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

In Re:	)	
	)	
SALMON FALLS PARK, LLC,	)	Case No. A-17-00289
	)	Chapter 11
	)	
Debtor.	)	
_____	)	

**DEBTOR’S DISCLOSURE STATEMENT DATED NOVEMBER 21, 2017**

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## I. INTRODUCTION.

**This is the disclosure statement (the “Disclosure Statement”) in the chapter 11 case of Salmon Falls Park, LLC (“SFP” or the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the “Plan”) filed by the Debtor on November 21, 2017. In the case of any inconsistency between this Disclosure Statement and the Plan, the language of the Plan shall control.**

**A full copy of the Plan is attached to this Disclosure Statement as Exhibit 1.**

***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 10-12 of this Disclosure Statement. General unsecured creditors are classified in Class 5, and will receive a distribution estimated at 100% of their allowed claims in the year 2019, assuming the Debtor’s estimates of asset values can be realized.

### A. Purpose of This Document

This Disclosure Statement describes:

- The history of the Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,

- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in liquidation, and
- The effect of confirmation of the Plan.

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

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

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

1. *Time and Place of the Hearing to Finally Approve This Disclosure Statement.*

The hearing at which the Court will determine whether to approve this Disclosure Statement will take place on \_\_\_\_\_ at \_\_\_\_\_ a.m. at the U. S. Bankruptcy Court, 605 West Fourth Avenue, Anchorage, AK 99501. If you cannot attend the hearing in person, you may call the U. S. Bankruptcy Court in-Court Deputy Clerk at (907) 271-2640, at least three (3) days in advance of the hearing to request telephonic attendance

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, then along with this Disclosure Statement then you have received a ballot to vote to approve or reject the Plan. Assuming the Disclosure Statement is approved at the hearing on \_\_\_\_\_, the Court will then hold a hearing on confirmation (approval) of the Plan of Reorganization. You should return the ballot to the Debtor’s attorney David H Bundy PC, 310 K Street, Suite 200, Anchorage AK 99501 not later than \_\_\_\_\_. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by the deadline the Court will set, or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure*

Objections to this Disclosure Statement and the Plan of Reorganization must be filed with the Court and served upon:

the Debtor’s attorney

David H Bundy PC  
310 K Street Suite 200

and

The Office of the United States Trustee  
700 Stewart Street Suite 5103

Anchorage AK 99501

Seattle, WA 98101-1271

by \_\_\_\_\_, 2017

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

If you want additional information about the Plan, you should contact the Debtor's attorney.

C. **Overview of Plan**

As explained in greater detail below, the Plan provides for liquidation of the Debtor's assets in order to pay administrative, priority and general unsecured creditors to the extent possible. The liquidation will be conducted by current management over a period of time (the "Liquidation Period") commencing on the effective date of the Plan and terminating September 30, 2019 or when all claims are paid in full, whichever first occurs. All asset sales, net of sales expenses, current operating expenses of the Debtor and United States Trustee Fees ("Liquidation Proceeds"), will be deposited in a separate bank account, from which claims will be paid in the following order: (1) administrative claims, (2) secured claims and (3) general unsecured claims.

D. **Disclaimer**

*The Court has not approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. After the Disclosure Statement has been approved, the fact that the Court has approved the Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.*

II. **BACKGROUND AND CURRENT STATUS OF THE DEBTOR**

A. **Debtor's Business:** The business involves development and sale of land on the north ("airport side") and the south ("hospital side") of Salmon Creek in Juneau, Alaska, 3 miles from the center of downtown Juneau, capital of Alaska. Aletha and Joseph Henri, husband and wife, first obtained an option to purchase the land (totaling approximately 60 acres [40 acres federal mining claims and 20 acres of patented homestead]) in 1968, exercising the option to purchase from local businessmen, Joseph and Thomas George, in 1971. In 2004, Aletha and Joseph Henri converted the portion of the original holding they still owned into a site condominium under AS 34.08 et seq., a new enabling statute enacted in 1985. The Henris had moved from Juneau to Anchorage in 1979 at which time they became acquainted with James McCollum, Esq., an Alaska attorney familiar with site condominium law, who explained the advantages of converting the land into a site condominium and creating the Debtor, Salmon Falls

Park, LLC, in 2004, to own the property; the members are Aletha and Joseph Henri, each as to a 50% membership interest.

The Debtor's land, approximately 15 acres in area, is zoned General Commercial allowing any use except industrial, and is adjacent to the Bartlett Regional Hospital, the sole such facility in Juneau. From the time the Henris or the Debtor have owned the land at Salmon Creek they have sold approximately 17 parcels of their holdings, the last three sales of which were under the site condominium regime. This relatively new Alaska Statute avoids many of the pitfalls, delays and difficulties under the traditional municipal subdivision ordinances prevailing in Juneau and most Alaska cities. Purchasers have varied widely but more than half have been medically related. In fact, within 300 feet of the present Salmon Falls Park boundaries, there are approximately 15 different and various medically health-related facilities. (Not all of these lots have been owned and sold by the Henris.)

Thus, the business of Joseph and Aletha Henri in regards to their land at Salmon Creek has been, in the main, to sell parcels to various commercial and medical interests for a natural progression of usage mostly relating to either health or tourism. Salmon Creek is a beautiful, pleasant water course with a scenic waterfall which, over the years, has attracted tourist viewers and cinematographers.

The legal description of the property is

The real property consists of 14.74 acres of unimproved land in Juneau, Alaska, at Salmon Creek, consisting of declarant rights and development rights: this land is covered by a Declaration of Site Condominium under that certain declaration of Salmon Falls Park recorded on May 12, 2004 under Serial No. 2004-004031-0 and as set forth in Plat No. 2004-23, all pursuant to Section 34.08.180 of the Alaska Uniform Common Interest Ownership Act, and pursuant to reservation of Development Rights reserved pursuant to AS 34.08.130(a)(8) and Articles VII of the Declaration. The land is particularly described as:

Parcel I:

Lot 2, Salmon Falls Overlook No. 3, according to Plat 2005-18, Juneau Recording District, First Judicial District, State of Alaska.

EXCEPT THEREFROM: Unit 2, SALMON FALLS PARK, according to the Declaration recorded May 12, 2004 in Serial No. 2004-004031-0 and amendments thereto and Plat No. 2004-23 as amended by Plat No. 2005-23, Juneau Recording District, First Judicial District, State of Alaska.

ALSO EXCEPTING THEREFROM: Unit 3, SALMON FALLS PARK, under Condominium Plat Number 2012-29 for Unit 3, according to the Declaration originally recorded May 12, 2004 as Serial No. 2004-004031-0 and any amendments thereto including Amendment No.3 recorded November 28, 2012 as Serial No. 2012-007610-0, Juneau Recording District, First Judicial District, State of Alaska.

As described in Partial Deed of Reconveyance dated February 15, 2013 and recorded February 25, 2013 at Document No. 2013-001429-0.

Parcel2:

Lot 2A, SALMON CREEK MEDICAL SUBDIVISION, a resubdivision plat of Lot 1 and 2, Salmon Creek Medical Subdivision and a fraction of U.S. Survey 1075, according to Plat No. 2003-16, Juneau Recording District, First Judicial District, State of Alaska.

EXCEPT THEREFROM: Unit 1, SALMON FALLS PARK, according to the Declaration recorded May 12, 2004 in Serial No. 2004-23, as amended by Plat No. 2005-23, Juneau Recording District, First Judicial District, State of Alaska.

The address of the property is: 3406 Glacier Highway, Juneau, Alaska 99801

What debtor owns in the above-described land is the development rights under the aforecited site condominium statute and Declaration.

**B. Issues that brought about the current bankruptcy case:** First National Bank Alaska, which holds a deed of trust on the property recorded July 15, 2009, scheduled a non-judicial foreclosure sale of the property on August 22, 2017. The Debtor filed this bankruptcy case to prevent the sale and obtain more time to sell the property. The Henris had been marketing the property for sale but the bank was unwilling to wait further. It is likely the bank was expecting the property to be purchased at foreclosure by Equivest which holds a second deed of trust on the property, so the bank did not have to wait until the Debtor sold the property in order to be paid.

**C. Sale Efforts:** The Debtor is actively marketing the property for sale through John Williams of Juneau, Alaska, with whom the property is listed for sale at \$1.6 million, as well as by Joseph Henri through his personal contacts and efforts. The only way the creditors can be paid are either the sale of Salmon Falls Park for receipts which cover the indebtedness or the development of Salmon Falls Park by debtor in partnership with others.

**D. Valuations of Property**

The Debtor's property was appraised in 2009 by Kim Wold of Alaska Appraisal Associates, Inc. at a value of \$1,710,000. This appraisal was commissioned by First National Bank

The Debtor's property was appraised in 2014 by Charles Horan of Sitka, Alaska at a value of \$565,000. This appraisal was commissioned by the Debtor, but the Debtor does not believe it is accurate.

The City & Borough of Juneau assesses the property for tax purposes at a value of \$958,300.

Other indicators of value are based on the Henris' knowledge of other sales in the vicinity:

In March 2005, debtor sold Unit 1 to the Juneau Association for Mental Health (JAMHI), on the "airport side" of Salmon Creek for \$10.00 per sq. ft, the unit being between .5 and 1.0 acres in size.

In September 2005, debtor sold Unit 2 to Creekside Associates, LLC, dba Valley Medical for \$11.47 per sq. ft., the unit consisting of approximately 1.25 acres; this site is on the "hospital side" of Salmon Creek.

In December 2012, debtor sold Unit 3 to the Juneau Oncology Center. That unit was approximately .5 acres, and sold for \$12.00 per sq. ft.; this unit is also on the "hospital side" of Salmon Creek.

In early 2016, Joseph Henri had a conversation with Mr. Ken Gain of Anchorage, a review appraiser, and secured creditor in this bankruptcy, who related that he had recently seen the appraisals of two lots owned by the Southeast Alaska Regional Health Consortium (SEARHC). The appraisals were performed by Appraiser Kim Wold. One lot was appraised for \$16.00 per sq. ft. and the other parcel was appraised for \$17.00 per sq. ft. These two SEARHC lots are very close to Salmon Falls Park and are the same kind of land and zoning,, General Commercial.

**E. Management.** Joseph Henri has managed the Debtor since it was formed, without compensation. His resume is attached as Exhibit 2.

**F. Significant Events During the Bankruptcy Case**

- **Asset Sales.** There have been no asset sales.
- **Appointment of Professionals.** The Debtor has employed the following professionals with the approval of the Bankruptcy Court:

David H. Bundy, P.C. as its bankruptcy counsel;

John Williams as real estate broker.

**G. Projected Recovery of Avoidable Transfers.**

None contemplated.

**H. Claims Objections**

Debtor does not plan on objecting to any of the filed claims

**I. Current and Historical Financial Conditions**

Debtor's profit and loss statements for 2015, 2016 and 2017 to date are attached as Exhibits 3, 4 and 5.

There has been no financial activity since the bankruptcy case was filed August 18, 2017.

### III. THE PLAN OF REORGANIZATION

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

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

#### B. Unclassified Claims

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

##### 1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

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

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0	Post-petition real estate taxes will be prorated with buyers and paid at sale closing
Professional Fees, as approved by the Court.	\$20,000	To be paid prorata from distributions of Liquidation Proceeds by September 30, 2018.



Other administrative expenses	None	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$325	Paid in full on the effective date of the Plan to the extent any are owed on that date
<b>TOTAL</b>	<b>\$20,325</b>	

## 2. *Priority Tax Claims*

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

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

<b>Description (name and type of tax)</b>	<b>Estimated Amount Owed</b>	<b>Date of Assessment</b>	<b>Treatment</b>
IRS 941 payroll taxes	\$0	Not assessed	Debtor has no employees and incurs no payroll taxes
Alaska ESC payroll taxes	\$0	Not assessed	Debtor has no employees and incurs no payroll taxes

City and Borough of Juneau Property Taxes	\$		Pre-petition taxes are a secured claim in class 4. Any post-petition taxes will be paid from sales proceeds by September 30, 2018
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### C. Classes of Claims and Equity Interests

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

#### 1. *Classes of Secured Claims*

Class #	Description	Impairment	Treatment
1	First National Bank Alaska	Impaired	The value of this claim on the Petition Date was \$298,847.81. The Class 1 claim will be paid in full from sale proceeds of the Debtor's property and not later than September 30, 2018
2	Equivest/Capps	Impaired	<p>The value of this claim on the Petition Date was \$1,061,178.38 including \$10,000 in post-petition fees and costs. This claim will be paid from the sale of the Debtor's property following the payment to Class 1. Interest will accrue from the petition date at 7% per annum. Equivest will be required to release its deed of trust to accommodate sales of the Debtor's property in parcels provided that the proceeds of any sale are used to satisfy senior liens, closing costs and administrative expenses, with any balance to be applied to the claim.</p> <p>The Class 2 claim will be reduced to a balance of \$500,000 by September 30, 2018 and the balance will be paid in full not later than September 30, 2019</p>

3	Horan & Company	Impaired	<p>The value of this claim on the Petition Date was \$10,315. This claim will be paid from the sale of the Debtor's property following the payment to Class 1. Horan will be required to release its deed of trust to accommodate sales of the Debtor's property in parcels provided that the proceeds of any sale are used to satisfy senior liens, closing costs and administrative expenses, with any balance to be applied to the claim.</p> <p>The Class 3 claim will be paid in full with interest 7% from the petition date not later than September 30, 2019</p>
4	City & Borough of Juneau	Impaired	<p>The value of this claim on the Petition Date was \$10,700. The Class 4 claim will be paid in full with interest at 7% from the petition date not later than September 30, 2018</p>

## 2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. In this case no vote by the holders of priority wage claims is required because those claims are being paid in full. As of this filing the Debtor has not identified any priority wage claims. If any priority

wage claims are identified, they will be paid in full on the Effective Date with interest at 6% from May 5, 2016. This class is not impaired.

3. *Classes of General Unsecured Claims*

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

The following chart identifies the Plan's proposed treatment of Class 5:

Class #	Description	Impairment	Treatment
5	General Unsecured Class; there is one claim in this class in the amount of \$11,832	Impaired	Class 5 unsecured claims will be paid in full without interest not later than September 30 2019.

4. *Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a for-profit corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the debtor is the equity interest holder. In this case, Joseph and Aletha Henri are the sole equity owners. They will retain ownership but will receive no assets or other payments from the Debtor unless and until all administrative, priority and unsecured claims are paid in full in accordance with the Plan.

D. **Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded from the sales proceeds of Debtor's assets.

2. *Post-confirmation Management.*

Current management of the Debtor shall remain in office and conduct the liquidation of the Debtor's assets. No salaries are being paid or requested.

3. Explanation of the Liquidation Process and Projected Timeline

Sales Possibilities Which Could Be Accomplished by 30 June 2018

- (i) Sale of the 14.74 acres of Salmon Falls Park (the remaining acreage) to Sealaska Corporation, the regional ANCSA corporation for the Tlingit and Haida native peoples of Southeast Alaska whose headquarters are in Juneau (situated on a city block of land agglomerated by Joseph R. Henri and a partner and sold to Sealaska for its headquarters site in 1971). The attached drawings (Exhibit 6) depict the plan being proposed Sealaska Corporation; the drawings show a destination hotel on Salmon Falls Park above the first waterfall reached in either of two ways, one from the Glacier Highway directly to the hotel and the other from an existing driveway in Salmon Falls Park through a monumental gate and over a bridge spanning the Salmon Creek Canyon. This hotel would have a separate but connected restaurant at the highest elevation of the property, behind and uphill from the main hotel building. A part of this restaurant building would be the downhill station of a cog railway terminating six miles up the Salmon Creek Valley to Observation Peak (5,000 foot elevation) in the Juneau Icefield, the pre-eminent body of permanent ice in North America. The drawings additionally show sites for a 50-unit market rate apartment house on Glacier Highway as well as two office buildings and a parking garage on the portion of the property closest to the Bartlett Regional Hospital, the sole hospital in the City and Borough of Juneau. Sealaska has expressed the adoption of a new policy which will result in the establishment of money-making activities in its headquarters city. An impressive exception to the laggard Alaska economy is tourism, which is enjoying vigorous annual increases. The resort hotel, cog railway, year-round ski and other winter developments in the area of the icefield, will make Sealaska the most eminent tour company headquartered in Alaska. Debtor expects the sale price of the land to Sealaska to be approximately \$1.6 million.

Deducted from the gross receipts:

- a. \$7,500 Real estate broker's fee
- b. \$6,500 U.S. Trustee Fee
- c. \$15,000 Bankruptcy law fees
- d. \$4,000 Closing costs including escrow fee and title insurance
- e. \$20,000 CBJ real estate taxes

The net available would be: \$1,547,000.00

Total Debt owing before this sale: \$1,460,260

Total Debt owing after this sale: <\$86,740>

(ii) Strong interests in partial purchases of Salmon Falls Park have been expressed by three local prospective buyers, to wit:

- a. In 2005, Salmon Falls Park sold 1.25 acres as a site condominium to the Valley Medical Clinic, dba Creekside Associates for \$11.47 per sq. ft. The clinic construction thereon by Valley Medical has outgrown its original building, and the doctors have an interest in purchasing an additional 25,600 square feet adjacent to their existing parking lot. Thus the newly acquired land and its new clinic addition would be able to utilize the parking lot and street access already in place and the utility hookups already brought to the location, saving many dollars of new expenditures on such infrastructure items.

Sale of 25,600 sq. ft. of SFP to Valley Medical for \$16 per sq. ft. = \$409,600. Closing costs and title insurance to be split by buyer and seller. The sale price and terms are set after extensive discussion with John Williams, our real estate broker, earlier today. The sale would be completed by September 30, 2018

Deducted from the gross receipts:

- a. \$24,576 Real estate broker's fee
- b. \$6,500 Lawyer and Surveyor expenses for site condominium sale
- c. \$4,875 U.S. Trustee Fee
- d. \$5,000 Bankruptcy law fees
- e. \$1,100 One-half closing costs including escrow fee and title insurance

The net available would be: \$367,549.00

Total Debt owing before this sale: \$1,460,260

Total owing after this sale: \$1,092,711

- b. The Juneau Alliance for Mental Health, Inc. (JAMHI) has purchased land both from the Henris as individual proprietors, and from SFP. There is a continuing relationship between SFP and JAMHI due to the operations of the site condominium Salmon Falls Park, LLC. A realtor representing JAMHI came to the office of John Williams, founding broker for Juneau Real Estate, Inc., the listing agent, expressing an interest in purchasing the entire 9.3 acres on the north side of Salmon Creek ("airport side") for a sale price which is the portion of indebtedness attributable to the 9.3 acres.

Sale of 9.3 acres to Juneau Alliance for Mental Health, Inc. (JAMHI) for \$953,975. The sale would be completed by September 30, 2018. Deducted from the gross receipts:

- a. \$53,000 Real estate broker's fee
- b. \$6,500 Lawyer and Surveyor expenses for site condominium sale
- c. \$4,875 U.S. Trustee Fee
- d. \$5,000 Bankruptcy law fees
- e. \$1,100 One-half closing costs including escrow fee and title insurance

The net available would be: \$883,500.00  
Total Debt owing before this sale: \$1,092,711  
Total Debt after this sale: 209,711

- c. The Southeast Alaska Regional Health Consortium (SEARHC) provides regional health for Alaska Native people residing anywhere in Southeast Alaska. Over a period of years, Aletha and Joseph Henri have sold several parcels both directly to SEARHC and to others who eventually sold the land or the land with improvements to SEARHC. SFP has tried to make a major sale to SEARHC, but has been unsuccessful. SEARHC has been under new management for the past approximately five years. If, however, all of the property is sold except for about 5 acres, SEARHC may be of a more favorable attitude. Many of their important offices and clinics are located at Salmon Creek on land formerly owned by Aletha and Joseph Henri; the acquisition of adjacent vacant land would be a prudent maneuver for such a perpetual operation as Southeast Alaska Indian health. Assuming the sale of the remaining land on the south side of Salmon Creek ("hospital side"), approximately 5 acres more or less, and stipulating a final gross sale price of \$500,000, subtracting the fees as set forth in a and b above, the net receipt from the sale to SEARHC would be about \$470,000

3. Sale of 4.5 acres to Southeast Alaska Regional Health Consortium, Inc. (SEARHC) for \$500,000. The sale would be completed by 30 September 2019. Deducted from the gross receipts:

- a. \$7,500 Real estate broker's fee
- b. \$6,500 Lawyer and Surveyor expenses for site condominium sale
- c. \$4,875 U.S. Trustee Fee
- d. \$5,000 Bankruptcy law fees
- e. \$3,000 CBJ taxes
- e. \$1,100 One-half closing costs including escrow fee and title insurance

The net available would be: \$472,025.00  
Total Debt owing before this sale: \$224,311  
Total Debt owing after this sale: <\$247,714>

The net income from a, b and c would be enough to fully satisfy all of the creditors.

A sale possibility which would take longer:

- (iii) If the Sealaska scenario set forth in (i) finally fails to materialize in spite of an initial show of interest, the same effort with the same plan would be attempted with a national or international tourism company competent to develop both summer, winter and 365 day per year snow activities in the Juneau Icefield. The Salmon Creek

Valley, through which the cog railway as well as other downhill activities would be placed, is owned by the State of Alaska under the designation “recreation and watershed.” The contemplated tourist activities would fit perfectly with the State’s intentioned use as well as with the Juneau Icefield development owned by the U.S. Forest Service. Over time, the utilization envisioned would become world-renowned and extremely lucrative. The time to achieve remunerative results with a national or international tour company would extend at least to 30 June 2019.

The sale price would be \$250,000 higher than to Sealaska to wit, \$1,850,000 The sale would be completed by 30 September 2019. Deducted from the gross receipts:

- a. \$111,000 Real estate broker’s fee
- b. \$6,500 U.S. Trustee Fee
- c. \$15,000 Bankruptcy law fees
- d. \$ 30,000 CBJ taxes
- e. \$4,000 Closing costs including escrow fee and title insurance

The net available would be: \$1,723,500.00

Total Debt owing before this sale: \$1,536,714

Total Debt owing after this sale: <\$186,726>

**E. Risk Factors**

The Debtor’s payments to creditors depend on proceeds which can be realized from the sale of the Debtor’s assets. It is possible that no sales will be accomplished within the deadlines set in the plan

**F. Executory Contracts and Unexpired Leases**

Assumed Executory Contracts and Unexpired Leases.

None

Rejected Executory Contracts and Unexpired Leases.

There are none to the Debtor’s knowledge, but in case any are claimed, the Debtor rejects all executory contracts and/or unexpired leases will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases if you believe that you have any such agreement with the Debtor.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan or by the deadline set forth in a separate notice.



#### **G. Tax Consequences of Plan**

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

The following are the anticipated tax consequences of the Plan:

(1) Tax consequences to the Debtor of the Plan. The debtor is a pass-through entity for federal income tax purposes so will not incur income taxes on the sale of the Debtor's property.

(2) General tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation. The tax consequences to creditors from the receipt of less than the full balances owed by the Debtor will depend on their method of tax accounting and reporting, and therefore creditors should consult their own tax advisors for advice on whether the plan will have tax consequences.

#### **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

##### **A. Who May Vote or Object**

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

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

In this case, the Debtor believes that holders of general unsecured claims in Class 1 are entitled to vote to accept or reject the plan.

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

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim

or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The deadline for filing a proof of claim in this case is December 28, 2017***

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

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

3. *Who is Not Entitled to Vote*

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

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

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

4. *Who Can Vote in More Than One Class*

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

## **B. Votes Necessary to Confirm the Plan**

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

### *1. Votes Necessary for a Class to Accept the Plan*

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

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

### *2. Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan. One requirement is that no class of claims or interests junior to the dissenting class may receive or retain any property under the Plan.

***Debtor believes that the Plan as currently proposed can be confirmed by the “cramdown” procedure.***

## **C. Liquidation Analysis**

**A table showing the Debtor’s liquidation analysis is attached as Exhibit 7.**

### **1. Introduction**

Under the “best interests” of creditors test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of a claim or interest who does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. To demonstrate that the Plan satisfies the “best interests” of creditors test, the Debtor has prepared a hypothetical Liquidation Analysis, which is based upon certain assumptions discussed in the Disclosure Statement and in the notes accompanying the

Liquidation Analysis. As the Debtor is proposing to pay its creditors through sale of its assets, the issue is whether liquidation under the direction of current management is preferable to allowing a chapter 7 trustee to conduct the liquidation.

The Debtor believes that a trustee, new to the case, would have several obstacles to overcome. The trustee would have no staff to assist him or her in the liquidation. The trustee will not be familiar with the property being sold and thus be less able to negotiate with buyers.

If the plan is not confirmed and conversion to a chapter 7 liquidation is denied, the other alternative is dismissal of the pending bankruptcy case. If the case is dismissed creditors would be free to pursue state law remedies through litigation, and the property will be sold at a non-judicial foreclosure sale with any junior liens and unsecured creditors receiving no proceeds.

## 2. Scope, Intent, and Purpose of the Liquidation Analysis

The determination of the costs of, and hypothetical proceeds from, the liquidation of the Debtor's assets is an uncertain process involving the estimates and assumptions that are subject to significant business, economic, and competitive uncertainties. Some assumptions in the liquidation analysis may not materialize in actual chapter 7 liquidation. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtor is liquidated in accordance with chapter 7 of the Bankruptcy Code. The underlying financial information in the liquidation analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis. NEITHER THE DEBTOR NOR ITS ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

### a. Primary Assets of the Debtor

The Liquidation Analysis assumes a liquidation of all of the Debtor's real property.

### b. General Assumptions of Liquidation of Assets

The Liquidation Analysis assumes that the liquidation of the Debtor's assets would commence on January 1, 2018. The valued contained in the Liquidation Analysis reflects a "liquidation" value as opposed to a "going concern" value. Further, it is assumed that the Trustee will attempt to maximize recoveries for Creditors with an "orderly" liquidation which includes auction style liquidation of some or all assets. However, there is a risk that the Trustee would be unable to liquidate all of the assets with an **"orderly"** liquidation and may instead proceed with a **"forced"** liquidation of some or all of the assets in which the first available buyer is used.

There can be no assurance that the liquidation would be completed in any specific time frame, nor is there any assurance that the recovery assigned to the assets would in fact be realized. Under Section 704 of the Bankruptcy Code and appointed trustee must, among other duties, collect and convert the property of the estate as expeditiously as is compatible with the best interests of the parties in-interest. **The Liquidation Analysis assumes that there would be pressure to complete the sales process within six months.** During this time the trustee would sell the Debtor's assets, complete the claims reconciliation process and make distributions to parties-in-interest. Depending on actual circumstances, the time to complete a liquidation could be significantly longer, in which event, the wind down costs would increase substantially and recoveries would likely decrease. It is likely that if the process takes longer than a few months creditors will be granted relief from stay and foreclose on the real estate.

**D. Feasibility**

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

**V. EFFECT OF CONFIRMATION OF PLAN**

**A. Discharge of Debtor**

Discharge. As the Debtor is proposing a liquidation plan, the Debtor will not receive a discharge on the effective date of the Plan.

**B. Modification of Plan**

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

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

**C. Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. This may occur before all distributions required by the Plan have been made.

Dated: November 21, 2017

SALMON FALLS PARK, LLC

By: /s/ Joseph Henri  
Joseph Henri, Managing Member

David H. Bundy, PC  
Attorney for Debtor

By: /s/ David H. Bundy  
David H. Bundy

## List of Exhibits

1. Plan of Reorganization
2. Joseph Henri Resume
3. Financial Statements 2015
4. Financial Statements 2016
5. Financial Statements 2017
6. Development Drawings
7. Liquidation Analysis