for Colorado Crossing at an estimated cost of \$3.4 million.

Also in the first year, WBT expects to be able to sell about 15.9 acres of Parcel D. An anticipated price of \$6.70 per square foot is used for this sale.

C. Year Two

During the second twelve months following the Effective Date, WBT anticipates selling Parcel F-1, F-2 and F-3 and has used a projected value of \$4.50/sq. foot for this purpose. It also expects to sell the buildings sites on what was Parcel E (and will be Lot 1 Filing 2) for a planned 150 retail/apartments in buildings 1 and 2 and 216 units in buildings 3 and 4. It has used \$12,000 a unit for its projected value. WBT also anticipates selling Parcel B and has used \$4.50/sq. foot for the value. WBT has estimated it will complete the parking garage on Filing 1 Lot 1 for a cost of \$600,000.

D. Year 3

In the period between twenty-four and thirty-six months from the Effective Date, WBT expects to sell parcels GH-1, GH-2 and GH-3 (the original Parcels G and H are combined into 5 parcels: GH-1 through GH-5). Given that these sales will be three years in to the recommencement of the project, the projected value is based on \$5.00 per square foot.

E. Year 4

In the fourth year, WBT anticipates that it will sell parcel C. Given the size of the parcel

and the range of possible development uses, the projected value is based on only \$4.50 per square foot in order to be conservative.

F. Year 5

In the fifth year, WBT anticipates selling the remainder of the project. This includes Parcels GH-4 and GH-5, which are valued at \$2.5 million based on 250 residential units at \$5,000 per unit. The remainder of Parcel D (about 17.7 acres) has been valued at \$6.70 per square foot and the remainder of the property of about 4.8 acres at \$9.00 per square foot. Given the size of the parcel and the range of possible development uses, the projected value is based on only \$4.50 per square foot in order to be conservative.

G. Administrative Claim Bar Date

If the Plan is confirmed, the holder of an Administrative Claim other than a Fee Claim must file with the Bankruptcy Court and serve a request for payment of such Administrative Claim within sixty (60) days after the Effective Date. Failure to file timely and properly the notice required by this Section shall result in the Claim being forever barred and discharged.

VII. PLAN FEASIBILITY

To determine whether the Plan is feasible, the Plan Proponents have analyzed the availability of funds necessary to pay those Claims that are to be paid in full on the Effective Date and the ability of WBT to meet its obligations under the Plan. As part of this analysis, the Plan Proponents have prepared the financial projections attached as Exhibit I. These financial projections indicate that on the Effective Date, WBT will have sufficient funds to satisfy the Administrative, Priority and Secured Tax Claims, and to make the proposed payments to the Category 2 Mechanic's Lien claimants, the Vacant Land Mechanic's Lien Claimants, and a \$3.0 million payment to the Liquidation Trust. In addition, WBT will have sufficient initial working capital and cash flow to pay and service its debt obligations and to fund its operations and repay the Initial Funding Loan, as well as meet its obligations to make the promised distributions to the Liquidation Trust for the benefit of unsecured creditors.

Accordingly, the Plan Proponents believe that the Plan complies with the financial feasibility standard of § 1129(a)(11) of the Bankruptcy Code. *Alternate Plan Provisions if Sale.*

In the event a sale of Colorado Crossing is approved by the Court prior to the Confirmation Date, the Plan provides that the Liquidation Trust under the control of the Plan Trustee will act to distribute the sale proceeds in accordance with the Bankruptcy Code. On the Effective Date, all

assets of the Debtor would vest in the Liquidation Trust, including the net proceeds of such sale. The Liquidation Trust then shall be administered for the benefit of all creditors of the Debtor's Estate, and the Plan Trustee will make Distributions in accordance with Article 7J, Article 4 and Article 5B, 5C, 5D(i), and 5E of the Plan. In lieu of treatment under Article 5A, Claims in Class 1A, 1B and 1C would be paid the value received for Colorado Crossing Filing 1 Lot 1 remaining after payment of all Priority Tax Claims secured by Colorado Crossing Filing 1 Lot 1 and any Allowed Surcharge Claim. Any unpaid balance of the Class 1A, 1B and 1C Claims shall then be Unsecured Claims treated in Class 4. The Plan Proponents would be released from any obligations under the Plan.

VIII. RISK TO CREDITORS

A. Default Remedy

The Plan Proponents recognize that it would be important to creditors to provide a simple and effective mechanism for the creditors to gain control of the Colorado Crossing project in the event of a default, since the creditors would not have any direct interest in the property itself. Accordingly, the Plan provides that WBT will have a two-tier equity structure. The Class A member interests to be owned by Mr. Richardson, Mr. Stinson and Ms. Stinson will have 100% of the voting authority of the members and will share in 100% of the profits and losses. Class B will be owned by the Liquidation Trust and will have no voting power and will not participate in profits or losses absent a Plan default. In the event of an uncured material event of default under the Plan, the Class B interests will automatically convert to 99% of the Class A interests and thereafter control WBT and be entitled to 99% of the profits and losses.

In the event the Bankruptcy Court determines that, notwithstanding the potential voting rights of Class B (upon conversion to Class A), the foregoing violates the Bankruptcy Code's restriction on issuance of non-voting equity, the Class A member interests to be owned by Mr. Richardson, Mr. Stinson and Ms. Stinson will have 95% of the voting authority of the members and will share in 100% of the profits and losses. Class B will be owned by the Liquidation Trust and will have the remaining 5% of the voting power of the members, but will not participate in profits or losses. In the event of an uncured material event of default under the Plan, the Class B interests will automatically convert to 99% of the Class A interests and thereafter control WBT and be entitled to 99% of the profits and losses.

In all events, the Plan provides for reopening the chapter 11 case and the enforcement of

the default provisions by the Bankruptcy Court, if necessary. The Plan Proponents believe this mechanism helps to assure a minimum of delay in the event of any dispute about the existence of a material default.

Furthermore, WBT is prohibited from encumbering the property except to refinance the Initial Funding Loan or to “cash out” the Class 4 creditors under the options for early payment described above.

B. Inherent Risk

This Disclosure Statement contains statements that look into the future. There is no way to determine the accuracy of these statements. The Plan Proponents have attempted to be conservative in their analysis. In many instances they use future values that are significantly lower than others have projected. They therefore believe that the Plan as proposed offers the best option for creditors.

Note Regarding Financial Projections

THE FINANCIAL PROJECTIONS ARE FORWARD-LOOKING STATEMENTS THAT ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT THE PROJECTIONS WILL BE ACHIEVED. THE FINANCIAL PROJECTIONS SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES AND RISKS DESCRIBED IN THIS DISCLOSURE STATEMENT.

FURTHER, READERS ARE CAUTIONED THAT THE FINANCIAL PROJECTIONS ARE BASED ON ASSUMPTIONS THAT ARE BELIEVED TO BE REASONABLE BUT ARE SUBJECT TO A WIDE RANGE OF RISKS SUCH AS THE TYPE DESCRIBED IN SECTION VI. DUE TO THESE UNCERTAINTIES, READERS CANNOT BE ASSURED THAT ANY PROJECTIONS WILL PROVE TO BE CORRECT. NEITHER THE PLAN PROPONENTS NOR REORGANIZED SRKO ARE UNDER ANY OBLIGATION TO (AND EXPRESSLY DISCLAIMS ANY OBLIGATION TO) UPDATE OR ALTER ANY FINANCIAL PROJECTIONS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

IX. TAX CONSEQUENCES

No one is providing tax advice to creditors or interest holders hereunder. **U.S. Treasury Regulations require you to be informed that, to the extent this section includes any tax advice, it is not intended or written by SRKO or its counsel to be used, and cannot be used, for the**

purpose of avoiding federal tax penalties. Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax liabilities as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

Pursuant to § 1146(c) of the Code, the issuance, transfer, or exchange of notes or equity securities under the Plan by SRKO, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or the making or delivery of any deed or

Agreements shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

IRS Circular 230 Disclaimer: The discussion of tax consequences in this communication is not intended or written to be used, and it cannot be used by the recipient or any other taxpayer (i) for the purpose of avoiding tax penalties that may be imposed on the recipient or any other taxpayer, or (ii) in promoting, marketing or recommending to another party any transaction addressed herein.

X. LIQUIDATION ANALYSIS UNDER CHAPTER 7

Chapter 7 requires the liquidation of SRKO's assets by a trustee who is appointed by the United States Trustee's office. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities.

It is not known if SRKO will receive an acceptable bid to purchase the entire project at the auction. If a plan is not confirmed in this case, it is assumed the property will be sold for an amount that is at or close to the highest bid at the auction. A Liquidation Analysis is attached hereto as **Exhibit J** based on that bid [to be supplemented upon results of the auction – the attached draft is for illustration purposes only assuming a bid of \$16.5 million]. As demonstrated in the Liquidation Analysis, the Plan provides a greater distribution.

In calculating the return to unsecured creditors (Class 4), the Plan Proponents have assumed that the Allowed Class 4 Claims will range between \$28.8 million and \$31.7 million, not including the Richardson Estate Claim. These figures may be lower than other calculations because the Allowed Category 2 Mechanics' Lien Claims (the mechanic's liens with priority) are paid \$1.5 million at confirmation. The Plan Proponents believe the appropriate discount rate to consider in valuing the

distributions to be received by the Class 5 creditors under the Plan is 6% to 9%, given the historic low interest rates, the current economy, the sufficiency of the capitalization of WBT, and the status of real estate development activity in the Colorado Springs area.

Under Option (i), the resulting distribution to the Class 4 creditors other than the Richardson Estate Claim, i.e. the 35% that is payable to the Richardson Estate, would equal 26.5% to 29.2% of all claims by the end of year 2 and 46.0% to 50.6% by the end of year 5 after the Effective Date, applying a discount rate of 6%. The resulting distribution to Class 4 other than the Richardson Estate Claim would equal 25.6% to 28.1% of all claims by the end of year 2 and 43.2% to 47.6% by the end of year 5 after the Effective Date, applying a discount rate of 9%. The resulting distribution to Class 4 would equal 24.7% to 27.2% of all claims other than the Richardson Estate Claim by the end of year 2 and 40.8% to 45.0% by the end of year 5 after the Effective Date, applying a discount rate of 12%.

Under Option (ii), the return in the second year from the Effective Date would range from 33.8% to 37.2% applying a discount rate of 6%; 32.5% to 35.8% applying a discount rate of 9%; and 31.3% to 35.5% applying a discount rate of 12%.

Under Option (iii), the return in the third year from the Effective Date would range from 35.2% to 38.7% applying a discount rate of 6%; 33.6% to 37.0% from the Effective Date applying a discount rate of 9%; and 32.2% to 35.5% applying a discount rate of 12%.

A. CRAM DOWN

Notwithstanding rejection of the plan by an impaired class, § 1129(b) of the Bankruptcy Code permits confirmation of the Plan so long as (a) the Plan satisfies the requirements for confirmation, (b) at least one impaired class of Claims has accepted the Plan without taking into consideration the votes of any insiders in such class, and (c) the Plan is “fair and equitable” and does not “discriminate unfairly” as to any impaired class that has not accepted the Plan. The Plan Proponents have requested the Court to invoke these “cram-down” provisions in the event the requirements of 1129(b) are met, but one or more Classes do not vote to accept the Plan.

XI. RECOMMENDATION

The Committee believes that the Plan provides the best possible recovery for creditors. The Plan reflects the best efforts of the Plan Proponents to achieve a rate of return more quickly than others may propose, as a result of the extensive background of the Plan Proponents regarding the Colorado Crossing project. By providing a committed return that is as front-end loaded as can be

achieved using reasonable efforts, the Plan Proponents believes the risk to all creditors of a longer term development is significantly reduced.

If the offers for the entirety of Colorado Crossing received at Auction are not approved by the Court, the Plan offers substantial distributions on the Effective Date to the Class 1A, 1B and 1C Category 2 Mechanic's Liens (\$1.5 million), the Class 3 Vacant Land Mechanic's Liens (payment in full), and the Class 4 Unsecured Creditors (\$3.0 million). In the first two years, the return to Class 4 unsecured creditors (other than the Richardson Estate) would range between 30.0% and 35.1%. In the longer run, the return could be as high as 56.5% (assuming a 6% discount rate).

Therefore, the Plan Proponents recommend that creditors vote to accept the Plan.

Dated: July 14, 2014

Respectfully submitted,

Onsager | Guyerson | Fletcher |Johnson, LLC

/s/Christian C. Onsager

Christian C. Onsager, #6889

1801 Broadway, Suite 900

Denver, Colorado 80202

Ph: (303) 512-1123

Fax: (303) 512-1129

consager@ogfj-law.com

Counsel to Jannie Richardson