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13 **IN THE UNITED STATES BANKRUPTCY COURT**
14 **FOR THE DISTRICT OF ARIZONA**

15 In re:

16 EPICENTER PARTNERS L.L.C.

17 GRAY MEYER FANNIN L.L.C.

18 SONORAN DESERT LAND INVESTORS LLC

19 EAST OF EPICENTER LLC

20 GRAY PHOENIX DESERT RIDGE II, LLC

21 Debtors.

Chapter 11

Case No. 2:16-bk-05493-MCW

Jointly Administered with:

Case No. 2:16-bk-05494-MCW

Case No. 2:16-bk-07659-MCW

Case No. 2:16-bk-07660-MCW

Case No. 2:16-bk-07661-MCW

22 **DISCLOSURE STATEMENT IN SUPPORT OF THIRD AMENDED JOINT PLAN**
23 **OF REORGANIZATION FOR ALL DEBTORS**

24 **I.**
25 **INTRODUCTION**

26 Pursuant to 11 U.S.C. § 1125, this *Disclosure Statement in Support of Third Amended Joint Plan of Reorganization For All Debtors* (the “Disclosure Statement”) is submitted by CPF Vaseo Associates, LLC (“CPF” or “Plan Proponent”), a secured creditor and party-in-interest in the above captioned chapter 11 cases of Epicenter Partners, LLC (“EP”), Gray Meyer Fannin, LLC (“GMF”), Sonoran Desert Land Investors, LLC (“SDLI”), East of Epicenter, LLC (“EoE”) and Gray Phoenix Desert Ridge II, LLC (“GPDR”

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1 II” and together with EP, GMF, SDLI, and EoE, the “Debtors”). The purpose of this
 2 Disclosure Statement is to provide adequate information to the holders of claims or interests
 3 in this matter so that they may make an informed judgment in exercising their right to vote
 4 for acceptance or rejection of the *Third Amended Joint Plan of Reorganization For All*
 5 *Debtors* (as amended, the “Plan”), a copy of which is attached as Exhibit “A”.

6 The Plan provides for the reorganization of the Debtors. The following summarizes
 7 CPF’s secured debts against the Debtors, projected based on per diem accruals, as of April
 8 30, 2017 and the real estate appraisals submitted by CPF and the Debtors in the cases:

Debt	Balance (excluding post-petition attorneys’ fees and costs)	Per Diem Interest	Per Diem Late Fees	Collateral	Debtor	CPF Appraisals	Debtor Appraisals
Ganymede Note	\$76,160,850	\$74,901	-	96 Acres	EP & GMF	\$54,000,000	\$121,000,000
STB Note	\$3,890,569	\$688	-	96 Acres	EP & GMF	\$54,000,000	\$121,000,000
\$26.5 MM Note	\$37,370,260	\$13,068	\$10,000	20 Acres Blue Sky Parcel 2H	GPDR	\$13,067,950	\$27,300,000
					II	\$22,470,000	-
					SDLI EoE	\$4,970,000	\$11,100,000
\$3.7 MM Note	\$5,315,829	\$1,825	\$1,500	Parcel 2H	EoE	\$4,970,000	\$11,100,000
Totals	\$122,737,508	\$90,482	\$11,500				

22 The Plan provides for and implements a global settlement of all Claims between CPF
 23 and the Debtors as of the Effective Date, and provides more than \$7.0 million of additional
 24 value to pay Allowed Claims of Creditors. Under the Plan, the consideration and benefits
 25 provided by CPF, as the Plan Proponent, include at least the following:
 26

1 **A. EP & GMF**

2 CPF has agreed to accept 100% of the new Equity Security Interests in EP & GMF
3 in settlement of its Secured Claims (and any unsecured deficiency claims) against EP &
4 GMF. CPF has committed to fund the payment of the deferred lease payments due to ASLD
5 on July 7, 2017 in the amount of \$4,149,394. CPF has agreed to provide funding to pay all
6 Allowed Administrative Claims in the EP & GMF cases, net of any retainers held by
7 Professionals. CPF has agreed to provide funding to pay the Allowed amount of Maricopa
8 County's secured tax claim, alleged to be \$122,234.52 as of the Petition Date. CPF has
9 agreed to fund the Unsecured Creditor Dividend Fund in the amount of \$2,200,000. CPF
10 will fund the post-Effective Date activities of EP & GMF. And, additional funds from the
11 Reorganized Debtors' investigation and prosecution of Avoidance Actions may provide
12 additional recoveries to holders of Allowed Unsecured Claims.

13 **B. GPDR II & SDLI**

14 CPF has agreed to accept 100% of the new Equity Security Interests in GPDR II &
15 SDLI in settlement of its Secured Claims (and any unsecured deficiency claims) against
16 GPDR II & SDLI. CPF has committed to fund the payment of the deferred lease payments
17 due to ASLD on July 7, 2017 in the amount of \$691,485. CPF has agreed to provide funding
18 to pay all Allowed Administrative Claims in the GPDR II & SDLI cases, net of any retainers
19 held by Professionals. CPF has agreed to provide funding to pay the Allowed amount of
20 Maricopa County's secured tax claim, alleged to be \$127,557.52 as of the Petition Date and
21 to fund the Unsecured Dividend Fund. CPF will fund the post-Effective Date activities of
22 GPDR II & SDLI. And, additional funds from the Reorganized Debtors' investigation and
23 prosecution of Avoidance Actions may provide additional recoveries to holders of Allowed
24 Unsecured Claims.

25 **C. EoE**

26 CPF has agreed to accept 100% of the new Equity Security Interests in EoE in

1 settlement of its Secured Claim against EoE, consideration totaling in excess of \$5,113,025
2 as of February 28, 2017. CPF has agreed to provide funding to pay all Allowed
3 Administrative Claims in the EoE case, net of any retainers held by Professionals. CPF has
4 agreed to provide funding to pay the Allowed amount of Maricopa County's secured tax
5 claim, alleged to be \$144,312.13 as of the Petition Date. CPF has agreed to provide funding
6 to pay the Allowed amount of the DRCA Secured Claim and to fund the Unsecured
7 Dividend Fund. CPF will fund the post-Effective Date activities of EoE. And, additional
8 funds from the Reorganized Debtors' investigation and prosecution of Avoidance Actions
9 may provide additional recoveries to holders of Allowed Unsecured Claims.

10 **CPF RECOMMENDS THAT CREDITORS VOTE TO ACCEPT THE PLAN**
11 **IN ORDER TO MAXIMIZE THE RECOVERY ON THEIR CLAIMS.**

12 Capitalized terms used in this Disclosure Statement will correspond to terms defined
13 in the Plan and the Bankruptcy Code. Terms used in this Disclosure Statement that are also
14 defined in the Plan are defined solely for convenience; and the Debtors do not intend to
15 change the definitions of those terms from the Plan. If there is any inconsistency between
16 the Plan and this Disclosure Statement, the Plan is, and will be, controlling.

17 **D. Potential Dilution Issue.**

18 **THE PLAN PROVIDES THAT HOLDERS OF INSIDER UNSECURED**
19 **CLAIMS AGAINST THE DEBTORS WILL NOT RECEIVE OR RETAIN ANY**
20 **PROPERTY UNDER THE PLAN. HOWEVER, IF THE BANKRUPTCY COURT**
21 **DETERMINES AT CONFIRMATION THAT THE PROPOSED TREATMENT OF**
22 **INSIDER UNSECURED CLAIMS UNFAIRLY DISCRIMINATES OR**
23 **OTHERWISE RENDERS THE PLAN UNCONFIRMABLE, HOLDERS OF**
24 **ALLOWED INSIDER UNSECURED CLAIMS WILL SHARE THE UNSECURED**
25 **CREDITOR DIVIDEND FUND PRO RATA WITH HOLDERS OF ALLOWED**
26 **NON-INSIDER UNSECURED CLAIMS, WHICH COULD MATERIALLY**

1 **DILUTE THE RECOVERY TO HOLDERS OF ALLOWED NON-INSIDER**
2 **UNSECURED CLAIMS.¹**

3 **E. Basis For Settling CPF Disputed Claims and Estate Litigation Under Plan.**

4 Without in any way limiting the arguments that CPF may present in support of
5 confirmation of the Plan, the structure of the Plan is based on a global settlement of all
6 Estate Claims against CPF, including any objections to CPF's Claims, consistent with
7 Bankruptcy Code § 1123(b)(3)(A), which states that a plan may provide for the "settlement
8 or adjustment of any claim or interest belonging to the debtor or to the estate." It is well
9 established that a creditor sponsored plan may provide for the settlement of all estate claims
10 against the plan proponent in consideration of the benefits provided by the plan proponent
11 under the plan. See *In re Tribune Company, et al.*, 464 B.R. 126, 158 (Bankr. D. Del. 2011)
12 citing *Protective Comm. For Independent Stockholders of TMT Trailer Ferry, Inc. v.*
13 *Anderson*, 390 U.S. 414, 424, 88 S.Ct. 1157, 1163, 20 L.Ed.2d 1 (1968) ("Compromises
14 are 'a normal part of the process of reorganization.' ") (citations omitted). *Texas Extrusion*
15 *Corp. v. Lockheed Corp., et al. (In the Matter of Texas Extrusion Corp.)*, 844 F.2d 1142,
16 1158-59 and 1166 (5th Cir. 1988) (the bankruptcy court's approval of a settlement of
17 litigation through a confirmed plan is reviewed for abuse of discretion); *In re BBL Group,*
18 *Inc.*, 205 B.R. 625 (Bankr.N.D.Ala.1996) (The court held that the proposed settlement of a
19 state court action between the debtor and secured creditor included in the secured creditor's
20 proposed plan was fair and equitable); *In re Cellular Information Systems, Inc.*, 171 B.R.
21 926, 930-37 (Bankr. S.D.N.Y.1994) (The court held that the secured creditor's plan could
22 include settlement of the debtor's lender liability lawsuit against the secured creditor that
23 was negotiated with the creditors committee and not the debtor).

24 At the conclusion of the Confirmation Hearing, CPF will ask the Court to find and
25

26 ¹ A further discussion of this issue follows the discussion regarding the treatment of
Non-Insider Unsecured Claims.

1 conclude that the Plan, and the global settlement of all Claims by and among CPF and the
2 Debtors, is fair, equitable, and in the best interests of the Debtors, their Estates, and their
3 Creditors. If the Court so finds and concludes, the Plan will be confirmed. If the Court
4 determines otherwise, the Plan will not be confirmed as proposed.

5 **II.**
6 **OVERVIEW OF CHAPTER 11**

7 **A. Information Regarding The Plan And Disclosure Statement**

8 The objective of a Chapter 11 case is the confirmation (i.e., approval by the
9 Bankruptcy Court) of a plan of reorganization or liquidation. A Chapter 11 plan describes
10 in detail (and in language appropriate for a legal contract) the means for satisfying the
11 claims against and equity interests in a debtor, or in this case, the Debtors. After a plan has
12 been filed, the holders of claims and equity interests that are impaired by the plan are
13 permitted to vote to accept or reject the plan. Before a plan proponent can solicit
14 acceptances of its plan, however, Section 1125 of the Bankruptcy Code requires the plan
15 proponent to prepare a disclosure statement containing adequate information of a kind, and
16 in sufficient detail, to enable those parties entitled to vote on the plan to make an informed
17 judgment about the plan and about whether they should accept or reject the plan.

18 The purpose of this Disclosure Statement is to provide sufficient information about
19 the Debtors and the Plan to enable you to make an informed decision in exercising your
20 right to accept or reject the Plan. Therefore, this Disclosure Statement provides relevant
21 information about the Debtors, their property and financial condition, and the Plan.

22 This Disclosure Statement will be used to solicit acceptances of the Plan only after
23 the Bankruptcy Court has entered an order either approving or conditionally approving this
24 Disclosure Statement. Approval by the Bankruptcy Court of this Disclosure Statement
25 means only that the Bankruptcy Court has found that this Disclosure Statement contains
26 sufficient information for the Debtors to transmit the Plan and Disclosure Statement to
Creditors and to solicit acceptances of the Plan. The Bankruptcy Court's approval of this

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1 Disclosure Statement does not constitute a certification by the Court that the Disclosure
2 Statement is without inaccuracy.

3 After the Bankruptcy Court has granted approval or conditional approval of this
4 Disclosure Statement and there has been voting on the Plan, the Bankruptcy Court will
5 conduct a Confirmation Hearing concerning whether the Plan should be approved. At the
6 Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the
7 various requirements of the Bankruptcy Code. The Bankruptcy Court also will receive and
8 consider a ballot report prepared by CPF that will present a tally of the votes accepting or
9 rejecting the Plan cast by those entitled to vote. Accordingly, all votes are important
10 because they can determine whether the Plan will be confirmed. Once confirmed, the Plan
11 is essentially a new contract between the Plan Proponent, the Debtors, their Creditors, and
12 Equity Security Interests holders and is binding on the Debtors, all Creditors, Equity
13 Security Interests holders and other parties-in-interest in the Debtors' Bankruptcy Cases
14 regardless of whether any particular Creditor or Equity Security Interest holder voted to
15 accept the Plan.

16 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE**
17 **CONVENIENCE OF CREDITORS AND HOLDERS OF EQUITY**
18 **SECURITY INTERESTS, THE PLAN IS SUMMARIZED IN THIS**
19 **DISCLOSURE STATEMENT. ALL SUMMARIES OF THE PLAN**
20 **ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF. IN**
21 **THE EVENT OF ANY INCONSISTENCY BETWEEN THIS**
22 **DISCLOSURE STATEMENT AND THE PLAN, THE PLAN WILL**
23 **CONTROL.**

24 **B. Sources of Information and Representations.**

25 This Disclosure Statement has not been subjected to a certified audit; however, it has
26 been prepared in part from information provided by the Debtors in these cases through its
filings, and by Claims and pleadings filed by other parties in interest, including, the Debtors'
statements and schedules, monthly operating reports, the *Disclosure Statement to*
Accompany Second Amended Chapter 11 Plan of Reorganization For Epicenter
Partners LLC and Gray Meyer Fannin LLC [Dkt. 280], attached hereto as Exhibit "B,"

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1 and the *Debtors' Disclosure Statement in Support of Chapter 11 Plan of Reorganization*
2 *for Sonoran Desert Land Investors LLC, East of Epicenter LLC, and Gray Phoenix*
3 *Desert Ridge II LLC as of February 7, 2017* [Dkt. 362], attached hereto as Exhibit "C".
4 Other information, specifically information regarding CPF's Claims against the Debtors,
5 was taken from CPF's business records maintained in the ordinary course of business or
6 from information received from the Debtors from third parties. Every effort has been made
7 to be as accurate as possible in the preparation of this Disclosure Statement.

8 This is a solicitation by CPF only and is not a solicitation by the Representatives of
9 CPF. No statement or information concerning the Debtors or their assets or securities is
10 authorized, other than as set forth in the Disclosure Statement. STATEMENTS MADE IN
11 THIS DISCLOSURE STATEMENT REGARDING THE FINANCIAL PERFORMANCE
12 AND PREPETITION AND POSTPETITION EVENTS OF THE DEBTORS ARE
13 REPRESENTATIONS OF THE DEBTORS ONLY. CPF'S REFERENCE TO OR
14 INCLUSION OF DOCUMENTS, REPORTS, PLEADINGS, PLANS, DISCLOSURE
15 STATEMENTS OR OTHER MATERIALS FILED IN THESE CASES BY THE
16 DEBTORS IS NOT AND SHALL NOT BE CONSTRUED AS AN ADOPTION BY CPF
17 OF ANY REPRESENTATIONS MADE BY OR POSITIONS TAKEN BY THE
18 DEBTORS IN THESE CASES OR OTHERWISE OR AS ANY TYPE OF ADMISSION
19 BY CPF. ANY SUCH MATERIALS ARE INCLUDED HEREIN SOLELY IN THE
20 INTEREST OF FULL DISCLOSURE REGARDING THE COMPETING AND
21 ADVERSARIAL POSITIONS ASSERTED BY VARIOUES PARTIES IN THESE
22 CASES, INCLUDING CPF AND THE DEBTORS. IN MOST CASES, CPF DISPUTES
23 THE STATEMENTS AND POSITIONS TAKEN BY THE DEBTORS IN THESE
24 CASES, IN PARTICULAR THE DEBTORS' ALLEGATIONS REGARDING THE
25 VALUE OF THE DR PROPERTY.

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1 **III.**
2 **BACKGROUND & EVENTS LEADING TO FILING**

3 **A. About CPF Vaseo Associates, LLC.**

4 CPF is a Delaware limited liability company. The members of CPF are CPF Desert
5 Ridge, LLC, which is an affiliate of Crown Realty & Development, Abrams Capital
6 Partners I, L.P., Abrams Capital Partners II, L.P., and Whitecrest Partners, LP, which are
7 affiliates of Abrams Capital.

8 Crown Realty & Development was established in 1994 by Robert Flaxman and
9 Jamie Sohacheski to apply intelligent real estate strategies with determined and reliable
10 execution. Headquartered in Costa Mesa, California and with offices in Beverly Hills,
11 Burbank and Scottsdale, Arizona, the firm's current portfolio exceeds 2.3 million square
12 feet of office, retail, multifamily and industrial projects, with a portfolio value approaching
13 \$600 million. Crown's real estate activities are focused in primary markets in California,
14 Arizona, Virginia, Idaho, and North Carolina.

15 Abrams Capital is a Boston-based investment firm founded in 1999 by David
16 Abrams. The firm's investment strategy is opportunistic and follows a fundamental, value-
17 oriented approach. Investments generally are made with a long-term time horizon and are
18 typically unlevered and long-biased. Abrams Capital and its affiliates have invested across
19 a wide spectrum of asset types, investment strategies, market sectors, market cycles and
20 industries. This spectrum includes, but is not limited to, domestic and foreign equity and
21 debt securities, distressed securities, and private and/or illiquid investments.

22 **B. The Debtors.**

23 The May Debtors and the July Debtors have filed competing plans of reorganization.
24 *See Disclosure Statement to Accompany Second Amended Chapter 11 Plan of*
25 *Reorganization For Epicenter Partners LLC and Gray Meyer Fannin LLC [Dkt. 280]*
26 for the Debtors' description of their background, the events the Debtors claim led to the EP
and GMF Chapter 11 filings, and the May Debtors' plan. *See Debtors' Disclosure*

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1 *Statement in Support of Chapter 11 Plan of Reorganization for Sonoran Desert Land*
2 *Investors LLC, East of Epicenter LLC, and Gray Phoenix Desert Ridge II LLC as of*
3 *February 7, 2017* [Dkt. 362] for the Debtors' description of their background, events the
4 Debtors claim led to the SDLI, GPDR II, and EoE Chapter 11 filings, and the July Debtors'
5 plan.

6 **C. The May Debtors.**

7 EP and GMF are the lessees under the Arizona State Land Department Commercial
8 Lease No. 003-052415-99, as amended (the "Core Lease") for the 96.5 Acre Parcels.
9 Pursuant to the Settlement Agreement, dated May 30, 2014 executed by and between ASLD
10 and the Debtors, and the May 30, 2014 letter from ASLD to EP and GMF, ASLD granted
11 EP and GMF an extension of time through July 7, 2017 at 4:30 p.m. to pay all rent, interest,
12 and penalties due under the Core Lease for the period of time beginning July 7, 2012 and
13 ending July 6, 2017 in the total amount of \$4,149,393.78. If the deferred lease payments
14 are not timely paid, the 96.5 Acre Lease will terminate.

15 The Debtors' rights under the Core Lease are subject to all recorded documents
16 affecting the 96.5 Acre Parcels, including, but not limited to: Declaration of Covenants,
17 Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument No. 94-
18 0106341, as amended; Declaration of Covenants, Conditions, Restrictions and Easements
19 for Desert Ridge Commercial Core, recorded as Instrument No. 2000-0555236, as
20 amended; Tract Declaration for Desert Ridge Commercial Core, recorded as Instrument No.
21 2000-0555237, as amended; Map of Dedication for City North, recorded as Instrument No.
22 2007-1180844; Mutual Easement Agreement, recorded as Instrument No. 2012-584410;
23 Access and Utility Easement Agreement, recorded as Instrument No. 2013-347897; various
24 Assignment Leases affecting property within the Desert Ridge Commercial Core; and Other
25 recorded documents affecting property with the Desert Ridge Master Planned Community
26 and the Desert Ridge Commercial Core.

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1 CPF holds first and prior, valid and perfected liens and security interests in the 96.5
2 Acre Parcels (and all rights of EP and GMF under the Core Lease), and all Declarant and
3 Master Developer Rights held by EP and GMF as security for debts totaling \$71,701,083,
4 as of December 31, 2016, plus accrued and accruing interest, attorneys' fees, and collection
5 costs recoverable by CPF under the terms of its loan documents. *See* Claim 10-1 filed by
6 CPF against EP in Case 2:16-bk-05493-MCW; Claim 1-1 filed by CPF against GMF, Case
7 2:16-bk-05494-MCW.

8 The Debtors claim that the 96.5 Acre Parcels are worth \$121,100,000 based on a
9 series of appraisals authored by Thomas Raynak of CBRE. Martori & Company, retained
10 by CPF to appraise the 96.5 Acre Parcels, concluded an "as is" value of \$54,000,000.

11 **D. The July Debtors.**

12 GPDR II is the lessee under the Arizona State Land Department Commercial Lease
13 No. 003-116780-99, as amended (the "20 Acre Lease") for the 20 Acre Parcel. Pursuant to
14 the Settlement Agreement, dated May 30, 2014 executed by and between ASLD and the
15 Debtors, and the May 29, 2014 letter from ASLD to GPDR II, ASLD granted GPDR II an
16 extension of time through July 7, 2017 at 4:30 p.m. to pay all rent, interest, and penalties
17 due under the 20 Acre Lease for the period of time beginning July 7, 2013 and ending July
18 6, 2017 in the total amount of \$691,589.85. If the deferred lease payments are not timely
19 paid, the 20 Acre Lease will terminate.

20 GPDR II's rights under the 20 Acre Lease are subject to all recorded documents
21 affecting the 20 Acre Parcel, including, but not limited to: Declaration of Covenants,
22 Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument No. 94-
23 0106341, as amended; Declaration of Covenants, Conditions, Restrictions and Easements
24 for Desert Ridge Commercial Core, recorded as Instrument No. 2000-0555236, as
25 amended; Tract Declaration for Desert Ridge Commercial Core, recorded as Instrument No.
26 2000-0555237, as amended; Map of Dedication for City North, recorded as Instrument No.

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1 2007-1180844; Mutual Easement Agreement, recorded as Instrument No. 2012-584410;
2 Access and Utility Easement Agreement, recorded as Instrument No. 2013-347897; various
3 Assignment Leases affecting property within the Desert Ridge Commercial Core; and Other
4 recorded documents affecting property with the Desert Ridge Master Planned Community
5 and the Desert Ridge Commercial Core.

6 On June 3, 2016, CPF acquired a loan in the original principal amount of \$3.7 million
7 made by Pacific Coach, Inc. to EoE (the “\$3.7 MM Loan”). The \$3.7 MM Loan is secured
8 by approximately 5.92 acres of fee simple land owned by EoE known as Parcel 2H, located
9 near the northeast corner of Highway 101 and 56th Street in Maricopa County, AZ (“Parcel
10 2H”) and any related leases and plans. CPF filed Claim No. 5-1 filed in the EOE case, 2:16-
11 bk-07660, on October 20, 2016, which reflects that, as of the petition date of the EOE case,
12 CPF was owed \$4,364,146.17 plus accrued and accruing interest, late fees, attorneys’ fees
13 and costs. As of October 31, 2016, the debt owed by EoE totaled \$4,714,065.75 plus
14 accrued and accruing interest, late fees, attorneys’ fees and costs. The interest per diem is
15 \$1,824.66, and the late fee per diem is \$1,500.

16 On June 3, 2016, CPF acquired a loan in the original principal amount of \$26.5
17 million made by Pacific Coach, Inc. to GPDR II and SDLI (the “\$26.5 MM Loan”). The
18 \$26.5 MM Loan is secured by senior liens on (a) a 20 acre portion of Desert Ridge Parcel
19 H-2, Superblock 5.A, leased by GPDR II (the “20 Acre Parcel”), and (ii) approximately
20 3.74 acres of fee simple property, owned by SDLI, located northeast of the intersection of
21 Camelback Road and Scottsdale Road in Maricopa County, AZ (the “Blue Sky Property”)
22 and any related leases and plans. The \$26.5 MM Loan also is secured by a *Second Deed of*
23 *Trust, Assignment of Rents, and Security Agreement*, dated December 10, 2014, and
24 recorded in the Official Records of Maricopa County Recorder as Instrument No.
25 20140812399, encumbering Parcel 2H.

26 CPF filed Claim 5-1 in the SDLI case, No. 2:16-bk-07659, and Claim 2-1 in the

1 GPRD II case, No. 2:16-bk-07661, which reflect that as of the petition date of the SDLI and
2 GPDR II cases, CPF was owed \$30,518,917.81 plus accrued and accruing interest, late fees,
3 attorneys' fees and costs. As of December 31, 2016, CPF is owed \$34,648,178, plus
4 accrued and accruing interest, attorneys' fees, and collection costs recoverable by CPF
5 under the terms of its loan documents.

6 The Debtors claim that the 20 Acre Parcel is worth \$27,300,000 based on a series of
7 appraisals authored by Thomas Raynak of CBRE (valuing the 20 Acre Parcel at a range of
8 \$18,100,000 - \$27,300,000, as of August 8, 2016). Martori & Company, retained by CPF
9 to appraise the 20 Acre Parcel, concluded an "as is" value of \$13,067,950.

10 **IV.**
11 **POSTPETITION PROCEEDINGS AND EVENTS**

12 **A. Summary Of Key Events Related To The Bankruptcy Cases.**

13 1. Ganymede Adversary (2:16-ap-00334-MCW).

14 On July 19, 2017, EP and GMF (the "May Debtors") filed a Complaint against CPF
15 initiating the Ganymede Adversary, which represents the May Debtors' attempt to unwind
16 litigation finance transactions entered into by well represented, sophisticated financial
17 parties over a course of four (4) years beginning in December 2009. In 2009, desiring
18 funding to continue his high-stakes litigation over the Desert Ridge property, that is the
19 subject of these Cases and the adversary proceeding, Bruce Gray negotiated with Ganymede
20 to provide immediate funding of \$6 million that was secured by a lien on the Litigation
21 Claim, proceeds of the Litigation Claim, and related assets pursuant to the "Security
22 Agreement and Collateral Assignment" dated as of 12/22/09. In exchange, the May Debtors
23 promised to reimburse the \$6 million advance and pay Ganymede up to 40% of the recovery
24 in the event Gray and the May Debtors were successful in their litigation.² That litigation,
25 funded by Ganymede, resulted in the May Debtors obtaining a \$6 million settlement in

26 _____
² Over time the original \$6.0 million advance was increased to \$6.775 million.
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1 May, 2010, from one defendant, and a \$110,658,800 judgment in October 2010 against the
2 remaining defendants.

3 Two and a half years after the judgment was entered, and more than 13 months after
4 Gray and the May Debtors settled the judgment in exchange for assignments of the lease
5 rights to the Secured Land and the Master Developer and Declarant Rights for Desert Ridge,
6 valued by the May Debtors at \$140 – 170 million, Ganymede remained unpaid. Finally, in
7 April 2013, Gray and the May Debtors agreed to settle the amounts owed to Ganymede
8 under the Forward Purchase Agreement. The parties agreed that the total amount owing
9 from the May Debtors to Ganymede was \$50,713,000 (inclusive of all interest, fees, costs,
10 and 40% of the litigation recovery); the May Debtors executed a promissory note payable
11 to Ganymede in that amount; and the May Debtors granted Ganymede a lien in the Secured
12 Land and Master Developer and Declarant Rights to secure the payment of the Liquidated
13 Sum.³ The May Debtors confirmed that they had no “existing claims, defenses, personal or
14 otherwise, or rights of setoff whatsoever” with respect to the Forward Purchase Agreement
15 and the Transaction Documents. And, the May Debtors expressly waived, released and
16 absolutely and forever discharged Ganymede from and any all claims as of the date of the
17 settlement.⁴

18 Ganymede agreed that the May Debtors would have until December 31, 2015 to pay
19 off the debt, with the ability to extend the maturity date by an additional year provided that
20 certain conditions were met related to progress in the development of the Secured Land or
21 pay down of the debt, and evidence that the value of the remaining Secured Land was
22 sufficient to provide an equity cushion equal to the remaining amounts owed to Ganymede

23 ³ The Forward Purchase Agreement contemplated repayment of Ganymede out of the proceeds of
24 the judgment obtained by the May Debtors against NPP. Because the judgment was resolved by a transfer
25 of NPP’s rights in the Secured Land and the Master Developer and Declarant Rights, the obligation of the
26 May Debtors under the Forward Purchase Agreement was resolved through the promissory note and lien
granted to Ganymede on the Secured Land and the Master Developer and Declarant Rights.

⁴ See Complaint, Exhibit 19.

1 as of the beginning of the extension period. Notably, Ganymede also heavily incentivized
2 Gray and the May Debtors to repay the debt sooner rather than later by offering steep
3 discounts in exchange for early payment. For example, the May Debtors could have paid
4 off the entire Ganymede debt on June 30, 2013 for \$18,439,000, approximately 36.4% of
5 the principal amount of the note.⁵

6 By December 31, 2015, six years after the initial Ganymede advance, and eighteen
7 months after the parties had settled the amounts owed to Ganymede under the Forward
8 Purchase Agreement, the May Debtors had made little to no progress in either developing
9 the Secured Land or paying down the debt. Instead, in the months leading up to the
10 December 31, 2015 maturity date, Gray did what he has done in virtually every commercial
11 transaction he has ever been involved with; he began threatening litigation in an attempt to
12 bully Ganymede into further concessions. Rather than submit to Gray's bullying tactics,
13 after the May Debtors defaulted on December 31, 2015, Ganymede initiated foreclosure
14 proceedings and eventually sold its note and deed of trust to CPF, along with the STB Note
15 and STB DOT representing an additional \$2,956,703.66 of unpaid attorneys' fees and costs
16 the May Debtors still owed from the litigation settled in May 2012.

17 The May Debtors now claim in the Ganymede Adversary (without specificity) that
18 Ganymede somehow coerced Gray into accepting its money, that each of the 15 plus
19 transaction documents executed by Gray and the May Debtors over the course of 4 years
20 were contracts of adhesion, and that when the May Debtors settled the amounts owed to
21 Ganymede and granted Ganymede security interests in the Secured Land and Master
22 Developer and Declarant Rights, the Debtors intended to hinder, delay, or defraud their
23 other creditors. Even more egregious, the May Debtors claim, is that Ganymede eventually
24 sold its note and deed of trust to CPF. Based on this "egregious" conduct by Ganymede,

25 _____
26 ⁵ *Id.* Exhibit A to the 4/22/2013 Agreement reflects the agreed upon quarterly Discounted Payment
Amounts, ranging from \$15,500,000 on September 30, 2012 to \$37,612,000 on December 31, 2015. See
Complaint Exhibit 19, at page 13.

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1 the May Debtors ask the Court to avoid the liens securing CPF's claims, equitably
2 subordinate CPF's claims and transfer its liens to the bankruptcy estates, and recharacterize
3 CPF's claims as equity.

4 Following oral argument on October 5, 2016, the Court granted CPF's motion to
5 dismiss the complaint for failure to state a claim upon which relief may be granted, but
6 authorized the May Debtors to file an amended complaint. [Adv. Dkt. 51]. The May
7 Debtors' filed an amended complaint on November 28, 2016. [Adv. Dkt. 60]. The amended
8 complaint suffers from all of the same deficiencies as the original complaint, and fails to
9 state a claim upon which relief may be granted. A hearing on CPF's motion to dismiss the
10 amended complaint was held on February 2, 2017. The Court took the matter under
11 advisement. Additional information regarding the Ganymede Adversary can be found on
12 Pacer:

13 https://ecf.azb.uscourts.gov/cgi-bin/DktRpt.pl?368948727314145-L_1_0-1

14 2. Injunction Adversary (2:16-ap-00343-MCW).

15 On June 14, 2016, CPF initiated *CPF Vaseo Associates, LLC v. Bruce W. Gray and*
16 *Barbara Gray*, Case No. CV2016-008390 (the "Guarantor Action") currently pending in
17 the Maricopa County Superior Court (the "State Court") by filing a Verified Complaint
18 against Bruce Gray and Barbara Gray. The Verified Complaint includes two claims for
19 relief. The first claim for relief, against Gray only, is for breach of a Continuing Guaranty
20 executed by Gray on September 16, 2014 to induce Pacific Coach, Inc. to make a
21 \$3,700,000 loan to EOE. The loan originally was set to mature on March 16, 2015, but was
22 extended to March 16, 2016. EOE failed to repay the loan at maturity, and despite demand,
23 Gray refused to honor the Continuing Guaranty. CPF purchased the loan from Pacific
24 Coach, Inc. on June 3, 2016. The second claim for relief is against Bruce and Barbara Gray
25 for breach of a Continuing Guaranty executed by the Grays on December 9, 2014 to induce
26 Pacific Coach, Inc. to make a \$26,500,000 loan to SDLI and GPDR II. The loan matured

1 on June 9, 2016, but SDLI and GPDR II failed to repay the loan at maturity and despite
2 demand, the Grays have refused to honor the Continuing Guaranty. CPF purchased the loan
3 from Pacific Coach, Inc. on June 3, 2016.

4 On July 13, 2016, CPF filed an *Application for Order Authorizing Provisional*
5 *Remedies With Notice* (the “Provisional Remedy Application”) in the Guarantor Action
6 asking the State Court to allow CPF to pursue pre-judgment collection activity against the
7 Grays, including non-earnings garnishments, applications for charging orders, and
8 attachments. CPF also seeks the ability to pursue pre-judgment discovery regarding the
9 Gray’s non-exempt assets in an effort to locate assets that may be available to satisfy CPF’s
10 claims and future judgment against the Grays on their personal guaranties.

11 The July Debtors’ cases were filed on July 6, 2016 (the “Petition Date”). On July
12 21, 2016, the Debtors, East of Epicenter, LLC and Sonoran Desert Land Investors, LLC
13 filed a Complaint against CPF initiating the Injunction Adversary and asking the Court to
14 enter a stay or injunction to prevent CPF from pursuing the Guarantor Action against the
15 Grays. [Adv. Dkt. 1]. On July 28, 2016, over CPF’s objection, the Court entered a
16 temporary stay prohibiting CPF from pursuing any action against the Grays on the personal
17 guaranties. [Adv. Dkt. 24]. The Court’s order also prohibited the Grays from transferring
18 or encumbering any of their assets outside of the ordinary course of business. The Grays,
19 through their counsel, stipulated and agreed that: “they shall not transfer or encumber any
20 property without further court order.”

21 The Court’s 7/28/2016 ME Order was reduced to a formal order on August 15, 2016,
22 the form of which was approved in advance by Grays’ personal counsel. *See* Adv. Dkt. 35.
23 Paragraph 4 of the Injunction Order expressly states that: “The Grays shall not transfer,
24 encumber, or otherwise dispose of any personal assets outside of the ordinary course absent
25 further order of the Court.” And, ¶ 5 of the Injunction Order required the Grays to:
26 “...provide the Unsecured Creditors’ Committee with a current financial statement showing

1 all assets and liabilities of the Grays.” The purpose of the requirement was to provide a
2 means for determining the Grays’ compliance with the Injunction Order.

3 Following an October 31, 2016 trial in the Injunction Adversary, the Grays violated
4 the Court’s Injunction Order by selling Gray’s property located at 5315 E. Solano Dr.,
5 Paradise Valley, AZ 85253 for \$3,200,000. Barbara Gray was the listing agent for the sale
6 and aided and abetted Gray in violating the Injunction Order. Following a hearing on
7 January 20, 2017, the Court held Bruce and Barbara Gray in contempt for violating the
8 Injunction Order, immediately terminated the injunction, and sanctioned the Grays.
9 Additional information regarding the Injunction Adversary can be found on Pacer:

10 https://ecf.azb.uscourts.gov/cgi-bin/DktRpt.pl?104017810832107-L_1_0-1

11 3. Lien Avoidance Adversary (2:16-ap-00395-MCW).

12 On August 16, 2016, the May Debtors filed a complaint against CPF initiating the
13 Lien Avoidance Adversary, and asking the Court to avoid a duly executed and recorded
14 *Assignment of Rights as Master Developer and Declarant* (the “Collateral Assignment”)
15 executed and delivered by the May Debtors to Ganymede, as additional security for the
16 Ganymede debt. The May Debtors allege that the Court should avoid the security interest
17 they granted to Ganymede and Simpson Thatcher & Bartlett LLP (“STB”), later assigned
18 by Ganymede to CPF, in all of the May Debtors’ rights as “Master Developer” and
19 “Declarant” under the Master CC&Rs for Desert Ridge Master Planned Community,
20 because the Arizona State Land Department (“ASLD”) allegedly did not pre-approve CPF
21 as Master Declarant in the event that CPF foreclosed its Deed of Trust and the Collateral
22 Assignment. CPF contends that the Collateral Assignments are properly perfected and
23 unavoidable, and that ASLD approval of CPF as Master Developer is not necessary or
24 appropriate unless and until CPF becomes the lessee under the Desert Ridge Commercial
25 Core lease.

26 CPF filed a motion to dismiss the Lien Avoidance Adversary with prejudice. The

1 Court heard oral argument on November 9, 2016, and then took the matter under
2 advisement. Additional information on the Lien Avoidance Adversary is available on
3 Pacer: https://ecf.azb.uscourts.gov/cgi-bin/DktRpt.pl?105460982025549-L_1_0-1

4 4. The May Debtors' Plan.

5 The May Debtors' cases were filed on May 16, 2016. On August 12, 2016, the May
6 Debtors filed their original joint plan of reorganization. [Dkt. 87]. The May Debtors' partial
7 dirt for debt plan proposed to satisfy CPF's secured claims based on a judicial determination
8 of the value of CPF's collateral, as of the effective date of the Plan, and a transfer of a
9 portion of that collateral to CPF at some unknown date in the future (estimated by the May
10 Debtors to be 2 – 3 years post-confirmation). No disclosure statement was filed by the May
11 Debtors at the time that they filed their original plan.

12 On August 29, 2016, CPF filed its *Motion for Relief from the Automatic Stay with*
13 *Respect to All Collateral Securing CPF's Secured Claims* [Dkt. 113]. CPF asked the Court
14 to grant CPF relief from all applicable stays and injunctions, including the automatic stay
15 of 11 U.S.C. § 362(a), pursuant to 11 U.S.C. § 362(d)(3), based on the fact that the May
16 Debtors failed to either file a plan that had a reasonable likelihood of being confirmed within
17 a reasonable time or begin making interest payments to CPF within 90 days of the petition
18 date. Among other things, CPF argued that, based on *In re Arnold & Baker Farms*, 85 F.3d
19 1415 (9th Cir. 1996) and related cases, the Court's judicial valuation of the May Debtors'
20 property based on disputed and widely varying appraisal evidence, cannot provide the
21 absolute certainty required to establish indubitable equivalence, and therefore, the May
22 Debtors' Plan was unconfirmable on its face. *See* Dkt. 170, pp. 5-9.

23 Two days after the CPF stay relief motion was filed, on August 31, 2016, the May
24 Debtors filed a disclosure statement, but didn't bother to obtain a hearing date. [Dkt. 128].
25 On September 9, 2016, the May Debtors noticed a disclosure statement hearing for October
26 18, 2016. [Dkt. 137]. On October 17, 2016, the day before the hearing on the CPF stay

1 relief motion and the May Debtors' disclosure statement, the May Debtors filed a statement
2 of position effectively withdrawing the existing plan and stating that an amended plan and
3 disclosure statement would be filed based on negotiations with the Committee. [Dkt. 190].

4 On October 18, 2016, the Court set October 28, 2016 as the deadline for the May
5 Debtors to file an amended plan and disclosure statement, and took the CPF stay relief
6 motion under advisement. On October 28, 2016, the May Debtors filed an amended plan
7 and disclosure statement. [Dkt. 206 – 209]. Like the original plan, the amended plan
8 proposes to satisfy CPF's secured claims through a judicial valuation of CPF's collateral
9 and a surrender of a portion of CPF's collateral to it at some unknown future date. *See* Dkt.
10 206, pp. 14-17, §§ 4.2 and 4.3. And, the amended plan suffers from many of the same other
11 defects of the original plan, including improper classification of claims, improper
12 substantive consolidation of the May Debtors, and other defects discussed in the CPF stay
13 relief motion.

14 At the request of the Debtors, the Court scheduled an evidentiary hearing for
15 February 8 – 10, 2017 to (a) determine the value of the 96.5 Acre Parcels and the 20 Acre
16 Parcel, and (b) determine if the May Debtors' plan provides CPF with the indubitable
17 equivalent of its secured claims. The Court is holding its ruling on CPF's stay relief motion
18 in abeyance pending the outcome of the valuation/indubitable equivalence hearing.

19 5. The July Debtors' Plan.

20 The July Debtors' cases were filed on July 6, 2016. On October 4, 2016, the July
21 Debtors filed a joint plan of reorganization. [Dkt. 169]. Much like the plan proposed by
22 the May Debtors, the July Debtors' plan is a partial dirt for debt plan, and is unconfirmable
23 on its face. The July Debtors propose a judicial valuation of CPF's collateral and then
24 satisfaction of CPF's secured claims through a combination of either (i) a sale of the Blue
25 Sky Property plus a surrender of a portion of Parcel 2H to CPF, or (ii) if the Blue Sky sale
26 fails to close, a surrender of some combination of portions of the Blue Sky Property, Parcel

1 2H, and/or Parcel 5A to CPF. See Dkt. 169, pp. 11 – 12, §§ 4.2 and 4.3. The July Debtors’
2 plan materially increases CPF’s risk and is unconfirmable on its face.

3 On November 23, 2016, CPF filed a stay relief motion with respect to the July
4 Debtors. [Dkt. 237]. CPF contends that it is entitled to immediate stay relief under each
5 independent basis for relief provided under Bankruptcy Code §§ 362(d)(1), (2), and (3).
6 The Court is holding is ruling on CPF’s stay relief motion in abeyance pending the outcome
7 of the valuation/indubitable equivalence hearing.

8 6. The Debtors’ Operating Results.

9 None of the Debtors generate any revenue and are unable to pay their normal
10 operating expenses, interest payments to CPF, lease payments to ASLD or any other
11 reorganization expenses. More information regarding the Debtors’ operations can be
12 obtained by viewing the Debtors’ monthly operating reports on Pacer.

13 7. Claims Against The Debtors.

14 a. ASLD Deferred Lease Payments. The May Debtors owe ASLD
15 deferred lease payments totaling \$4,149,393.78 for the period of time beginning July
16 7, 2012 and ending July 6, 2017. If the deferred lease payments are not timely paid
17 by July 7, 2017 at 4:30 p.m., the 96.5 Acre Lease will terminate. GPDR II owes
18 ASLD deferred lease payments totaling \$691,589.85 for the period of time beginning
19 July 7, 2013 and ending July 6, 2017. If the deferred lease payments are not timely
20 paid by July 7, 2017 at 4:30 p.m., the 20 Acre Lease will terminate.

21 b. CPF Secured Claims. As of December 31, 2016, the May Debtors
22 owed CPF at least \$71,701,083, plus accrued and accruing interest, attorneys’ fees
23 and collection costs. Interest continues to accrue and compound monthly. As of
24 December 31, 2016, GPDR II and SDLI owed CPF at least \$34,648,178, plus
25 accrued and accruing interest, late fees, attorneys’ fees, and collection costs. As of
26 December 31, 2016, EoE owed CPF \$4,959,260 plus accrued and accruing interest,

1 late fees, attorneys' fees, and collection costs.

2 c. Other Claims. Copies of the current Claims Registers for EP, GMF,
3 SDLI, EoE, and GPDR II are attached hereto as Exhibits D - H.

4 MORE DETAILED AND UPDATED INFORMATION REGARDING POST-
5 PETITION EVENTS IN THE BANKRUPTCY CASE, AND CLAIMS ASSERTED
6 AGAINST THE DEBTORS CAN BE OBTAINED BY ACCESSING THE DOCKET IN
7 THE BANKRUPTCY CASE ON PACER.

8 **V.**
9 **SUMMARY OF THE PLAN**

10 The following provides a summary of the overall structure and classification of
11 claims against or interests in the Debtors and is qualified in its entirety by reference to the
12 Plan, which is attached as Exhibit "A". The statements in this Disclosure Statement include
13 summaries of the provisions contained in the Plan. This summary does not purport to be a
14 complete statement of all terms in the Plan, and reference is made to the Plan for the full
15 and complete statement of such terms. The Plan controls the treatment of Claims against
16 and Equity Security Interests in the Debtors. Where Claims are divided into subclasses in
17 the Plan, each subclass will be considered to be a separate class for all confirmation
18 purposes, including treatment and voting on the Plan.

19 **A. Classification Of Claims And Equity Security Interests**

20 The Plan classifies Claims and Equity Security Interests in various Classes according
21 to their right to priority of payments as provided in the Bankruptcy Code. The Plan states
22 whether each Class of Claims or Equity Security Interests are impaired or unimpaired. The
23 Plan provides the treatment each Class will receive under the Plan. In accordance with the
24 requirements of the Bankruptcy Code, Allowed Administrative Expense Claims and
25 Priority Tax Claims are not set forth in Classes and are not entitled to vote on the Plan. The
26 Allowed Claims against the Debtors' Estates are divided into the following classes:

1. Class 1 (Secured Tax Claims). Class 1 consists of any Secured Tax Claims

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1 filed by the Maricopa County Treasurer against the Debtors.

2 a. Class 1.1 (Secured Tax Claims Against EP). Class 1.1 consists of any
3 Secured Tax Claims filed against EP.

4 b. Class 1.2 (Secured Tax Claims Against SDLI). Class 1.2 consists of
5 any Secured Tax Claims filed against SDLI.

6 c. Class 1.3 (Secured Tax Claims Against EoE). Class 1.3 consists of
7 any Secured Tax Claims filed against EoE.

8 2. Class 2 (CPF Secured Claims). Class 2 consists of CPF's Secured Claims
9 against the Debtors.

10 a. Class 2.1 (CPF Secured Claims against EP and GMF). Class 2.1
11 consists of CPF's Secured Claims against EP and GMF.

12 b. Class 2.2 (CPF Secured Claim against GPDR II and SDLI). Class 2.2
13 consists of CPF's Secured Claims against GPDR II and SDLI.

14 c. Class 2.3 (CPF Secured Claim against EoE). Class 2.3 consists of
15 CPF's Secured Claim against EoE.

16 3. Class 3 (DRCA Secured Claim). Class 3 consists of the Secured Claim of
17 DRCA against EoE.

18 4. Class 4 (Non-Insider Unsecured Claims). Class 3 consists of any Non-Insider
19 Unsecured Claims against the Debtors existing as of the Confirmation Date.

20 a. Class 4.1 (EP Non-Insider Unsecured Claims). Class 4.1 consists of
21 all Non-Insider Unsecured Claims against EP.

22 b. Class 4.2 (GMF Non-Insider Unsecured Claims). Class 4.2 consists
23 of all Non-Insider Unsecured Claims against GMF.

24 c. Class 4.3 (SDLI Non-Insider Unsecured Claims). Class 4.3 consists
25 of all Non-Insider Unsecured Claims against SDLI.

26 d. Class 4.4 (EoE Non-Insider Unsecured Claims). Class 4.4 consists of

1 all Non-Insider Unsecured Claims against EoE.

2 e. Class 4.5 (GPDR II Non-Insider Unsecured Claims). Class 4.5
3 consists of all Non-Insider Unsecured Claims against GPDR II.

4 5. Class 5 (Insider Unsecured Claims). Class 5 consists of any Insider
5 Unsecured Claims against the Debtors existing as of the Confirmation Date.

6 a. Class 5.1 (EP Insider Unsecured Claims). Class 5.1 consists of all
7 Insider Unsecured Claims against EP.

8 b. Class 5.2 (GMF Insider Unsecured Claims). Class 5.2 consists of all
9 Insider Unsecured Claims against GMF.

10 c. Class 5.3 (SDLI Insider Unsecured Claims). Class 5.3 consists of all
11 Insider Unsecured Claims against SDLI.

12 d. Class 5.4 (EoE Insider Unsecured Claims). Class 5.4 consists of all
13 Insider Unsecured Claims against EoE.

14 e. Class 5.5 (GPDR II Insider Unsecured Claims). Class 5.5 consists of
15 all Insider Unsecured Claims against GPDR II.

16 6. Class 6 (Equity Security Interests). Class 6 consists of the Equity Security
17 Interests in each of the Debtors.

18 a. Class 6.1 (EP Equity Security Interests). Class 6.1 consists of all
19 Equity Security Interests in EP.

20 b. Class 6.2 (GMF Equity Security Interests). Class 6.2 consists of all
21 Equity Security Interests in GMF.

22 c. Class 6.3 (SDLI Equity Security Interests). Class 6.3 consists of all
23 Equity Security Interests in SDLI.

24 d. Class 6.4 (EoE Equity Security Interests). Class 6.4 consists of all
25 Equity Security Interests in EoE.

26 e. Class 6.5 (GPDR II Equity Security Interests). Class 6.5 consists of

1 all Equity Security Interests in GPDR II.

2 7. Class 7 (Emerald Equities Claim). Class 7 consists of the Claim asserted by
3 Emerald Equities against EP and SDLI.

4 **B. Summary of Treatment Of Claims Not Impaired Under The Plan.**

5 1. Every Creditor holding an Allowed Administrative Claim against the Debtors
6 will be paid, in full satisfaction of their Allowed Claim: (a) fully and in Cash on or before
7 ten (10) Business Days after the Effective Date if the Claim is then an Allowed Claim; (b)
8 fully and in Cash within ten (10) Business Days after the entry of a Final Order allowing
9 the Claim, if the Claim is not an Allowed Claim as of the Effective Date; (c) as otherwise
10 agreed in writing by the Creditor holding the Allowed Administrative Claim and the
11 Reorganized Debtors; or (d) as otherwise ordered by the Bankruptcy Court. “Allowed
12 Administrative Expense Claim” shall not, for any purpose under the Plan, include interest
13 on such Administrative Expense Claim from and after the Petition Date. Requests for
14 allowance and payment of Administrative Expenses must be filed and served no later than
15 thirty (30) days after the Effective Date. Administrative Claims are unimpaired pursuant to
16 the Plan and votes to accept or reject the Plan will not be solicited from Creditors holding
17 Administrative Claims.

18 2. Objections. Notwithstanding any other provision of the Plan to the contrary,
19 any objections to motions or applications seeking the allowance and payment of
20 Administrative Expense Claims, including Professional Fee Claims, must be filed and
21 served within the normal time limits established by the Federal Rules of Bankruptcy
22 Procedure and the Local Rules of Bankruptcy Procedure for the District of Arizona, or as
23 otherwise ordered by the Bankruptcy Court. CPF shall be entitled to object to any
24 Administrative Expense Claims, including Professional Fee Claims.

25 3. U.S. Trustee Fees. All fees payable pursuant to section 1930 of Title 28 of
26 the United States Code, as determined by the Bankruptcy Court at the Confirmation

1 Hearing, shall be paid on the Effective Date, or as due in the normal course of billing and
2 payment. The Reorganized Debtors shall be responsible for timely payment of fees incurred
3 pursuant to 28 U.S.C. § 1930(a)(6). The Reorganized Debtors shall file with the Bankruptcy
4 Court, and serve on the United States Trustee, a quarterly financial report for each quarter
5 (or portion thereof) that the cases remain open in a format prescribed by the United States
6 Trustee and provided to the Reorganized Debtors by the United States Trustee, and shall
7 pay such quarterly fees as become due for each quarter post-confirmation that the cases
8 remain open. No motion or application is required to fix fees payable to the Clerks' Office
9 or the Office of the United States Trustee, as those fees are determined by statute.

10 4. Priority Tax Claims. Priority Tax Claims are certain pre-Petition Date
11 unsecured income, employment and other taxes described by Section 507(a)(8) of the
12 Bankruptcy Code. Holders of Allowed Priority Tax Claims will be paid in full and in cash
13 within five (5) years of the Petition Date through regular equal monthly installments of
14 principal and interest. Priority Tax Claims will be allowed in the principal amount of the
15 tax due as of the Petition Date, with interest at the applicable statutory rate from the
16 Effective Date in accordance with section 511 of the Bankruptcy Code. No amounts
17 attributable to penalties imposed or sought to be imposed by holders of Priority Tax Claims
18 will be paid. Priority Tax Claims are unimpaired pursuant to the Plan and votes to accept
19 or reject the Plan will not be solicited from Creditors holding Priority Tax Claims.

20 **C. Summary of Treatment Of Claims Impaired Under The Plan**

21 1. Class 1 (Secured Tax Claims). Class 1 consists of any Secured Tax Claims
22 filed by the Maricopa County Treasurer against the Debtors.

23 a. Class 1.1 (Secured Tax Claims Against EP). Class 1.1 consists of the
24 Secured Tax Claims filed by the Maricopa County Treasurer against EP. The holder
25 of the Class 1.1 Secured Tax Claim shall retain its Lien in its prepetition Collateral.

26 The holder of the Class 1.1 Secured Tax Claim shall be paid, in full satisfaction of

1 the Allowed amount of such Class 1.1 Secured Tax Claim, with interest at the
2 applicable statutory rate in accordance with section 511 of the Bankruptcy Code: (a)
3 fully and in Cash on or before ten (10) Business Days after the Effective Date if the
4 Claim is then an Allowed Claim; (b) fully and in Cash within ten (10) Business Days
5 after the entry of a Final Order allowing the Claim, if the Claim is not an Allowed
6 Claim as of the Effective Date; (c) as otherwise agreed in writing by the Creditor
7 holding the Class 1.1 Secured Tax Claim and the Reorganized Debtors; or (d) as
8 otherwise ordered by the Bankruptcy Court. Upon the payment in full of the
9 Allowed amount of the Class 1.1 Secured Tax Claim, the statutory Lien securing
10 such Claim shall be deemed extinguished. The Class 1.1 Secured Tax Claim is
11 impaired under the Plan, and the holder is entitled to vote to accept or reject the Plan.

12 b. Class 1.2 (Secured Tax Claims Against SDLI). Class 1.2 consists of
13 the Secured Tax Claims filed by the Maricopa County Treasurer against SDLI. The
14 holder of the Class 1.2 Secured Tax Claim shall retain its Lien in its prepetition
15 Collateral. The holder of the Class 1.2 Secured Tax Claim shall be paid, in full
16 satisfaction of the Allowed amount of such Class 1.1 Secured Tax Claim, with
17 interest at the applicable statutory rate in accordance with section 511 of the
18 Bankruptcy Code: (a) fully and in Cash on or before ten (10) Business Days after the
19 Effective Date if the Claim is then an Allowed Claim; (b) fully and in Cash within
20 ten (10) Business Days after the entry of a Final Order allowing the Claim, if the
21 Claim is not an Allowed Claim as of the Effective Date; (c) as otherwise agreed in
22 writing by the Creditor holding the Class 1.2 Secured Tax Claim and the
23 Reorganized Debtors; or (d) as otherwise ordered by the Bankruptcy Court. Upon
24 the payment in full of the Allowed amount of the Class 1.2 Secured Tax Claim, the
25 statutory Lien securing such Claim shall be deemed extinguished. The Class 1.2
26 Secured Tax Claim is impaired under the Plan, and the holder is entitled to vote to

1 accept or reject the Plan.

2 c. Class 1.3 (Secured Tax Claims Against EoE). Class 1.3 consists of the
3 Secured Tax Claims filed by the Maricopa County Treasurer against EoE. The
4 holder of the Class 1.3 Secured Tax Claim shall retain its Lien in its prepetition
5 Collateral. The holder of the Class 1.3 Secured Tax Claim shall be paid, in full
6 satisfaction of the Allowed amount of such Class 1.3 Secured Tax Claim, with
7 interest at the applicable statutory rate in accordance with section 511 of the
8 Bankruptcy Code: (a) fully and in Cash on or before ten (10) Business Days after the
9 Effective Date if the Claim is then an Allowed Claim; (b) fully and in Cash within
10 ten (10) Business Days after the entry of a Final Order allowing the Claim, if the
11 Claim is not an Allowed Claim as of the Effective Date; (c) as otherwise agreed in
12 writing by the Creditor holding the Class 1.3 Secured Tax Claim and the
13 Reorganized Debtors; or (d) as otherwise ordered by the Bankruptcy Court. Upon
14 the payment in full of the Allowed amount of the Class 1.3 Secured Tax Claim, the
15 statutory Lien securing such Claim shall be deemed extinguished. The Class 1.3
16 Secured Tax Claim is impaired under the Plan, and the holder is entitled to vote to
17 accept or reject the Plan.

18 2. Class 2 (CPF Secured Claims). Class 2 consists of CPF's Secured Claims
19 against the Debtors.

20 a. Class 2.1 (CPF Secured Claims against EP and GMF). Class 2.1
21 consists of CPF's Secured Claims against EP and GMF. The Class 2.1 CPF Secured
22 Claims shall be deemed to be Allowed Claims for all purposes under the Plan in the
23 amount set forth in CPF's Claim 10-1 filed against EP and Claim 1-1 filed against
24 GMF, plus all accrued post-petition interest, at the rates set forth in CPF's Claims
25 and underlying loan documents. On account of, and in settlement of, the Class 2.1
26 CPF Secured Claims, and in consideration of all of the benefits provided by CPF

1 under the Plan, on the Effective Date, CPF shall receive 100% of the new Equity
2 Security Interests in the EP and GMF, as reorganized under the Plan. The Class 2.1
3 CPF Secured Claims are impaired under the Plan, and the holder is entitled to vote
4 to accept or reject the Plan.

5 b. Class 2.2 (CPF Secured Claim against GPDR II and SDLI). Class 2.2
6 consists of CPF's Secured Claims against GPDR II and SDLI. The Class 2.2 CPF
7 Secured Claims shall be deemed to be Allowed Claims for all purposes under the
8 Plan in the amount set forth in CPF's Claim 5-1 filed against SDLI and Claim 2-1
9 filed against GPDR II, plus all accrued post-petition interest at the default rate set
10 forth in CPF's proofs of claim and underlying loan documents. On account of, and
11 in settlement of, the Class 2.2 CPF Secured Claims, and in consideration of all of the
12 benefits provided by CPF under the Plan, on the Effective Date, CPF shall receive
13 100% of the new Equity Security Interests in SDLI and GPDR II, as reorganized
14 under the Plan. Nothing in this Section 6.2.2 or any other provision of the Plan shall
15 release, reduce or impair, or be deemed to have released, reduced, or impaired, CPF's
16 separate and independent rights and Claims against Bruce Gray or Barbara Gray
17 under their continuing guaranty. Similarly, nothing in this Section 6.2.2 or any other
18 provision of the Plan shall release, reduce or impair, or be deemed to have released,
19 reduced, or impaired any rights, Claims or defenses that Bruce Gray or Barbara Gray
20 may have with respect to CPF and their related continuing guaranty. The Class 2.2
21 CPF Secured Claims are impaired under the Plan, and the holder is entitled to vote
22 to accept or reject the Plan.

23 c. Class 2.3 (CPF Secured Claim against EoE). Class 2.3 consists of
24 CPF's Secured Claim against EoE. The Class 2.3 CPF Secured Claim shall be
25 deemed to be Allowed Claims for all purposes under the Plan in the amount set forth
26 in CPF's Claim 5-1 filed against EoE, plus all accrued post-petition interest at the

1 default rate set forth in CPF's proofs of claim and underlying loan documents. On
2 account of, and in settlement of, the Class 2.3 CPF Secured Claims, and in
3 consideration of all of the benefits provided by CPF under the Plan, on the Effective
4 Date, CPF shall receive 100% of the new Equity Security Interests in EoE, as
5 reorganized under the Plan. Nothing in this Section 6.2.3 or any other provision of
6 the Plan shall release, reduce or impair, or be deemed to have released, reduced, or
7 impaired, CPF's separate and independent rights and Claim against Bruce Gray
8 under his continuing guaranty. Similarly, nothing in this Section 6.2.3 or any other
9 provision of the Plan shall release, reduce or impair, or be deemed to have released,
10 reduced, or impaired any rights, Claims or defenses that Bruce Gray may have with
11 respect to CPF or his related continuing guaranty. The Class 2.3 CPF Secured Claim
12 is impaired under the Plan, and the holder is entitled to vote to accept or reject the
13 Plan.

14 3. Class 3 (DRCA Secured Claim). Class 3 consists of the Secured Claim of
15 DRCA against EoE. DRCA shall retain its prepetition liens in its Collateral to the same
16 extent, validity and priority as existed on the Petition Date. In full satisfaction of the
17 Allowed amount, if any, of its Class 3 Secured Claim, DRCA shall be paid the Allowed
18 Amount of the Class 3 Secured Claim in twelve equal monthly installments of principal and
19 interest, at the rate set forth in the Declaration of Covenants, Conditions, Restrictions, and
20 Easements for Desert Ridge, as amended, beginning on the first Business Day of the first
21 calendar month following the Effective Date, or as otherwise agreed by CPF and DRCA.
22 No post-petition late fees or other penalties will be paid. The Class 3 Secured Claim is
23 impaired, and holders shall be entitled to vote to accept or reject the Plan.

24 4. Class 4 (Non-Insider Unsecured Claims). Class 4 consists of all Non-Insider
25 Unsecured Claims against the Debtors existing as of the Confirmation Date in sub-Classes
26 4.1, 4.2, 4.3, 4.4, and 4.5. Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured Claims

1 are impaired, and holders shall be entitled to vote to accept or reject the Plan.

2 a. Holders of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider
3 Unsecured Claims shall receive their Pro Rata share of the Unsecured Creditor
4 Dividend Fund (including certain post-Effective Date Avoidance Action recoveries
5 (if any) as described in Section 8.4 below) on a *pari passu* basis with all other holders
6 of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured Claims. The
7 Creditor Disbursing Agent will make an initial distribution of 50% of the Unsecured
8 Creditor Dividend Fund to holders of Allowed Non-Insider Unsecured Claims 60
9 days after the Effective Date, subject to the requirement of the Creditor Disbursing
10 Agent to keep appropriate reserves from such distribution for Disputed Claims.
11 Future distributions will be from time-to-time in the discretion of the Post-Effective
12 Date Committee until all Allowed Non-Insider Unsecured Claims have been paid in
13 accordance with the terms of this Section 6.4.1.

14 b. Notwithstanding the foregoing, if the Bankruptcy Court finds and
15 concludes at the Confirmation Hearing that the proposed treatment of Insider
16 Unsecured Claims stated in Section 6.5.1 of the Plan unfairly discriminates against
17 holders of Insider Unsecured Claims or otherwise renders the Plan unconfirmable,
18 then holders of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured
19 Claims will receive the following treatment: Holders of Allowed Class 4.1, 4.2, 4.3,
20 4.4, and 4.5 Non-Insider Unsecured Claims shall receive their Pro Rata share of the
21 Unsecured Creditor Dividend Fund (including certain post-Effective Date
22 Avoidance Action recoveries (if any) as described in Section 8.4 below) on a *pari*
23 *passu* basis with all other holders of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-
24 Insider Unsecured Claims and all holders of Allowed Class 5.1, 5.2, 5.3, 5.4, and 5.5
25 Insider Unsecured Claims. The Creditor Disbursing Agent will make an initial
26 distribution of 50% of the Unsecured Creditor Dividend Fund to holders of Allowed

1 Non-Insider Unsecured Claims and Allowed Insider Unsecured Claims 60 days after
2 the Effective Date, subject to the requirement of the Creditor Disbursing Agent to
3 keep appropriate reserves from such distribution for Disputed Claims. Future
4 distributions will be from time-to-time in the discretion of the Post-Effective Date
5 Committee until all Allowed Non-Insider Unsecured Claims and Allowed Insider
6 Unsecured Claims have been paid in accordance with the terms of this Section 6.4.2.

7 5. Class 5 (Insider Unsecured Claims). Class 5 consists of all Insider Unsecured
8 Claims against the Debtors existing as of the Confirmation Date in sub-Classes 5.1, 5.2, 5.3,
9 5.4 and 5.5. Holders of Class 5.1, 5.2, 5.3, 5.4 and 5.5 Insider Unsecured Claims are deemed
10 to have rejected the Plan. No votes will be solicited from holders of Class 5.1, 5.2, 5.3, 5.4
11 and 5.5 Insider Unsecured Claims.

12 a. Holders of Class 5.1, 5.2, 5.3, 5.4 and 5.5 Insider Unsecured Claims
13 will not receive or retain any property interests or other recovery under the Plan on
14 account of their prepetition Claims against the Debtors.

15 b. Notwithstanding the foregoing, if the Bankruptcy Court finds and
16 concludes at the Confirmation Hearing that the proposed treatment of Allowed
17 Insider Unsecured Claims stated in Section 6.5.1 unfairly discriminates or otherwise
18 renders the Plan unconfirmable, then holders of Class 5.1, 5.2, 5.3, 5.4 and 5.5
19 Insider Unsecured Claims will receive the following treatment: Holders of Allowed
20 Class 5.1, 5.2, 5.3, 5.4, and 5.5 Insider Unsecured Claims shall receive their Pro Rata
21 share of the Unsecured Creditor Dividend Fund (including certain post-Effective
22 Date Avoidance Action recoveries (if any) as described in Section 8.4 below) on a
23 *pari passu* basis with all other holders of Allowed Class 5.1, 5.2, 5.3, 5.4, and 5.5
24 Insider Unsecured Claims and all holders of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5
25 Non-Insider Unsecured Claims. The Creditor Disbursing Agent will make an initial
26 distribution of 50% of the Unsecured Creditor Dividend Fund to holders of Allowed

1 Non-Insider Unsecured Claims and Allowed Insider Unsecured Claims 60 days after
2 the Effective Date, subject to the requirement of the Creditor Disbursing Agent to
3 keep appropriate reserves from such distribution for Disputed Claims. Future
4 distributions will be from time-to-time in the discretion of the Post-Effective Date
5 Committee until all Allowed Non-Insider Unsecured Claims and Allowed Insider
6 Unsecured Claims have been paid in accordance with the terms of this Section 6.5.2.

7 6. Statement Regarding Treatment of Insider Unsecured Claims.

8 Without in any way limiting the arguments that CPF may present in support of
9 confirmation of the Plan, CPF intends to argue, among other points, that the Bankruptcy
10 Code does not include an absolute prohibition on discriminating between classes of
11 unsecured Claims that might, after extended litigation, be determined to be of equal priority.
12 Rather, the Bankruptcy Code prohibits only discrimination against a dissenting creditor
13 class that is “unfair.” Where, as here, the distribution to unsecured creditors under a plan
14 will be funded, not from any estate assets, but from funds provided by an undersecured
15 creditor, CPF submits that it is not “unfairly” discriminatory for the undersecured creditor
16 to dedicate funds it provides to Allowed Non-Insider Unsecured Claims, particularly under
17 the circumstances of this case.

18 To summarize, the Debtors themselves have filed plans that, without any apparent
19 objection from insider claim holders (i) separately classify “Related Party Unsecured
20 Claims” and (ii) effectively subordinate them to all other non-priority unsecured claims but
21 one. The Debtors Plans provide that, except as to “GDG Litigation Claims” (which are
22 treated separately), “Related Party Unsecured Claims” will receive payment only after all
23 other allowed non-priority unsecured claims are paid in full.

24 Further, although the aggregate amount of the Insider Unsecured Claims scheduled
25 as undisputed by the Debtors (who are under common control with the holders of such
26 claims) (over \$11 million) is substantially in excess of that of all filed and scheduled Non-

1 Insider Unsecured Claims; and dwarfs that of the undisputed Non-Insider Unsecured
2 Claims, the Debtors have disclosed no information about the Insider Unsecured Claims,
3 beyond scheduled amounts followed by the notation “Trade service” (in one case) or “Inter-
4 company payable” (in all other cases). The holders of Insider Unsecured Claims (“Insider
5 Claimants”) have not filed proofs of claim, and no back-up for these purported claims has
6 been provided. Neither the Debtors, nor the Insider Claimants, have disclosed any of the
7 following: (i) the written instruments or other agreements, if any, that evidence the
8 purported debt; (ii) whether there was a fixed maturity date or schedule of payments for any
9 of these purported debts; (iii) whether these claims bore any fixed rate of interest and
10 required interest payments; or (iv) whether there is any evidence to substantiate these
11 purported debts other than book entries made under the direction of the individual or
12 individuals who control both the debtors and the insider claimants. CPF intends to argue
13 that it is not “unfairly” discriminatory for an undersecured creditor that is paying unsecured
14 creditors from its own funds to decline to permit distributions to non-insider unsecured
15 creditors to be tied up indefinitely while dubious claims of commonly-owned related parties
16 that are not the product of non-arm’s length transactions, and that have not been the subject
17 of any independent investigation, are litigated.

18 CPF anticipates that the Insider Claimants will object the treatment of their claims
19 under the Plan and that the Debtors (being under common control with the Insider
20 Claimants) will do likewise. CPF is unaware at this time of what position (if any) the
21 Committee will take. There can be no assurance as to the outcome of this dispute or whether
22 the Court will determine that the treatment of the class of Insider Unsecured Claims does
23 not discriminate unfairly against that class and otherwise meets the standards for plan
24 confirmation.

25 7. Potential Dilution of Non-Insider Unsecured Claims.

26 The charts below attempt to estimate the potential recoveries to holders of Unsecured

1 Claims taking into account whether or not Insider Unsecured Claims share in the Unsecured
 2 Creditor Dividend Fund and also assuming: (i) that all Claims are Allowed in the greater of
 3 the scheduled amount or the alleged amount; (ii) a \$2,200,000 Unsecured Creditor Dividend
 4 Fund, and (iii) \$200,000 of fees and expenses to the Post-Effective Date Committee and
 5 Creditor Disbursing Agent. Actual recoveries may very well be higher or lower based on
 6 the actual amount of Allowed Non-Insider Unsecured Claims and Allowed Insider
 7 Unsecured Claims.⁶ Total alleged Unsecured Claims are believed to be as follows:

KNOWN INSIDER GUC	\$11,525,025
DEBTOR/INSIDER GUC	(\$2,237,220)
NON-DEBTOR INSIDER GUC	\$9,287,805
PRESUMED NON-INSIDER GUC	\$11,061,216
EMERALD EQUITIES	(\$400,000)
CLAIMS DISPUTED BY DEBTORS	(\$6,401,814)

12 Ranges of potential recoveries are estimated as follows:

Category of Claims Paid	Estimated Claims	Estimated Recovery
Non-Insider Undisputed Only	\$4,259,402	46.95%
Non-Insider Undisputed Plus Non-Debtor Insider GUC	\$13,547,207	14.76%
Non-Insider Undisputed Plus Non-Debtor Insider GUC Plus Debtor Disputed (Except Emerald Equities)	\$20,349,021	9.83%

21 FOR DISCUSSION PURPOSES ONLY, SUBJECT TO FRE 408 - THE PLAN
 22 PROPONENT RESERVES THE RIGHT TO OBJECT TO ALL SCHEDULED AND
 23 UNSCHEDULED CLAIMS. THE INFORMATION SUMMARIZED HEREIN IS
 24 BASED ON FILINGS BY THE DEBTORS AND THIRD PARTIES AND DOES NOT

25 ⁶ Does not include any additional funding to the Unsecured Creditor Dividend Fund
 26 as a result of Avoidance Actions pursued by the Reorganized Debtors after the Effective

1 REPRESENT ANY ADMISSION BY CPF.

2 8. Class 6 (Equity Security Interests). Class 6 consists of the Equity Security
3 Interests in each of the Debtors in Classes 6.1, 6.2, 6.3, 6.4, and 6.5. All prepetition Equity
4 Security Interests in the Debtors shall be deemed cancelled on the Effective Date. Holders
5 of Class 6.1, 6.2, 6.3, 6.4, and 6.5 Equity Security Interests will not receive or retain any
6 property interests or other recovery under the Plan on account of their prepetition Equity
7 Security Interests. Classes 6.1, 6.2, 6.3, 6.4, and 6.5 are deemed to have rejected the Plan.
8 No votes will be solicited from holders of Class 6.1, 6.2, 6.3, 6.4, and 6.5 Equity Security
9 Interests.

10 9. Class 7 (Emerald Equities Claim). Class 7 consists of the Claim asserted by
11 Emerald Equities against EP and SDLI. In full and final satisfaction of the Class 7 Claim,
12 SDLI will honor and perform all of its duties and obligations under the Emerald Equities
13 Letter Agreement, including, but not limited to conveying the Sonoran Land Sale Parcel to
14 Emerald Equities, in accordance with the terms of the Emerald Equities Letter Agreement,
15 in exchange for the Price reflected in the Letter Agreement to be paid by Emerald Equities
16 to SDLI, provided that (i) Emerald Equities honors and performs all of its duties and
17 obligations under the Emerald Equities Letter Agreement, and (ii) the litigation styled
18 *Emerald Equities, L.L.C. v. Sonoran Desert Land Investors, LLC, et al.*, Maricopa County
19 Superior Court Case No. CV2015-005837 is dismissed with prejudice, each party to bear
20 its own attorneys' fees and costs. Without limiting the foregoing, SDLI and Emerald
21 Equities will work together in good faith to effectuate the terms and spirit of the original
22 Emerald Equities Letter Agreement. In addition to the foregoing, SDLI will credit Emerald
23 Equities \$25,000 at Closing toward the Price of the Sonoran Land Parcel in full satisfaction
24 of any attorneys' fees, costs, and expenses incurred by Emerald Equities. Unless otherwise
25 stated, capitalized terms used in this Section 6.7 of the Plan shall have the meanings ascribed
26 to such terms in the Emerald Equities Letter Agreement. The Class 7 Claim is impaired,

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1 and the holder shall be entitled to vote to accept or reject the Plan.

2 **VI.**
3 **OVERVIEW OF ADDITIONAL PLAN PROVISIONS**

4 **A. Implementation Of The Plan.**

5 1. In General. The Plan is to be implemented in a manner consistent with
6 Section 1123 of the Bankruptcy Code and the Reorganized Debtors, as applicable, are
7 authorized to take any and all actions that may be necessary or appropriate to implement
8 the terms of the Plan.

9 2. Issuance of Equity Interests in Reorganized Debtors. On the Effective Date,
10 all existing Equity Security Interests in each of the Debtors shall be deemed cancelled. In
11 exchange for the CPF Plan Contribution and the other benefits provided under the Plan by
12 CPF, CPF shall receive 100% of the new Equity Security Interests in each of the
13 Reorganized Debtors.

14 3. Post-Effective Date Committee. The Post-Effective Date Committee and
15 Creditor Disbursing Agent shall be deemed appointed on the Effective Date in accordance
16 and subject to Sections 1.39 and 1.78 of the Plan.

17 a. Section 1.39 of the Plan defines “Creditor Disbursing Agent” as “the
18 Person identified by the Committee in the Confirmation Order to serve as the agent
19 of the Post-Effective Date Committee for the purposes of holding and disbursing the
20 Unsecured Creditor Dividend Fund and performing such other duties as may be
21 delegated to such Person by the Post-Effective Date Committee.”

22 b. Section 1.79 of the Plan defines “Post-Effective Date Committee” as
23 “a committee of not less than 3 different holders of Non-Insider Unsecured Claims
24 against one or more of the Debtors in the Cases, to be identified by the Committee
25 in the Confirmation Order. The Post-Effective Date Committee will be vested solely
26 with the exclusive rights and standing to object to and administer Unsecured Claims
(with the exception of the Class 7 Emerald Equities Claim, which shall be

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1 administered and paid by the Reorganized Debtors from a source other than the
2 Unsecured Creditor Dividend Fund), including the right to object to the allowance
3 of Unsecured Claims, settle Disputed Claims, hold and administer the Unsecured
4 Creditor Dividend Fund, and approve interim and final distributions from the
5 Unsecured Creditor Dividend Fund. The Post-Effective Date Committee will not be
6 vested with any avoidance powers or other powers under Section 544 – 551 of the
7 Bankruptcy Code or the rights or standing to commence any actions or proceedings
8 not directly related to the administration of and distributions on Unsecured Claims.
9 To the extent that any Debtor has an affirmative Claim or counter-Claim against any
10 Unsecured Creditor that procedurally must be raised in conjunction with (and in the
11 same proceeding as) a Claim objection filed with respect to any Unsecured Claim,
12 the Post-Effective Date Committee will be deemed to have consented to the
13 intervention of or joinder of the applicable Reorganized Debtor for the purpose of
14 pursuing any such affirmative Claim or counter-Claim. The Post-Effective Date
15 Committee shall be authorized to delegate some or all of its duties under the Plan to
16 the Creditor Disbursing Agent. The Creditor Disbursing Agent, and the terms of its
17 retention, shall be disclosed by the Committee in the Confirmation Order. All fees
18 and expenses of the Post-Effective Date Committee and the Creditor Disbursing
19 Agent shall be paid from the Unsecured Creditor Dividend Fund (including all
20 professional fees and expenses incurred after the Effective Date). Any dispute
21 regarding the limited rights, powers, or duties of the Post-Effective Date Committee
22 shall be resolved by the Bankruptcy Court.”

23 4. Avoidance Action Recoveries. In addition to the \$2,200,000 to be funded by
24 CPF to the Unsecured Creditor Dividend Fund on the Effective Date, the Reorganized
25 Debtors will contribute the following additional amounts to the Unsecured Creditor
26 Dividend Fund, as, when, and if available to be used to make distributions to the holders of

1 Allowed Unsecured Claims that are entitled to share in distributions from the Unsecured
2 Creditor Dividend Fund on a Pro Rata basis:

3 a. Avoidance Actions. If the Reorganized Debtors successfully pursue
4 one or more Avoidance Actions that result in net recoveries to the Reorganized
5 Debtors, the Reorganized Debtors will fund the following additional amounts to the
6 Unsecured Creditor Dividend Fund within 30 days following the Reorganized
7 Debtors' actual receipt of cash either through a settlement or collection of a
8 judgment: 50% of the net Avoidance Action recoveries, after (i) the payment of all
9 attorneys' fees, costs and expenses (including an costs of settlement), incurred by
10 the Reorganized Debtors and CPF in the prosecution, settlement, and collection of
11 the Avoidance Actions, and (ii) the payment of 10% simple interest on all fees, costs,
12 and expenses advanced by the Reorganized Debtors or CPF, provided that the
13 Reorganized Debtors' total additional contributions to the Unsecured Creditor
14 Dividend Fund under Section 8.4.1 of the Plan shall not exceed \$1,100,000. For the
15 purposes of calculating net recoveries from Avoidance Actions, all fees, costs and
16 expenses paid to satisfy and extinguish liens, claims, interests, and encumbrances of
17 good faith transferees and other liens, claims, interests, and encumbrances that
18 remain on the property following recovery by the Reorganized Debtors shall be
19 deducted.

20 b. LKY Parcels. If an Avoidance Action by the Reorganized Debtors
21 results in the recovery of the LKY Parcels by the Reorganized Debtors, the LKY
22 Parcels will be marketed and sold by the Reorganized Debtors on an "as is" "where
23 is" basis, in the condition received, provided that CPF shall have a right of first
24 refusal to purchase the LKY Parcels for an amount equal to the highest bid received
25 by the Reorganized Debtors for the LKY Parcels. The purchase price obtained by
26 the Reorganized Debtors for the LKY Parcels, less the amount of all liens, claims,

1 interests, and encumbrances that remain on the property following recovery by the
2 Reorganized Debtors, shall be the starting point for calculating the net recovery in
3 accordance with Section 8.4.1 of the Plan.

4 c. Timing. The funding of the additional amounts (if any) by the
5 Reorganized Debtors to the Unsecured Creditor Dividend Fund under Section 8.4
6 shall occur as follows:

7 (1) With respect to net recoveries received by a Reorganized
8 Debtor as a result of a settlement of an Avoidance Action, the amounts required to
9 be funded under Section 8.4.1, shall be funded only after the entry of a Final Order
10 approving the settlement and the expiration of 90 days after the applicable
11 Reorganized Debtor's receipt of the settlement proceeds without a case under the
12 Bankruptcy Code having been filed by or against the Entity from which the recovery
13 was obtained or, if such a case has been filed, the Reorganized Debtors having
14 reasonably determined in their good faith judgment that an order or judgment
15 adjudging any Reorganized Debtor liable to the estate of such Entity for all or any
16 portion of such recovery is not possible.

17 (2) With respect to net recoveries received by a Reorganized
18 Debtor as a result of collections from a Final Order resolving an Avoidance Action
19 in favor of a Reorganized Debtor, the amounts required to be funded under Section
20 8.4.1, shall be funded only after the entry of a Final Order in favor of the applicable
21 Reorganized Debtor and the expiration of 90 days after the Reorganized Debtor's
22 collection of the proceeds of the Final Order without a case under the Bankruptcy
23 Code having been filed by or against the Entity from which the recovery was
24 obtained or, if such a case has been filed, the Reorganized Debtors having reasonably
25 determined in their good faith judgment that an order or judgment adjudging any
26 Reorganized Debtor liable to the estate of such Entity for all or any portion of such

1 recovery is not possible.

2 5. Revesting of Assets in Reorganized Debtors. Except as otherwise expressly
3 provided in this Plan, pursuant to Sections 1123(a)(5), 1123(b)(3) and 1141(b) of the
4 Bankruptcy Code, all of the Debtors' assets and those of their Estates (including, without
5 limitation, all Estate Claims and Avoidance Actions and the right to bring all Estate Claims
6 and Avoidance Actions) shall automatically be retained and revested in the relevant
7 Reorganized Debtor, free and clear of all Claims, liens, contractually-imposed restrictions,
8 charges, encumbrances and interests of creditors and Equity Security Holders on the
9 Effective Date, with all such Claims, liens, contractually-imposed restrictions, charges,
10 encumbrances and interests being extinguished except as otherwise provided in this Plan.
11 As of the Effective Date, each Reorganized Debtor may acquire and dispose of property
12 and settle and compromise Claims without supervision of the Bankruptcy Court and free of
13 any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than those
14 restrictions expressly imposed by this Plan and the Confirmation Order. Without limiting
15 the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees,
16 disbursements, expenses or related support services after the Effective Date without any
17 application to the Bankruptcy Court.

18 6. Corporate Action. Pursuant to section 1142 of the Bankruptcy Code and any
19 applicable provisions of the business corporation law of any applicable state, the entry of
20 the Confirmation Order shall constitute authorization for the Reorganized Debtors to take
21 or cause to be taken all corporate and limited liability company actions necessary or
22 appropriate to consummate and implement the provisions of this Plan on and after the
23 Effective Date, and all such actions taken or caused to be taken shall be deemed to have
24 been authorized and approved by the Bankruptcy Court, including without limitation: (a)
25 the cancellation of all of the issued and outstanding Equity Security Interests in the Debtors;
26 (b) the issuance of the new Equity Security Interests in the Debtors to CPF; (c) the election

1 of directors, managers and officers in accordance with this Plan; (d) the adoption of the
2 Reorganized Debtors' organizational documents, which shall supersede the prior
3 certificates of incorporation, articles of organization, limited liability company agreements,
4 operating agreements, by-laws or other organizational documents, as appropriate, of each
5 of the Reorganized Debtors; and (e) all actions as are necessary or appropriate to close or
6 dismiss the Case. All such actions shall be deemed to have occurred and shall be in effect
7 pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any
8 requirement of further action by the members, stockholders, directors or managers of the
9 Debtors, the Reorganized Debtors or any of their affiliates. On the Effective Date, the
10 appropriate officers, directors, members and managers of the Reorganized Debtors are
11 authorized and directed to execute and deliver the agreements, documents and instruments
12 contemplated by this Plan in the name of and on behalf of the Debtors and/or the
13 Reorganized Debtors, as applicable.

14 7. Organizational Documents. Any prepetition written or oral operating
15 agreement applicable to any of Debtors shall be deemed terminated and of no further force
16 or effect as of the Effective Date, and, CPF shall be entitled to file amended articles of
17 organization for each of the Reorganized Debtors reflecting CPF's 100% member interest
18 in each of the Reorganized Debtors. CPF, or an individual designated by CPF, will have
19 the power to execute any new operating agreements and other organizational documents on
20 behalf of each of the Reorganized Debtors.

21 8. Post Effective Date Management of the Reorganized Debtors. On the
22 Effective Date, the existing managers of the Debtors shall be deemed terminated and shall
23 have no further authority or control of the Reorganized Debtors and operation of each
24 Reorganized Debtor shall become the general responsibility of the respective members,
25 managers, board members and/or officers elected or appointed in accordance with
26 applicable non-bankruptcy law. Subject to any requirement of Bankruptcy Court approval

1 pursuant to section 1129(a)(5) of the Bankruptcy Code, the initial members and managers
2 of each Reorganized Debtor shall be comprised of the individuals set forth on Schedule 8.5
3 to the Plan. Each such member and manager will serve from the Effective Date until his or
4 her successor is duly elected or appointed and qualified or until his or her earlier death,
5 resignation or removal in accordance with the terms of the certificate of incorporation and
6 bylaws (or comparable constituent documents) of the respective Reorganized Debtor and
7 state law.

8 9. Release of Liens. Except as otherwise provided in the Plan or in any contract,
9 instrument, release or other agreement or document to be assumed, entered into or delivered
10 in connection with the Plan, on the Effective Date and consistent with the treatment
11 provided for Claims and Interests in Article 5 and 6, all liens on, in or against the
12 Reorganized Debtors' Assets shall be fully released and discharged, and all of the right, title
13 and interest of any holder of Liens, including any rights to any Collateral thereunder, shall
14 revert to the Reorganized Debtors and their successors and assigns, as applicable. As of the
15 Effective Date, the Reorganized Debtors shall be authorized but not required to execute and
16 file or record releases or Form UCC-3 Termination Statements or such other forms as may
17 be necessary or appropriate to implement the provisions of this Section 8.6.

18 10. Turnover of Assets. Bruce Gray, Gray Western Development Company, and
19 all affiliates, insiders, and Representatives of Bruce Gray and Gray Western Development
20 Company shall promptly turnover all Assets, including all Documents, contracts, and
21 business records of the Debtors and Reorganized Debtors to CPF on the Effective Date.

22 11. Pending CPF Litigation. Notwithstanding any other term or provision of the
23 Plan to the contrary, in consideration to the benefits provided and to be provided under the
24 Plan by CPF, on the Effective Date, the Ganymede Adversary, the Ganymede Claims, the
25 Lien Avoidance Adversary, and the Lien Avoidance Claims shall be deemed settled and
26 dismissed with prejudice, and all Claims asserted or that could have been asserted in the

1 foregoing actions shall be deemed released.

2 12. Transfer of GBSRP I Property. On the Effective Date or as soon thereafter
3 as practicable, SDLI will cause GBSRP I to convey the GBSRP I Property from GBSRP I
4 back to SDLI by special warranty deed, subject to any existing encumbrances, including the
5 *lis pendens* associated with Proof of Claim 4-1 filed by Emerald Equities, LLC against
6 SDLI.

7 13. No Successor Liability. The Reorganized Debtors and CPF are not, and shall
8 not be, successors to the Debtors by reason of any theory of law or equity, and none shall
9 have any successor or transferee liability of any kind or character, except that the
10 Reorganized Debtors shall assume the obligations specified in the Plan and the
11 Confirmation Order.

12 14. Effectuating Documents; Further Transactions. The Reorganized Debtors or
13 their designees, as applicable, shall be authorized to (a) execute, deliver, file or record such
14 contracts, instruments, releases and other agreements or documents and take such actions
15 as may be necessary or appropriate to effectuate and implement the provisions of the Plan
16 and (b) certify or attest to any of the foregoing actions.

17 **B. Executory Contracts And Unexpired Leases.**

18 1. The 20 Acre Lease and the 96.5 Acre Lease shall be deemed assumed on the
19 Effective Date. All deferred lease payments shall be paid timely and in full by EP, GMF,
20 and GPDR II in the amounts and at the times set forth in the 20 Acre Rent Extension Letter
21 and the 96.5 Acre Rent Extension Letter.

22 2. Except as stated in Section 9.1 of the Plan, the Plan contemplates and hereby
23 provides for the rejection, pursuant to Section 365 of the Bankruptcy Code, of any and all
24 other Executory Contracts and Unexpired Leases of the Debtors which are in force on the
25 Effective Date, except (i) those Executory Contracts and Unexpired Leases which were
26 specifically assumed pursuant to an order of the Bankruptcy Court, and (ii) those Executory

1 Contracts and Unexpired Leases listed on Schedule 9.2 attached hereto, which Executory
2 Contracts and Unexpired Leases shall be deemed assumed on the Effective Date. Without
3 limiting the foregoing, the EoE Certificate of Purchase shall be deemed rejected on the
4 Effective Date.

5 3. The Confirmation Order (except as otherwise provided therein) shall
6 constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy
7 Code, effective as of the Effective Date, approving the assumptions and rejections
8 hereunder. Each contract and lease assumed pursuant to Section 9.1 or 9.2 shall be assumed
9 only to the extent that any such contract or lease constitutes an Executory Contract or
10 Unexpired Lease. Assumption of a contract or lease pursuant to Section 9.1 or 9.2 shall not
11 constitute an admission by the Reorganized Debtors that such contract or lease is an
12 Executory Contract or Unexpired Lease or that the Debtors or the Reorganized Debtors, as
13 applicable, have any liability thereunder. All Executory Contracts and Unexpired Leases
14 that are assumed will be assumed under their present terms or upon such terms as are agreed
15 to in writing between the Reorganized Debtors and the counterparty to such contract or
16 lease.

17 4. CPF asserts that no cure amounts are due from the Debtors to any
18 counterparty to an Executory Contract or Unexpired Lease assumed hereunder. CPF will
19 serve the Plan on the non-Debtor counterparties to each such Executory Contract or
20 Unexpired Lease prior to the Confirmation Hearing. Each such counterparty shall have
21 until the date that is five (5) Business Days prior to the Confirmation Hearing to file an
22 objection to the assumption of its Executory Contract or Unexpired Lease (whether the
23 objection relates to the cure amount or otherwise). If any objections are filed and cannot be
24 resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the cure
25 amount with respect to such Executory Contract or Unexpired Lease or to otherwise resolve
26 the objection, which hearing may be the Confirmation Hearing. Any party failing to object

1 to the assumption of their Executory Contract or Unexpired Lease as set forth above shall
2 be forever barred from asserting, collecting or seeking to collect any cure amount or from
3 otherwise objecting to the assumption and assignment of such Executory Contract or
4 Unexpired Lease. Notwithstanding the foregoing, or anything else in this Article 9, with
5 respect to any Executory Contract or Unexpired Lease which is the subject of an objection,
6 the Reorganized Debtors shall retain the right, until five (5) Business Days following any
7 order resolving such objection having become a Final Order, to reject such Executory
8 Contract or Unexpired Lease by amending Schedule 9.2. Within ten (10) days of the later
9 of the Effective Date or the date that an order of the Bankruptcy Court establishing the cure
10 amount of such Executory Contract or Unexpired Lease becomes a Final Order, or as
11 otherwise agreed with the counterparty to each Executory Contract or Unexpired Lease, the
12 Reorganized Debtors shall pay the cure amounts to the non-Debtor parties to such
13 Executory Contracts and Unexpired Leases being assumed and/or assigned.

14 5. Notwithstanding any other provision in this Plan or prior notice of any kind
15 from the clerk of the Bankruptcy Court, any and all Creditors or persons with Claims against
16 a Debtor's Estate arising out of or in connection with or due to the rejection of an Executory
17 Contract or Unexpired Lease pursuant to the Plan shall have thirty (30) days from the
18 Effective Date within which to file a proof of claim in the true amount of such Claims. If
19 any such Creditors fail to file such proofs of claim within said thirty (30) day period, then
20 such Creditors shall have no Claims as against the Debtors, their Estates, the Reorganized
21 Debtors or their respective Representatives, which Claims arising out of or in connection
22 with or due to such rejection of such Executory Contract or Unexpired Lease, shall be
23 dismissed, released and null and void.

24 6. Any Claim that arises from the rejection of an Executory Contract or
25 Unexpired Lease shall, to the extent such Claim becomes an Allowed Claim, be treated as
26 a Non-Insider Unsecured Claim or an Insider Unsecured Claim, as applicable based on the

1 definition of such terms in the Plan.

2 7. Any claim filed in accordance with the provisions of Section 9.5 hereof shall
3 be treated as a Disputed Claim until the period of time has elapsed within which the
4 Reorganized Debtors may file an objection to such Claim.

5 **C. Retention Of Jurisdiction.**

6 1. Notwithstanding the entry of the Confirmation Order or the occurrence of
7 Effective Date, the Bankruptcy Court shall retain jurisdiction over these Cases and any
8 proceedings related thereto to the fullest extent permitted by the Bankruptcy Code or
9 applicable law, and to make such orders as are necessary or appropriate to carry out the
10 provisions of this Plan.

11 2. In addition, the Bankruptcy Court shall retain jurisdiction to implement the
12 provisions of the Plan in the manner as provided under Section 1142 of the Bankruptcy
13 Code. If the Bankruptcy Court abstains from exercising, or declines to exercise jurisdiction,
14 or is otherwise without jurisdiction over any matter set forth in this Section, or if the
15 Reorganized Debtors elect to bring an action or proceeding in any other forum, then this
16 Section shall have no effect upon and shall not control, prohibit or limit the exercise of
17 jurisdiction by any other court, public authority, or commission having competent
18 jurisdiction over such matters.

19 3. Without limiting the foregoing, the Bankruptcy Court shall retain jurisdiction
20 of the Cases for the following matters:

21 a. To enable the Reorganized Debtors to consummate any and all
22 proceedings which may have been brought before or after the entry of the
23 Confirmation Order, to challenge or object to the allowance of Claims and to recover
24 any preferences, transfers, assets or damages to which the Reorganized Debtors may
25 be entitled under the applicable provisions of the Code or other federal, state or local
26 law;

1 b. To adjudicate all controversies concerning the classification or
2 allowance of a Claim or Equity Security Interest;

3 c. To adjudicate all disputes regarding or relating in any way to Claims,
4 Equity Security Interests, and the Plan;

5 d. To hear and determine all claims or motions arising from or seeking
6 the assumption and/or assignment or rejection of any Executory Contracts or
7 Unexpired Leases, and to consummate the rejection and termination thereof or with
8 respect to any Executory Contracts or Unexpired Leases to which an application or
9 motion for rejection or termination is filed before entry of the Confirmation Order;

10 e. To liquidate the amount of any Disputed, contingent or unliquidated
11 Claims;

12 f. To adjudicate all claims to a security or ownership interest in any
13 property of the Debtors or in any proceeds thereof, including the adjudication of all
14 claims asserted by Creditors and Holders of Equity Security Interests;

15 g. To adjudicate all claims or controversies arising out of any purchases,
16 sales, or contracts made or undertaken by the Debtors during the pendency of the
17 Cases;

18 h. To adjudicate, determine and resolve any and all adversary
19 proceedings, applications, motions, and contested or litigated matters, instituted
20 before the closing of the Case;

21 i. To recover all Assets and properties of the Debtors, wherever located;

22 j. To adjudicate and determine any cause of action retained by the
23 Debtors or otherwise provided for under the Plan or pursuant to the Confirmation
24 Order;

25 k. To make orders as are necessary or appropriate to carry out the
26 provisions of the Plan, or in aid of confirmation and consummation of the Plan;

1 l. To hear and determine any application to modify the Plan in
2 accordance with Section 1127 of the Bankruptcy Code, to remedy any defect or
3 omission, or reconcile any inconsistency in the Plan, the Disclosure Statement or any
4 Order of the Bankruptcy Court, including the Confirmation Order, in such a manner
5 as may be necessary to carry out the purposes and effects hereof;

6 m. To hear and determine all matters concerning state, local and federal
7 taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

8 n. To determine any and all applications, adversary proceedings, and
9 contested or litigated matters properly before the Bankruptcy Court before or after
10 the Confirmation Date;

11 o. To hear and determine all controversies, suits and disputes, if any, as
12 may arise with regard to orders of the Bankruptcy Court in the Cases entered on or
13 before the Effective Date; and

14 p. To enter an Order closing the Case.

15 **D. Procedures For Resolving Disputed Claims.**

16 1. Objections to Claims. The Reorganized Debtors shall be entitled to object to
17 any Claims, with the exception of all Unsecured Claims (except the Class 7 Emerald
18 Equities Claim), which Unsecured Claims shall be administered by the Post-Effective Date
19 Committee and paid from the Unsecured Creditor Dividend Fund in accordance with and
20 subject to Sections 1.38 and 1.77 of the Plan. Any objections to Claims shall be served and
21 filed on or before the later of: (i) sixty (60) days after the Effective Date; (ii) thirty (30) days
22 after a request for payment or proof of Claim is timely filed and properly served; or (iii)
23 such other date as may be fixed by the Bankruptcy Court, whether before or after the dates
24 specified in subsections (i) and (ii) herein. Notwithstanding any authority to the contrary,
25 an objection to a Claim shall be deemed properly served on the Creditor if service is effected
26 in any of the following manners: (a) in accordance with Federal Rule of Civil Procedure 4,

1 as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage
2 prepaid, on any counsel that has appeared on the Creditor's behalf in the Cases; or (c) by
3 first class mail, postage prepaid, on the signatory on the proof of Claim or other
4 representative identified in the proof of Claim or any attachment thereto.

5 2. Payments and Distributions with Respect to Disputed Claims.

6 Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim,
7 no payment or distribution provided hereunder shall be made on account of such Claim
8 unless and until the amount of such Disputed Claim which constitutes an Allowed Claim is
9 determined, and the balance (if any) becomes a Disallowed Claim.

10 3. Distributions after Allowance. After such time as a Disputed Claim becomes

11 an Allowed Claim, the Debtors or Creditor Disbursing Agent, as applicable, shall distribute
12 to the holder thereof the distributions, if any, to which such holder is then entitled under the
13 Plan in accordance with the provisions hereof. Distributions in respect of Disputed Claims
14 that become Allowed Claims shall be made within fifteen (15) days after such Disputed
15 Claims become Allowed Claims by Final Order of the Bankruptcy Court or as soon
16 thereafter as practicable.

17 **E. Provisions Concerning Distributions.**

18 1. Time of Distributions under the Plan. Payments and distributions to be made

19 on or after the Effective Date pursuant to the Plan shall be made on such date, or as soon as
20 practicable thereafter, except as otherwise provided for in the Plan, or as may be ordered by
21 the Bankruptcy Court, or as may be agreed to by the Reorganized Debtors and the holder
22 of the Allowed Claim.

23 2. Payment Dates. Whenever any payment or distribution to be made under the

24 Plan shall be due on a day other than a Business Day, such payment or distribution shall
25 instead be made, without interest, on the next Business Day, or as soon as practicable
26 thereafter, or as may be agreed to by the Reorganized Debtors and the holder of the Allowed

1 Claim.

2 3. Manner of Payments under the Plan. Cash payments made pursuant to the
3 Plan shall be made in the currency of the United States, by check drawn on a domestic bank
4 or by wire transfer from a domestic bank. Distributions to all holders of Allowed Claims
5 shall be made (a) at the addresses set forth in the proof of claim filed by such holders (or at
6 last known addresses of such holders if no proofs of claims were filed or the Debtors were
7 notified of a change of address); or (b) at the addresses set forth in any written notices of
8 address change delivered to the Reorganized Debtors or the Bankruptcy Court; or (c) at the
9 addresses reflected in the Debtors' schedules if no claim shall have been filed and no written
10 notice of an address change has been received by the Reorganized Debtors. No payments
11 shall be made to a holder of a Disputed Claim unless and until such Claim becomes an
12 Allowed Claim by a Final Order.

13 4. Fractional Cents. Any other provision of the Plan to the contrary
14 notwithstanding, no payments of fractions of cents will be made. Whenever any payment
15 of a fraction of a cent would otherwise be called for, the actual payment shall reflect a
16 rounding of such fraction to the nearest whole cent (rounding down in the case of .5).

17 5. Non-Negotiated Checks. If a Holder of an Allowed Claim, or any other claim
18 or interest fails to negotiate a check issued to such holder under the Plan within sixty (60)
19 days of the date such check was issued by the Reorganized Debtors, then the amount of
20 Cash or other property attributable to such check shall be deemed to be "Unclaimed
21 Distributions," and the payee of such check shall be deemed to have no further Claim or
22 future Claim against the Reorganized Debtors.

23 6. Unclaimed Distributions. In the event any payment to a holder of a Claim
24 under the Plan remains unclaimed for a period of sixty (60) days after such distribution has
25 been made (or after such delivery has been attempted), such Unclaimed Distribution and all
26 future distributions to be made to such holders shall be deemed forfeited by such holder.

1 Unclaimed Distributions with respect to Allowed Non-Insider Unsecured Claims or
2 Allowed Non-Insider Unsecured Claims shall be returned to the Unsecured Creditor
3 Dividend Fund.

4 7. Disputed Payments or Distributions. In the event of any dispute between and
5 among Claimants (including the Entity or Entities asserting the right to receive the disputed
6 payment or distribution) as to the right of any Entity to receive or retain any payment or
7 distribution to be made to such Entity under the Plan, the Reorganized Debtors may, in lieu
8 of making such payment or distribution to such Entity, make it instead into an escrow
9 account or to a disbursing agent, for payment or distribution as ordered by the Bankruptcy
10 Court or as the interested parties to such dispute may otherwise agree among themselves,
11 and the payment or distribution shall be deemed to have been made to and received by the
12 Entity determined to be entitled to such payment or distribution as of the date that the
13 Reorganized Debtors delivers such payment or distribution to a disbursing agent or escrow
14 account.

15 **F. Effect Of Confirmation Of Plan**

16 1. Binding Effect. On and after the Confirmation Date, the provisions of the
17 Plan shall bind the Debtors and any holder of a Claim against, or Equity Security Interest
18 in, the Debtors and their respective successors and assigns, whether or not the Claim or
19 Equity Interest of such holder is impaired under the Plan and whether or not such holder
20 has voted on or accepted the Plan.

21 2. Discharge. Except for any liability imposed by the Plan or as expressly
22 provided in the Plan, (a) each holder of a Claim against or Equity Security Interest in a
23 Debtor shall be deemed to have forever waived, released and discharged the Debtors, to the
24 fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all
25 Claims, Equity Security Interests, rights and liabilities that arose prior to the Effective Date
26 and (b) all such holders shall be forever precluded and enjoined, pursuant to section 524 of

1 the Bankruptcy Code, from prosecuting or asserting any discharged Claim against or
2 terminated Equity Security Interest in the Debtors; provided however that if Confirmation
3 of this Plan does not occur and/or the conditions precedent to the Effective Date of the Plan
4 are not satisfied, the Plan shall be deemed null and void. In such event, nothing contained
5 in this Plan shall be deemed to constitute a waiver or release of any claims against the
6 Debtors or their Estates or any other Persons, or to prejudice in any manner the rights of
7 CPF and/or any other Person in any further proceeding involving the Debtors, their Estates
8 and/or any Person.

9 3. Post-Confirmation Quarterly Fees. Quarterly fees pursuant to 28 U.S.C.
10 Section 1930(a)(6) continue to be payable to the Office of the United States Trustee by the
11 Reorganized Debtors until such time as the Case is converted, dismissed, or closed pursuant
12 to a final decree.

13 4. RETENTION OF CLAIMS AND CAUSES OF ACTION. EXCEPT TO
14 THE EXTENT ANY RIGHTS, CLAIMS, CAUSES OF ACTION, DEFENSES, AND
15 COUNTERCLAIMS ARE EXPRESSLY AND SPECIFICALLY RELEASED OR
16 ASSIGNED IN CONNECTION WITH THIS PLAN OR IN ANY SETTLEMENT
17 AGREEMENT APPROVED DURING THE CASES: (I) ANY AND ALL CLAIMS
18 ACCRUING TO THE DEBTORS OR THE ESTATES SHALL REMAIN ASSETS OF
19 AND VEST IN THE REORGANIZED DEBTORS WHETHER OR NOT LITIGATION
20 RELATING THERETO IS PENDING ON THE EFFECTIVE DATE, AND WHETHER
21 OR NOT ANY SUCH CLAIMS HAVE BEEN LISTED OR REFERRED TO IN THE
22 PLAN, THE DISCLOSURE STATEMENT, OR ANY OTHER DOCUMENT FILED
23 WITH THE BANKRUPTCY COURT, AND (II) NEITHER THE REORGANIZED
24 DEBTORS NOR THE ESTATES WAIVE, RELEASE, RELINQUISH, FORFEIT, OR
25 ABANDON (NOR SHALL THEY BE ESTOPPED OR OTHERWISE PRECLUDED OR
26 IMPAIRED FROM ASSERTING) ANY CLAIMS OR DEFENSES THAT CONSTITUTE

1 PROPERTY OF THE DEBTORS OR THE ESTATES: (A) WHETHER OR NOT SUCH
2 CLAIMS OR DEFENSES HAVE BEEN LISTED OR REFERRED TO IN THIS PLAN,
3 THE DISCLOSURE STATEMENT, OR ANY OTHER DOCUMENT FILED WITH THE
4 BANKRUPTCY COURT, (B) WHETHER OR NOT SUCH CLAIMS ARE CURRENTLY
5 KNOWN TO THE DEBTORS OR CPF, AND (C) WHETHER OR NOT A DEFENDANT
6 IN ANY LITIGATION RELATING TO SUCH CLAIMS FILED A PROOF OF CLAIM
7 IN THE CASE, FILED A NOTICE OF APPEARANCE OR ANY OTHER PLEADING
8 OR NOTICE IN THE CASE, VOTED FOR OR AGAINST THIS PLAN, OR RECEIVED
9 OR RETAINED ANY CONSIDERATION UNDER THIS PLAN. WITHOUT IN ANY
10 MANNER LIMITING THE SCOPE OF THE FOREGOING, NOTWITHSTANDING
11 ANY OTHERWISE APPLICABLE PRINCIPLE OF LAW OR EQUITY, INCLUDING,
12 WITHOUT LIMITATION, ANY PRINCIPLES OF JUDICIAL ESTOPPEL, RES
13 JUDICATA, COLLATERAL ESTOPPEL, ISSUE PRECLUSION, OR ANY SIMILAR
14 DOCTRINE, THE FAILURE TO LIST, DISCLOSE, DESCRIBE, IDENTIFY,
15 ANALYZE OR REFER TO ANY CLAIM OR CAUSE OF ACTION, IN THE PLAN, THE
16 DISCLOSURE STATEMENT, OR ANY OTHER DOCUMENT FILED WITH THE
17 BANKRUPTCY COURT SHALL IN NO MANNER WAIVE, ELIMINATE, MODIFY,
18 RELEASE, OR ALTER THE REORGANIZED DEBTORS' RIGHT TO COMMENCE,
19 PROSECUTE, DEFEND AGAINST, SETTLE, RECOVER ON ACCOUNT OF, AND
20 REALIZE UPON ANY CLAIM THAT THE DEBTORS OR THEIR ESTATES HAVE
21 OR MAY HAVE AS OF THE EFFECTIVE DATE.

22 EXCEPT TO THE EXTENT ANY RIGHTS, CLAIMS, CAUSES OF ACTION,
23 DEFENSES, AND COUNTERCLAIMS ARE EXPRESSLY AND SPECIFICALLY
24 RELEASED OR ASSIGNED IN CONNECTION WITH THIS PLAN OR IN ANY
25 SETTLEMENT AGREEMENT APPROVED DURING THE CASE, THE
26 REORGANIZED DEBTORS EXPRESSLY RESERVES ALL CLAIMS AND

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1 DEFENSES FOR LATER ADJUDICATION BY THE REORGANIZED DEBTORS AND
2 THEREFORE, NO PRECLUSION DOCTRINE, INCLUDING THE DOCTRINES OF
3 RES JUDICATA, COLLATERAL ESTOPPEL, ISSUE PRECLUSION, CLAIM
4 PRECLUSION, WAIVER, ESTOPPEL (JUDICIAL, EQUITABLE OR OTHERWISE)
5 OR LACHES WILL APPLY TO SUCH CLAIMS AND DEFENSES UPON OR AFTER
6 THE CONFIRMATION OR CONSUMMATION OF THE PLAN BASED ON THE
7 DISCLOSURE STATEMENT, THE PLAN, AND/OR THE CONFIRMATION ORDER.
8 IN ADDITION, THE REORGANIZED DEBTORS EXPRESSLY RESERVE THE
9 RIGHT TO PURSUE OR ADOPT CLAIMS THAT ARE ALLEGED IN ANY
10 LAWSUITS IN WHICH THE DEBTORS ARE A DEFENDANT OR AN INTERESTED
11 PARTY, AGAINST ANY PERSON OR GOVERNMENTAL ENTITY, INCLUDING
12 THE PLAINTIFFS OR CO-DEFENDANTS IN SUCH LAWSUITS. ANY PERSON OR
13 GOVERNMENTAL ENTITY TO WHOM THE DEBTORS HAVE INCURRED AN
14 OBLIGATION (WHETHER ON ACCOUNT OF SERVICES, PURCHASE, SALE OF
15 GOODS OR OTHERWISE), OR WHO HAS RECEIVED SERVICES FROM THE
16 DEBTORS, OR WHO HAS RECEIVED MONEY OR PROPERTY FROM THE
17 DEBTORS, OR WHO HAS TRANSACTED BUSINESS WITH THE DEBTORS, OR
18 WHO HAS LEASED EQUIPMENT OR PROPERTY FROM OR TO THE DEBTORS
19 SHOULD ASSUME THAT SUCH OBLIGATION, RECEIPT, TRANSFER OR
20 TRANSACTION MAY BE REVIEWED BY THE REORGANIZED DEBTORS
21 SUBSEQUENT TO THE EFFECTIVE DATE AND MAY BE THE SUBJECT OF AN
22 ACTION AFTER THE EFFECTIVE DATE, WHETHER OR NOT: (A) SUCH PERSON
23 OR GOVERNMENTAL UNIT HAS FILED A PROOF OF CLAIM AGAINST THE
24 DEBTORS IN THE CASES; (B) SUCH PERSON'S OR GOVERNMENTAL UNIT'S
25 PROOF OF CLAIM HAS BEEN OBJECTED TO BY THE DEBTORS; (C) SUCH
26 PERSON'S OR GOVERNMENTAL UNIT'S CLAIM WAS INCLUDED IN THE

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1 DEBTORS' SCHEDULES; OR (D) SUCH PERSON'S OR GOVERNMENTAL UNIT'S
2 SCHEDULED CLAIM HAS BEEN OBJECTED TO BY THE DEBTORS OR HAS BEEN
3 IDENTIFIED BY THE DEBTORS AS CONTINGENT, UNLIQUIDATED OR
4 DISPUTED.

5 5. NO WAIVER OF CLAIMS. NEITHER THE FAILURE TO LIST A CLAIM
6 IN THE SCHEDULES FILED BY THE DEBTORS, THE FAILURE OF THE DEBTORS
7 OR ANY OTHER PERSON TO OBJECT TO ANY CLAIM FOR PURPOSES OF
8 VOTING, THE FAILURE OF THE DEBTORS OR ANY OTHER PERSON TO OBJECT
9 TO A CLAIM OR ADMINISTRATIVE EXPENSE BEFORE CONFIRMATION OR THE
10 EFFECTIVE DATE, THE FAILURE OF ANY PERSON TO ASSERT A CLAIM OR
11 CAUSE OF ACTION BEFORE CONFIRMATION OR THE EFFECTIVE DATE, THE
12 ABSENCE OF A PROOF OF CLAIM HAVING BEEN FILED WITH RESPECT TO A
13 CLAIM, NOR ANY ACTION OR INACTION OF THE DEBTORS OR ANY OTHER
14 PERSON WITH RESPECT TO A CLAIM, OR ADMINISTRATIVE EXPENSE, OTHER
15 THAN A LEGALLY EFFECTIVE EXPRESS WAIVER OR RELEASE SHALL BE
16 DEEMED A WAIVER OR RELEASE OF THE RIGHT OF THE REORGANIZED
17 DEBTORS, BEFORE OR AFTER SOLICITATION OF VOTES ON THE PLAN OR
18 BEFORE OR AFTER CONFIRMATION OR THE EFFECTIVE DATE TO (A) OBJECT
19 TO OR EXAMINE SUCH CLAIM OR ADMINISTRATIVE EXPENSE, IN WHOLE OR
20 IN PART OR (B) RETAIN AND EITHER ASSIGN OR EXCLUSIVELY ASSERT,
21 PURSUE, PROSECUTE, UTILIZE, OTHERWISE ACT OR OTHERWISE ENFORCE
22 ANY CLAIM OR CAUSE OF ACTION AGAINST THE HOLDER OF ANY SUCH
23 CLAIM.

24 6. Disclaimer Regarding Plan Proponent's Knowledge of Potential Claims.⁷

25
26 ⁷ Nothing contained in these disclosures of potential claims is an admission by CPF
or the Debtors relating to any fact, matter or issue.

1 The Debtors have not disclosed any Estate Claims or all prepetition transactions that
2 might support Estate Claims. The Plan Proponent, CPF, is not affiliated in any way with
3 the Debtors or their principals, nor does any type of special relationship exist. The only
4 relationship between CPF and the Debtors is the “debtor/creditor” relationship. Therefore,
5 CPF does not have access to the Debtors’ business records or communications relating to
6 its business and other prepetition and postpetition dealings. Notwithstanding CPF’s lack of
7 access, and the lack of any adequate disclosure by the Debtors in the Cases, CPF has made
8 an effort to disclose matters that it believes may or could give rise to Estate Claims. The
9 failure to list a potential Claim, issue, or matter in this Disclosure Statement is not an
10 admission by CPF that no such Claim, issue, or matter exists, nor shall such failure, which
11 is based solely on CPF’s lack of access, and the lack of any adequate disclosure by the
12 Debtors in the Cases, support the application of any preclusion doctrine, including the
13 doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver,
14 estoppel (judicial, equitable or otherwise) or laches to preclude the Reorganized Debtors
15 from pursuing any Claim or cause of action after the Effective Date, regardless of whether
16 such Claim or cause of action is disclosed herein. Under the Plan, the Reorganized Debtors
17 will investigate all prepetition transactions and transfers involving the Debtors, Insiders,
18 Affiliates, Governmental Units, and other Persons and Entities, and the Reorganized
19 Debtors will pursue any Estate Claims or other Claims that may exist.

20 Under the Plan, “Avoidance Actions” are defined as, “with respect to each Debtor,
21 all Claims and/or causes of action of the Debtor or its Estate under Sections 543, 544, 545,
22 546, 547, 548, 549, 550, et seq. of the Bankruptcy Code, or under related state or federal
23 statutes and common law, including but not limited to fraudulent transfer laws, whether or
24 not litigation is commenced to prosecute such Avoidance Actions, including but not limited
25 to all potential causes of action identified in Sections 3(b) and (c) of each Debtor’s Statement
26 of Financial Affairs filed in the Case.”

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1 Under the Plan, "Estate Claims" is defined as, "with respect to each Debtor, any and
2 all claims, actions, causes of action, liabilities, obligations, rights, damages, judgments,
3 demands, defenses, suits, choses in action and all other rights and remedies of the Debtor
4 and its Estate, for or on behalf of Creditors and/or the Debtor and/or the Estate, including
5 but not limited to any and all claims and/or causes of action by the Estate and/or the Debtor,
6 against any and all Creditors, Governmental Units, or other Persons, including but not
7 limited to any and all claims any of the Debtors may have against their respective current
8 or former officers, directors, managers, members, employees, consultants, attorneys, and
9 other professionals, of every kind or nature, whether known or unknown, suspected or
10 unsuspected, whether arising before, on or after the Petition Date, in contract or in tort, at
11 law or in equity, and whether or not brought as of the Effective Date, including but not
12 limited to those for (i) damages, (ii) the recovery of monies, (iii) lien avoidance,
13 subordination, surcharge, recharacterization, setoff, counterclaim, contribution or
14 recoupment, (iv) tax refunds, (v) claims and defenses such as fraud, mistake, duress and
15 usury, (vi) injunctive, equitable or other relief, and (vii) all Avoidance Actions of the
16 Estate."

17 7. Potential Claims and Causes of Action.

18 a. Insiders and Affiliates. The Debtors may have Estate Claims or other
19 Claims or causes of action against Insiders, Affiliates, employees, consultants,
20 attorneys, and other professionals of the Debtors including but not limited to Bruce
21 Gray, Barbara Gray, and any Person or entity associated with Bruce Gray or Barbara
22 Gray, directly or indirectly, including but not limited to the entities listed on Exhibit
23 I attached hereto, and all existing and former employees and consultants employed
24 by the Debtors, including but not limited to John Gerber, Richard Dunker, Derek
25 Clayton, and Neil Elsey. The Debtors have not disclosed all prepetition transactions
26 with Insiders, Affiliates, employees, consultants, attorneys, and other professionals,

1 or any Estate Claims related to transactions with Insiders, Affiliates, employees,
2 consultants, attorneys, and other professionals of the Debtors. However, under the
3 Plan, the Reorganized Debtors will fully investigate all transactions, transfers, acts,
4 omissions, consents, approvals and other conduct, and conduct all necessary and
5 appropriate discovery to discover and pursue any Estate Claims that may exist in
6 relation thereto.

7 (1) Potential Avoidance Actions Related to LKY Parcels. The
8 Debtors may have Estate Claims or other Claims or causes of action against Bruce
9 Gray and certain of his Affiliates, including but not limited to Gray Phoenix Desert
10 Ridge I, LLC (“GPDR I”), Gray Phoenix Desert Ridge III, LLC (“GPDR III”), and
11 Gray Phoenix Desert Ridge IV, LLC (“GPDR IV”), and LKY Real Estate Fund V,
12 LLC (“LKY”) and Entities related to the foregoing parties, arising from and related
13 to prepetition transfers by one or more of the Debtors of what has been referred to in
14 these Cases as the “LKY Parcels”. The LKY Parcels are the subject of ASLD Lease
15 03-116824-99 and ASLD Lease 03-116825-99. Prepetition, one or more of the
16 Debtors transferred the LKY Parcels to GPDR III and GPDR IV. A liens against the
17 20 Acre Parcel was granted to LKY as security for a loan in the amount of \$5.0
18 million in September 2012 made by LKY to GPDR I. In December 2012, the LKY
19 Loan to GPDR I was increased to \$6.5 million. At that time, GPDR III and GPDR
20 IV granted liens in the LKY Parcels to LKY as additional collateral for the \$6.5
21 million loan. In July 2013, in connection with a transaction in which SDLI purchased
22 the Blue Sky Property, a \$5,236,500 payment was made to LKY, reducing the LKY
23 loan balance to approximately \$1.5 million and the 20 Acre Parcel was released by
24 LKY. In May 2014, LKY made an additional advance to GPDR I, increasing the
25 loan balance secured by the LKY Parcels by \$800,000 to \$2.3 million. Gray pledged
26 two lots in Paradise Valley as additional collateral for the GPDR I loan. On May 12,

1 2016, four days before the Petition Date of the May Debtors' cases, LKY made an
2 additional advance in the amount of \$640,000 to GPDR I. On June 7, 2016,
3 postpetition in the May Debtors' cases, GPDR III and GPDR IV transferred the LKY
4 Parcels to LKY in satisfaction of the GPDR I debt, and LKY granted GPDR I an
5 option to repurchase the LKY Parcels on or before March 1, 2017. The Debtors have
6 not disclosed these transactions or any potential Estate Claims related to these
7 transactions. However, under the Plan, the Reorganized Debtors will fully
8 investigate all transactions, transfers, acts, omissions, consents, approvals and other
9 conduct, and conduct all necessary and appropriate discovery to discover and pursue
10 any Estate Claims that may exist in relation thereto.

11 b. Documents, Agreements, Consents, and Approvals Related to the
12 Desert Ridge Master Planned Community. The Debtors may have Estate Claims or
13 other Claims or causes of action against Persons, Entities or Governmental Units
14 related to the Desert Ridge Master Planned Community and the DR Property,
15 included but not limited to Estate Claims or other Claims or causes of action arising
16 from or related to recorded and unrecorded Documents, leases, certificates of
17 purchase, contracts, agreements, easements, consents, approvals and other matters
18 related to the Desert Ridge Master Planned Community and the DR Property,
19 including but not limited to the Documents listed on Exhibit J attached hereto. Under
20 the Plan, the Reorganized Debtors will fully investigate all transactions, transfers,
21 acts, omissions, consents, approvals and other conduct, and conduct all necessary
22 and appropriate discovery to discover and pursue any Estate Claims that may exist
23 in relation thereto.

24 c. Professionals and Trade Vendors. The Debtors may have Estate
25 Claims or other Claims or causes of action against Insiders, Affiliates, Persons and
26 Entities that provided services to the Debtors before or after the Petition Date,

1 including but not limited to any Creditor that filed a Claim in the Cases or was
2 employed in the cases by the Debtors. The Reorganized Debtors will investigate and
3 conduct all necessary and appropriate discovery to discover and pursue any Estate
4 Claims that may exist, including but not limited to Estate Claims related to services
5 provided by engineers, architects, attorneys, and other professionals, and Estate
6 Claims related to or arising from trademarks, copyrights, and other intellectual
7 property rights with respect to Documents related to the Assets of the Debtors.

8 d. Prior Amendments, Consents, Approvals, Acts and Omissions to
9 Master Plans and CC&Rs for Desert Ridge. The Debtors may have Estate Claims
10 or other Claims or causes of action against Persons, Entities or Governmental Units
11 arising from or related to prior amendments, consents, approvals, acts and omissions
12 related to the Declaration of Covenants, Conditions, Restrictions and Easements for
13 Desert Ridge, Phoenix, Arizona, recorded on February 7, 1994 in the Official
14 Records of Maricopa County, Arizona as Instrument No. 94-0106341, as the same
15 may have been or may be amended or modified from time to time, including, but not
16 limited to amendments affecting Superblocks 1 – 12 of the Desert Ridge Master
17 Planned Community, the Declaration of Covenants, Conditions, Restrictions and
18 Easements for Desert Ridge Commercial Core, recorded as Instrument No. 2000-
19 0555236, as amended, and the Desert Ridge Master Street Plan, Master Conceptual
20 Drainage Plan, Master Water and Wastewater Plan, Master Conceptual Bicycle and
21 Pedestrian Circulation Plan, and Master Water Conservation Plan, and other
22 Documents affecting property subject to the Debtors' Master Developer and
23 Declarant rights. Under the Plan, the Reorganized Debtors will fully investigate all
24 transactions, transfers, acts, omissions, consents, approvals and other conduct, and
25 conduct all necessary and appropriate discovery to discover and pursue any Estate
26 Claims that may exist in relation thereto.

1 e. Desert Ridge Marketing Program. The Debtors may have Estate
2 Claims or other Claims or causes of action against Persons, Entities or Governmental
3 Units arising from or related to the Desert Ridge Marketing Plan. Pursuant to Section
4 3.10 of the Desert Ridge Master CC&Rs, the Master Developer was required to set
5 up a Marketing Program for the Desert Ridge master planned community. The
6 marketing program was supposed to be funded by Developer Owners of Residential
7 Parcels (mostly homebuilders). The current status of the Desert Ridge Marketing
8 Plan is unknown. However, under the Plan, the Reorganized Debtors will fully
9 investigate all transactions, transfers, acts, omissions, consents, approvals and other
10 conduct and conduct all necessary and appropriate discovery to discover and pursue
11 any Estate Claims that may exist in relation thereto.

12 f. Desert Ridge Community Association. The Debtors may have Estate
13 Claims or other Claims or causes of action against Persons, Entities or Governmental
14 Units arising from or related to committees, board members, and association
15 membership and voting in the Desert Ridge Community Association, and any other
16 existing property associations relating to Superblocks 1 – 12. Under the Plan, the
17 Reorganized Debtors will fully investigate all transactions, transfers, acts, omissions,
18 consents, approvals, budgets, audits, contracts, and other conduct, and conduct all
19 necessary and appropriate discovery to discover and pursue any Estate Claims that
20 may exist in relation thereto.

21 g. High Street Matters. The Debtors may have Estate Claims or other
22 Claims or causes of action against Persons, Entities or Governmental Units arising
23 from or related to the existing High Street development in the Commercial Core.
24 Under the Plan, the Reorganized Debtors will fully investigate all transactions,
25 transfers, acts, omissions, consents, approvals, budgets, audits, contracts, and other
26 conduct, and conduct all necessary and appropriate discovery to discover, pursue,

1 and resolve any Estate Claims that may exist in relation thereto, and eliminate any
2 ambiguity and uncertainty with respect to matters involving the High Street property.

3 (1) City of Phoenix Parking Development Agreement. This
4 document was a development agreement entered into between Northeast Phoenix
5 Partners (“NPP”) and the City of Phoenix when NPP was intending to develop a
6 large scale mixed-use property on the Desert Ridge Commercial Core. NPP is the
7 predecessor in interest to the Debtors, LKY, and the current owners of High Street
8 in the Commercial Core. Essentially, the City of Phoenix agreed to subsidize the
9 development by reimbursing NPP for the cost of constructing parking garages for
10 the property out of 50% of the sales taxes generated. NPP was supposed to start
11 receiving these funds when it had developed a minimum of 1,200,000 square feet of
12 retail space within the Core and constructed a minimum of 3,180 parking spaces
13 within parking garages, including at least 200 committed as car pool spaces. The
14 Parking Development Agreement predated the establishment of the High Street
15 project, so the High Street property is included in the property covered by the Parking
16 Development Agreement. It is not clear what impact the Parking Development
17 Agreement has on parking and building requirements within the Commercial Core
18 and related issues. Under the Plan, the Reorganized Debtors will fully investigate
19 all matters related to the Parking Development Agreement, and conduct all necessary
20 and appropriate discovery to discover, pursue, and resolve any Estate Claims that
21 may exist in relation thereto, and eliminate any ambiguity and uncertainty with
22 respect to the Parking Development Agreement.

23 (2) Conflict between Map of Dedication for City North and 2016
24 Conceptual Plan. There are a number of conflicts between the Map of Dedication
25 for City North and the Debtors’ 2016 Conceptual Plan for the Desert Ridge
26 Commercial Core.

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(a) Sewer and Drainage Easements. The Map of Dedication establishes easements for sewer and drainage which directly serve the High Street property. The easements for sewer and drainage are inconsistent with the Debtors' 2016 Conceptual Plan. It is not clear what consents from the City of Phoenix, the owners of High Street, or other Persons, Entities, or Governmental Unites are or are not required to terminate or relocate the easements.

(b) The 2016 Conceptual Plan changes the road locations through the remaining Commercial Core property, which will almost certainly require that the sewer and drainage easements be relocated to conform to the new plan. It is not clear what consents from the City of Phoenix, the owners of High Street, or other Persons, Entities, or Governmental Unites are or are not required to terminate or relocate the easements.

(c) Street Relocations. The 2016 Conceptual Plan makes very dramatic changes in the street layout for the Core from that existing in the Map of Dedication. It is not clear what consents from the City of Phoenix, the owners of High Street, or other Persons, Entities, or Governmental Unites are or are not required to address the changes in the street layout.

(3) Approval rights over High Street. It is not clear what approval rights the Declarant under the Commercial Core CC&Rs and Master CC&Rs retains over further development of the High Street property, but it appears control still remains.

(4) Limitations on High Street imposed by Declaration of EC&RS Phase I. This document, recorded against High Street in 2007 by NPP, imposes height limits on what can be constructed on the High Street project. Note that the

1 EC&Rs do not address use or square footage.

2 (a) Overall Limit. The lesser of 4 stories above grade or
3 sixty feet in height.

4 (b) Building on A-2 has a permitted height of the lesser of
5 66 feet or 4 stories plus a penthouse level comprised of one or more residential
6 units set back so as to cover not more than 90% of the lower story area.

7 (c) Building on A-14 has a permitted height of the lesser of
8 65 feet (not sure why one foot shorter but that is what it says) or 4 stories plus
9 a penthouse level.

10 (d) Any changes to these height restrictions would require
11 Declarant approval under the Commercial Core CC&Rs.

12 (5) Property Development Agreement. This Agreement was
13 entered into between Gray and the then owner of High Street to limit Gray's approval
14 rights in return for limiting the number of multifamily units permitted on High Street.

15 (a) Limit on Apartments. The High Street owner agreed to
16 limit any apartment project on the 5 acres to not more than 50 units (which
17 could be any combination of 1, 2 or 3 bedroom units).

18 (b) Limitation on Design Review. Under the Plan, the
19 Reorganized Debtors will seek to confirm what remaining approval rights
20 exists with respect to further design, construction and development of the
21 High Street property, including any vacant land.

22 (6) Internal Access Road to 56th Street. Pursuant to the Second
23 Amended and Restated Mutual Easement Agreement, the High Street property
24 appears to have a roadway and utility easements across the Core Lease property to
25 provide a secondary access to 56th Street. The Commercial Core owner has the right
26 to relocate this road.

1 (7) Tiny Parcel Option. The Second Amended and Restated
2 Mutual Easement Agreement refers to the existence of a put call option between
3 (originally) Gray and the High Street owner requiring the High Street owner to sell
4 and Gray (or its successor) to buy, a .05 acre parcel next to the High Street garage.
5 There is a recorded notice of this Option. The option was between High Street and
6 Gray Phoenix Desert Ridge IV, LLC and related to part of the leasehold held by Gray
7 Phoenix Desert Ridge IV, LLC.

8 h. Easements Affecting DR Property. The Debtors may have Estate
9 Claims or other Claims or causes of action against Persons, Entities or Governmental
10 Units arising from or related to existing easements and rights of way affecting the
11 DR Property. A new survey of the DR Property is necessary to identify any such
12 issues. However, it is believed that at least one old Arizona Public Service easement
13 exists that should be removed. Other easements and right of way issues may exist.
14 Under the Plan, the Reorganized Debtors will fully investigate all transactions,
15 transfers, acts, omissions, consents, approvals, budgets, audits, contracts, and other
16 conduct, and conduct all necessary and appropriate discovery to discover and pursue
17 any Estate Claims that may exist in relation thereto.

18 i. Property Tax Issues. The Debtors may have Estate Claims or Other
19 Claims or causes of action against Persons, Entities, or Governmental Units related
20 to the tax treatment of property owned or leased by the Debtors, including but not
21 limited to amendments to the Arizona Constitution and Arizona Revised Statutes to
22 implement Proposition 117 approved by Arizona voters in the 2012 general election.
23 Under the Plan, the Reorganized Debtors will fully investigate all transactions,
24 transfers, acts, omissions, consents, approvals, budgets, audits, contracts, and other
25 conduct, and conduct all necessary and appropriate discovery to discover and pursue
26 any Estate Claims that may exist in relation thereto.

1 **G. General Provisions**

2 1. Notices Under the Plan. Notices, requests, or demands with respect to this
3 Plan shall be in writing and shall be deemed to have been received within five (5) days of
4 the date of mailing, provided they are sent by registered mail or certified mail, postage
5 prepaid, return receipt requested, and:

6 if sent to CPF, addressed to:

7 GALLAGHER & KENNEDY, P.A.
8 Attn.: Todd A. Burgess
9 2575 East Camelback Road
10 Phoenix, Arizona 85016-9225
11 Facsimile: (602) 530-8500
12 Email: todd.burgess@gknet.com

13 2. Withholding Taxes/Setoffs. The Reorganized Debtors shall be entitled to
14 deduct any Federal or State withholding taxes from any payments with respect to Allowed
15 Claims for wages of any kind. The Reorganized Debtors may, but shall not be required to,
16 set off or recoup against any Claim, and the payments to be made pursuant to the Plan in
17 respect of such Claim, any claims of any nature whatsoever the Debtors or the Estates may
18 have against the holder of such Claim, but neither the failure to do so nor the allowance of
19 any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any
20 such claim the Debtors may have against such holder.

21 3. Committee. On the Effective Date, any Committee appointed in the Case
22 shall automatically dissolve and the members thereof and the Professional Persons retained
23 by the Committee in accordance with Section 1103 of the Bankruptcy Code shall be
24 released and discharged from their respective duties and obligations.

25 4. Headings. The headings used in this Plan are inserted for convenience only
26 and neither shall constitute a portion of this Plan nor in any manner affect the provisions of
this Plan.

5. Severability. In the event that the Bankruptcy Court determines, prior to the

1 Confirmation Date, that any provision of the Plan is invalid, void, or unenforceable, the
2 Bankruptcy Court shall, with the consent of CPF, but not otherwise, have the power to alter
3 and interpret such term or provision to make it valid or enforceable to the maximum extent
4 practicable, consistent with the original purpose of the term or provision held to be invalid,
5 void, or unenforceable, and such term or provision shall then be applicable as altered or
6 interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder
7 of the terms and provisions of the Plan shall remain in full force and effect and shall in no
8 way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The
9 Confirmation Order shall constitute a judicial determination and shall provide that each
10 term and provision of the Plan, as it may have been altered or interpreted in accordance with
11 the foregoing, is valid and enforceable pursuant to its terms.

12 6. Certain Terminations. On the Effective Date, all instruments evidencing
13 indebtedness of the Debtors discharged by the Plan shall be deemed canceled, except to the
14 extent that this Plan provides for the retention of Liens.

15 7. Governing Law. Except to the extent that the Bankruptcy Code is applicable,
16 the rights and obligations arising under this Plan shall be governed by, and construed and
17 enforced in accordance with, the internal laws of the State of Arizona without regard to its
18 conflicts of law principles.

19 8. Contingent or Unliquidated Claims. The Bankruptcy Court shall fix, liquidate
20 or estimate the amount of any contingent or unliquidated Claim pursuant to Section 502 of
21 the Bankruptcy Code. The amount so fixed shall be deemed the allowed amount of such
22 contingent or unliquidated Claim for purposes of this Plan. In lieu thereof, the Bankruptcy
23 Court may determine the amount to be reserved for such contingent or unliquidated Claim,
24 which amount shall be the maximum amount which the holder of such contingent or
25 unliquidated Claim shall be entitled to receive under this Plan if such contingent or
26 unliquidated Claim is allowed in whole or in part.

1 9. Revocation of Plan. CPF reserves and shall have the right to revoke and
2 withdraw this Plan at any time before Confirmation.

3 10. Modification of Plan. CPF reserves and shall have the right to propose
4 alterations, amendments, or modifications of or to the Plan in writing at any time prior to
5 the Confirmation Date, in accordance with Section 1127 of the Bankruptcy Code and
6 Bankruptcy Rule 3019. CPF may alter, amend, or modify the Plan at any time after the
7 Confirmation Date and before substantial consummation in accordance with Section 1127
8 of the Bankruptcy Code. A holder of a Claim that has accepted the Plan shall be deemed to
9 have accepted the Plan, as altered, amended or modified, to the extent, and subject to the
10 conditions, set forth in Bankruptcy Rule 3019. Without limiting the foregoing, after
11 Confirmation, CPF may, upon Order from the Bankruptcy Court, in accordance with
12 Section 1127(b) of the Bankruptcy Code, remedy any defect or omission or reconcile any
13 inconsistency in this Plan in such manner as may be necessary to carry out the purpose of
14 this Plan.

15 11. Reservation of Rights. Nothing contained herein shall prohibit CPF from
16 prosecuting or defending any of its rights as may exist on its own behalf before the Effective
17 Date. If CPF withdraws or revokes the Plan prior to the Confirmation Date, or if
18 Confirmation of the Plan does not otherwise occur, the Plan shall be deemed null and void.
19 In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release
20 of any Claims by or against the Debtors, their Estates, or any other Person, or to prejudice
21 in any manner, the rights and remedies of the creditors, the Debtors, their Estates, or any
22 other Person in any further proceedings involving the Debtors or their Estates or any other
23 Person. The filing of the Plan and or any modifications hereto, and the Plan itself shall not
24 constitute a waiver by CPF of any rights, remedies, objections, or causes of action it may
25 have or may wish to raise with respect to any matter whatsoever, including, without
26 limitation, any other plan or plans filed or to be filed in any of the Cases, all of which rights

1 and objections are hereby reserved.

2 12. Exemption from Certain Transfer Taxes. Pursuant to Section 1146(a) of the
3 Bankruptcy Code, the issuance, transfer or exchange of a security, or the making or delivery
4 of an instrument of transfer hereunder will not be subject to any stamp, tax, or similar tax.

5 13. Injunction. Except as otherwise provided in the Plan or the Confirmation
6 Order, and except for any actions timely filed pursuant to Section 523 of the Bankruptcy
7 Code or any Claims declared by the Bankruptcy Court to be non-dischargeable pursuant to
8 Section 523 of the Bankruptcy Code, as of the Confirmation Date, but subject to the
9 occurrence of the Effective Date, all Persons who have held, hold or may hold Claims
10 against the Debtors or their Estates, or Equity Security Interests in the Debtors, are, with
11 respect to any such Claims or Equity Security Interests, permanently enjoined from and
12 after the Confirmation Date from: (i) commencing, conducting or continuing in any
13 manner, directly or indirectly, any suit, action or other proceeding of any kind (including,
14 without limitation, any proceeding in a judicial, arbitral, administrative or other forum) with
15 respect to any such Claim against or affecting the Debtors, their Estates or any of their
16 respective property, or any direct or indirect post-Effective Date transferee of any property
17 of, or post-Effective Date direct or indirect successor in interest to, any of the foregoing
18 Persons, solely in their capacity as such transferees or successors in interest, or any property
19 of any such transferee or successor, solely in such capacity; (ii) enforcing, levying, attaching
20 (including, without limitation, any pre-judgment attachment), collecting or otherwise
21 recovering by any manner or means, whether directly or indirectly, with respect to any
22 judgment, award, decree or order against the Debtors, their Estates or any of their respective
23 property, or any direct or indirect post-Effective Date transferee of any property of, or post-
24 Effective Date direct or indirect successor in interest to, any of the foregoing Persons, solely
25 in their capacity as such transferees or successors in interest, or any property of any such
26 transferee or successor, solely in such capacity; (iii) creating, perfecting or otherwise

1 enforcing in any manner, directly or indirectly, any encumbrance of any kind against the
2 Debtors, their Estates or any of their respective property, or any direct or indirect post-
3 Effective Date transferee of any property of, or post-Effective Date direct or indirect
4 successor in interest to, any of the foregoing Persons, solely in their capacity as such
5 transferees or successors in interest, or any property of any such transferee or successor,
6 solely in such capacity; (iv) asserting initially after the Effective Date any right of setoff,
7 subrogation, or recoupment of any kind, directly or indirectly, against any obligation due to
8 the Debtors, their Estates or any of their respective property, or any direct or indirect post-
9 Effective Date transferee of any property of, or post-Effective Date direct or indirect
10 successor in interest to, any of the foregoing Persons, solely in their capacity as such
11 transferees or successors in interest, or any property of any such transferee or successor,
12 solely in such capacity; and (v) acting or proceeding in any manner, in any place
13 whatsoever, that does not conform to or comply with the provisions of the Plan to the full
14 extent permitted by applicable law. By accepting a distribution pursuant to the Plan, each
15 holder of an Allowed Claim receiving distributions pursuant to the Plan will be deemed to
16 have specifically consented to the injunctions set forth in this section, and, except as set
17 forth in this Section, waives any and all claims, causes of action, remedies and objections
18 of every kind against the Debtors.

19 14. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or
20 stays arising before the Confirmation Date in accordance with Sections 105 or 362 of the
21 Bankruptcy Code, and in existence on the Confirmation Date, shall remain in full force and
22 effect until the Effective Date, or such later date as provided under applicable law. For the
23 avoidance of doubt, this Section 14.13 does not apply to the permanent injunction set forth
24 in Section 14.12 of the Plan.

25 15. Injunction against Interference with Plan. Upon the entry of the Confirmation
26 Order, all holders of Claims and Equity Security Interests and other parties in interest,

1 including the Debtors, along with their respective present or former employees, agents,
2 officers, directors, or principals, shall be enjoined from taking any actions to interfere with
3 the implementation or consummation of the Plan.

4 16. Exculpation. Except with respect to obligations under the Plan, neither CPF,
5 nor any of its respective Representatives, (solely in their capacity as such) (each an
6 “Exculpated Party”), shall have or incur any liability to the Debtors or any of their
7 Representatives or any holder of a Claim or Equity Security Interest for any act or omission
8 in connection with, or arising out of: (i) the Case; (ii) the development, negotiation or
9 confirmation of the Plan; (iii) the consummation of the Plan; or (iv) the administration of
10 the Plan or property to be distributed pursuant to the Plan, except for fraud, willful
11 misconduct, recklessness or gross negligence; and, in all respects, each Exculpated Party
12 shall be entitled to rely upon the advice of counsel with respect to their duties and
13 responsibilities under the Plan.

14 17. Successors and Assigns. The rights and obligations of any Entity named or
15 referred to in the Plan shall be binding upon and shall inure to the benefit of, the
16 predecessors, successors, assigns and agents of such Entity.

17 **H. Conditions Precedent To Effectiveness Of Plan.**

18 The following shall be conditions to the occurrence of the Effective Date unless such
19 conditions shall have been duly waived as provided below: The Confirmation Order in
20 form and substance acceptable to CPF shall have become a Final Order, except that CPF
21 reserves the right to cause the Effective Date to occur notwithstanding the pendency of an
22 appeal of the Confirmation Order.

23 **VII.**
24 **FEDERAL TAX CONSEQUENCES**

25 Each holder of a claim is urged to consult with its own tax advisor regarding the
26 federal, state, local and other tax consequences of the Plan. No rules have been requested
from the Internal Revenue Service with respect to any of the tax aspects of the Plan.

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VIII.
VOTING PROCEDURES AND REQUIREMENTS

A. Parties Entitled to Vote

If you hold an Allowed Claim that is “impaired” under the Plan, you are entitled to vote to accept or reject the Plan. Accordingly, to be entitled to vote, your Claim must be “allowed” as set forth in Section 502 of the Bankruptcy Code or temporarily allowed as set forth in Bankruptcy Rule 3018(a). Additionally, Section 1126(f) of the Bankruptcy Code permits you to vote to accept or reject the Plan only if your Claim is “impaired.”

B. Procedures for Voting

1. Submission of Ballots. After this Disclosure Statement has been approved by the Bankruptcy Court, all Creditors whose votes are solicited (as explained above) will be sent (a) a ballot, together with instructions for voting (the “Ballot”); (b) a copy of this Disclosure Statement as approved by the Bankruptcy Court; and (c) a copy of the Plan. You should read the Ballot carefully and follow the instructions. Please use only the Ballot sent with this Disclosure Statement. You should complete your Ballot and return it to:

GALLAGHER & KENNEDY, P.A.
Attn: Todd A. Burgess
2575 East Camelback Road, Suite 1100
Phoenix, AZ 85016
Telephone: (602) 530-8000
Email: todd.burgess@gknet.com

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS LISTED ABOVE BY 5:00 P.M., MOUNTAIN STANDARD TIME, ON _____, 2017. IF YOUR BALLOT IS NOT TIMELY RECEIVED, IT WILL NOT BE COUNTED IN DETERMINING WHETHER THE PLAN HAS BEEN ACCEPTED OR REJECTED.

2. Procedures for Vote Tabulation. In determining whether the Plan has been accepted or rejected, Ballots will be tabulated in accordance with the Court’s Order approving this Disclosure Statement.

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1 3. Withdrawal of Ballots. A Ballot may not be withdrawn or changed after it is
2 cast unless the Bankruptcy Court permits you to do so after notice and a hearing to
3 determine whether sufficient cause exists to permit the change.

4 4. Questions and Lost or Damaged Ballots. If you have any questions
5 concerning voting procedures, if your Ballot is damaged or lost, or if you believe you should
6 have received a Ballot but did not receive one, you may contact CPF's counsel, Todd
7 Burgess, at the address and telephone number listed above.

8 5. Preference of Creditors. The Ballot will also ask Creditors to express their
9 preference as between the CPF Plan, the May Debtors' proposed plan, and the July Debtors'
10 proposed plan.

11 **C. Summary of Voting Requirements.**

12 In order for the Plan to be confirmed, the Plan must be accepted by at least one (1)
13 impaired Class of Claims. For a Class of Claims to accept the Plan, votes representing at
14 least two-thirds in claim amount and a majority in number of the Claims voted in that Class
15 (not including votes of insiders) must be cast to accept the Plan.

16 **IT IS IMPORTANT THAT HOLDERS OF ALLOWED IMPAIRED**
17 **CLAIMS EXERCISE THEIR RIGHTS TO VOTE TO ACCEPT OR**
18 **REJECT THE PLAN. CPF ASSERTS THAT THE TREATMENT OF**
19 **CREDITORS UNDER THE PLAN IS THE BEST ALTERNATIVE**
20 **FOR CREDITORS, AND CPF RECOMMENDS THAT THE**
HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF THE
PLAN.

21 The specific treatment of each Class under the Plan is described in the Plan and is
22 summarized in this Disclosure Statement.

23 **IX.**
LIQUIDATION ANALYSIS

24 CPF contends that the Plan will provide a materially better recovery to creditors, in
25 light of the CPF Plan Contribution, which would be unavailable in the event of conversion
26 of the Cases to chapter 7. In a conversion to chapter 7, CPF likely would be granted stay

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1 relief and would simply foreclose on its collateral. The following chart summarizes CPF's
 2 secured debts against the Debtors, projected as of April 30, 2017 based on per diem accruals,
 3 and the real estate appraisals submitted by CPF and the Debtors in the cases:

4 Debt	5 Balance (excluding post-petition attorneys' fees and costs)	6 Per Diem Interest	7 Per Diem Late Fees	8 Collateral	9 Debtor	10 CPF Appraisals	11 Debtor Appraisals
12 Ganymede Note	\$76,160,850	\$74,901	-	96 Acres	EP & GMF	\$54,000,000	\$121,000,000
13 STB Note	\$3,890,569	\$688	-	96 Acres	EP & GMF	\$54,000,000	\$121,000,000
14 \$26.5 MM Note	\$37,370,260	\$13,068	\$10,000	20 Acres Blue Sky Parcel 2H	GPDR II SDLI EoE	\$13,067,950 \$22,470,000 \$4,970,000	\$27,300,000 - \$11,100,000
15 \$3.7 MM Note	\$5,315,829	\$1,825	\$1,500	Parcel 2H	EoE	\$4,970,000	\$11,100,000
16 Totals	\$122,737,508	\$90,482	\$11,500				

17
 18 The Debtors dispute CPF's Secured Claims, but CPF contends that the Debtors'
 19 objections are unfounded. The Debtors and CPF also dispute the value of CPF's Collateral.
 20 The Court currently is conducting a valuation and indubitable equivalence trial with respect
 21 to the 96 Acres and the 20 Acres. CPF expects that the valuation and indubitable
 22 equivalence trial will be completed within 30 days, and that the Court will make specific
 23 findings and conclusions regarding valuation and indubitable equivalence as it relates to the
 24 May Debtors' proposed plan. The Court's findings and conclusions may impact the
 25 Liquidation Analysis.
 26

X.
CONFIRMATION OF THE PLAN

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code provides that the Bankruptcy Court, after notice, will hold a Confirmation Hearing on the Plan. The Confirmation Hearing will be held at the United States Bankruptcy Court, 230 N. First Avenue, Courtroom 702, Phoenix, Arizona, on _____, 2017, at _____ a.m./p.m. **THE HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE COURT WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT MADE AT THE HEARING.**

B. Objections to Confirmation.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan, regardless of whether it is entitled to vote. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **IF AN OBJECTION TO CONFIRMATION IS NOT TIMELY MADE, THE COURT NEED NOT RECEIVE OR CONSIDER IT. ALL OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED WITH THE BANKRUPTCY COURT AND SERVED ON COUNSEL FOR CPF AT THE ADDRESSES SET FORTH ABOVE, ON THE UNITED STATES TRUSTEE, ON THE DEBTORS, AND ON ANY PARTY-IN-INTEREST WHO HAS REQUESTED NOTICE IN THE DEBTOR'S BANKRUPTCY CASE, BY _____, 2017.**

C. Requirements for Confirmation of the Plan

1. Confirmation under Section 1129(a) of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. Such requirements include, among others:

- a. That the Plan Proponent has complied with the applicable provisions of Chapter 11, including the provisions of Sections 1122 and 1123 of the Bankruptcy

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1 Code governing classification of claims and interests and contents of a plan of
2 reorganization.

3 b. That the Plan has been proposed in good faith and not by any means
4 forbidden by law.

5 c. That any payment made or promised by the Plan Proponent to any
6 Person for services, costs, or expenses in connection with the Bankruptcy Case or
7 the Plan has been approved by or is subject to approval by the Bankruptcy Court as
8 reasonable.

9 d. That the Plan Proponent has disclosed the identity and affiliations of
10 Persons proposed to serve as officers after confirmation.

11 e. That one or more of the impaired Classes of Claims has voted to accept
12 the Plan.

13 f. That the Plan is in the best interests of holders of Claims and Equity
14 Interests; that is, each holder of an Allowed Claim or Allowed Equity Interest either
15 has accepted the Plan or will receive on account of its Claim or Equity Interest
16 property with a value, as of the Effective Date, that is not less than the amount that
17 the holder of such Claim or Equity Interest would receive if the Debtors were
18 liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

19 g. That the Plan is feasible; that is, confirmation is not likely to be
20 followed by the need for liquidation or further reorganization of the Debtors unless
21 that is provided for in the Plan.

22 2. The Plan Satisfies Bankruptcy Code Requirements.

23 a. Best Interests Test and Liquidation Analysis. Under the best interests
24 test, the Plan is confirmable if, with respect to each impaired Class of Claims or
25 Equity Interests, each holder of an Allowed Claim or Allowed Equity Interest in such
26 Class either: (i) has accepted the Plan; or (ii) will receive or retain under the Plan,

1 on account of its Claim or Interest, property of a value, as of the Effective Date, that
2 is not less than the amount such holder would receive or retain if the Debtors were
3 liquidated under Chapter 7 of the Bankruptcy Code. The Debtors believe the
4 distributions to Creditors under the Plan will meet or exceed the recoveries that
5 Creditors would receive in a Chapter 7 liquidation of the Debtors and their Estates.
6 The Debtors believe that the Plan provides an equal or better return to Creditors than
7 they can otherwise receive under Chapter 7, and therefore the best interests of
8 creditors test is met.

9 b. Feasibility of the Plan. Section 1129(a)(11) of the Bankruptcy Code
10 includes what is commonly described as the “feasibility” standard. In order for the
11 Plan to be confirmed, the Bankruptcy Court also must determine that the Plan is
12 feasible - that is, that the need for further reorganization or a subsequent liquidation
13 of the Debtors is not likely to result following confirmation of the Plan. As set forth
14 in this Disclosure Statement and in the Plan, CPF believes that the Plan is feasible.
15 CPF will provide evidence of its financial wherewithal to make the CPF Plan
16 Contribution and other payments required under the Plan prior to the Confirmation
17 Hearing.

18 c. Acceptance by an Impaired Class. Because the Plan impairs some
19 Classes of Claims, Section 1129(a)(10) of the Bankruptcy Code requires that, for the
20 Plan to be confirmed, at least one impaired Class must accept the Plan by the
21 requisite vote without counting the votes of any “insiders” (as that term is defined in
22 Section 101(31) of the Bankruptcy Code) contained in that Class. CPF will vote to
23 accept the Plan, therefore, this requirement will be satisfied.

24 d. Confirmation Under Section 1129(b) of the Bankruptcy Code.
25 Although Section 1129(a)(8) of the Bankruptcy Code requires that the Plan be
26 accepted by each Class that is impaired by the Plan, Section 1129(b) of the

1 Bankruptcy Code provides that the Bankruptcy Court may still confirm the Plan at
2 the request of the Plan Proponent if all requirements of Section 1129(a) of the
3 Bankruptcy Code are met except for Section 1129(a)(8) and if, with respect to each
4 Class of Claims or Equity Interests that (a) is impaired under the Plan, and (b) has
5 not voted to accept the Plan, the Plan “does not discriminate unfairly” and is “fair
6 and equitable.” This provision commonly is referred to as a “cramdown.” The Plan
7 Proponent has requested cramdown confirmation of the Plan with respect to any such
8 non-accepting Class of Creditors. The Plan Proponent believes that, with respect to
9 such Class or Classes, the Plan meets the requirements of Section 1129(b) of the
10 Bankruptcy Code.

11 (1) Unfair Discrimination. A plan of reorganization “does not
12 discriminate unfairly” if: (i) the legal rights of a non-accepting class are
13 treated in a manner that is consistent with the treatment of other classes whose
14 legal rights are related to those of the non-accepting class; and (ii) no class
15 receives payments in excess of that which it is legally entitled to receive on
16 account of its Claims or Equity Interests. The Plan Proponent asserts that
17 under the Plan: (i) all classes of impaired Claims are being treated in a manner
18 that is consistent with the treatment of other similar classes of Claims; and (ii)
19 no Class of Claims will receive payments or property with an aggregate value
20 greater than the sum of the Allowed Claims in the Class. Accordingly, the
21 Plan Proponent believes that the Plan does not discriminate unfairly as to any
22 impaired Class of Claims or Equity Interests.

23 (2) Fair and Equitable Test. The Bankruptcy Code establishes
24 different “fair and equitable” tests for Secured Creditors, Unsecured
25 Creditors, and holders of Equity Interests, as follows:

26 (a) Secured Creditors. With respect to a secured claim, “fair

1 and equitable” means that a plan provides that either (A) the holder of
2 the secured claim in an impaired class retains the liens securing such
3 claim, whether the property subject to such liens is retained by the
4 debtor or transferred to another entity, to the extent of the amount of
5 such allowed claim, and that the holder of such claim receives on
6 account of such claim deferred cash payments totaling at least the
7 amount of such allowed claim, of a value, as of the effective date, of
8 at least the value of such holder’s interest in the estate’s interest in such
9 property; (B) for the sale, subject to Section 363(k) of the Bankruptcy
10 Code, of any property that is subject to the liens securing such claim,
11 free and clear of such liens, with such liens to attach to the proceeds of
12 such sale, and the treatment of such liens on proceeds under clauses
13 (A) and (C); or (C) the realization by such holder of the “indubitable
14 equivalent” of such claim.

15 (b) Unsecured Creditors. With respect to an unsecured
16 claim, “fair and equitable” means that a plan provides that either (A)
17 each impaired unsecured creditor receives or retains property of a
18 value, as of the effective date, equal to the amount of its allowed claim;
19 or (B) the holders of claims and equity interests that are junior to the
20 claims of the dissenting class will not receive or retain any property
21 under the plan.

22 (c) Equity Security Interest Holders. With respect to
23 holders of equity interests, “fair and equitable” means that a plan
24 provides that either (A) each holder will receive or retain under the
25 plan property of a value, as of the effective date, equal to the greater
26 of: (1) the fixed liquidation preference or redemption price, if any, of

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such interest; or (2) the value of such interest; or (B) the holders of equity interests that are junior to the non-accepting class will not receive any property under the plan.

The Plan Proponent believes that the Plan complies with the Claims priority established by the Bankruptcy Code and thus the “fair and equitable” test of the Bankruptcy Code (including the absolute priority rule) is met with respect to the Secured Creditors and the Equity Interest holders under the Plan.

XI.
ALTERNATIVES TO THE PLAN

If the Plan is not confirmed, several different events could occur: (1) the Debtors or a third party could propose another plan providing for different treatment of certain Creditors; (2) CPF could move for relief from the automatic stay to allow it to foreclose its liens against their collateral, which may be granted by the Bankruptcy Court if an alternative plan is not confirmed in a reasonable period of time; or (3) the Bankruptcy Court (after appropriate notice and hearing) could dismiss the Bankruptcy Case or convert such to a case under Chapter 7 if an alternative plan is not confirmed in a reasonable period of time.

XII.
RECOMMENDATION AND CONCLUSION

CPF believes that the Plan provides the best available alternative for maximizing the recoveries that Creditors will receive from the Debtors’ Assets. Therefore, CPF recommends that all Creditors, that are entitled to vote on the Plan, vote to accept the Plan.

DATED: March 27, 2017.

CPF VASEO ASSOCIATES, LLC

By: /s/Robert Flaxman
Name: Robert Flaxman
Its: Authorized Representative

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Prepared and submitted on behalf of CPF Vaseo Associates, LLC by:
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EXHIBIT A
(Joint Plan of Reorganization)

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12 Attorneys for CPF VASEO ASSOCIATES, LLC

13 **IN THE UNITED STATES BANKRUPTCY COURT**
14 **FOR THE DISTRICT OF ARIZONA**

15 In re:

16 EPICENTER PARTNERS L.L.C.

17 GRAY MEYER FANNIN L.L.C.

18 SONORAN DESERT LAND INVESTORS LLC

19 EAST OF EPICENTER LLC

20 GRAY PHOENIX DESERT RIDGE II, LLC

21 Debtors.

Chapter 11

Case No. 2:16-bk-05493-MCW

Jointly Administered with:

Case No. 2:16-bk-05494-MCW

Case No. 2:16-bk-07659-MCW

Case No. 2:16-bk-07660-MCW

Case No. 2:16-bk-07661-MCW

22 **THIRD AMENDED JOINT PLAN OF REORGANIZATION FOR ALL DEBTORS**

23 This Third Amended Joint Plan of Reorganization for all Debtors (as amended, the
24 “Plan”) is filed by CPF Vaseo Associates, LLC (“CPF” or “Plan Proponent”), a secured
25 creditor and party-in-interest in the above captioned chapter 11 cases of Epicenter Partners,
26 LLC (“EP”), Gray Meyer Fannin, LLC (“GMF”), Sonoran Desert Land Investors, LLC
27 (“SDLI”), East of Epicenter, LLC (“EoE”) and Gray Phoenix Desert Ridge II, LLC (“GPDR
28 II” and together with EP, GMF, SDLI, and EoE, the “Debtors”). Sent to you in the same
29 envelope as this document is the Disclosure Statement in Support of Third Amended Joint
30 Plan of Reorganization for all Debtors (the “Disclosure Statement”), which has been

1 approved by the Bankruptcy Court and is provided to help you understand the Plan. The
2 Plan provides for the reorganization of the Debtors supported by significant Plan
3 Contributions by CPF. The Effective Date of the Plan is defined herein.

4 **ARTICLE 1. DEFINITIONS.**

5 Except as otherwise provided in this Plan, all terms used herein shall have the
6 meanings attributable to such terms under title 11 of the United States Code, 11 U.S.C.
7 §§ 101 *et seq.*, as amended (the “Bankruptcy Code”), the applicable Federal Rules of
8 Bankruptcy Procedure and the Local Bankruptcy Rules for the District of Arizona (the
9 “Local Bankruptcy Rules”). For purposes of this Plan, except as expressly otherwise
10 provided or unless the context otherwise requires, all capitalized terms not otherwise
11 defined shall have the meanings assigned to them in this Section of the Plan. In all
12 references herein to any parties, persons, entities, or corporations, the use of any particular
13 gender or the plural or singular number is intended to include the appropriate gender or
14 number as the text may require. Whenever the word “including” is used, it shall be deemed
15 to be followed by the phrase “but not limited to,” whether or not such phrase appears in the
16 text.

17 1.1 20 Acre Lease shall refer to and mean the Arizona State Land Department
18 Commercial Lease No. 003-116780-99 between GPDR II and ASLD, as amended, pursuant
19 to which GPDR II leases the 20 Acre Parcel from ASLD. The 20 Acre Lease shall be
20 deemed assumed in accordance with the provisions of 11 U.S.C. § 365, as of the Effective
21 Date.

22 1.2 20 Acre Parcel shall refer to and mean the approximately 20 acres of real
23 property of Parcel 5A of the DRSP located near the northwest corner of 56th Street and State
24 Route 101 in Phoenix, AZ leased by GPDR II from the ASLD, including any and all related
25 real property rights held by GPDR II with respect to the 20 Acre Property.

1 1.3 20 Acre Personal Property shall refer to and mean all Plans and
2 Specifications, as that term is defined in the Assignment of Plans, Specifications and
3 Contracts recorded as Instrument No. 20140812398 in the Official Records of Maricopa
4 County, Arizona, and all other documents and personal property of every kind and nature
5 related to the ownership, management, and development of the 20 Acre Parcel.

6 1.4 20 Acre Rent Extension Letter shall refer to and mean the letter dated May
7 30, 2014 from the State Land Commissioner to GPDR II granting GPDR II an extension of
8 time through July 7, 2017 to pay rent and other payments due under the 20 Acre Lease
9 attributable to the period of time from July 7, 2013 through July 6, 2017.

10 1.5 26.1 Acre 2-H Parcel shall refer to and mean approximately 26.1 acres of real
11 property located in Desert Ridge Parcel 2-H, owned by EoE, subject to the EoE Certificate
12 of Purchase.

13 1.6 96.5 Acre Lease shall refer to and mean the Arizona State Land Department
14 Commercial Lease No. 003-052415-99, as amended or modified, pursuant to which EP and
15 GMF lease the 96.5 Acre Parcels from ASLD. The 96.5 Acre Lease shall be deemed
16 assumed in accordance with the provisions of 11 U.S.C. § 365, as of the Effective Date.

17 1.7 96.5 Acre Parcels shall refer to and mean the approximately 96.5 acres of real
18 property leased by EP and GMF from ASLD pursuant to the 96.5 Acre Lease, including
19 any and all real property rights held by EP and/or GMF relating to the 96.5 Acre Parcels,
20 including, but not limited to all rights of EP and GMF as Master Developer and Declarant
21 described in the Assignment of Rights as Master Developer and Declarant, recorded on May
22 8, 2013 as Instrument 20130421834 in the Official Records of Maricopa County, Arizona.

23 1.8 96.5 Acre Personal Property shall refer to and mean all plans, contracts,
24 specifications, studies, and other documents and personal property of every kind and nature
25 related to the ownership, management, and development of the 96.5 Acre Parcel.

1 1.9 96.5 Acre Rent Extension Letter shall refer to and mean the letter dated May
2 30, 2014 from the State Land Commissioner to EP and GMF granting EP and GMF an
3 extension of time through July 7, 2017 to pay rent and other payments due under the
4 96.5Acre Lease attributable to the period of time from July 7, 2012 through July 6, 2017.

5 1.10 Administrative Expense shall mean any cost or expense of administration of
6 the Debtors' chapter 11 cases allowable under Section 503(b) and Section 507(a) of the
7 Bankruptcy Code, including, without limitation, any actual and necessary expenses of
8 preserving the estates of the Debtors, any actual and necessary expense of operating the
9 businesses of the Debtors, any indebtedness or obligation incurred or assumed by the
10 Debtors in connection with the conduct of the business or for the acquisition or lease of
11 property or the rendition of services to the Debtors, all allowances of compensation and
12 reimbursement of expenses of Professional Persons, including Professional Fee Claims, and
13 any fees or charges assessed against the estates of the Debtors under Chapter 123 of Title
14 28 of the United States Code.

15 1.11 Affiliates shall have the meaning set forth in Section 101(2) of the Bankruptcy
16 Code.

17 1.12 Allowed when used as an adjective preceding the words "Claim" or "Claims"
18 shall mean (a) any Claim against the Debtors that has been listed by the Debtors in their
19 Schedules as liquidated in amount and not disputed or contingent and for which no contrary
20 proof of claim has been filed, and any other Claim against the Debtors for which a proof of
21 claim has been filed by the applicable Bar Date, in each case as to which no objection to
22 the allowance thereof has been interposed with the applicable period of limitations fixed by
23 the Plan, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, or the Local
24 Rules, or as to which any objection has been interposed timely and such Claim has been
25 allowed in whole or in part by a Final Order (but only to the extent so allowed), and (b) any
26 Claim allowed hereunder. Subject to rights of Secured Creditors under Bankruptcy Code §

1 506(b), if any, unless otherwise specified in the Plan, “Allowed Claim” shall not, for
2 purposes of computation of distributions under the Plan, include interest on the amount of
3 such Claim from and after the applicable Debtor’s Petition Date.

4 1.13 ASLD shall refer to and mean the Arizona State Land Department.

5 1.14 ASLD Settlement Agreement shall refer to and mean the Settlement
6 Agreement, dated as of May 30, 2014, between Epicenter Partners, LLC, East of Epicenter,
7 LLC, the State of Arizona, acting by and through the Arizona State Land Department and
8 Vanessa Hickman, the Arizona State Land Commissioner.

9 1.15 Assets shall mean the aggregate assets of any kind of the Debtors and their
10 Estates, wherever located.

11 1.16 Avoidance Actions shall refer to and mean, with respect to each Debtor, all
12 Claims and/or causes of action of the Debtor or its Estate under Sections 543, 544, 545,
13 546, 547, 548, 549, 550, et seq. of the Bankruptcy Code, or under related state or federal
14 statutes and common law, including but not limited to fraudulent transfer laws, whether or
15 not litigation is commenced to prosecute such Avoidance Actions, including but not limited
16 to all potential causes of action identified in Sections 3(b) and (c) of each Debtor’s Statement
17 of Financial Affairs filed in the Case.

18 1.17 Ballot shall mean the form(s) distributed to creditors holding claims in an
19 impaired Class, or holders of interests in an impaired Class, on which is to be indicated the
20 acceptance or rejection of the Plan.

21 1.18 Bankruptcy Code or Code shall mean the Bankruptcy Reform Act of 1978
22 (11 U.S.C. Sections 101, et seq.), as amended, and as codified in Title 11 of the United
23 States Code.

24 1.19 Bankruptcy Court shall mean the United States Bankruptcy Court for the
25 District of Arizona having jurisdiction over the Debtors’ chapter 11 cases and, to the extent
26

1 of any reference made pursuant to 28 U.S.C. Section 158, the unit of such District Court
2 constituted pursuant to 28 U.S.C. Section 151.

3 1.20 Bankruptcy Rules shall mean the rules and forms of practice and procedure
4 in bankruptcy, promulgated under 11 U.S.C. Section 2075 and also referred to as the Federal
5 Rules of Bankruptcy Procedure.

6 1.21 Bar Date shall mean October 20, 2016, the date established by the Bankruptcy
7 Court by which all proofs of claim must be filed, in accordance with the *ORDER Granting*
8 *Motion to Set Last Day to File Proofs of Claim* [Dkt. 154].

9 1.22 Blue Sky Property shall mean the approximately 3.74 acres of real property
10 owned by SDLI located northeast of the intersection of Scottsdale Rd. and Camelback Rd.

11 1.23 Business Day shall mean and refer to any day except Saturday, Sunday, and
12 any other days on which commercial banks in Arizona are authorized by law to close.

13 1.24 Cash shall mean legal tender of the United States of America or equivalents
14 thereof, as well as any and all foreign currencies.

15 1.25 Case shall mean, as to any Debtor, such Debtor's case under Chapter 11 of
16 the Bankruptcy Code currently pending before the Bankruptcy Court. "Cases," shall, unless
17 the context otherwise requires, mean collectively each Case filed by each Debtor.

18 1.26 Claim shall mean a claim against any of the Debtors as defined in Section
19 101(5) of the Bankruptcy Code; including but not limited to any right to payment from the
20 Debtors whether or not such right is reduced to judgment, liquidated, unliquidated, fixed,
21 contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or
22 unsecured; or any right to an equitable remedy for breach of performance if such breach
23 gives rise to a right of payment from the Debtors whether or not such right to an equitable
24 remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed,
25 undisputed, secured, or unsecured.

26 1.27 Claimant shall mean the holder of a Claim.

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1 1.28 Class shall mean a class of holders of Claims or Equity Security Interests
2 described in Article III of the Plan.

3 1.29 Collateral means any property or interest in property of an Estate of any
4 Debtor, subject to a Lien to secure the payment of a Claim, which Lien is not subject to
5 avoidance or otherwise invalid and unenforceable under the Bankruptcy Code or applicable
6 non-bankruptcy law.

7 1.30 Commercial Core Declaration shall refer to and mean the Declaration of
8 Covenants, Conditions, Restrictions and Easements for Desert Ridge Commercial Core,
9 dated July 20, 2000, and recorded on July 21, 2000 in the Official Records of Maricopa
10 County, Arizona as Instrument 2000-0555236, as the same may have been or may be
11 amended or modified from time to time.

12 1.31 Committee shall mean the statutory committee of unsecured creditors
13 appointed in the EP and GMF Cases pursuant to Bankruptcy Code § 1102.

14 1.32 Confirmation shall mean the entry of the Confirmation Order.

15 1.33 Confirmation Date shall mean the date upon which the clerk of the
16 Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

17 1.34 Confirmation Hearing shall mean a hearing conducted before the Bankruptcy
18 Court for the purpose of considering confirmation of the Plan, as such hearing may be
19 adjourned or continued from time to time.

20 1.35 Confirmation Order shall mean an Order of the Bankruptcy Court confirming
21 the Plan pursuant to Section 1129 of the Bankruptcy Code.

22 1.36 CPF shall refer to and mean CPF Vaseo Associates, LLC.

23 1.37 CPF Plan Contribution shall refer to and mean cash contributed by CPF on or
24 after the Effective Date sufficient to: (i) pay the Allowed amounts of all Allowed
25 Administrative Claims, Allowed Professional Fee Claims, Allowed Priority Claims,
26 Allowed Secured Tax Claims, and the Allowed DRCA Class 7 Secured Claim in full in

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1 accordance with accordance the terms of the Plan; (ii) pay all deferred lease payments and
2 future lease payments due to ASLD under the 96 Acre Lease and the 20 Acre Lease; (iii)
3 fund the Unsecured Creditor Dividend Fund; and (iv) fund post-Effective Date expenses of
4 the Reorganized Debtors.

5 1.38 Creditor shall mean any person that has a Claim against the Debtors that arose
6 on or before the Petition Date or a Claim against the Estates of any kind specified in Section
7 502(g), 502(h) or 502(i) of the Bankruptcy Code.

8 1.39 Creditor Disbursing Agent shall mean the Person identified by the Committee
9 in the Confirmation Order to serve as the agent of the Post-Effective Date Committee for
10 the purposes of holding and disbursing the Unsecured Creditor Dividend Fund and
11 performing such other duties as may be delegated to such Person by the Post-Effective Date
12 Committee.

13 1.40 Debtors shall mean EP, GMF, SDLI, EoE and GPDR II. With respect to any
14 period of time after the Effective Date, the term Debtors, as used herein shall mean and
15 include the Debtors as reorganized under and in accordance with the confirmed Plan.

16 1.41 Document shall mean refers to and includes the originals (or copies if the
17 originals are unavailable to you), and all non-identical copies, whether different from the
18 originals by reason of any notation made on such copies or otherwise, of every writing of
19 every type of description, and every other thing constituting any medium by which, through
20 which, or on which any type of communication or knowledge has been transmitted,
21 recorded, or preserved, whether printed, handwritten, recorded or graphic matter, computer
22 records, photographic matter, or sound reproductions, wherever produced or recorded,
23 whether claimed to be exempt from production pursuant to a properly asserted privilege or
24 for any other reason, with this definition including, for illustrative purposes and without
25 limitation, all of the following:

26 1.41.1 correspondence, memoranda, notes, diaries, statistics, letters,

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1 telegrams, minutes, contracts, reports, studies, check statements, check stubs, bank
2 statements, memoranda, pamphlets, reports, surveys, studies, analyses, tabulations,
3 graphs, logs, statements, receipts, returns, summaries, pamphlets, books, inter-office
4 or intraoffice communications, telephone message slips, offers, notations of
5 conversations, bulletins, drawings, plans, computer printouts, teletypes, telefaxes,
6 invoices, worksheets, ledger books, books of account, reports and/or summaries of
7 investigations, opinions and/or reports of consultants, appraisals and/or other
8 valuation estimates of any kind, and all drafts, alterations, modifications, changes
9 and amendments of any of the foregoing;

10 1.41.2 all graphic or aural records and representations of any kind, including
11 without limitation photographs, charts, graphs, microfiche, microfilm, videotape
12 recordings, motion pictures and electronic, mechanical or electrical records,
13 cassettes, disks, or recordings of any kind; and (iii) electronic mail
14 communications, computer disks and diskettes, computer input or output, computer
15 hard drive files, computer back-up tapes, zip drive files, recorded information,
16 electromagnetic tapes used for preserving and backing up computer systems, data
17 and information located in computer systems, on computer networks, and
18 information in whatever other form stored or utilized by you on computer systems,
19 or stored for you by a third party.

20 1.42 DRCA shall mean the Desert Ridge Community Association, established
21 under the Declaration of Covenants, Conditions, Restrictions, and Easements for Desert
22 Ridge, as amended.

23 1.43 DR Property shall refer to and mean the 20 Acre Lease, the 20 Acre Personal
24 Property, the 96.5 Acre Lease, the 96.5 Acre Personal Property, and all related real property
25 and personal property rights, including, but not limited to the Master Developer Rights, the
26 Master Declarant Rights, and the Property Development Agreement.

1 1.44 DRSP shall refer to and mean the Desert Ridge Specific Plan currently in
2 effect with respect to the Desert Ridge Master Planned Community, as the same may be
3 amended in accordance with applicable State law.

4 1.45 Disallowed Claim shall mean a Claim or portion thereof that: (i) has been
5 disallowed by a Final Order; (ii) is listed in any of the Debtors' Schedules in an amount of
6 zero dollars or as contingent, unliquidated, or disputed and as to which a proof of claim was
7 not filed by the Bar Date; or (iii) is not identified in the Debtors' schedules and as to which
8 no proof of claim has been filed or been deemed filed by the Bar Date.

9 1.46 Disclosure Statement shall mean and refer to the disclosure statement filed by
10 CPF as required pursuant to Section 1125 of the Bankruptcy Code, as the same may be
11 amended from time to time by the Debtors.

12 1.47 Disputed Claim shall mean any Claim that is not an Allowed Claim or a
13 Disallowed Claim and that has not been barred or otherwise disallowed or paid or otherwise
14 satisfied. In the event that any part of a Claim is a Disputed Claim, such Claim in its entirety
15 shall be deemed to constitute a Disputed Claim for purposes of distribution under the Plan
16 unless the Debtors and the holder thereof agree otherwise; provided, however, nothing in
17 this definition is intended to or does impair the rights of any holder of a Disputed Claim to
18 pursue its rights under Section 502(c) of the Bankruptcy Code. Without limiting any of the
19 foregoing, but subject to the provisions of the Plan, a Claim, including a Claim listed on
20 any of the Debtors' Schedules, that is the subject of a pending application, motion,
21 complaint, objection or any other legal proceeding commenced or filed by the Debtors or
22 CPF seeking to disallow, limit, subordinate or estimate such Claim shall be deemed to
23 constitute a Disputed Claim.

24 1.48 Effective Date shall mean the earlier of (a) first Business Day after the
25 Confirmation Order becomes a Final Order; and (b) if an appeal or other challenge to the
26 Confirmation Order has been taken or may timely be taken, but such order remains in full

1 force and effect and has not been stayed, and CPF waives the condition “to the Effective
2 Date” in Section 15.1, the date designated in a writing filed by CPF in the Cases, whether
3 or not the Confirmation Order has become a Final Order.

4 1.49 EoE shall mean East of Epicenter, LLC, a debtor herein.

5 1.50 EoE Certificate of Purchase shall refer to and mean that certain Certificate of
6 Purchase No. 53-110227, as amended, pursuant to which ASLD sold the 26.1 Acre 2-H
7 Parcel to EoE, subject to EoE’s obligation to make certain deferred payments of the
8 purchase price to ASLD.

9 1.51 Emerald Equities shall mean Emerald Equities, LLC, the entity that filed
10 Claim 4-1 against SDLI and Claim 14-1 against EP.

11 1.52 Emerald Equities Letter Agreement shall mean that certain letter agreement,
12 dated April 26, 2011, executed by Emerald Equities, SDLI, and Scottsdale Renaissance,
13 L.L.C. and attached as Exhibit 1 to the Emerald Equities Claim 4-1 filed against SDLI.

14 1.53 Entity shall have the meaning set forth in Section 101(15) of the Bankruptcy
15 Code.

16 1.54 EP shall mean Epicenter Partners, L.L.C., a debtor herein.

17 1.55 Equity Security shall have the meaning set forth in Section 101(16) of the
18 Bankruptcy Code and “Equity Security Holder” shall have the meaning set forth in Section
19 101(17) of the Bankruptcy Code.

20 1.56 Equity Security Interest means the interest of an Equity Security Holder in
21 the applicable Debtor.

22 1.57 GBSRP I shall mean Gray Blue Sky Scottsdale Residential Phase I, LLC, an
23 Arizona limited liability company 100% owned by SDLI and the current owner of
24 approximately .55 acres adjacent to the Blue Sky Property.

25 1.58 GBSRP I Property shall refer to and mean the approximately .55 acres of real
26 property located adjacent to the Blue Sky Property owned by GBSRP I.

1 1.59 Estate shall mean the estate of the applicable Debtor created in accordance
2 with Section 541 of the Bankruptcy Code.

3 1.60 Estate Claims shall mean, with respect to each Debtor, any and all claims,
4 actions, causes of action, liabilities, obligations, rights, damages, judgments, demands,
5 defenses, suits, choses in action and all other rights and remedies of the Debtor and its
6 Estate, for or on behalf of Creditors and/or the Debtor and/or the Estate, including but not
7 limited to any and all claims and/or causes of action by the Estate and/or the Debtor, against
8 any and all Creditors, Governmental Units, or other Persons, including but not limited to any
9 and all claims any of the Debtors may have against their respective current or former officers,
10 directors, managers, members, employees, consultants, attorneys, and other professionals, of
11 every kind or nature, whether known or unknown, suspected or unsuspected, whether
12 arising before, on or after the Petition Date, in contract or in tort, at law or in equity, and
13 whether or not brought as of the Effective Date, including but not limited to those for (i)
14 damages, (ii) the recovery of monies, (iii) lien avoidance, subordination, surcharge,
15 recharacterization, setoff, counterclaim, contribution or recoupment, (iv) tax refunds, (v)
16 claims and defenses such as fraud, mistake, duress and usury, (vi) injunctive, equitable or
17 other relief, and (vii) all Avoidance Actions of the Estate.

18 1.61 Executory Contract and Unexpired Lease or Executory Contract or Unexpired
19 Lease shall mean a contract or lease to which a Debtor is a party that is subject to assumption
20 or rejection under Section 365 of the Bankruptcy Code.

21 1.62 Final Order shall mean an order or judgment of the Bankruptcy Court or other
22 court of competent jurisdiction as entered on the docket that (a) is not stayed, (b) has not
23 been reversed, modified or amended, and (c) as to which the time to appeal, petition for
24 certiorari, or seek reargument, review, reconsideration, rehearing or leave to appeal
25 (excluding the time to move for relief from a final order or judgment under Rule 60(b) of
26 the Federal Rules of Civil Procedure and the time to request revocation of an order of

1 confirmation under Section 1144 of the Bankruptcy Code) has expired and as to which no
2 appeal, petition for certiorari or other proceeding for reargument, review, reconsideration,
3 rehearing or leave to appeal (including a motion for relief from a final order or judgment
4 under said Rule 60(b) or a request for revocation of an order of confirmation under said
5 Section 1144) or as to which any right to appeal, petition for certiorari or seek reargument,
6 review, reconsideration, rehearing or leave to appeal has been waived in writing, or, if any
7 appeal, petition for certiorari, or other proceeding for reargument, review, reconsideration,
8 rehearing or leave to appeal has been sought, the order or judgment of the Bankruptcy Court
9 has been affirmed by the highest court to which the order or judgment was appealed or from
10 which the reargument or rehearing was sought, or certiorari has been denied, and the time
11 to take any further appeal, petition for certiorari or seek further reargument, review
12 reconsideration, rehearing or leave to appeal (excluding the time to move for relief from a
13 final order or judgment under said Rule 60(b) and the time to request revocation of an order
14 of confirmation under said Section 1144) has expired.

15 1.63 Ganymede shall refer to and mean Ganymede Investments Limited, a
16 company organized under the laws of Guernsey.

17 1.64 Ganymede Adversary shall refer to and mean Adversary No. 16-ap-00334-
18 MCW commenced by EP and GMF against CPF, including, but not limited to, the First
19 Amended Complaint filed at Dkt. 59 in Adversary No. 16-ap-00334-MCW.

20 1.65 Ganymede Claims shall refer to and mean all claims and causes of action
21 alleged, or that could have been alleged, in the Ganymede Adversary against CPF, its
22 successors, assigns, and Representatives.

23 1.66 GMF shall mean Gray Meyer Fannin, LLC, a debtor herein.

24 1.67 GPDR II shall mean Gray Phoenix Desert Ridge II, LLC, a debtor herein.

25 1.68 Governmental Unit shall have the meaning set forth in Section 101(27) of the
26 Bankruptcy Code.

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1 1.69 Impaired when used as an adjective preceding the words “Class of Claims”
2 or “Class of Equity Security Interests,” shall mean that the Plan alters the legal, equitable,
3 or contractual rights of the Claims or Equity Security Interests in that Class, other than in a
4 manner that comports with Section 1124(2) of the Bankruptcy Code.

5 1.70 Insider shall have the meaning set forth in Section 101(31) of the Bankruptcy
6 Code.

7 1.71 Insider Unsecured Claim shall mean any Unsecured Claim against the Debtor
8 arising from a transaction with a person or entity that is an affiliate or insider of any of the
9 Debtors or Bruce Gray.

10 1.72 IRS shall mean the Internal Revenue Service, Department of the Treasury of
11 the United States of America.

12 1.73 Lien shall have the meaning assigned to such term in Section 101(37) of the
13 Bankruptcy Code.

14 1.74 Lien Avoidance Adversary shall refer to and mean Adversary No. 16-ap-
15 00395-MCW commenced by EP and GMF against CPF, including, but not limited to the
16 Complaint filed therein.

17 1.75 Lien Avoidance Claims shall refer to and mean all claims and causes of action
18 alleged, or that could have been alleged, in the Lien Avoidance Action against CPF, its
19 successors, assigns, and Representatives.

20 1.76 LKY Parcels shall refer to and mean the real property that is the subject of
21 ASLD Lease 03-116824-99 and ASLD Lease 03-116825-99.

22 1.77 Master CC&Rs shall refer to and mean the Declaration of Covenants,
23 Conditions, Restrictions and Easements for Desert Ridge, Phoenix, Arizona, recorded on
24 February 7, 1994 in the Official Records of Maricopa County, Arizona as Instrument No.
25 94-0106341, as the same may have been or may be amended or modified from time to time.

26

1 1.78 Master Developer Rights shall refer to and mean those rights currently held
2 by EP and GMF under the 96.5 Acre Lease, as well as under all recorded covenants,
3 conditions and restrictions relating to the 96.5 Acre Parcels and otherwise under the DRSP,
4 as the same may have been or may be amended or modified from time to time.

5 1.79 Master Declarant Rights shall refer to and mean the rights of the Declarant
6 under the Commercial Core Declaration, as the same may have been or may be amended or
7 modified from time to time.

8 1.80 Non-Insider Unsecured Claim shall mean any Unsecured Claim against the
9 Debtor arising from a transaction with a person or entity that is not an affiliate or insider of
10 any of the Debtors or Bruce Gray.

11 1.81 Person shall have the meaning set forth in Section 101(41) of the Bankruptcy
12 Code.

13 1.82 Petition Date shall mean May 16, 2016 with respect to EP and GMF, and shall
14 mean July 6, 2016 with respect to GPDR II.

15 1.83 Plan shall mean this plan of reorganization, including, without limitation, the
16 exhibits and schedules hereto, as the same may be amended, supplemented or modified
17 from time to time in accordance with the provisions of the Bankruptcy Code and the terms
18 hereof.

19 1.84 Post-Effective Date Committee shall refer to and mean a committee of not
20 less than 3 different holders of Non-Insider Unsecured Claims against one or more of the
21 Debtors in the Cases, to be identified by the Committee in the Confirmation Order. The
22 Post-Effective Date Committee will be vested solely with the exclusive rights and standing
23 to object to and administer Unsecured Claims (with the exception of the Class 7 Emerald
24 Equities Claim, which shall be administered and paid by the Reorganized Debtors from a
25 source other than the Unsecured Creditor Dividend Fund), including the right to object to
26 the allowance of Unsecured Claims, settle Disputed Claims, hold and administer the

1 Unsecured Creditor Dividend Fund, and approve interim and final distributions from the
2 Unsecured Creditor Dividend Fund. The Post-Effective Date Committee will not be vested
3 with any avoidance powers or other powers under Section 544 – 551 of the Bankruptcy
4 Code or the rights or standing to commence any actions or proceedings not directly related
5 to the administration of and distributions on Unsecured Claims. To the extent that any
6 Debtor has an affirmative Claim or counter-Claim against any Unsecured Creditor that
7 procedurally must be raised in conjunction with (and in the same proceeding as) a Claim
8 objection filed with respect to any Unsecured Claim, the Post-Effective Date Committee
9 will be deemed to have consented to the intervention of or joinder of the applicable
10 Reorganized Debtor for the purpose of pursuing any such affirmative Claim or counter-
11 Claim. The Post-Effective Date Committee shall be authorized to delegate some or all of
12 its duties under the Plan to the Creditor Disbursing Agent. The Creditor Disbursing Agent,
13 and the terms of its retention, shall be disclosed by the Committee in the Confirmation
14 Order. All fees and expenses of the Post-Effective Date Committee and the Creditor
15 Disbursing Agent shall be paid from the Unsecured Creditor Dividend Fund (including all
16 professional fees and expenses incurred after the Effective Date). Any dispute regarding
17 the limited rights, powers, or duties of the Post-Effective Date Committee shall be resolved
18 by the Bankruptcy Court.

19 1.85 Priority Claims shall mean “Priority Tax Claims” and “Priority Non-Tax
20 Claims” in the aggregate, and shall mean any claim to the extent entitled to priority in
21 payment under Section 507 (3), (4), (5), (6), (7) or (8) of the Bankruptcy Code.

22 1.86 Priority Non-Tax Claims shall mean Priority Claims other than Priority
23 Claims entitled to priority treatment as a tax under Section 507(a)(8) of the Bankruptcy
24 Code.

25 1.87 Priority Tax Creditor shall mean a Creditor holding a Priority Tax Claim.
26

1 1.88 Priority Tax Claim shall mean any Claim entitled to priority in payment under
2 Section 507(a)(8) of the Bankruptcy Code, but only to the extent it is entitled to priority
3 under such subsection.

4 1.89 Professional Persons shall mean any professional employed in the Chapter 11
5 Case pursuant to Section 327 or Section 1103 of the Bankruptcy Code, or any professional
6 or other entity seeking compensation or reimbursement of expenses in connection with the
7 Case pursuant to Sections 503(b)(3)(F) and (b)(4) of the Bankruptcy Code.

8 1.90 Professional Fee Claim shall mean any claim by a Professional Person as
9 provided for in Sections 327, 328, 330, 503(b) and 1103 of the Bankruptcy Code.

10 1.91 Property Development Agreement shall refer to and mean the Property
11 Development Agreement, dated July 3, 2012, between EP, GMF, Bruce W. Gray, and City
12 North HH, Inc.

13 1.92 Pro Rata shall mean, with respect to an amount of Cash to be paid or
14 distributed to a Creditor with respect to an Allowed Claim on a particular date (a) within
15 the same Class, the proportion that an Allowed Claim in the Class bears to the sum of all
16 Allowed Claims and Disputed Claims within such Class, and (b) among different Classes
17 to which Cash is to be distributed pro rata, the proportion that a Class of Allowed Claims
18 bears to the sum of all Allowed Claims and Disputed Claims in the applicable Classes.

19 1.93 Reorganized Debtors shall mean the Debtors as reorganized under and in
20 accordance with the confirmed Plan from and after the Effective Date.

21 1.94 Representative shall mean, with respect to any entity, any officer, director,
22 affiliate, manager, member, subsidiary, attorney, advisor, investment banker, financial
23 advisor, accountant or other professional of such entity, in each case in such capacity,
24 together with each of their successors and assigns.

25 1.95 SDLI shall mean Sonoran Desert Land Investors, LLC, a debtor herein.
26

1 1.96 Schedules means the schedules of assets and liabilities, schedules of current
2 income and current expenditures and the statements of financial affairs filed by the Debtors
3 as required by the Bankruptcy Code and Bankruptcy Rules, including any supplements or
4 amendments thereto through the Confirmation Date

5 1.97 Secured Claim shall mean a Claim (a) which is secured by a Lien on Collateral
6 to the extent of the value of such Collateral, as determined in accordance with Section
7 506(a) of the Bankruptcy Code or (b) that is subject to a valid right of setoff pursuant to
8 Section 553 of the Bankruptcy Code. In accordance with Section 506(a) of the Bankruptcy
9 Code, Secured Claim specifically excludes that portion of a Claim of a holder of a Lien
10 against the property of the Debtor to the extent that the value of such holder's interest in the
11 property is less than the amount of such Claim. To the extent of any deficiency in the value
12 of the interest of the holder of such Secured Claim in such property, such deficiency is an
13 Unsecured Claim, unless otherwise provided for by order of the Bankruptcy Court.

14 1.98 STB shall refer to and mean the law firm of Simpson Thatcher & Bartlett
15 LLP.

16 1.99 Subordinated Claim shall mean all claims described in Section 510 of the
17 Bankruptcy Code or claims which are otherwise subordinated pursuant to an Order of the
18 Bankruptcy Court.

19 1.100 Unsecured Claim shall mean any Claim against the Debtors which arose or
20 which is deemed by the Bankruptcy Code to have arisen before the Petition Date for the
21 Debtors, and which is not (i) a secured claim pursuant to Section 506 of the Bankruptcy
22 Code, as modified by Section 1111(b) of the Bankruptcy Code, or (ii) a Claim entitled to
23 priority under Sections 503 or 507 of the Bankruptcy Code. "Unsecured Claims" shall
24 include all Claims against the Debtors that are not expressly otherwise dealt with in the
25 Plan.

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1 1.101 Unsecured Creditor Dividend Fund shall mean a fund in the amount of
2 \$2,200,000 created by the Plan Proponent on the Effective Date to make Pro Rata
3 distributions to holders of Allowed Non-Insider Unsecured Claims (and potentially holders
4 of Allowed Insider Unsecured Claims, subject to Sections 6.4 and 6.5 of the Plan) to be
5 administered by the Creditor Disbursing Agent under the supervision of the Post-Effective
6 Date Committee in accordance with the terms of the Plan.

7 1.102 Voting Class shall mean a Class of Claims under the Plan which is impaired
8 and entitled to vote to accept or reject the Plan.

9 **ARTICLE 2. INTERPRETATION, RULES OF CONSTRUCTION, AND OTHER**
10 **TERMS.**

11 2.1 Any term used in this Plan that is not defined herein, whether in Article I or
12 elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules, has the
13 meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules and shall
14 be construed in accordance with the rules of construction used in the Bankruptcy Code.

15 2.2 The words “herein,” “hereto,” “hereunder,” and others of similar importance,
16 refer to the Plan as a whole and not to any particular article or clause contained in this Plan.

17 2.3 Unless specified otherwise in a particular reference, a reference in this Plan
18 to an article is a reference to that article of this Plan.

19 2.4 Unless otherwise provided for, any reference in this Plan to an existing
20 document or instrument means such document or instrument as it may have been amended,
21 modified, or supplemented from time to time.

22 2.5 For purposes of this Plan and such defined terms, the singular and plural uses
23 of such defined terms and the conjunctive and disjunctive uses will be fungible and
24 interchangeable (unless the context otherwise requires); and the defined terms will include
25 masculine, feminine, and neuter genders.

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1 2.6 In addition to the foregoing, the rules of construction set forth in Section 102
2 of the Bankruptcy Code shall apply to this Plan.

3 2.7 In computing any period of time prescribed or allowed by this Plan, the
4 provisions of Bankruptcy Rule 9006(a) shall apply.

5 2.8 Any exhibits or schedules to this Plan are incorporated into this Plan, and
6 shall be deemed to be included in this Plan, regardless of when filed with the Bankruptcy
7 Court.

8 2.9 Where Claims are divided into subclasses in this Plan, each subclass will be
9 considered to be a separate class for all confirmation purposes, including treatment and
10 voting on the Plan.

11 **ARTICLE 3. CLASSIFICATION OF CLAIMS AND INTERESTS.**

12 3.1 General Classification Provisions. For purposes of organization, voting, and
13 all confirmation matters, except as otherwise provided herein, all Claims (except for
14 Administrative Claims and Priority Tax Claims) and Equity Security Interests shall be
15 classified as set forth in this Article III of the Plan. All Claims and Equity Security Interests
16 are classified under the Plan as hereafter stated in this Article III; provided, however, that a
17 Claim or Equity Security Interest will be deemed classified in a particular Class only to the
18 extent that the Claim or Equity Security Interest qualifies within the description of that Class
19 and will be deemed classified in a different Class to the extent that any remainder of the
20 Claim or Equity Security Interest qualifies within the description of such different Class.
21 As of the Confirmation Hearing, any Class of Claims or Equity Security Interest that does
22 not contain any Creditor's Claim or an Equity Security Interest will be deemed deleted
23 automatically from the Plan; and any Class of Claims or Equity Security Interest that does
24 not contain an Allowed Claim (or a Claim temporarily or provisionally allowed by the
25 Bankruptcy Court for voting purposes) or Equity Security Interest will be deemed
26 automatically deleted from the Plan with respect to voting on confirmation of the Plan. A

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1 Claim or Equity Security Interest is in a particular Class only to the extent the Claim or
2 Equity Security Interest is an Allowed Claim or Allowed Equity Security Interest as defined
3 herein.

4 3.2 Classification of Claims and Equity Security Interests. The Plan classifies
5 Claims and Equity Security Interests in various Classes according to their right to priority
6 of payments as provided in the Bankruptcy Code. The Plan states whether each Class of
7 Claims or Equity Security Interests are impaired or unimpaired. The Plan provides the
8 treatment each Class will receive under the Plan. In accordance with the requirements of
9 the Bankruptcy Code, Allowed Administrative Expense Claims and Priority Tax Claims are
10 not set forth in Classes and are not entitled to vote on the Plan. The Allowed Claims against
11 the Debtors' Estates are divided into the following classes:

12 3.2.1 Class 1 (Secured Tax Claims). Class 1 consists of any Secured Tax
13 Claims filed by the Maricopa County Treasurer against the Debtors.

14 (a) Class 1.1 (Secured Tax Claims Against EP). Class 1.1 consists
15 of any Secured Tax Claims filed against EP.

16 (b) Class 1.2 (Secured Tax Claims Against SDLI). Class 1.2
17 consists of any Secured Tax Claims filed against SDLI.

18 (c) Class 1.3 (Secured Tax Claims Against EoE). Class 1.3
19 consists of any Secured Tax Claims filed against EoE.

20 3.2.2 Class 2 (CPF Secured Claims). Class 2 consists of CPF's Secured
21 Claims against the Debtors.

22 (a) Class 2.1 (CPF Secured Claims against EP and GMF). Class
23 2.1 consists of CPF's Secured Claims against EP and GMF.

24 (b) Class 2.2 (CPF Secured Claim against GPDR II and SDLI).
25 Class 2.2 consists of CPF's Secured Claims against GPDR II and SDLI.
26

1 (c) Class 2.3 (CPF Secured Claim against EoE). Class 2.3 consists
2 of CPF's Secured Claim against EoE.

3 3.2.3 Class 3 (DRCA Secured Claim). Class 3 consists of the Secured Claim
4 of DRCA against EoE.

5 3.2.4 Class 4 (Non-Insider Unsecured Claims). Class 3 consists of any Non-
6 Insider Unsecured Claims against the Debtors existing as of the Confirmation Date.

7 (a) Class 4.1 (EP Non-Insider Unsecured Claims). Class 4.1
8 consists of all Non-Insider Unsecured Claims against EP.

9 (b) Class 4.2 (GMF Non-Insider Unsecured Claims). Class 4.2
10 consists of all Non-Insider Unsecured Claims against GMF.

11 (c) Class 4.3 (SDLI Non-Insider Unsecured Claims). Class 4.3
12 consists of all Non-Insider Unsecured Claims against SDLI.

13 (d) Class 4.4 (EoE Non-Insider Unsecured Claims). Class 4.4
14 consists of all Non-Insider Unsecured Claims against EoE.

15 (e) Class 4.5 (GPDR II Non-Insider Unsecured Claims). Class 4.5
16 consists of all Non-Insider Unsecured Claims against GPDR II.

17 3.2.5 Class 5 (Insider Unsecured Claims). Class 5 consists of any Insider
18 Unsecured Claims against the Debtors existing as of the Confirmation Date.

19 (a) Class 5.1 (EP Insider Unsecured Claims). Class 5.1 consists of
20 all Insider Unsecured Claims against EP.

21 (b) Class 5.2 (GMF Insider Unsecured Claims). Class 5.2 consists
22 of all Insider Unsecured Claims against GMF.

23 (c) Class 5.3 (SDLI Insider Unsecured Claims). Class 5.3 consists
24 of all Insider Unsecured Claims against SDLI.

25 (d) Class 5.4 (EoE Insider Unsecured Claims). Class 5.4 consists
26 of all Insider Unsecured Claims against EoE.

1 (e) Class 5.5 (GPDR II Insider Unsecured Claims). Class 5.5
2 consists of all Insider Unsecured Claims against GPDR II.

3 3.2.6 Class 6 (Equity Security Interests). Class 6 consists of the Equity
4 Security Interests in each of the Debtors.

5 (a) Class 6.1 (EP Equity Security Interests). Class 6.1 consists of
6 all Equity Security Interests in EP.

7 (b) Class 6.2 (GMF Equity Security Interests). Class 6.2 consists
8 of all Equity Security Interests in GMF.

9 (c) Class 6.3 (SDLI Equity Security Interests). Class 6.3 consists
10 of all Equity Security Interests in SDLI.

11 (d) Class 6.4 (EoE Equity Security Interests). Class 6.4 consists of
12 all Equity Security Interests in EoE.

13 (e) Class 6.5 (GPDR II Equity Security Interests). Class 6.5
14 consists of all Equity Security Interests in GPDR II.

15 3.2.7 Class 7 (Emerald Equities Claim). Class 7 consists of the Claim
16 asserted by Emerald Equities against EP and SDLI.

17 **ARTICLE 4. IDENTIFICATION OF IMPAIRED AND UNIMPAIRED CLASSES.**

18 4.1 Allowed Administrative Expense Claims and Allowed Priority Tax Claims,
19 are not classified under the Plan and are not entitled to vote on the Plan.

20 4.2 All other classes of Claims and Equity Security Interests are impaired by the
21 Plan and therefore are entitled to vote to accept or reject the Plan, provided, however, that
22 for the purposes of Section 1129(a)(10) of the Bankruptcy Code, such acceptance or
23 rejection shall be determined without regard to votes cast by Insiders.

24 4.3 In the event of a controversy as to whether any Claimant or Class of Claimants
25 is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, resolve
26 such controversy.

1 4.4 The Debtors shall provide all Claimants entitled to vote with a form of Ballot
2 approved by the Bankruptcy Court to be used in casting a vote on the Plan.

3 **ARTICLE 5. PROVISIONS FOR TREATMENT OF CLAIMS NOT IMPAIRED**
4 **UNDER THE PLAN.**

5 5.1 Administrative Expense Claims. Every Creditor holding an Allowed
6 Administrative Claim against the Debtors will be paid, in full satisfaction of their Allowed
7 Claim: (a) fully and in Cash on or before ten (10) Business Days after the Effective Date if
8 the Claim is then an Allowed Claim; (b) fully and in Cash within ten (10) Business Days
9 after the entry of a Final Order allowing the Claim, if the Claim is not an Allowed Claim as
10 of the Effective Date; (c) as otherwise agreed in writing by the Creditor holding the Allowed
11 Administrative Claim and the Reorganized Debtors; or (d) as otherwise ordered by the
12 Bankruptcy Court. “Allowed Administrative Expense Claim” shall not, for any purpose
13 under the Plan, include interest on such Administrative Expense Claim from and after the
14 Petition Date. Requests for allowance and payment of Administrative Expenses must be
15 filed and served no later than thirty (30) days after the Effective Date. Administrative
16 Claims are unimpaired pursuant to the Plan and votes to accept or reject the Plan will not
17 be solicited from Creditors holding Administrative Claims.

18 5.2 Objections. Notwithstanding any other provision of the Plan to the contrary,
19 any objections to motions or applications seeking the allowance and payment of
20 Administrative Expense Claims, including Professional Fee Claims, must be filed and
21 served within the normal time limits established by the Federal Rules of Bankruptcy
22 Procedure and the Local Rules of Bankruptcy Procedure for the District of Arizona, or as
23 otherwise ordered by the Bankruptcy Court. CPF shall be entitled to object to any
24 Administrative Expense Claims, including Professional Fee Claims.

25 5.3 U.S. Trustee Fees. All fees payable pursuant to section 1930 of Title 28 of
26 the United States Code, as determined by the Bankruptcy Court at the Confirmation

1 Hearing, shall be paid on the Effective Date, or as due in the normal course of billing and
2 payment. The Reorganized Debtors shall be responsible for timely payment of fees incurred
3 pursuant to 28 U.S.C. § 1930(a)(6). The Reorganized Debtors shall file with the Bankruptcy
4 Court, and serve on the United States Trustee, a quarterly financial report for each quarter
5 (or portion thereof) that the cases remain open in a format prescribed by the United States
6 Trustee and provided to the Reorganized Debtors by the United States Trustee, and shall
7 pay such quarterly fees as become due for each quarter post-confirmation that the cases
8 remain open. No motion or application is required to fix fees payable to the Clerks' Office
9 or the Office of the United States Trustee, as those fees are determined by statute.

10 5.4 Priority Tax Claims. Priority Tax Claims are certain pre-Petition Date
11 unsecured income, employment and other taxes described by Section 507(a)(8) of the
12 Bankruptcy Code. Holders of Allowed Priority Tax Claims will be paid in full and in cash
13 within five (5) years of the Petition Date through regular equal monthly installments of
14 principal and interest. Priority Tax Claims will be allowed in the principal amount of the
15 tax due as of the Petition Date, with interest at the applicable statutory rate from the
16 Effective Date in accordance with section 511 of the Bankruptcy Code. No amounts
17 attributable to penalties imposed or sought to be imposed by holders of Priority Tax Claims
18 will be paid. Priority Tax Claims are unimpaired pursuant to the Plan and votes to accept
19 or reject the Plan will not be solicited from Creditors holding Priority Tax Claims.

20 **ARTICLE 6. PROVISIONS FOR TREATMENT OF CLAIMS IMPAIRED UNDER**
21 **THE PLAN.**

22 6.1 Class 1 (Secured Tax Claims). Class 1 consists of any Secured Tax Claims
23 filed by the Maricopa County Treasurer against the Debtors.

24 6.1.1 Class 1.1 (Secured Tax Claims Against EP). Class 1.1 consists of the
25 Secured Tax Claims filed by the Maricopa County Treasurer against EP. The holder
26 of the Class 1.1 Secured Tax Claim shall retain its Lien in its prepetition Collateral.

1 The holder of the Class 1.1 Secured Tax Claim shall be paid, in full satisfaction of
2 the Allowed amount of such Class 1.1 Secured Tax Claim, with interest at the
3 applicable statutory rate in accordance with section 511 of the Bankruptcy Code: (a)
4 fully and in Cash on or before ten (10) Business Days after the Effective Date if the
5 Claim is then an Allowed Claim; (b) fully and in Cash within ten (10) Business Days
6 after the entry of a Final Order allowing the Claim, if the Claim is not an Allowed
7 Claim as of the Effective Date; (c) as otherwise agreed in writing by the Creditor
8 holding the Class 1.1 Secured Tax Claim and the Reorganized Debtors; or (d) as
9 otherwise ordered by the Bankruptcy Court. Upon the payment in full of the
10 Allowed amount of the Class 1.1 Secured Tax Claim, the statutory Lien securing
11 such Claim shall be deemed extinguished. The Class 1.1 Secured Tax Claim is
12 impaired under the Plan, and the holder is entitled to vote to accept or reject the Plan.

13 6.1.2 Class 1.2 (Secured Tax Claims Against SDLI). Class 1.2 consists of
14 the Secured Tax Claims filed by the Maricopa County Treasurer against SDLI. The
15 holder of the Class 1.2 Secured Tax Claim shall retain its Lien in its prepetition
16 Collateral. The holder of the Class 1.2 Secured Tax Claim shall be paid, in full
17 satisfaction of the Allowed amount of such Class 1.1 Secured Tax Claim, with
18 interest at the applicable statutory rate in accordance with section 511 of the
19 Bankruptcy Code: (a) fully and in Cash on or before ten (10) Business Days after the
20 Effective Date if the Claim is then an Allowed Claim; (b) fully and in Cash within
21 ten (10) Business Days after the entry of a Final Order allowing the Claim, if the
22 Claim is not an Allowed Claim as of the Effective Date; (c) as otherwise agreed in
23 writing by the Creditor holding the Class 1.2 Secured Tax Claim and the
24 Reorganized Debtors; or (d) as otherwise ordered by the Bankruptcy Court. Upon
25 the payment in full of the Allowed amount of the Class 1.2 Secured Tax Claim, the
26 statutory Lien securing such Claim shall be deemed extinguished. The Class 1.2

1 Secured Tax Claim is impaired under the Plan, and the holder is entitled to vote to
2 accept or reject the Plan.

3 6.1.3 Class 1.3 (Secured Tax Claims Against EoE). Class 1.3 consists of the
4 Secured Tax Claims filed by the Maricopa County Treasurer against EoE. The
5 holder of the Class 1.3 Secured Tax Claim shall retain its Lien in its prepetition
6 Collateral. The holder of the Class 1.3 Secured Tax Claim shall be paid, in full
7 satisfaction of the Allowed amount of such Class 1.3 Secured Tax Claim, with
8 interest at the applicable statutory rate in accordance with section 511 of the
9 Bankruptcy Code: (a) fully and in Cash on or before ten (10) Business Days after the
10 Effective Date if the Claim is then an Allowed Claim; (b) fully and in Cash within
11 ten (10) Business Days after the entry of a Final Order allowing the Claim, if the
12 Claim is not an Allowed Claim as of the Effective Date; (c) as otherwise agreed in
13 writing by the Creditor holding the Class 1.3 Secured Tax Claim and the
14 Reorganized Debtors; or (d) as otherwise ordered by the Bankruptcy Court. Upon
15 the payment in full of the Allowed amount of the Class 1.3 Secured Tax Claim, the
16 statutory Lien securing such Claim shall be deemed extinguished. The Class 1.3
17 Secured Tax Claim is impaired under the Plan, and the holder is entitled to vote to
18 accept or reject the Plan.

19 6.2 Class 2 (CPF Secured Claims). Class 2 consists of CPF's Secured Claims
20 against the Debtors.

21 6.2.1 Class 2.1 (CPF Secured Claims against EP and GMF). Class 2.1
22 consists of CPF's Secured Claims against EP and GMF. The Class 2.1 CPF Secured
23 Claims shall be deemed to be Allowed Claims for all purposes under the Plan in the
24 amount set forth in CPF's Claim 10-1 filed against EP and Claim 1-1 filed against
25 GMF, plus all accrued post-petition interest, at the rates set forth in CPF's Claims
26 and underlying loan documents. On account of, and in settlement of, the Class 2.1

1 CPF Secured Claims, and in consideration of all of the benefits provided by CPF
2 under the Plan, on the Effective Date, CPF shall receive 100% of the new Equity
3 Security Interests in the EP and GMF, as reorganized under the Plan. The Class 2.1
4 CPF Secured Claims are impaired under the Plan, and the holder is entitled to vote
5 to accept or reject the Plan.

6 6.2.2 Class 2.2 (CPF Secured Claim against GPDR II and SDLI). Class 2.2
7 consists of CPF's Secured Claims against GPDR II and SDLI. The Class 2.2 CPF
8 Secured Claims shall be deemed to be Allowed Claims for all purposes under the
9 Plan in the amount set forth in CPF's Claim 5-1 filed against SDLI and Claim 2-1
10 filed against GPDR II, plus all accrued post-petition interest at the default rate set
11 forth in CPF's proofs of claim and underlying loan documents. On account of, and
12 in settlement of, the Class 2.2 CPF Secured Claims, and in consideration of all of the
13 benefits provided by CPF under the Plan, on the Effective Date, CPF shall receive
14 100% of the new Equity Security Interests in SDLI and GPDR II, as reorganized
15 under the Plan. Nothing in this Section 6.2.2 or any other provision of the Plan shall
16 release, reduce or impair, or be deemed to have released, reduced, or impaired, CPF's
17 separate and independent rights and Claims against Bruce Gray or Barbara Gray
18 under their continuing guaranty. Similarly, nothing in this Section 6.2.2 or any other
19 provision of the Plan shall release, reduce or impair, or be deemed to have released,
20 reduced, or impaired any rights, Claims or defenses that Bruce Gray or Barbara Gray
21 may have with respect to CPF and their related continuing guaranty. The Class 2.2
22 CPF Secured Claims are impaired under the Plan, and the holder is entitled to vote
23 to accept or reject the Plan.

24 6.2.3 Class 2.3 (CPF Secured Claim against EoE). Class 2.3 consists of
25 CPF's Secured Claim against EoE. The Class 2.3 CPF Secured Claim shall be
26 deemed to be Allowed Claims for all purposes under the Plan in the amount set forth

1 in CPF's Claim 5-1 filed against EoE, plus all accrued post-petition interest at the
2 default rate set forth in CPF's proofs of claim and underlying loan documents. On
3 account of, and in settlement of, the Class 2.3 CPF Secured Claims, and in
4 consideration of all of the benefits provided by CPF under the Plan, on the Effective
5 Date, CPF shall receive 100% of the new Equity Security Interests in EoE, as
6 reorganized under the Plan. Nothing in this Section 6.2.3 or any other provision of
7 the Plan shall release, reduce or impair, or be deemed to have released, reduced, or
8 impaired, CPF's separate and independent rights and Claim against Bruce Gray
9 under his continuing guaranty. Similarly, nothing in this Section 6.2.3 or any other
10 provision of the Plan shall release, reduce or impair, or be deemed to have released,
11 reduced, or impaired any rights, Claims or defenses that Bruce Gray may have with
12 respect to CPF or his related continuing guaranty. The Class 2.3 CPF Secured Claim
13 is impaired under the Plan, and the holder is entitled to vote to accept or reject the
14 Plan.

15 6.3 Class 3 (DRCA Secured Claim). Class 3 consists of the Secured Claim of
16 DRCA against EoE. DRCA shall retain its prepetition liens in its Collateral to the same
17 extent, validity and priority as existed on the Petition Date. In full satisfaction of the
18 Allowed amount, if any, of its Class 3 Secured Claim, DRCA shall be paid the Allowed
19 Amount of the Class 3 Secured Claim in twelve equal monthly installments of principal and
20 interest, at the rate set forth in the Declaration of Covenants, Conditions, Restrictions, and
21 Easements for Desert Ridge, as amended, beginning on the first Business Day of the first
22 calendar month following the Effective Date, or as otherwise agreed by CPF and DRCA.
23 No post-petition late fees or other penalties will be paid. The Class 3 Secured Claim is
24 impaired, and holders shall be entitled to vote to accept or reject the Plan.

25 6.4 Class 4 (Non-Insider Unsecured Claims). Class 4 consists of all Non-Insider
26 Unsecured Claims against the Debtors existing as of the Confirmation Date in sub-Classes

1 4.1, 4.2, 4.3, 4.4, and 4.5. Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured Claims
2 are impaired, and holders shall be entitled to vote to accept or reject the Plan.

3 6.4.1 Holders of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider
4 Unsecured Claims shall receive their Pro Rata share of the Unsecured Creditor
5 Dividend Fund (including certain post-Effective Date Avoidance Action recoveries
6 (if any) as described in Section 8.4 below) on a *pari passu* basis with all other holders
7 of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured Claims. The
8 Creditor Disbursing Agent will make an initial distribution of 50% of the Unsecured
9 Creditor Dividend Fund to holders of Allowed Non-Insider Unsecured Claims 60
10 days after the Effective Date, subject to the requirement of the Creditor Disbursing
11 Agent to keep appropriate reserves from such distribution for Disputed Claims.
12 Future distributions will be from time-to-time in the discretion of the Post-Effective
13 Date Committee until all Allowed Non-Insider Unsecured Claims have been paid in
14 accordance with the terms of this Section 6.4.1.

15 6.4.2 **Notwithstanding the foregoing, if the Bankruptcy Court finds**
16 **and concludes at the Confirmation Hearing that the proposed treatment of**
17 **Insider Unsecured Claims stated in Section 6.5.1 of the Plan unfairly**
18 **discriminates against holders of Insider Unsecured Claims or otherwise renders**
19 **the Plan unconfirmable, then holders of Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5**
20 **Non-Insider Unsecured Claims will receive the following treatment:** Holders of
21 Allowed Class 4.1, 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured Claims shall receive
22 their Pro Rata share of the Unsecured Creditor Dividend Fund (including certain
23 post-Effective Date Avoidance Action recoveries (if any) as described in Section 8.4
24 below) on a *pari passu* basis with all other holders of Allowed Class 4.1, 4.2, 4.3,
25 4.4, and 4.5 Non-Insider Unsecured Claims and all holders of Allowed Class 5.1,
26 5.2, 5.3, 5.4, and 5.5 Insider Unsecured Claims. The Creditor Disbursing Agent will

1 make an initial distribution of 50% of the Unsecured Creditor Dividend Fund to
2 holders of Allowed Non-Insider Unsecured Claims and Allowed Insider Unsecured
3 Claims 60 days after the Effective Date, subject to the requirement of the Creditor
4 Disbursing Agent to keep appropriate reserves from such distribution for Disputed
5 Claims. Future distributions will be from time-to-time in the discretion of the Post-
6 Effective Date Committee until all Allowed Non-Insider Unsecured Claims and
7 Allowed Insider Unsecured Claims have been paid in accordance with the terms of
8 this Section 6.4.2.

9 6.5 Class 5 (Insider Unsecured Claims). Class 5 consists of all Insider Unsecured
10 Claims against the Debtors existing as of the Confirmation Date in sub-Classes 5.1, 5.2, 5.3,
11 5.4 and 5.5. Holders of Class 5.1, 5.2, 5.3, 5.4 and 5.5 Insider Unsecured Claims are deemed
12 to have rejected the Plan. No votes will be solicited from holders of Class 5.1, 5.2, 5.3, 5.4
13 and 5.5 Insider Unsecured Claims.

14 6.5.1 Holders of Class 5.1, 5.2, 5.3, 5.4 and 5.5 Insider Unsecured Claims
15 will not receive or retain any property interests or other recovery under the Plan on
16 account of their prepetition Claims against the Debtors.

17 6.5.2 **Notwithstanding the foregoing, if the Bankruptcy Court finds and**
18 **concludes at the Confirmation Hearing that the proposed treatment of Allowed**
19 **Insider Unsecured Claims stated in Section 6.5.1 unfairly discriminates or**
20 **otherwise renders the Plan unconfirmable, then holders of Class 5.1, 5.2, 5.3,**
21 **5.4 and 5.5 Insider Unsecured Claims will receive the following treatment:**

22 Holders of Allowed Class 5.1, 5.2, 5.3, 5.4, and 5.5 Insider Unsecured Claims shall
23 receive their Pro Rata share of the Unsecured Creditor Dividend Fund (including
24 certain post-Effective Date Avoidance Action recoveries (if any) as described in
25 Section 8.4 below) on a *pari passu* basis with all other holders of Allowed Class 5.1,
26 5.2, 5.3, 5.4, and 5.5 Insider Unsecured Claims and all holders of Allowed Class 4.1,

1 4.2, 4.3, 4.4, and 4.5 Non-Insider Unsecured Claims. The Creditor Disbursing Agent
2 will make an initial distribution of 50% of the Unsecured Creditor Dividend Fund to
3 holders of Allowed Non-Insider Unsecured Claims and Allowed Insider Unsecured
4 Claims 60 days after the Effective Date, subject to the requirement of the Creditor
5 Disbursing Agent to keep appropriate reserves from such distribution for Disputed
6 Claims. Future distributions will be from time-to-time in the discretion of the Post-
7 Effective Date Committee until all Allowed Non-Insider Unsecured Claims and
8 Allowed Insider Unsecured Claims have been paid in accordance with the terms of
9 this Section 6.5.2.

10 6.6 Class 6 (Equity Security Interests). Class 6 consists of the Equity Security
11 Interests in each of the Debtors in Classes 6.1, 6.2, 6.3, 6.4, and 6.5. All prepetition Equity
12 Security Interests in the Debtors shall be deemed cancelled on the Effective Date. Holders
13 of Class 6.1, 6.2, 6.3, 6.4, and 6.5 Equity Security Interests will not receive or retain any
14 property interests or other recovery under the Plan on account of their prepetition Equity
15 Security Interests. Classes 6.1, 6.2, 6.3, 6.4, and 6.5 are deemed to have rejected the Plan.
16 No votes will be solicited from holders of Class 6.1, 6.2, 6.3, 6.4, and 6.5 Equity Security
17 Interests.

18 6.7 Class 7 (Emerald Equities Claim). Class 7 consists of the Claim asserted by
19 Emerald Equities against EP and SDLI. In full and final satisfaction of the Class 7 Claim,
20 SDLI will honor and perform all of its duties and obligations under the Emerald Equities
21 Letter Agreement, including, but not limited to conveying the Sonoran Land Sale Parcel to
22 Emerald Equities, in accordance with the terms of the Emerald Equities Letter Agreement,
23 in exchange for the Price reflected in the Letter Agreement to be paid by Emerald Equities
24 to SDLI, provided that (i) Emerald Equities honors and performs all of its duties and
25 obligations under the Emerald Equities Letter Agreement, and (ii) the litigation styled
26 *Emerald Equities, L.L.C. v. Sonoran Desert Land Investors, LLC, et al.*, Maricopa County

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1 Superior Court Case No. CV2015-005837 is dismissed with prejudice, each party to bear
2 its own attorneys' fees and costs. Without limiting the foregoing, SDLI and Emerald
3 Equities will work together in good faith to effectuate the terms and spirit of the original
4 Emerald Equities Letter Agreement. In addition to the foregoing, SDLI will credit Emerald
5 Equities \$25,000 at Closing toward the Price of the Sonoran Land Parcel in full satisfaction
6 of any attorneys' fees, costs, and expenses incurred by Emerald Equities. Unless otherwise
7 stated, capitalized terms used in this Section 6.7 of the Plan shall have the meanings ascribed
8 to such terms in the Emerald Equities Letter Agreement.

9 The Class 7 Claim is impaired, and the holder shall be entitled to vote to accept or
10 reject the Plan.

11 **ARTICLE 7. ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF**
12 **REJECTION BY ONE OR MORE CLASSES OF CLAIMS.**

13 7.1 Impaired Classes to Vote. Each impaired class of Creditors with Claims
14 against the Estates shall be forwarded a ballot and shall be entitled to vote to accept or reject
15 the Plan.

16 7.2 Acceptance by a Class of Creditors. A Class of Creditors shall be deemed to
17 have accepted the Plan if the Plan is accepted by at least (i) two-thirds (2/3) in the aggregate
18 dollar amount and (ii) more than one-half (1/2) in number of the Claims of such class that
19 have voted to accept or reject the Plan.

20 7.3 Cram-down. With respect to any impaired Class of Claims or Equity Security
21 Interests that fails to accept the Plan or is deemed to have rejected the Plan in accordance
22 with Sections 1126 and 1129(a) of the Bankruptcy Code, CPF requests that the Bankruptcy
23 Court confirm the Plan, notwithstanding such rejection, in accordance with Section 1129(b)
24 of the Bankruptcy Code.

1 7.4 Blank Ballots. Any Ballot which is executed by the Holder of an Allowed
2 Claim or interest but which does not indicate an acceptance or rejection of the Plan shall be
3 deemed an acceptance of the Plan.

4 **ARTICLE 8. MEANS OF EFFECTUATING THE PLAN.**

5 8.1 In General. The Plan is to be implemented in a manner consistent with
6 Section 1123 of the Bankruptcy Code and the Reorganized Debtors, as applicable, are
7 authorized to take any and all actions that may be necessary or appropriate to implement
8 the terms of the Plan.

9 8.2 Issuance of Equity Interests in Reorganized Debtors. On the Effective Date,
10 all existing Equity Security Interests in each of the Debtors shall be deemed cancelled. In
11 exchange for the CPF Plan Contribution and the other benefits provided under the Plan by
12 CPF, CPF shall receive 100% of the new Equity Security Interests in each of the
13 Reorganized Debtors.

14 8.3 Post-Effective Date Committee. The Post-Effective Date Committee and
15 Creditor Disbursing Agent shall be deemed appointed on the Effective Date in accordance
16 and subject to Sections 1.39 and 1.79 of the Plan.

17 8.4 Avoidance Action Recoveries. In addition to the \$2,200,000 to be funded by
18 CPF to the Unsecured Creditor Dividend Fund on the Effective Date, the Reorganized
19 Debtors will contribute the following additional amounts to the Unsecured Creditor
20 Dividend Fund, as, when, and if available to be used to make distributions to the holders of
21 Allowed Unsecured Claims that are entitled to share in distributions from the Unsecured
22 Creditor Dividend Fund on a *Pro Rata* basis:

23 8.4.1 Avoidance Actions. If the Reorganized Debtors successfully pursue
24 one or more Avoidance Actions that result in net recoveries to the Reorganized
25 Debtors, the Reorganized Debtors will fund the following additional amounts to the
26 Unsecured Creditor Dividend Fund: 50% of the net Avoidance Action recoveries,

1 after (i) the payment of all attorneys' fees, costs and expenses (including an costs of
2 settlement), incurred by the Reorganized Debtors and CPF in the prosecution,
3 settlement, and collection of the Avoidance Actions, and (ii) the payment of 10%
4 simple interest on all fees, costs, and expenses advanced by the Reorganized Debtors
5 or CPF, provided that the Reorganized Debtors' total additional contributions to the
6 Unsecured Creditor Dividend Fund under this Section 8.4.1 shall not exceed
7 \$1,100,000. For the purposes of calculating net recoveries from Avoidance Actions,
8 all fees, costs and expenses paid to satisfy and extinguish liens, claims, interests, and
9 encumbrances of good faith transferees and other liens, claims, interests, and
10 encumbrances that remain on the property following recovery by the Reorganized
11 Debtors shall be deducted.

12 8.4.2 LKY Parcels. If an Avoidance Action by the Reorganized Debtors
13 results in the recovery of the LKY Parcels by the Reorganized Debtors, the LKY
14 Parcels will be marketed and sold by the Reorganized Debtors on an "as is" "where
15 is" basis, in the condition received, provided that CPF shall have a right of first
16 refusal to purchase the LKY Parcels for an amount equal to the highest bid received
17 by the Reorganized Debtors for the LKY Parcels. The purchase price obtained by
18 the Reorganized Debtors for the LKY Parcels, less the amount of all liens, claims,
19 interests, and encumbrances that remain on the property following recovery by the
20 Reorganized Debtors, shall be the starting point for calculating the net recovery in
21 accordance with Section 8.4.1.

22 8.4.3 Timing. The funding of the additional amounts (if any) by the
23 Reorganized Debtors to the Unsecured Creditor Dividend Fund under Section 8.4
24 shall occur as follows:

25 (a) With respect to net recoveries received by a Reorganized
26 Debtor as a result of a settlement of an Avoidance Action, the amounts

1 required to be funded under Section 8.4.1, shall be funded only after the entry
2 of a Final Order approving the settlement and the expiration of 90 days after
3 the applicable Reorganized Debtor's receipt of the settlement proceeds
4 without a case under the Bankruptcy Code having been filed by or against the
5 Entity from which the recovery was obtained or, if such a case has been filed,
6 the Reorganized Debtors having reasonably determined in their good faith
7 judgment that an order or judgment adjudging any Reorganized Debtor liable
8 to the estate of such Entity for all or any portion of such recovery is not
9 possible.

10 (b) With respect to net recoveries received by a Reorganized
11 Debtor as a result of collections from a Final Order resolving an Avoidance
12 Action in favor of a Reorganized Debtor, the amounts required to be funded
13 under Section 8.4.1, shall be funded only after the entry of a Final Order in
14 favor of the applicable Reorganized Debtor and the expiration of 90 days after
15 the Reorganized Debtor's collection of the proceeds of the Final Order
16 without a case under the Bankruptcy Code having been filed by or against the
17 Entity from which the recovery was obtained or, if such a case has been filed,
18 the Reorganized Debtors having reasonably determined in their good faith
19 judgment that an order or judgment adjudging any Reorganized Debtor liable
20 to the estate of such Entity for all or any portion of such recovery is not
21 possible.

22 8.5 Revesting of Assets in Reorganized Debtors. Except as otherwise expressly
23 provided in this Plan, pursuant to Sections 1123(a)(5), 1123(b)(3) and 1141(b) of the
24 Bankruptcy Code, all of the Debtors' assets and those of their Estates (including, without
25 limitation, all Estate Claims and Avoidance Actions and the right to bring all Estate Claims
26 and Avoidance Actions) shall automatically be retained and revested in the relevant

1 Reorganized Debtor, free and clear of all Claims, liens, contractually-imposed restrictions,
2 charges, encumbrances and interests of creditors and Equity Security Holders on the
3 Effective Date, with all such Claims, liens, contractually-imposed restrictions, charges,
4 encumbrances and interests being extinguished except as otherwise provided in this Plan.
5 As of the Effective Date, each Reorganized Debtor may acquire and dispose of property
6 and settle and compromise Claims without supervision of the Bankruptcy Court and free of
7 any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than those
8 restrictions expressly imposed by this Plan and the Confirmation Order. Without limiting
9 the foregoing, each Reorganized Debtor may pay the charges it incurs for professional fees,
10 disbursements, expenses or related support services after the Effective Date without any
11 application to the Bankruptcy Court.

12 8.6 Corporate Action. Pursuant to section 1142 of the Bankruptcy Code and any
13 applicable provisions of the business corporation law of any applicable state, the entry of
14 the Confirmation Order shall constitute authorization for the Reorganized Debtors to take
15 or cause to be taken all corporate and limited liability company actions necessary or
16 appropriate to consummate and implement the provisions of this Plan on and after the
17 Effective Date, and all such actions taken or caused to be taken shall be deemed to have
18 been authorized and approved by the Bankruptcy Court, including without limitation: (a)
19 the cancellation of all of the issued and outstanding Equity Security Interests in the Debtors;
20 (b) the issuance of the new Equity Security Interests in the Debtors to CPF; (c) the election
21 of directors, managers and officers in accordance with this Plan; (d) the adoption of the
22 Reorganized Debtors' organizational documents, which shall supersede the prior
23 certificates of incorporation, articles of organization, limited liability company agreements,
24 operating agreements, by-laws or other organizational documents, as appropriate, of each
25 of the Reorganized Debtors; and (e) all actions as are necessary or appropriate to close or
26 dismiss the Case. All such actions shall be deemed to have occurred and shall be in effect

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1 pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any
2 requirement of further action by the members, stockholders, directors or managers of the
3 Debtors, the Reorganized Debtors or any of their affiliates. On the Effective Date, the
4 appropriate officers, directors, members and managers of the Reorganized Debtors are
5 authorized and directed to execute and deliver the agreements, documents and instruments
6 contemplated by this Plan in the name of and on behalf of the Debtors and/or the
7 Reorganized Debtors, as applicable.

8 8.7 Organizational Documents. Any prepetition written or oral operating
9 agreement applicable to any of Debtors shall be deemed terminated and of no further force
10 or effect as of the Effective Date, and, CPF shall be entitled to file amended articles of
11 organization for each of the Reorganized Debtors reflecting CPF's 100% member interest
12 in each of the Reorganized Debtors. CPF, or an individual designated by CPF, will have
13 the power to execute any new operating agreements and other organizational documents on
14 behalf of each of the Reorganized Debtors.

15 8.8 Post Effective Date Management of the Reorganized Debtors. On the
16 Effective Date, the existing managers of the Debtors shall be deemed terminated and shall
17 have no further authority or control of the Reorganized Debtors and operation of each
18 Reorganized Debtor shall become the general responsibility of the respective members,
19 managers, board members and/or officers elected or appointed in accordance with
20 applicable non-bankruptcy law. Subject to any requirement of Bankruptcy Court approval
21 pursuant to section 1129(a)(5) of the Bankruptcy Code, the initial members and managers
22 of each Reorganized Debtor shall be comprised of the individuals set forth on Schedule 8.5
23 to the Plan. Each such member and manager will serve from the Effective Date until his or
24 her successor is duly elected or appointed and qualified or until his or her earlier death,
25 resignation or removal in accordance with the terms of the certificate of incorporation and
26

1 bylaws (or comparable constituent documents) of the respective Reorganized Debtor and
2 state law.

3 8.9 Release of Liens. Except as otherwise provided in the Plan or in any contract,
4 instrument, release or other agreement or document to be assumed, entered into or delivered
5 in connection with the Plan, on the Effective Date and consistent with the treatment
6 provided for Claims and Interests in Article 5 and 6, all liens on, in or against the
7 Reorganized Debtors' Assets shall be fully released and discharged, and all of the right, title
8 and interest of any holder of Liens, including any rights to any Collateral thereunder, shall
9 revert to the Reorganized Debtors and their successors and assigns, as applicable. As of the
10 Effective Date, the Reorganized Debtors shall be authorized but not required to execute and
11 file or record releases or Form UCC-3 Termination Statements or such other forms as may
12 be necessary or appropriate to implement the provisions of this Section 8.6.

13 8.10 Turnover of Assets. Bruce Gray, Gray Western Development Company, and
14 all affiliates, insiders, and Representatives of Bruce Gray and Gray Western Development
15 Company shall promptly turnover all Assets, including all Documents, contracts, and
16 business records of the Debtors and Reorganized Debtors to CPF on the Effective Date.

17 8.11 Pending CPF Litigation. Notwithstanding any other term or provision of the
18 Plan to the contrary, in consideration to the benefits provided and to be provided under the
19 Plan by CPF, on the Effective Date, the Ganymede Adversary, the Ganymede Claims, the
20 Lien Avoidance Adversary, and the Lien Avoidance Claims shall be deemed settled and
21 dismissed with prejudice, and all Claims asserted or that could have been asserted in the
22 foregoing actions shall be deemed released.

23 8.12 Transfer of GBSRP I Property. On the Effective Date or as soon thereafter
24 as practicable, SDLI will cause GBSRP I to convey the GBSRP I Property from GBSRP I
25 back to SDLI by special warranty deed, subject to any existing encumbrances, including the
26 *lis pendens* associated with Proof of Claim 4-1 filed by Emerald Equities, LLC against

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1 SDLI. The transfer of the GBSRP I Property to SDLI will be in settlement of any Avoidance
2 Action by the Estates against GBSRP I in relation to the GBSRP I Property.

3 8.13 No Successor Liability. The Reorganized Debtors and CPF are not, and shall
4 not be, successors to the Debtors by reason of any theory of law or equity, and none shall
5 have any successor or transferee liability of any kind or character, except that the
6 Reorganized Debtors shall assume the obligations specified in the Plan and the
7 Confirmation Order.

8 8.14 Effectuating Documents; Further Transactions. The Reorganized Debtors or
9 their designees, as applicable, shall be authorized to (a) execute, deliver, file or record such
10 contracts, instruments, releases and other agreements or documents and take such actions
11 as may be necessary or appropriate to effectuate and implement the provisions of the Plan
12 and (b) certify or attest to any of the foregoing actions.

13 **ARTICLE 9. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.**

14 9.1 The 20 Acre Lease and the 96.5 Acre Lease shall be deemed assumed on the
15 Effective Date. All deferred lease payments shall be paid timely and in full by EP, GMF,
16 and GPDR II in the amounts and at the times set forth in the 20 Acre Rent Extension Letter
17 and the 96.5 Acre Rent Extension Letter.

18 9.2 Except as stated in Section 9.1 above, the Plan contemplates and hereby
19 provides for the rejection, pursuant to Section 365 of the Bankruptcy Code, of any and all
20 other Executory Contracts and Unexpired Leases of the Debtors which are in force on the
21 Effective Date, except (i) those Executory Contracts and Unexpired Leases which were
22 specifically assumed pursuant to an order of the Bankruptcy Court, and (ii) those Executory
23 Contracts and Unexpired Leases listed on Schedule 9.2 attached hereto, which Executory
24 Contracts and Unexpired Leases shall be deemed assumed on the Effective Date. Without
25 limiting the foregoing, the EoE Certificate of Purchase shall be deemed rejected on the
26 Effective Date.

1 9.3 The Confirmation Order (except as otherwise provided therein) shall
2 constitute an order of the Bankruptcy Court pursuant to Section 365 of the Bankruptcy
3 Code, effective as of the Effective Date, approving the assumptions and rejections
4 hereunder. Each contract and lease assumed pursuant to Section 9.1 or 9.2 shall be assumed
5 only to the extent that any such contract or lease constitutes an Executory Contract or
6 Unexpired Lease. Assumption of a contract or lease pursuant to Section 9.1 or 9.2 shall not
7 constitute an admission by the Reorganized Debtors that such contract or lease is an
8 Executory Contract or Unexpired Lease or that the Debtors or the Reorganized Debtors, as
9 applicable, have any liability thereunder. All Executory Contracts and Unexpired Leases
10 that are assumed will be assumed under their present terms or upon such terms as are agreed
11 to in writing between the Reorganized Debtors and the counterparty to such contract or
12 lease.

13 9.4 CPF asserts that no cure amounts are due from the Debtors to any
14 counterparty to an Executory Contract or Unexpired Lease assumed hereunder. CPF will
15 serve the Plan on the non-Debtor counterparties to each such Executory Contract or
16 Unexpired Lease prior to the Confirmation Hearing. Each such counterparty shall have
17 until the date that is five (5) Business Days prior to the Confirmation Hearing to file an
18 objection to the assumption of its Executory Contract or Unexpired Lease (whether the
19 objection relates to the cure amount or otherwise). If any objections are filed and cannot be
20 resolved by agreement, the Bankruptcy Court shall hold a hearing to determine the cure
21 amount with respect to such Executory Contract or Unexpired Lease or to otherwise resolve
22 the objection, which hearing may be the Confirmation Hearing. Any party failing to object
23 to the assumption of their Executory Contract or Unexpired Lease as set forth above shall
24 be forever barred from asserting, collecting or seeking to collect any cure amount or from
25 otherwise objecting to the assumption and assignment of such Executory Contract or
26 Unexpired Lease. Notwithstanding the foregoing, or anything else in this Article 9, with

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1 respect to any Executory Contract or Unexpired Lease which is the subject of an objection,
2 the Reorganized Debtors shall retain the right, until five (5) Business Days following any
3 order resolving such objection having become a Final Order, to reject such Executory
4 Contract or Unexpired Lease by amending Schedule 9.2. Within ten (10) days of the later
5 of the Effective Date or the date that an order of the Bankruptcy Court establishing the cure
6 amount of such Executory Contract or Unexpired Lease becomes a Final Order, or as
7 otherwise agreed with the counterparty to each Executory Contract or Unexpired Lease, the
8 Reorganized Debtors shall pay the cure amounts to the non-Debtor parties to such
9 Executory Contracts and Unexpired Leases being assumed and/or assigned.

10 9.5 Notwithstanding any other provision in this Plan or prior notice of any kind
11 from the clerk of the Bankruptcy Court, any and all Creditors or persons with Claims against
12 a Debtor's Estate arising out of or in connection with or due to the rejection of an Executory
13 Contract or Unexpired Lease pursuant to the Plan shall have thirty (30) days from the
14 Effective Date within which to file a proof of claim in the true amount of such Claims. If
15 any such Creditors fail to file such proofs of claim within said thirty (30) day period, then
16 such Creditors shall have no Claims as against the Debtors, their Estates, the Reorganized
17 Debtors or their respective Representatives, which Claims arising out of or in connection
18 with or due to such rejection of such Executory Contract or Unexpired Lease, shall be
19 dismissed, released and null and void.

20 9.6 Any Claim that arises from the rejection of an Executory Contract or
21 Unexpired Lease shall, to the extent such Claim becomes an Allowed Claim, be treated as
22 a Non-Insider Unsecured Claim or an Insider Unsecured Claim, as applicable based on the
23 definition of such terms in the Plan.

24 9.7 Any claim filed in accordance with the provisions of Section 9.5 hereof shall
25 be treated as a Disputed Claim until the period of time has elapsed within which the
26 Reorganized Debtors may file an objection to such Claim.

1 **ARTICLE 10. RETENTION OF JURISDICTION.**

2 10.1 Notwithstanding the entry of the Confirmation Order or the occurrence of
3 Effective Date, the Bankruptcy Court shall retain jurisdiction over these Cases and any
4 proceedings related thereto to the fullest extent permitted by the Bankruptcy Code or
5 applicable law, and to make such orders as are necessary or appropriate to carry out the
6 provisions of this Plan.

7 10.2 In addition, the Bankruptcy Court shall retain jurisdiction to implement the
8 provisions of the Plan in the manner as provided under Section 1142 of the Bankruptcy
9 Code. If the Bankruptcy Court abstains from exercising, or declines to exercise jurisdiction,
10 or is otherwise without jurisdiction over any matter set forth in this Section, or if the
11 Reorganized Debtors elect to bring an action or proceeding in any other forum, then this
12 Section shall have no effect upon and shall not control, prohibit or limit the exercise of
13 jurisdiction by any other court, public authority, or commission having competent
14 jurisdiction over such matters.

15 10.3 Without limiting the foregoing, the Bankruptcy Court shall retain jurisdiction
16 of the Cases for the following matters:

17 10.3.1 To enable the Reorganized Debtors to consummate any and all
18 proceedings which may have been brought before or after the entry of the
19 Confirmation Order, to challenge or object to the allowance of Claims and to recover
20 any preferences, transfers, assets or damages to which the Reorganized Debtors may
21 be entitled under the applicable provisions of the Code or other federal, state or local
22 law;

23 10.3.2 To adjudicate all controversies concerning the classification or
24 allowance of a Claim or Equity Security Interest;

25 10.3.3 To adjudicate all disputes regarding or relating in any way to Claims,
26 Equity Security Interests, and the Plan;

1 10.3.4 To hear and determine all claims or motions arising from or seeking
2 the assumption and/or assignment or rejection of any Executory Contracts or
3 Unexpired Leases, and to consummate the rejection and termination thereof or with
4 respect to any Executory Contracts or Unexpired Leases to which an application or
5 motion for rejection or termination is filed before entry of the Confirmation Order;

6 10.3.5 To liquidate the amount of any Disputed, contingent or unliquidated
7 Claims;

8 10.3.6 To adjudicate all claims to a security or ownership interest in any
9 property of the Debtors or in any proceeds thereof, including the adjudication of all
10 claims asserted by Creditors and Holders of Equity Security Interests;

11 10.3.7 To adjudicate all claims or controversies arising out of any purchases,
12 sales, or contracts made or undertaken by the Debtors during the pendency of the
13 Cases;

14 10.3.8 To adjudicate, determine and resolve any and all adversary
15 proceedings, applications, motions, and contested or litigated matters, instituted
16 before the closing of the Case;

17 10.3.9 To recover all Assets and properties of the Debtors, wherever located;

18 10.3.10 To adjudicate and determine any cause of action retained by the
19 Debtors or otherwise provided for under the Plan or pursuant to the Confirmation
20 Order;

21 10.3.11 To make orders as are necessary or appropriate to carry out the
22 provisions of the Plan, or in aid of confirmation and consummation of the Plan;

23 10.3.12 To hear and determine any application to modify the Plan in
24 accordance with Section 1127 of the Bankruptcy Code, to remedy any defect or
25 omission, or reconcile any inconsistency in the Plan, the Disclosure Statement or any
26 Order of the Bankruptcy Court, including the Confirmation Order, in such a manner

1 as may be necessary to carry out the purposes and effects hereof;

2 10.3.13 To hear and determine all matters concerning state, local and
3 federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy
4 Code;

5 10.3.14 To determine any and all applications, adversary proceedings,
6 and contested or litigated matters properly before the Bankruptcy Court before or
7 after the Confirmation Date;

8 10.3.15 To hear and determine all controversies, suits and disputes, if
9 any, as may arise with regard to orders of the Bankruptcy Court in the Cases entered
10 on or before the Effective Date; and

11 10.4 To enter an Order closing each of the Cases.

12 **ARTICLE 11. PROCEDURES FOR RESOLVING DISPUTED CLAIMS.**

13 11.1 Objections to Claims. The Reorganized Debtors shall be entitled to object to
14 any Claims, with the exception of all Unsecured Claims (except the Class 7 Emerald
15 Equities Claim), which Unsecured Claims shall be administered by the Post-Effective Date
16 Committee and paid from the Unsecured Creditor Dividend Fund in accordance with and
17 subject to Sections 1.39 and 1.84 of the Plan. Any objections to Claims shall be served and
18 filed on or before the later of: (i) sixty (60) days after the Effective Date; (ii) thirty (30) days
19 after a request for payment or proof of Claim is timely filed and properly served; or (iii)
20 such other date as may be fixed by the Bankruptcy Court, whether before or after the dates
21 specified in subsections (i) and (ii) herein. Notwithstanding any authority to the contrary,
22 an objection to a Claim shall be deemed properly served on the Creditor if service is effected
23 in any of the following manners: (a) in accordance with Federal Rule of Civil Procedure 4,
24 as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage
25 prepaid, on any counsel that has appeared on the Creditor's behalf in the Cases; or (c) by
26

1 first class mail, postage prepaid, on the signatory on the proof of Claim or other
2 representative identified in the proof of Claim or any attachment thereto.

3 11.2 Payments and Distributions with Respect to Disputed Claims.

4 Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim,
5 no payment or distribution provided hereunder shall be made on account of such Claim
6 unless and until the amount of such Disputed Claim which constitutes an Allowed Claim is
7 determined, and the balance (if any) becomes a Disallowed Claim.

8 11.3 Distributions after Allowance. After such time as a Disputed Claim becomes
9 an Allowed Claim, the Debtors or Creditor Disbursing Agent, as applicable, shall distribute
10 to the holder thereof the distributions, if any, to which such holder is then entitled under the
11 Plan in accordance with the provisions hereof. Distributions in respect of Disputed Claims
12 that become Allowed Claims shall be made within fifteen (15) days after such Disputed
13 Claims become Allowed Claims by Final Order of the Bankruptcy Court or as soon
14 thereafter as practicable.

15 **ARTICLE 12. PROVISIONS CONCERNING DISTRIBUTIONS.**

16 12.1 Time of Distributions under the Plan. Payments and distributions to be made
17 on or after the Effective Date pursuant to the Plan shall be made on such date, or as soon as
18 practicable thereafter, except as otherwise provided for in the Plan, or as may be ordered by
19 the Bankruptcy Court, or as may be agreed to by the Reorganized Debtors and the holder
20 of the Allowed Claim.

21 12.2 Payment Dates. Whenever any payment or distribution to be made under the
22 Plan shall be due on a day other than a Business Day, such payment or distribution shall
23 instead be made, without interest, on the next Business Day, or as soon as practicable
24 thereafter, or as may be agreed to by the Reorganized Debtors and the holder of the Allowed
25 Claim.

1 12.3 Manner of Payments under the Plan. Cash payments made pursuant to the
2 Plan shall be made in the currency of the United States, by check drawn on a domestic bank
3 or by wire transfer from a domestic bank. Distributions to all holders of Allowed Claims
4 shall be made (a) at the addresses set forth in the proof of claim filed by such holders (or at
5 last known addresses of such holders if no proofs of claims were filed or the Debtors were
6 notified of a change of address); or (b) at the addresses set forth in any written notices of
7 address change delivered to the Reorganized Debtors or the Bankruptcy Court; or (c) at the
8 addresses reflected in the Debtors' schedules if no claim shall have been filed and no written
9 notice of an address change has been received by the Reorganized Debtors. No payments
10 shall be made to a holder of a Disputed Claim unless and until such Claim becomes an
11 Allowed Claim by a Final Order.

12 12.4 Fractional Cents. Any other provision of the Plan to the contrary
13 notwithstanding, no payments of fractions of cents will be made. Whenever any payment
14 of a fraction of a cent would otherwise be called for, the actual payment shall reflect a
15 rounding of such fraction to the nearest whole cent (rounding down in the case of .5).

16 12.5 Non-Negotiated Checks. If a Holder of an Allowed Claim, or any other claim
17 or interest fails to negotiate a check issued to such holder under the Plan within sixty (60)
18 days of the date such check was issued by the Reorganized Debtors, then the amount of
19 Cash or other property attributable to such check shall be deemed to be "Unclaimed
20 Distributions," and the payee of such check shall be deemed to have no further Claim or
21 future Claim against the Reorganized Debtors.

22 12.6 Unclaimed Distributions. In the event any payment to a holder of a Claim
23 under the Plan remains unclaimed for a period of sixty (60) days after such distribution has
24 been made (or after such delivery has been attempted), such Unclaimed Distribution and all
25 future distributions to be made to such holders shall be deemed forfeited by such holder.
26 Unclaimed Distributions with respect to Allowed Non-Insider Unsecured Claims or

1 Allowed Insider Unsecured Claims shall be returned to the Unsecured Creditor Dividend
2 Fund.

3 12.7 Disputed Payments or Distributions. In the event of any dispute between and
4 among Claimants (including the Entity or Entities asserting the right to receive the disputed
5 payment or distribution) as to the right of any Entity to receive or retain any payment or
6 distribution to be made to such Entity under the Plan, the Reorganized Debtors may, in lieu
7 of making such payment or distribution to such Entity, make it instead into an escrow
8 account or to a disbursing agent, for payment or distribution as ordered by the Bankruptcy
9 Court or as the interested parties to such dispute may otherwise agree among themselves,
10 and the payment or distribution shall be deemed to have been made to and received by the
11 Entity determined to be entitled to such payment or distribution as of the date that the
12 Reorganized Debtors delivers such payment or distribution to a disbursing agent or escrow
13 account.

14 **ARTICLE 13. EFFECT OF CONFIRMATION OF PLAN.**

15 13.1 Binding Effect. On and after the Confirmation Date, the provisions of the
16 Plan shall bind the Debtors and any holder of a Claim against, or Equity Security Interest
17 in, the Debtors and their respective successors and assigns, whether or not the Claim or
18 Equity Interest of such holder is impaired under the Plan and whether or not such holder
19 has voted on or accepted the Plan.

20 13.2 Discharge. Except for any liability imposed by the Plan or as expressly
21 provided in the Plan, (a) each holder of a Claim against or Equity Security Interest in a
22 Debtor shall be deemed to have forever waived, released and discharged the Debtors, to the
23 fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all
24 Claims, Equity Security Interests, rights and liabilities that arose prior to the Effective Date
25 and (b) all such holders shall be forever precluded and enjoined, pursuant to section 524 of
26 the Bankruptcy Code, from prosecuting or asserting any discharged Claim against or

1 terminated Equity Security Interest in the Debtors; provided however that if Confirmation
2 of this Plan does not occur and/or the conditions precedent to the Effective Date of the Plan
3 are not satisfied, the Plan shall be deemed null and void. In such event, nothing contained
4 in this Plan shall be deemed to constitute a waiver or release of any claims against the
5 Debtors or their Estates or any other Persons, or to prejudice in any manner the rights of
6 CPF and/or any other Person in any further proceeding involving the Debtors, their Estates
7 and/or any Person.

8 13.3 Post-Confirmation Quarterly Fees. Quarterly fees pursuant to 28 U.S.C.
9 Section 1930(a)(6) continue to be payable to the Office of the United States Trustee by the
10 Reorganized Debtors until such time as the Case is converted, dismissed, or closed pursuant
11 to a final decree.

12 13.4 Retention of Claims and Causes of Action. Except to the extent any rights,
13 claims, causes of action, defenses, and counterclaims are expressly and specifically released
14 or assigned in connection with this Plan or in any settlement agreement approved during
15 the Cases: (i) any and all Claims accruing to the Debtors or the Estates shall remain assets
16 of and vest in the Reorganized Debtors whether or not litigation relating thereto is pending
17 on the Effective Date, and whether or not any such Claims have been listed or referred to
18 in the Plan, the Disclosure Statement, or any other document filed with the Bankruptcy
19 Court, and (ii) neither the Reorganized Debtors nor the Estates waive, release, relinquish,
20 forfeit, or abandon (nor shall they be estopped or otherwise precluded or impaired from
21 asserting) any Claims or defenses that constitute property of the Debtors or the Estates: (a)
22 whether or not such Claims or defenses have been listed or referred to in this Plan, the
23 Disclosure Statement, or any other document filed with the Bankruptcy Court, (b) whether
24 or not such Claims are currently known to the Debtors or CPF, and (c) whether or not a
25 defendant in any litigation relating to such Claims filed a proof of claim in the Case, filed a
26 notice of appearance or any other pleading or notice in the Case, voted for or against this

1 Plan, or received or retained any consideration under this Plan. Without in any manner
2 limiting the scope of the foregoing, notwithstanding any otherwise applicable principle of
3 law or equity, including, without limitation, any principles of judicial estoppel, res judicata,
4 collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose,
5 describe, identify, analyze or refer to any Claim or cause of action, in the Plan, the
6 Disclosure Statement, or any other document filed with the Bankruptcy Court shall in no
7 manner waive, eliminate, modify, release, or alter the Reorganized Debtors' right to
8 commence, prosecute, defend against, settle, recover on account of, and realize upon any
9 Claim that the Debtors or their Estates have or may have as of the Effective Date.

10 Except to the extent any rights, claims, causes of action, defenses, and counterclaims
11 are expressly and specifically released or assigned in connection with this Plan or in any
12 settlement agreement approved during the Case, the Reorganized Debtors expressly
13 reserves all Claims and defenses for later adjudication by the Reorganized Debtors and
14 therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel,
15 issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or
16 laches will apply to such Claims and defenses upon or after the Confirmation or
17 Consummation of the Plan based on the Disclosure Statement, the Plan, and/or the
18 Confirmation Order. In addition, the Reorganized Debtors expressly reserve the right to
19 pursue or adopt Claims that are alleged in any lawsuits in which the Debtors are a defendant
20 or an interested party, against any Person or Governmental Entity, including the plaintiffs
21 or co-defendants in such lawsuits. Any Person or Governmental Entity to whom the
22 Debtors have incurred an obligation (whether on account of services, purchase, sale of
23 goods or otherwise), or who has received services from the Debtors, or who has received
24 money or property from the Debtors, or who has transacted business with the Debtors, or
25 who has leased equipment or property from or to the Debtors should assume that such
26 obligation, receipt, transfer or transaction may be reviewed by the Reorganized Debtors

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1 subsequent to the Effective Date and may be the subject of an action after the Effective
2 Date, whether or not: (a) such Person or Governmental Unit has Filed a proof of Claim
3 against the Debtors in the Cases; (b) such Person's or Governmental Unit's proof of Claim
4 has been objected to by the Debtors; (c) such Person's or Governmental Unit's Claim was
5 included in the Debtors' Schedules; or (d) such Person's or Governmental Unit's scheduled
6 Claim has been objected to by the Debtors or has been identified by the Debtors as
7 contingent, unliquidated or disputed.

8 13.5 NO WAIVER OF CLAIMS. NEITHER THE FAILURE TO LIST A CLAIM
9 IN THE SCHEDULES FILED BY THE DEBTORS, THE FAILURE OF THE DEBTORS
10 OR ANY OTHER PERSON TO OBJECT TO ANY CLAIM FOR PURPOSES OF
11 VOTING, THE FAILURE OF THE DEBTORS OR ANY OTHER PERSON TO OBJECT
12 TO A CLAIM OR ADMINISTRATIVE EXPENSE BEFORE CONFIRMATION OR THE
13 EFFECTIVE DATE, THE FAILURE OF ANY PERSON TO ASSERT A CLAIM OR
14 CAUSE OF ACTION BEFORE CONFIRMATION OR THE EFFECTIVE DATE, THE
15 ABSENCE OF A PROOF OF CLAIM HAVING BEEN FILED WITH RESPECT TO A
16 CLAIM, NOR ANY ACTION OR INACTION OF THE DEBTORS OR ANY OTHER
17 PERSON WITH RESPECT TO A CLAIM, OR ADMINISTRATIVE EXPENSE, OTHER
18 THAN A LEGALLY EFFECTIVE EXPRESS WAIVER OR RELEASE SHALL BE
19 DEEMED A WAIVER OR RELEASE OF THE RIGHT OF THE REORGANIZED
20 DEBTORS, BEFORE OR AFTER SOLICITATION OF VOTES ON THE PLAN OR
21 BEFORE OR AFTER CONFIRMATION OR THE EFFECTIVE DATE TO (A) OBJECT
22 TO OR EXAMINE SUCH CLAIM OR ADMINISTRATIVE EXPENSE, IN WHOLE OR
23 IN PART OR (B) RETAIN AND EITHER ASSIGN OR EXCLUSIVELY ASSERT,
24 PURSUE, PROSECUTE, UTILIZE, OTHERWISE ACT OR OTHERWISE ENFORCE
25 ANY CLAIM OR CAUSE OF ACTION AGAINST THE HOLDER OF ANY SUCH
26 CLAIM.

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1 **ARTICLE 14. GENERAL PROVISIONS.**

2 14.1 Notices Under the Plan. Notices, requests, or demands with respect to this
3 Plan shall be in writing and shall be deemed to have been received within five (5) days of
4 the date of mailing, provided they are sent by registered mail or certified mail, postage
5 prepaid, return receipt requested, and:

6 if sent to CPF, addressed to:

7 GALLAGHER & KENNEDY, P.A.
8 Attn.: Todd A. Burgess
9 2575 East Camelback Road
10 Phoenix, Arizona 85016-9225
11 Facsimile: (602) 530-8500
12 Email: todd.burgess@gknet.com

13 14.2 Withholding Taxes/Setoffs. The Reorganized Debtors shall be entitled to
14 deduct any Federal or State withholding taxes from any payments with respect to Allowed
15 Claims for wages of any kind. The Reorganized Debtors may, but shall not be required to,
16 set off or recoup against any Claim, and the payments to be made pursuant to the Plan in
17 respect of such Claim, any claims of any nature whatsoever the Debtors or the Estates may
18 have against the holder of such Claim, but neither the failure to do so nor the allowance of
19 any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any
20 such claim the Debtors may have against such holder.

21 14.3 Committee. On the Effective Date, any Committee appointed in the Case
22 shall automatically dissolve and the members thereof and the Professional Persons retained
23 by the Committee in accordance with Section 1103 of the Bankruptcy Code shall be
24 released and discharged from their respective duties and obligations.

25 14.4 Headings. The headings used in this Plan are inserted for convenience only
26 and neither shall constitute a portion of this Plan nor in any manner affect the provisions of
this Plan.

1 14.5 Severability. In the event that the Bankruptcy Court determines, prior to the
2 Confirmation Date, that any provision of the Plan is invalid, void, or unenforceable, the
3 Bankruptcy Court shall, with the consent of CPF, but not otherwise, have the power to alter
4 and interpret such term or provision to make it valid or enforceable to the maximum extent
5 practicable, consistent with the original purpose of the term or provision held to be invalid,
6 void, or unenforceable, and such term or provision shall then be applicable as altered or
7 interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder
8 of the terms and provisions of the Plan shall remain in full force and effect and shall in no
9 way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The
10 Confirmation Order shall constitute a judicial determination and shall provide that each
11 term and provision of the Plan, as it may have been altered or interpreted in accordance with
12 the foregoing, is valid and enforceable pursuant to its terms.

13 14.6 Certain Terminations. On the Effective Date, all instruments evidencing
14 indebtedness of the Debtors discharged by the Plan shall be deemed canceled, except to the
15 extent that this Plan provides for the retention of Liens.

16 14.7 Governing Law. Except to the extent that the Bankruptcy Code is applicable,
17 the rights and obligations arising under this Plan shall be governed by, and construed and
18 enforced in accordance with, the internal laws of the State of Arizona without regard to its
19 conflicts of law principles.

20 14.8 Contingent or Unliquidated Claims. The Bankruptcy Court shall fix, liquidate
21 or estimate the amount of any contingent or unliquidated Claim pursuant to Section 502 of
22 the Bankruptcy Code. The amount so fixed shall be deemed the allowed amount of such
23 contingent or unliquidated Claim for purposes of this Plan. In lieu thereof, the Bankruptcy
24 Court may determine the amount to be reserved for such contingent or unliquidated Claim,
25 which amount shall be the maximum amount which the holder of such contingent or
26

1 unliquidated Claim shall be entitled to receive under this Plan if such contingent or
2 unliquidated Claim is allowed in whole or in part.

3 14.9 Revocation of Plan. CPF reserves and shall have the right to revoke and
4 withdraw this Plan at any time before Confirmation.

5 14.10 Modification of Plan. CPF reserves and shall have the right to propose
6 alterations, amendments, or modifications of or to the Plan in writing at any time prior to
7 the Confirmation Date, in accordance with Section 1127 of the Bankruptcy Code and
8 Bankruptcy Rule 3019. CPF may alter, amend, or modify the Plan at any time after the
9 Confirmation Date and before substantial consummation in accordance with Section 1127
10 of the Bankruptcy Code. A holder of a Claim that has accepted the Plan shall be deemed to
11 have accepted the Plan, as altered, amended or modified, to the extent, and subject to the
12 conditions, set forth in Bankruptcy Rule 3019. Without limiting the foregoing, after
13 Confirmation, CPF may, upon Order from the Bankruptcy Court, in accordance with
14 Section 1127(b) of the Bankruptcy Code, remedy any defect or omission or reconcile any
15 inconsistency in this Plan in such manner as may be necessary to carry out the purpose of
16 this Plan.

17 14.11 Reservation of Rights. Nothing contained herein shall prohibit CPF from
18 prosecuting or defending any of its rights as may exist on its own behalf before the Effective
19 Date. If CPF withdraws or revokes the Plan prior to the Confirmation Date, or if
20 Confirmation of the Plan does not otherwise occur, the Plan shall be deemed null and void.
21 In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release
22 of any Claims by or against the Debtors, their Estates, or any other Person, or to prejudice
23 in any manner, the rights and remedies of the creditors, the Debtors, their Estates, or any
24 other Person in any further proceedings involving the Debtors or their Estates or any other
25 Person. The filing of the Plan and or any modifications hereto, and the Plan itself shall not
26 constitute a waiver by CPF of any rights, remedies, objections, or causes of action it may

1 have or may wish to raise with respect to any matter whatsoever, including, without
2 limitation, any other plan or plans filed or to be filed in any of the Cases, all of which rights
3 and objections are hereby reserved.

4 14.12 Exemption from Certain Transfer Taxes. Pursuant to Section 1146(a) of the
5 Bankruptcy Code, the issuance, transfer or exchange of a security, or the making or delivery
6 of an instrument of transfer hereunder will not be subject to any stamp, tax, or similar tax.

7 14.13 Injunction. Except as otherwise provided in the Plan or the Confirmation
8 Order, and except for any actions timely filed pursuant to Section 523 of the Bankruptcy
9 Code or any Claims declared by the Bankruptcy Court to be non-dischargeable pursuant to
10 Section 523 of the Bankruptcy Code, as of the Confirmation Date, but subject to the
11 occurrence of the Effective Date, all Persons who have held, hold or may hold Claims
12 against the Debtors or their Estates, or Equity Security Interests in the Debtors, are, with
13 respect to any such Claims or Equity Security Interests, permanently enjoined from and
14 after the Confirmation Date from: (i) commencing, conducting or continuing in any
15 manner, directly or indirectly, any suit, action or other proceeding of any kind (including,
16 without limitation, any proceeding in a judicial, arbitral, administrative or other forum) with
17 respect to any such Claim against or affecting the Debtors, their Estates or any of their
18 respective property, or any direct or indirect post-Effective Date transferee of any property
19 of, or post-Effective Date direct or indirect successor in interest to, any of the foregoing
20 Persons, solely in their capacity as such transferees or successors in interest, or any property
21 of any such transferee or successor, solely in such capacity; (ii) enforcing, levying, attaching
22 (including, without limitation, any pre-judgment attachment), collecting or otherwise
23 recovering by any manner or means, whether directly or indirectly, with respect to any
24 judgment, award, decree or order against the Debtors, their Estates or any of their respective
25 property, or any direct or indirect post-Effective Date transferee of any property of, or post-
26 Effective Date direct or indirect successor in interest to, any of the foregoing Persons, solely

1 in their capacity as such transferees or successors in interest, or any property of any such
2 transferee or successor, solely in such capacity; (iii) creating, perfecting or otherwise
3 enforcing in any manner, directly or indirectly, any encumbrance of any kind against the
4 Debtors, their Estates or any of their respective property, or any direct or indirect post-
5 Effective Date transferee of any property of, or post-Effective Date direct or indirect
6 successor in interest to, any of the foregoing Persons, solely in their capacity as such
7 transferees or successors in interest, or any property of any such transferee or successor,
8 solely in such capacity; (iv) asserting initially after the Effective Date any right of setoff,
9 subrogation, or recoupment of any kind, directly or indirectly, against any obligation due to
10 the Debtors, their Estates or any of their respective property, or any direct or indirect post-
11 Effective Date transferee of any property of, or post-Effective Date direct or indirect
12 successor in interest to, any of the foregoing Persons, solely in their capacity as such
13 transferees or successors in interest, or any property of any such transferee or successor,
14 solely in such capacity; and (v) acting or proceeding in any manner, in any place
15 whatsoever, that does not conform to or comply with the provisions of the Plan to the full
16 extent permitted by applicable law. By accepting a distribution pursuant to the Plan, each
17 holder of an Allowed Claim receiving distributions pursuant to the Plan will be deemed to
18 have specifically consented to the injunctions set forth in this section, and, except as set
19 forth in this Section, waives any and all claims, causes of action, remedies and objections
20 of every kind against the Debtors.

21 14.14 Term of Injunctions or Stays. Unless otherwise provided, all injunctions or
22 stays arising before the Confirmation Date in accordance with Sections 105 or 362 of the
23 Bankruptcy Code, and in existence on the Confirmation Date, shall remain in full force and
24 effect until the Effective Date, or such later date as provided under applicable law. For the
25 avoidance of doubt, this Section 14.13 does not apply to the permanent injunction set forth
26 in Section 14.12 of the Plan.

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1 14.15 Injunction against Interference with Plan. Upon the entry of the Confirmation
2 Order, all holders of Claims and Equity Security Interests and other parties in interest,
3 including the Debtors, along with their respective present or former employees, agents,
4 officers, directors, or principals, shall be enjoined from taking any actions to interfere with
5 the implementation or consummation of the Plan.

6 14.16 Exculpation. Except with respect to obligations under the Plan, neither CPF,
7 nor any of its respective Representatives, (solely in their capacity as such) (each an
8 “Exculpated Party”), shall have or incur any liability to the Debtors or any of their
9 Representatives or any holder of a Claim or Equity Security Interest for any act or omission
10 in connection with, or arising out of: (i) the Case; (ii) the development, negotiation or
11 confirmation of the Plan; (iii) the consummation of the Plan; or (iv) the administration of
12 the Plan or property to be distributed pursuant to the Plan, except for fraud, willful
13 misconduct, recklessness or gross negligence; and, in all respects, each Exculpated Party
14 shall be entitled to rely upon the advice of counsel with respect to their duties and
15 responsibilities under the Plan.

16 14.17 Successors and Assigns. The rights and obligations of any Entity named or
17 referred to in the Plan shall be binding upon and shall inure to the benefit of, the
18 predecessors, successors, assigns and agents of such Entity.

19 **ARTICLE 15. CONDITIONS PRECEDENT TO EFFECTIVENESS OF PLAN.**

20 15.1 Conditions to the Effective Date. The following shall be conditions to the
21 occurrence of the Effective Date unless such conditions shall have been duly waived as
22 provided below:

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1 The Confirmation Order in form and substance acceptable to CPF shall have become
2 a Final Order, except that CPF reserves the right to cause the Effective Date to occur
3 notwithstanding the pendency of an appeal of the Confirmation Order.

4 DATED: March 27, 2017.

5 CPF VASEO ASSOCIATES, LLC

6
7 By: /s/Robert Flaxman
8 Name: Robert Flaxman
9 Its: Authorized Representative

10 PREPARED AND SUBMITTED ON BEHALF OF CPF VASEO ASSOCIATES, LLC
11 BY:

12 GALLAGHER & KENNEDY, P.A.

13 By: /s/Todd A. Burgess (019013)
14 John R. Clemency, Esq.
15 Todd A. Burgess, Esq.
16 Lindsi M. Weber, Esq.
17 2575 East Camelback Road
18 Phoenix, Arizona 85016-9225
19 Telephone: (602) 530-8000
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24 Attorneys for CPF Vaseo Associates, LLC
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Schedule 8.5
Post-Confirmation Management

From and after the Effective Date, CPF Vaseo Associates, LLC shall be the sole Member and Manager of each of the Reorganized Debtors.

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Schedule 9.2
(Executory Contracts and Unexpired Leases to be Assumed)

- Arizona State Land Department Commercial Lease No. 003-052415-99, as amended
- Arizona State Land Department Commercial Lease No. 003-116780-99, as amended
- Property Development Agreement

**SUBJECT TO AMENDMENT BY THE PLAN PROPONENT PRIOR TO
CONFIRMATION AND AS OTHERWISE PROVIDED IN THE PLAN**

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

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EXHIBIT B
*(Disclosure Statement to Accompany Second Amended Chapter 11 Plan of
Reorganization For Epicenter Partners LLC and Gray Meyer Fannin LLC [Dkt. 280])*

5912584v2/27539-0001
03/27/17

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25 **UNITED STATES BANKRUPTCY COURT**
26 **FOR THE DISTRICT OF ARIZONA**

27 In re:	Chapter 11
28 EPICENTER PARTNERS L.L.C.,	Case No. 2:16-bk-05493-MCW
29 GRAY MEYER FANNIN L.L.C.,	Jointly Administered with:
30 SONORAN DESERT LAND INVESTORS LLC,	Case No. 2:16-bk-05494-MCW
31 EAST OF EPICENTER LLC,	Case No. 2:16-bk-07659-MCW
32 GRAY PHOENIX DESERT RIDGE II, LLC	Case No. 2:16-bk-07660-MCW
	Case No. 2:16-bk-07661-MCW

33 Debtors.

34 This Filing Applies to:

- 35 All Debtors
36 Specified Debtors

- 1 ■ EPICENTER PARTNERS L.L.C.,
- 2 ■ GRAY MEYER FANNIN L.L.C.,
- 3 □ SONORAN DESERT LAND INVESTORS
LLC,
- 4 □ EAST OF EPICENTER LLC,
- GRAY PHOENIX DESERT RIDGE II, LLC

5 **DISCLOSURE STATEMENT TO ACCOMPANY SECOND AMENDED CHAPTER 11**
6 **PLAN OF REORGANIZATION FOR EPICENTER PARTNERS LLC AND GRAY**
7 **MEYER FANNIN LLC**

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EXHIBIT "1": EPICENTER PARTNERS LLC AND GRAY MEYER FANNIN LLC
PLAN OF REORGANIZATION

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I.

INTRODUCTION

On May 16, 2016 (the “**Petition Date**”), Epicenter Partners, LLC (“**Epicenter**”) and Gray Meyer Fannin, LLC (“**GMF**”), debtors and debtors-in-possession (collectively, “**Debtors**” or “**Plan Proponents**”), filed petitions for relief (the “**Petition**”) under Title 11, Chapter 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the District of Arizona (the “**Bankruptcy Court**”) commencing the above-captioned Chapter 11 case (the “**Chapter 11 Case**”).

The Debtors have prepared this Disclosure Statement in connection with the *Second Amended Chapter 11 Plan of Reorganization for Epicenter Partners LLC and Gray Meyer Fannin LLC* [Dkt. No. 278] (as may be amended, modified, or supplemented, the “**Plan**”) filed on December 29, 2016. All capitalized, undefined terms herein shall have the meanings ascribed in the Plan.

The Plan is attached hereto as **Exhibit “1.”** Any interested party desiring further information should contact:

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Tucson, Arizona 85701
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Interested parties may also obtain further information from the Bankruptcy Court at the following website: <http://www.azb.uscourts.gov>. Each Holder of a Claim and parties otherwise affected by the Plan should read this Disclosure Statement and the Plan attached hereto. These documents contain important information concerning the classification and treatment of Claims, Equity Securities, and Executory Contracts.

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II.

GENERAL OVERVIEW

A. General Information About Debtors' Business and Events Leading to Chapter 11 Case.

1. Formation of the Debtors and Their Management.

GMF came into existence in 2001. It was originally formed for the purpose of providing development services for affiliates. Epicenter came into existence in 2004. It was formed for the purposes of acquiring, managing, selling or holding land for investment. Both Debtors are fully owned by Gray/Western Development Company and managed, pursuant to that entity, by Bruce Gray.

2. The Debtors' Acquisition of the Estate Property.

On July 7, 1993, an entity called Northeast Phoenix Partners (“NPP”) entered into Commercial Lease No. 03-52415 with the State of Arizona through the State Land Commissioner regarding approximately 5,700 acres of real property in Phoenix, Arizona located north of the Central Arizona Project Canal and south of Pinnacle Peak Road between 32nd Street and 64th Street. NPP filed a special action appeal of a City of Phoenix Board of Adjustment decision in Maricopa County Superior Court of Arizona captioned *Desert Ridge Community Association, et. al v. City of Phoenix, et. al.*, Case No. LC2007-000011 (the “Action”). The Debtors filed a Counterclaim, First Amended Counterclaim, and Second Amended Counterclaim in the Action against NPP, Desert Ridge Community Association, and CityNorth, LLC (hereafter referred to as the “Litigation Claim”).

On October 19, 2010, Debtors obtained final judgement in the State Court on the Litigation Claim against NPP and CityNorth in the amount of \$110,658,800 plus interest. Subsequently, on May 31, 2012, Debtors negotiated a Settlement Agreement with respect to the Litigation Claim which provided that Debtors would receive, in summary, an assignment of the Lessee's Rights to approximately 96.5 acres of real property under the terms of the Arizona State Land Department Commercial Lease No. 03-52415 (the “ASLD Lease”), the assignment of the

1 Master Development Rights,¹ the assignment of the Master Declarant's Rights and all intellectual
2 property related thereto (collectively, such property interests shall hereafter be referred to as the
3 “**Estates’ Property**”). The Estates’ Property comprises virtually all of the property of the
4 Debtors’ bankruptcy estates.

5 **3. The ASLD Lease, the CPSP, and Master Developer Rights.**

6 As mentioned above, the Debtors are party to a long-term lease with the Arizona State
7 Land Department which figures as part of the Desert Ridge Master Planned Community—a plan
8 for a 5,700 acre master planned community on previously undeveloped Arizona Trust Land
9 located in Northeast Phoenix. Under the plan, various parcels within the Desert Ridge
10 development are auctioned by the state to various developer owner's to be developed within
11 guidelines enforced by one Master Developer. In order to continue as a Master Developer, the
12 Master Developer has to own property within the Desert Ridge Commercial Core. Accordingly,
13 if a creditor foreclosed on all of the Debtors’ real property it would materially impair the
14 Debtors’ rights as Master Developer.

15 a) **The Desert Ridge Master Planned Community**

16 The Desert Ridge Master Planned Community (“**Desert Ridge**”) is an ambitious plan
17 for a 5,723 acre master planned community on previously undeveloped Arizona Trust Land
18 located in Northeast Phoenix. The development plan anticipates 25,431 private residences and
19 332 acres of commercial property near the center core of the development. Under the plan,
20 various parcels within the Desert Ridge development are auctioned by the state to various
21 developers, owners, or lessors to be developed within guidelines enforced by one Master
22 Developer on behalf of the State, the City of Phoenix, and the Design Review Committee.
23 Integral with the State's goals and objectives in conceiving the Desert Ridge Community is the
24 role of the Master Developer who is charged with “insuring that Desert Ridge is developed in
25 accordance with [the State's] goals”.

26
27
28 ¹ All capitalized terms not otherwise defined herein shall have the same meanings as ascribed to them in the Plan.

1 The state trust land (like all of the State trust properties) are managed by the ASLD to
2 generate revenue primarily for support of the common schools of the state. Of the original
3 5,723 acres, 332 acres were designated as commercial core land (the “**Commercial Core**”).
4 The 332 acres of Commercial Core property is state trust land leased under a 99 year lease from
5 the State of Arizona (the “**Core Lease**”). The 96.5 acres of the Debtors’ are part of the
6 Commercial Core and subject to the Core Lease. In fact, all real property interests in these
7 jointly administered cases originate from the Core Lease. Fee ownership of the Commercial
8 Core returns to the State at the end of the Core Lease term net of the value of improvements
9 upon the land. As such, the ASLD retains a continuing interest in the development of the
10 Commercial Core and Desert Ridge as a whole.

11 In the conception of Desert Ridge, the ASLD sought to align the interest of the Master
12 Developer with the long-term interests of the State by tying the Master Development rights to
13 the Core Lease. The ASLD envisioned that the Master Developer would have a long term
14 commitment to the community as a holder of a long-term leasehold interest in the Commercial
15 Core. The rights, duties and obligations of the Master Developer may not be transferred or
16 assigned without the express written consent of the ASLD.

17 b) **The Master Development Plan.**

18 The Master Development Plan, also referred to as the Specific Plan, was approved by
19 the City of Phoenix on June 6, 1990, and adopted by the ASLD on November 29, 1990 (the
20 “**Master Development Plan**”). The Master Development Plan is the governing land use
21 document of the City of Phoenix for Desert Ridge. The Master Development Plan provides the
22 underlying zoning controls, specifies the phasing and construction of infrastructure necessary to
23 serve the area and establishes the future planning framework and zoning processes, including
24 review and approval of conceptual parcel site plans and individual project site plans,
25 subdivision review procedures, plan amendment procedures, development monitoring and
26 phasing. The stated purpose of the Master Development Plan is to establish an effective,
27 regulatory development control mechanism guiding development of the Desert Ridge planned
28 community.

1 Since the adoption of the Master Development Plan, the development of Desert Ridge
2 was delayed by the economic slow down that resulted from the Great Recession stemming from
3 the financial crisis of 2007. Nearly 2,000 acres of the original master plan community
4 auctioned to private residential developers were returned to the ASLD when the private
5 developers could not keep up payments.²

6 c) **The Conceptual Parcel Site Plan.**

7 Before any individual building, project or use can be approved within the Commercial
8 Core, a Conceptual Parcel Site Plan (“CPSP”) must be submitted. The criteria that must be
9 addressed in a conceptual parcel site plan is stated in Chapter 6 of the Master Development
10 Plan. These standards include traffic circulation standards, perimeter standards governing
11 noise, odor and light, pedestrian access standards, central gathering space and other criteria. If
12 these standards are met, approval of the site plan or any amendment thereto is governed by the
13 processes included in chapter 4 of the Desert Ridge Specific Plan.

14 The former CPSP (devised by North Phoenix Partners) for Parcel 5A, which covered
15 the 96.5 acres held by the Debtors under the Core Lease was approved by the City in 2008. A
16 change to the 2008 CPSP for Parcel 5A was necessitated by the dramatic decline in the demand
17 for traditional “brick and mortar” retail due to the growth in online retailing since 2008.³ As
18 further discussed in Section II.B.2, *supra*, during the course of this Chapter 11 Case, the
19 Debtors obtained approval from the City of Phoenix of an amended CPSP which, among other
20 things, replaces upscale big box retailing with an equal amount of Class A office space to
21 reflect the current market considering the shift in market demands since 2008.

22 **4. The Debtors’ Secured Creditors and Events Leading to the Chapter 11 Case.**

23 ² See, Michael Clancy, *Desert Ridge in Northeast Phoenix falls short of original master plan*, Republic,
24 azcentral.com, Jan. 2, 2012, <http://archive.azcentral.com/community/nephoenix/articles/20111228desert-ridge-falls-short-original-master-plan.html> (last visited Aug 20, 2016).

25 ³ See, Chris Isidore, *Sports Authority Bankruptcy Could Close Remaining Stores*, CNN Money, May 2, 2016,
26 <http://money.cnn.com/2016/05/02/news/companies/sports-authority-sale-store-closings/index.html> (last visited Aug
27 20, 2016); Krystina Gustafson, *Men's Warehouse parent closing 250 stores*, March 10, 2016,
28 <http://www.cnbc.com/2016/03/10/mens-warehouse-parent-closing-250-stores.html> (last visited Aug 20, 2016);
Matt Egan, *Macy's is closing another 100 stores*, CNN Money, August 11, 2016,
<http://money.cnn.com/2016/08/11/investing/macys-closes-100-stores/index.html> (last visited Aug 20, 2016).

1 In order to fund the Debtors' prosecution of the aforementioned Litigation Claim, the
2 Debtors entered into various agreements with counsel representing them in that litigation—the
3 law firm of Simpson Thatcher & Bartlett LLP (“STB”)—and litigation financiers, Burford
4 Capital Limited, and its wholly-owned subsidiary Ganymede Investments Limited (collectively,
5 “Burford”). Ultimately (and currently the subject of a dispute), STB and Burford obtained a
6 security interest in the Debtors' Property.

7 On April 14, 2016, Ganymede filed a Notice of Trustee's Sale and Notification of
8 Disposition of Personal Property and sought to foreclose on the Debtors' Property. Upon
9 information and belief, on or about March 23, 2016, Ganymede and STB sold their respective
10 claims to CPF Vaseo Associates, LLC (“CPF”) at a substantial discount. On May 13, 2016,
11 counsel for CPF sent correspondence to counsel for Debtors notifying Debtors that the claimed
12 payoff amount as of May 16, 2016 for the Ganymede Note was a total of \$54,853,149.17, plus
13 interest accruing at \$52,440.74 per day thereafter. The same correspondence notified Debtors
14 that the claimed payoff amount for the STB Note as of May 16, 2016 was \$3,674,319.86, plus
15 interest accruing at \$610.76 per day thereafter. Faced with the potential foreclosure of their
16 Property, the Debtors filed this Chapter 11 Case.

17 **B. Debtors' Restructuring Efforts.**

18 On May 16, 2016, the Debtors initiated the present Chapter 11 Case. Since the Petition
19 Date, the Debtors have been operating as debtors-in-possession. The Bankruptcy Court has
20 authorized the employment of Stinson Leonard Street LLP as counsel for the Debtor. An Official
21 Committee of Unsecured Creditors was appointed in this Chapter 11 Case on June 15, 2016
22 [Dkt. No. 39]. The Debtors are current on all post-petition obligations, including the filings of
23 their monthly operating reports.

24 **1. Joint Administration.**

25 On July 6, 2016, three entities affiliated with the Debtors filed voluntary petitions for
26 relief under Chapter 11 of the Bankruptcy Code: Sonoran Desert Land Investors, LLC; East of
27 Epicenter, LLC; and Gray Phoenix Desert Ridge II, LLC (collectively, the “July Debtors”). The
28

1 July Debtors' cases are currently jointly administered with the Debtors' cases. The July Debtors
2 have submitted their own plan of reorganization.

3 **2. Amendment of the CPSP.** Beginning in February 2016, the Debtors began work
4 on amending the CPSP with respect to their Property with the goal of materially enhancing the
5 value of the Property. The City of Phoenix approved the amended CPSP on September 9, 2016.
6 The amended CPSP is not an encumbrance on the Property, but merely one approved lawful use
7 that the Debtors, in the exercise of their business judgment as the Master Developer, believe will
8 enhance both marketability and value of the Property.

9 **3. Property Valuation.** During the course of the Bankruptcy Case, the Debtors had
10 the Property valued by Thomas Raynak of CBRE. As set forth in the Raynak appraisals, the
11 Property with the amended CPSP, has an aggregate of "As If Complete" market value of
12 \$166,178,750 and an "As Is" market value of \$121,100,000. The "As Is" value is net of
13 infrastructure costs and roads, and further discounted for time, administrative, marketing, and
14 other costs intended to reflect a possible "bulk sale" scenario to a land wholesaler. Despite CPF's
15 expressed concerns in the *Objection to May Debtors' Disclosure Statement and Reservation of*
16 *Rights* [Dkt. No. 187], the "As Is" Property valuation is net of all infrastructure costs related to
17 the Property. Any subsequent lessor under the Core Lease would be responsible for making any
18 necessary infrastructure changes to the Property, but the ultimate Valuation Determination will
19 have compensated the holder for any such outlays.

20 **4. Negotiations with Creditors Committee.** During the Chapter 11 Case, the
21 Debtors have engaged in negotiations with the Committee. The negotiations have resulted in a
22 consensual plan treatment that is reflected in the current Plan.

23 **5. Agreement with ASLD.** After negotiations with the Debtors, ASLD has agreed
24 to extend the time by which the Debtors must assume or reject the ASLD Lease to March 1,
25 2017. The *Stipulated Order Extending Time to Assume or Reject Certain Executory Contracts*
26 *and Non-Residential Real Property Leases Between Certain Debtors and Arizona State Land*
27 *Department* [Dkt. No. 205] was entered by the Bankruptcy Court on October 27, 2016.

28 **6. Litigation.**

1 Since initiating the Chapter 11 Case, the Debtors have filed a number of adversary
2 proceedings against CPF. Those proceedings include the following.

3 a) **Adversary No. 2:16-ap-00334-MCW.** This Adversary Proceeding is
4 currently proceeding. In general, the complaint alleges counts of (i) fraudulent transfers, (ii)
5 equitable subordination, (iii) recharacterization, and (iv) claim objections against CPF. On
6 October 5, 2016, the Bankruptcy Court granted CPF's motion to dismiss the adversary
7 proceeding with leave for Debtors to amend the Complaint. On November 28, 2016, the Debtors
8 filed their *First Amended Complaint* [Dkt. No. 59]. On December 15, 2016, CPF filed its *Motion*
9 *of CPF Vaseo Associates for Dismissal of First Amended Complaint.* [Adversary No. 2:16-ap-
10 00334-MCW, Dkt. No. 68].

11 b) **Adversary No. 2:16-ap-00343-MCW.** This adversary proceeding
12 requests an injunction or stay against CPF. The adversary proceeding seeks to prevent CPF from
13 pursuing guaranty claims against Bruce and Barbara Gray and from attempting to divert attention
14 and resources from the pending Chapter 11 Case.

15 This adversary proceeding included a counterclaim filed by CPF. The counterclaim, filed
16 on September 12, 2016, asks the Bankruptcy Court to enjoin the Debtors from pursuing or
17 otherwise seeking approval of any amendments to the 2008 CPSP related to the Debtors'
18 Property. The counterclaim also requests that the Court order the Debtors to withdraw proposed
19 amendments to the 2008 CPSP. Because the City of Phoenix had already approved the amended
20 CPSP (*see* Section II.B.2, *supra*) at the time CPF filed the counterclaim, the Debtors asserted
21 that the counterclaim is moot and ought to be dismissed. Accordingly, on October 6, 2016,
22 Debtors filed their *Motion to Dismiss Counterclaim* [Adv. Dkt. No. 62]. Pursuant to the
23 *Stipulation for Dismissal of Counterclaim Without Prejudice* [Adv. Dkt. No. 77] and the
24 subsequent *Order Dismissing Counterclaim Without Prejudice* [Adv. Dkt. No. 79], CPF's
25 counterclaim was dismissed without prejudice.

26 c) **Adversary No. 2:16-ap-00395-MCW.** This adversary proceedings seeks
27 a determination that CPF does not have a valid or effective assignment of the Master Developer
28 Rights or Declarant Rights with respect to the Property or that such right has not been perfected

1 and is avoidable under 11 U.S.C. §§ 506(d) and 544. The proceeding also supplements Debtors’
2 aforementioned objection to the CPF Claim(s).

3 d) **Stay Relief Proceedings.** On August 29, 2016, CPF filed its *Motion for*
4 *Relief from the Automatic Stay with Respect to All Collateral Securing CPF's Secured Claims*
5 [Dkt. No. 113] (the “**Stay Relief Motion**”). The Stay Relief Motion seeks relief from that
6 automatic stay so that CPF may foreclose on all collateral securing its Claims. A preliminary
7 hearing on the Stay Relief Motion was held on October 18, 2016. At the hearing, the Court
8 indicated that the matter was to be taken under advisement. As of the date of this filing, the
9 Bankruptcy Court has yet to rule on the Stay Relief Motion.

10 III.

11 **INFORMATION REGARDING THE PLAN AND THIS DISCLOSURE STATEMENT**

12 A. **Chapter 11**

13 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code.
14 Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its
15 creditors, and equity interest holders. The commencement of a Chapter 11 case creates an estate
16 that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The
17 Bankruptcy Code provides that the debtor may continue to operate its business and remain in
18 possession of its property as a “debtor-in-possession.”

19 B. **Plan of Reorganization**

20 A plan describes in detail (and in language appropriate for a legal contract) the means for
21 satisfying claims against, and equity interests in, a debtor.

22 C. **The Purpose of a Disclosure Statement**

23 Before a debtor or other plan proponent can solicit acceptances of a plan, Section 1125 of
24 the Bankruptcy Code requires the debtor or other plan proponent to prepare a disclosure
25 statement containing adequate information of a kind, and in sufficient detail, to enable those
26 parties entitled to vote on the plan to make an informed voting decision about whether to accept
27 or reject the plan.
28

1 **D. Approval of the Disclosure Statement**

2 This Disclosure Statement should only be considered after the Bankruptcy Court has
3 found that this Disclosure Statement provides adequate information in accordance with Section
4 1125 of the Bankruptcy Code and has entered an order approving this Disclosure Statement.
5 Approval by the Bankruptcy Court is not an opinion or ruling on the merits of the Plan and it
6 does not mean that the Plan has been or will be approved by the Bankruptcy Court.

7 **E. The Plan Confirmation Process**

8 **1. Requirements.** The requirements for confirmation of the Plan are set forth in
9 detail in Section 1129 of the Bankruptcy Code. The Bankruptcy Court will confirm the Plan only
10 if all of the requirements of § 1129 are met. Among the requirements for confirmation are:

11 a) **Acceptance by Impaired Classes.** Except to the extent that the
12 “cramdown” provisions of Section 1129(b) of the Bankruptcy Code may be invoked, each
13 impaired class of claims must either vote to accept the Plan or be deemed to accept the Plan.
14 “Impaired” is defined at Section 1124 of the Bankruptcy Code. A class of claims is impaired
15 unless the Plan leaves unaltered the legal, equitable, or contractual rights of the holders of such
16 claims.

17 b) **Feasibility.** The Bankruptcy Court is required to find that confirmation of
18 the Plan is not likely to be followed by the liquidation, or further need for further financial
19 reorganization (except as provided in the Plan) of the Debtors. The Reorganized Debtors will be
20 able to operate without the need for further reorganization or liquidation except as provided in
21 the Plan. The cash sources and uses analysis below was prepared to assist creditors in their
22 evaluation of the Plan. The Debtors’ Plan is feasible because payment to CPF will be made
23 through conveyance of property already owned by the Debtors in full satisfaction of CPF’s
24 alleged secured claims. Payments to other creditors will be made through plan financing or a
25 capital contribution to be in place by confirmation, funds received by the Debtors in accordance
26 with the Property Development Agreement (as defined in the Plan), and/or any recovery received
27 from the Creditors Trust. The Plan contemplates a Plan Contribution in an amount no less than
28 \$8,558,135 that is sufficient to cover all necessary Plan payments to be used as indicated below:

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Month	Working Capital	ASLD Rent	Admin Expenses	Unsecured Creditor Payments
1	50,100		704,000	400,000
2	50,100		23,800	50,000
3	50,100		23,800	50,000
4	50,100		23,800	50,000
5	50,100		23,800	50,000
6	50,100		23,800	50,000
7	50,100	3,760,600	23,800	50,000
8	50,100		23,800	50,000
9	50,100		23,800	50,000
10	50,100		23,800	50,000
11	50,100		23,800	50,000
12	50,100		23,800	50,000
13	50,100		23,800	50,000
14	50,100		23,800	50,000
15	50,100		23,800	50,000
16	50,100		23,800	50,000
17	50,100		23,800	50,000
18	50,100		23,800	50,000
19	50,100	781,635	23,800	50,000
20	50,100		23,800	50,000
21	50,100		23,800	50,000
22	50,100			50,000
23	50,100			50,000
24	50,100			50,000
				83,500
Total	\$1,202,400	\$4,542,235	\$1,180,000	\$1,633,500

As indicated above, the Plan Contribution sources and uses analysis accounts for payments such as the ASLD Lease Payment to be made by July 7, 2017, and for other such items that may accrue if litigation with CPF lasts beyond July 2017. The Debtors are currently in advanced negotiations with respect to the Plan Contribution and fully anticipate that financing will be in place by Plan Confirmation.

c) **“Best Interests” Test.** The Bankruptcy Court must find that the Plan is in the “best interests” of creditors. To satisfy this requirement, the Bankruptcy Court must determine that each holder of a claim against the Debtors: (i) has accepted the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective Date, has a value not less than the amount such holder would receive if the Debtors’ property were

1 liquidated under Chapter 7 of the Bankruptcy Code. Generally, to determine what Holders of
2 Allowed Claims and Equity Securities would receive if Debtors were liquidated, the Bankruptcy
3 Court must determine what funds would be generated from the liquidation of Debtors' Assets
4 and properties in the context of a Chapter 7 liquidation case, which for unsecured Creditors
5 would consist of the proceeds resulting from the disposition of the Assets of Debtors, including
6 the unencumbered Cash held by Debtors at the time of the commencement of the liquidation
7 case. Such amounts would be reduced by the costs and expenses of the liquidation and by such
8 additional Administrative Claims and Priority Claims as may result from the termination of
9 Debtors' businesses and the use of Chapter 7 for the purpose of liquidation.

10 In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding scale
11 commission based upon the funds distributed by such trustee to Creditors, even though Debtors
12 have already incurred some (if not all) of the expenses associated with generating those funds.
13 Accordingly, there is a reasonable likelihood that Creditors would "pay again" for the funds
14 accumulated by Debtors because the Chapter 7 trustee would be entitled to receive a commission
15 in some amount for all funds distributed from the Estate.

16 The Debtor's liquidation analysis incorporated herein (the "**Liquidation Analysis**").
17 provides a statement of the liquidation value of the Debtors' assets assuming a Chapter 7
18 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of
19 the Debtors' estate. Underlying the Liquidation Analysis are a number of estimates and
20 assumptions that, although considered reasonable by the Debtors, are inherently subject to
21 significant economic and competitive uncertainties and contingencies beyond the control of the
22 Debtors. The Liquidation Analysis is also based upon assumptions with regard to liquidation
23 decisions that are subject to change. It also does not take into account all the costs and expenses
24 of administering such property in a Chapter 7 proceeding. Accordingly, the values reflected may
25 not be realized if the Debtors were, in fact, to undergo such liquidation.

Liquidation Analysis⁴

Current Assets		% Recovery
Real Property ⁵		0
Personal Property ⁶		0
Payment of Claims	<u>Est. Claim</u>	
Secured Claims		
Class 1 - ASLD Lease Claim ⁷	\$4,149,396.78	unknown
Classes 2, 3 – CPF Secured Claims ⁸	<u>\$61,506,685.00</u>	100%
	\$61,506,685.00	
<i>Net Liquidation Value After Distribution of Value of to Secured Claims</i>		\$0.00
Administrative Claims		
Theoretical Chapter 7 Trustee Fees ⁹	\$10,000.00	
Theoretical Chapter 7 Professional Fees and Expenses ¹⁰	\$10,000.00	
Chapter 11 Professional Fees and Expenses ¹¹	<u>\$100,000.00</u>	

⁴ For purposes of this Chapter 7 Liquidation Analysis, it is assumed hypothetically that the Chapter 11 Case is converted to a proceeding under Chapter 7 of the Bankruptcy Code (the "Chapter 7 Case").

⁵ The liquidation analysis assumes that a Chapter 7 Trustee would sell the property at auction. The analysis also assumes that CPF would receive the property after asserting a credit bid in the full amount of its alleged claim.

⁶ The personal property is comprised of certain leasehold improvements on the real property. Because these improvements are allegedly part of the CPF collateral, the personal property would be of no value to the remainder of the estate in the event of foreclosure and are therefore not included in the assets that could be distributed in a liquidation.

⁷ In the event of a liquidation, the payment of the ASLD Lease Claim would ultimately fall on the new lessor of the Property. Accordingly, payment of the ASLD Lease Claim in a liquidation scenario is unknown by the Debtor.

⁸ This is the amount the Debtors believe CPF would assert in a credit bid for the property in the event of a liquidation.

⁹ The Chapter 7 professional fees and expenses are an estimation of the fees and costs expected to be incurred by professionals retained by the theoretical Chapter 7 trustee who would be appointed if the Plan is not confirmed at the Confirmation Hearing and the Chapter 11 Case is converted to the Chapter 7 Case.

¹⁰ See *id.*

¹¹ The Chapter 11 professional fees and expenses are an estimation of the unpaid fees and costs expected to be incurred from the Petition Date through the Conversion Date by Debtors' duly-retained professionals, which fees and expenses exceed the retainers held by such professionals and are anticipated to be unpaid as of the Conversion Date.

1		\$120,000.00	0%
2	<i>Net Liquidation Value After Distribution to Administrative Claims</i>		\$0.00
3			
4	Priority Claims		
5	Class 4 - Allowed Other Priority Claims ¹²	\$86,735.62	\$0.00 0%
6		\$86,735.62	
7	Unsecured Claims		
8	Class 5 - Allowed General Unsecured Claims ¹³	\$1,400,000.00	\$0.00 0%
9	Class 6- GDG Litigation Claim ¹⁴	\$5,670,000.00	
10		\$7,070,000.00	
11	Equity Securities		
12	Class 7 - Equity Securities		0%

12 As set forth in the Liquidation Analysis and accompanying notes, Debtors have
13 determined that Confirmation of the Plan will provide Holders of Claims and Equity Securities
14 with no less of a recovery than he/she/it would receive if Debtors were liquidated under Chapter
15 7. Debtors' Plan provides most Creditors with full payment of their Allowed Claims over time.
16 Furthermore, Holders of Unsecured Claims and Equity Securities would certainly receive less if
17 Debtors were liquidated under Chapter 7.

18 Thus, as evidenced by the Liquidation Analysis, the value provided under the Plan to the
19 Holders of Claims and Equity Securities is equal to or better than they would receive under a
20 Chapter 7 liquidation.

21 d) **"Cramdown" Provisions.** Pursuant to Section 1129(b) of the
22 Bankruptcy Code, the Bankruptcy Court may confirm the Plan even though a class of claims has
23 not voted to accept the Plan, so long as one impaired class of claims has accepted the Plan
24 (excluding the votes of insiders) and the Plan is "fair and equitable" and "does not discriminate

25 ¹² The amounts of the Other Priority Claims have been taken from the Debtors' Schedules.
26 ¹³ The amount of the Allowed General Unsecured Claims is an estimate based upon the Debtors'
27 Schedules and the proofs of claim that have been filed to date and the Debtors' assessment of the
28 Disputed General Unsecured Claims.
¹⁴ The amount of the GDG Litigation Claim has been taken from Proof of Claim No. 16 filed on
October 20, 2016. The GDG Litigation Claim is Disputed.

1 unfairly” against the non-accepting classes.

2 **2. Effect of Confirmation.** Except as otherwise provided in the Plan, entry of the
3 Confirmation Order, shall vest title to all property of the Debtors’ Estate and of the Debtors, in
4 the Reorganized Debtors, free and clear of all claims and liens of creditors. Upon entry of the
5 Confirmation Order, the Plan shall be binding upon the Debtors, all creditors, and other parties-
6 in-interest, regardless of whether they cast a ballot to accept or reject the Plan.

7 **F. Voting on the Plan**

8 **1. Who May Vote.** Pursuant to Section 1126 of the Bankruptcy Code, only the
9 holders of claims in classes that are impaired by the Plan may vote on the Plan. Classes of claims
10 not impaired by the Plan are deemed to accept the Plan and holders of such claims or interests
11 within such classes do not have the right to vote on the Plan. The holders of claims in any class
12 that will not receive any payment or distribution or retain any property under the Plan are
13 impaired, are deemed to reject the Plan, and do not have a right to vote. Administrative Claims
14 are not classified for purposes of voting or receiving distributions under the Plan. Such claims
15 are unimpaired and may not vote. All classes of Creditors are impaired under the Plan. Thus,
16 holders of such claims are entitled to vote on the Plan.

17 This Disclosure Statement is being distributed for informational purposes to all holders of
18 claims and parties-in-interest without regard to their right to vote.

19 **2. Eligibility.** In order to vote on the Plan, a claimant must have an allowed claim
20 and such claim must be in an impaired class. A person or entity having a claim in more than one
21 impaired class may vote in each class in which they hold a separate claim by casting a ballot in
22 each class.

23 **3. One Vote Per Holder.** If a holder of a claim holds more than one claim in any
24 one class, all claims of such holder in such class shall be aggregated and deemed to be one claim
25 for purposes of determining the number of claims in such class voting on the Plan.

26 The amount of a claim that will be used to determine votes for or against the Plan will be
27 either (a) the claim amount listed in the Debtor’s schedules on file with the Bankruptcy Court, (or as
28 such schedules are amended prior to approval of this Disclosure Statement in its present form or as it

1 may be amended), unless such claim is listed in the schedules or on any amendment thereto, as
2 contingent, unliquidated or disputed or (b) the liquidated amount specified in a proof of claim timely
3 filed with the Bankruptcy Court that is not the subject of an objection. If the holder of a claim
4 submits a ballot, but such holder has not timely filed a proof of claim and such holders' claim is not
5 listed on the Debtor's schedules or is listed on the Debtor's schedules or any amendment thereto, as
6 contingent, unliquidated or disputed or such holder's claim is the subject of an objection or request
7 for estimation, the ballot will *not* be counted in accordance with Bankruptcy Rule 3018, unless the
8 Bankruptcy Court temporarily allows the claim for the purpose of accepting or rejecting the Plan in
9 accordance with Bankruptcy Rule 3018.

10 In addition, a vote may be disregarded if the Bankruptcy Court determines, after notice
11 and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in
12 accordance with the provisions of the Bankruptcy Code.

13 The Debtors reserve the right to designate the correct Class, if any creditor submits a
14 Ballot that fails to either identify a Class number or votes a Ballot in an incorrect Class. The
15 Debtors also reserve the right to designate the treatment options afforded any creditor who
16 submits a Ballot and fails to designate any treatment option afforded that Class but only if
17 reasonable attempts to contact the creditor to discern its intent have failed.

18 **G. Has the Securities and Exchange Commission reviewed and approved this**
19 **Disclosure Statement?**

20 This Disclosure Statement has been prepared in accordance with Section 1125 of the
21 Bankruptcy Code and Bankruptcy Rule 3016(b) and not necessarily in accordance with federal
22 or state securities laws or other non-bankruptcy laws.

23 This Disclosure Statement has not been approved or disapproved by the United States
24 Securities and Exchange Commission (the "SEC"), nor has the SEC passed upon the accuracy or
25 adequacy of the statements contained herein.

1 **H. Reliance Upon Statements Made in the Disclosure Statement.**

2 The Debtors make the statements in the Disclosure Statement as of the Date hereof,
3 unless otherwise specified. Persons revising this Disclosure Statement should not infer that the
4 facts set forth herein have not changed since the date hereof.

5 This Disclosure Statement, therefore, does not constitute, and may not be construed as, an
6 admission of fact or liability, a stipulation or a waiver in any proceeding other than the
7 solicitation of acceptances of the Plan and confirmation of the Plan. For all purposes other than
8 the solicitation of acceptances of the Plan, this Disclosure Statement should be construed as a
9 statement made in settlement negotiations related to contested matters, adversary proceedings,
10 and other pending or threatened litigations or actions.

11 This Disclosure Statement does not constitute legal, business, financial, or tax advice. All
12 persons desiring such advice or any other advice should consult with their own advisors.

13 **I. Inconsistencies between the Disclosure Statement and the Plan.**

14 This Disclosure Statement summarizes certain provisions of the Plan and certain other
15 documents governing the use of the Debtors' Property (collectively, the "**Incorporated**
16 **Documents**"). The summaries contained herein are qualified in their entirety by reference to the
17 Incorporated Documents. In the event of any inconsistency or discrepancy between a description
18 in this Disclosure Statement and the actual content of any of the Incorporated Documents, the
19 Incorporated Documents shall govern for all purposes. Nothing contained herein shall be deemed
20 to alter or amend the Plan or the documents governing the Debtors' Property.

21 **IV.**

22 **SUMMARY OF THE PLAN TREATMENT OF CREDITORS**¹⁵

23 Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify
24 the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan
25 divides Claims into various Classes and sets forth the treatment for each Class. The Plan
26

27 ¹⁵ The following summary of the Plan treatment of Creditors is qualified in its entirety by
28 reference to the Plan itself. For a more detailed description of the Plan, see Article VI and V
hereof and the Plan.

1 Proponents are also required under Section 1122 of the Bankruptcy Code to place a Claim into a
2 particular Class only if such Claim is substantially similar to other Claims in such Class. The
3 Plan Proponents believe that the Plan has classified all Claims in compliance with the provisions
4 of Section 1122 of the Bankruptcy Code, but it is possible that a Holder of a Claim will
5 challenge the Plan's classifications and that the Bankruptcy Court will find that different
6 classifications are required in order for the Plan to be confirmed. In such event, the Debtor
7 reserves the right, to the extent permitted by the Bankruptcy Code, to make reasonable
8 modifications of the classifications under the Plan to permit confirmation.

9 The following summary of the Plan is qualified in its entirety by reference to the detailed
10 explanations in this Disclosure Statement and the Plan itself.

11 **A. Non-Classified Claims.**

12 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, the Allowed Priority Tax Claims
13 and Allowed Administrative Claims are not designated as Classes under the Plan. In general,
14 these Claims consist of the fees and costs of professionals employed on behalf of the Estate. The
15 Holders of such unclassified Claims are not entitled to vote on the Plan.

16 On or before the Administrative Claim Bar Date, each holder of an Administrative Claim
17 shall file with the Bankruptcy Court a request for payment of an Administrative Claim. Any
18 Administrative Claim that is not filed on or before the Administrative Claim Bar Date will be
19 forever barred from assertion against the Debtors, the Estate, and the Assets. Unless otherwise
20 agreed to by the Holders of the Administrative Claims and Plan Proponents, the Plan Proponents
21 shall pay each holder of an Allowed Administrative Claim the full unpaid amount of such Claim
22 in Cash on the Closing Date or as soon as practicable thereafter.

23 The amount of Administrative Claims for fees and costs incurred by Debtors' counsel,
24 but unpaid as of the Confirmation Hearing, is estimated to be less than \$650,000.00.

25 Each Holder of an Allowed Priority Tax Claim will, in full and final satisfaction of such
26 Claim, be paid in Cash in full (or be treated in compliance with Section 1129(a)(9)(C) of the
27 Bankruptcy Code) by the Plan Proponent on the Effective Date or as soon as practicable
28 thereafter.

1 **B. Classified Claims.**

2 The Distributions under the Plan to each Class are summarized in the following table:

3

<u>Class</u>	<u>Description</u>	<u>Treatment</u>
4 Class 1	ASLD Lease Claim	Impaired. Solicitation required.
5 Class 2	CPF (Burford) Secured Claim	Impaired. Solicitation required.
6 Class 3	CPF (STB) Secured Claim	Impaired. Solicitation required.
7 Class 4	Priority Unsecured Claims	Unimpaired. No solicitation required.
8 Class 5A	Undisputed General Unsecured Claims	Impaired. Solicitation required.
9 Class 5B	Disputed General Unsecured Claims	Impaired. Solicitation required.
10 Class 5C	Related Party Unsecured Claims	Impaired. Solicitation required.
11 Class 6	GDG Litigation Claim	Impaired. Solicitation required.
12 Class 7	Equity Securities	Unimpaired. No solicitation required

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20 Bankruptcy Code § 1129(b) provides that, if the Plan is rejected by one or more impaired
21 Classes of Claims, the Plan nevertheless may be confirmed by the Bankruptcy Court, if: (i) the
22 Bankruptcy Court determines that the Plan does not discriminate unfairly and is fair and
23 equitable with respect to the rejecting Class(es) of Claims; and (ii) at least one Class of Impaired
24 Claims has voted to accept the Plan.

25 The specific treatment of each Class under the Plan is set forth in the Plan and is
26 summarized below:

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1 **1. Class 1 – ASLD Lease Claim.**

2 Class 1 consists of the ASLD Lease Claim. The ASLD Lease Claim shall be an Allowed
3 Claim. The Holder of the ASLD Lease Claim will be paid, in Cash, all amounts due under the
4 Settlement Agreement between the Debtors and ASLD when due, or as otherwise extended or
5 modified by ASLD.

6 The Creditor(s) in Class 1 is Impaired under the Plan and thus, the Holder of the Class 1
7 Claim is entitled to vote on the Plan.

8 **2. Class 2 – CPF (Burford) Secured Claim.**

9 Class 2 consists of the CPF (Burford) Secured Claim. The CPF (Burford) Secured Claim
10 is a Disputed Claim which is the subject of Adversary Proceeding No. 2:16-ap-00334-MCW. To
11 the extent the CPF (Burford) Secured Claim is determined to be an Allowed Secured Claim, CPF
12 shall elect one of two alternative treatments.

13 a) **Option 1 Treatment (Settlement Option)**

14 In the event each of Class 2 and Class 3 elect Option 1, the CPF (Burford) Secured Claim
15 shall be treated as follows:¹⁶

16
17 Prior to, or in conjunction with the Confirmation Hearing, the Bankruptcy Court will
18 make a Valuation Determination of the Debtor's Property.

19 In exchange for a release of all claims and causes of actions between the Debtors and
20 CPF, on the Effective Date, or as soon as practicable thereafter, the Debtors will transfer the CPF
21 Effective Date Acreage and the Group 2 Parcels, as both may be modified by the Debtors or the
22 Bankruptcy Court pursuant to the Valuation Determination, to CPF in full satisfaction of the CPF
23 Secured Claims, subject to approval of the assignment by ASLD.

24 CPF will retain its existing liens against the CPF Acreage pending the transfer of the CPF
25 Acreage to CPF. CPF shall also retain any existing liens, to the extent that they exist, with
26

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28 ¹⁶ For the avoidance of doubt, an election of Option 1 by Class 2 shall be deemed an
election of Option 1 by Class 3 and vice versa.

1 respect to the Master Developer Rights pending the transfer of the CPF Acreage to CPF and
2 resolution of the Lien Avoidance Adversary.

3 b) **Option 2 Treatment (Litigation Option)**

4 Prior to, or in conjunction with the Confirmation Hearing, the Bankruptcy Court will
5 make a Valuation Determination of the Debtor's Property.

6 On the Effective Date, or as soon as practicable thereafter, the Debtors shall transfer the
7 CPF Effective Date Acreage to CPF to be applied, at CPF's election, in partial satisfaction of (i)
8 the CPF (Burford) Secured Claim, or (ii) the CPF (Burford) Secured Claim and the CPF (STB)
9 Secured Claim on a Pro Rata basis. The Debtors will transfer the CPF (Burford) Escrow
10 Acreage as necessary to provide equivalent value pursuant to the Valuation Determination, into
11 the CPF Escrow in full satisfaction of the remaining CPF (Burford) Secured Claim (if any),
12 subject to the outcome of the Adversary Proceeding and the CPF Resolution Date. The CPF
13 (Burford) Escrow Acreage will be placed into the CPF Escrow on the Confirmation Date.
14 Subject to approval of the assignment by ASLD, on the CPF Resolution Date, the CPF Acreage
15 will be delivered to CPF from escrow in full satisfaction of the CPF Secured (Burford) Claim.

16 CPF will retain its existing liens against the CPF Acreage pending the transfer of the CPF
17 Acreage to CPF. CPF shall also retain any existing liens, to the extent that they exist, with
18 respect to the Master Developer Rights pending the transfer of the CPF Acreage to CPF and
19 resolution of the Lien Avoidance Adversary.

20 The Creditor in Class 2 is Impaired under the Plan and thus, the Holder of the Class 2
21 Claim is entitled to vote on the Plan. CPF will choose between Option 1 and Option 2 in
22 conjunction with casting its vote. The Debtors reserve the right to seek to designate the Class 2
23 Claim under Bankruptcy Code § 1127(e).

24 **3. Class 3 – CPF (STB) Secured Claim.**

25 Class 3 consists of the CPF (STB) Secured Claim. The CPF (STB) Secured Claim is a
26 Disputed Claim which is the subject of Adversary Proceeding No. 2:16-ap-00334-MCW. To the
27 extent the CPF (STB) Secured Claim is determined to be an Allowed Secured Claim, CPF shall
28 elect one of two alternative treatments.

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a) **Option 1 Treatment (Settlement Option)**

In the event each of Class 2 and Class 3 elect Option 1, the CPF (STB) Secured Claim shall be treated as follows:

Prior to, or in conjunction with the Confirmation Hearing, the Bankruptcy Court will make a Valuation Determination of the Debtor's Property.

In exchange for a release of all claims and causes of actions between the Debtors and CPF, on the Effective Date, or as soon as practicable thereafter, the Debtors will transfer the CPF Effective Date Acreage and the Group 2 Parcels, as both may be modified by the Debtors or the Bankruptcy Court pursuant to the Valuation Determination, to CPF in full satisfaction of the CPF Secured Claims, subject to approval of the assignment by ASLD.

CPF will retain its existing liens against the CPF Acreage pending the transfer of the CPF Acreage to CPF. CPF shall also retain any existing liens, to the extent that they exist, with respect to the Master Developer Rights pending the transfer of the CPF Acreage to CPF and resolution of the Lien Avoidance Adversary.

b) **Option 2 Treatment (Litigation Option)**

Prior to, or in conjunction with the Confirmation Hearing, the Bankruptcy Court will make a Valuation Determination of the Debtor's Property.

On the Effective Date, or as soon as practicable thereafter, the Debtors shall transfer the CPF Effective Date Acreage to CPF to be applied, at CPF's election, in partial satisfaction of (i) the CPF (Burford) Secured Claim, or (ii) the CPF (Burford) Secured Claim and the CPF (STB) Secured Claim on a Pro Rata basis. The Debtors will transfer the CPF (STB) Escrow Acreage as necessary to provide equivalent value pursuant to the Valuation Determination, into the CPF Escrow in full satisfaction of the remaining CPF (STB) Secured Claim (if any), subject to the outcome of the Adversary Proceeding and the CPF Resolution Date. The CPF (STB) Escrow Acreage will be placed into the CPF Escrow on the Confirmation Date. Subject to approval of the assignment by ASLD, on the CPF Resolution Date, the CPF Acreage will be delivered to CPF from escrow in full satisfaction of the CPF Secured (STB) Claim.

1 CPF will retain its existing liens against the CPF Acreage pending the transfer of the CPF
2 Acreage to CPF. CPF shall also retain any existing liens, to the extent that they exist, with
3 respect to the Master Developer Rights pending the transfer of the CPF Acreage to CPF and
4 resolution of the Lien Avoidance Adversary.

5 The Creditor in Class 3 is Impaired under the Plan and thus, the Holder of the Class 2
6 Claim is entitled to vote on the Plan. CF will choose between Option 1 and Option 2 in
7 conjunction with casting its vote. The Debtors reserve the right to seek to designate the Class 3
8 Claim under Bankruptcy Code § 1127(e).

9 **4. Class 4 – Priority Unsecured Claims.**

10 Class 4 consists of Priority Unsecured Claims. The Holders of the Priority Unsecured
11 Claims shall receive, on the Effective Date or as soon thereafter as practicable, the full amount of
12 the Allowed Priority Unsecured Claims.

13 Creditors in Class 4 are Unimpaired under the Plan, deemed to have accepted the Plan,
14 and therefore, not entitled to vote on the Plan.

15 **5. Class 5 - General Unsecured Claims.**

16 A General Unsecured Claim is a Claim, including a Claim arising under Section 502(g)
17 of the Bankruptcy Code that is not secured by a charge against or interest in property in which
18 the Estate has an interest and is not an unclassified Claim, Administrative Claim, or Priority
19 Unsecured Claim. The Class 5 General Unsecured Claims will be divided into three (3)
20 subclasses, with each subclass being entitled to vote.

21 a) **Class 5A – Undisputed General Unsecured Claims**

22 The Holders of Allowed Undisputed General Unsecured Claims shall receive one-
23 hundred percent (100%) of their Allowed Claims paid as follows: Holders of Undisputed
24 General Unsecured Claims will receive a \$400,000 cash payment distributed to such Holders on
25 a Pro Rata basis on the Effective Date. Beginning thirty (30) days after the Effective Date, the
26 remaining balance of the Undisputed General Unsecured Claims will be paid through eight
27 quarterly payments at five percent (5%) simple interest per annum, with additional payments
28 being made from the Creditors Trust Proceeds (if any, and as defined in Section 5.4 below), if

1 any, as and when received. Any payments (if any) made from the Creditors Trust will first be
2 applied to accrued interest, and thereafter to reduce the amounts otherwise due to Class 5A
3 Claims. The source of payments to the Holders of Allowed General Unsecured Claims will be
4 (1) the Plan Contributions, (2) the Property Development Funds if collected by the Effective
5 Date, and (3) the Creditors Trust Proceeds, if any. Payments due to Holders of Allowed General
6 Unsecured Claims will be secured by a first lien on a 0.9 acre parcel of the Property (subject only
7 to the rights of ASLD under the ASLD Agreement) selected by the Debtors and approved by the
8 Committee at least one week prior to the deadline for objection to or voting on the Plan,
9 whichever is earlier.

10 b) **Class 5B – Disputed General Unsecured Claims**

11 No payments will be made on account of the Disputed General Unsecured Claims until
12 such time that the Disputed General Unsecured Claims become Allowed Claims. If, and when,
13 the Disputed General Unsecured Claims become Allowed Claims pursuant to a Final Order, the
14 Disputed General Unsecured Claims will be paid through thirty-six (36) fully amortized monthly
15 payments at four percent (4%) simple interest per annum beginning on the 15th day of the first
16 month after entry of the Final Order allowing such Claims. The source of payments to the Holder
17 of the Disputed General Unsecured Claims will be through the sale or refinancing of a portion of
18 the Retained Acreage.

19 c) **Class 5C – Related Party Unsecured Claims**

20 The Class 5C Related Party Unsecured Claims will receive payment of their Allowed
21 Class 5C Claims only after all Class 5A Claims and 5B Claims (to the extent Allowed) are paid
22 in full. The source of payment of Class 5C Claims will be the Plan Contribution and/or post-
23 confirmation sale or disposition of the Reorganized Debtors Acreage.

24 Creditors in Class 5 are Impaired under the Plan and, therefore, the Holders of Class 5
25 Claims are entitled to vote on the Plan.

26 **6. Class 6 – GDG Litigation Claim.**

27 Debtors will continue to litigate the GDG Litigation Claim. No payments will be made on
28 account of the GDG Litigation Claim until such time that the GDG Litigation Claim becomes an

1 Allowed Claim. If, and when, the GDG Litigation Claim becomes an Allowed Claim pursuant to
2 a Final Order, the GDG Litigation Claim will be paid through thirty-six (36) fully amortized
3 monthly payments at four percent (4%) simple interest per annum beginning on the 15th day of
4 the first month after entry of the Final Order allowing such Claim. The source of payments to the
5 Holder of the GDG Litigation Claim will be through the sale or refinancing of a portion of the
6 Retained Acreage.

7 Class 6 is Impaired under the Plan and, therefore, the Holder of the Class 6 Claim is
8 entitled to vote on the Plan.

9 **7. Class 7 - Equity Securities.**

10 On the Effective Date, the Equity Securities existing on the Petition Date shall remain in
11 Gray/Western Development Company.

12 Equity Securities in Class 7 are Unimpaired under the Plan. The Holders of Equity are
13 not entitled to vote on the Plan.

14 **V.**

15 **ADDITIONAL PLAN PROVISIONS**

16 In addition to the terms of the Plan described in Section IV above, the Plan contains the
17 following provisions. The description contained herein is qualified in its entirety by reference to
18 the remainder of this Disclosure Statement and the Plan itself.

19 **A. Property Rights**

20 **1. ASLD Approval Rights.**

21 The transfers of the Debtors' real property contemplated in the Plan require ASLD
22 approval pursuant to the ASLD Lease. Prior to the Chapter 11 Case, CPF requested that the
23 ASLD approve CPF as an "Approved Lender" and "Permitted Mortgagee" pursuant to Article
24 20.5 of the Master Lease. CPF's request was granted on or about April 18, 2016. Debtors believe
25 that approval of CPF as an "Approved Lender" and "Permitted Mortgagee" would also constitute
26 approval of CPF as a lessee under the Core Lease and no further ASLD approval would be
27 necessary to effectuate the transfer of the property contemplated in this Plan.
28

1 **2. Applicable Property Restrictions.**

2 Under the Plan Treatment detailed in Section I above, the real property transferred to
3 CPF or any other Holder of an Allowed Claim (the “Real Property Recipients”) shall be subject
4 to certain restrictions as required by applicable documents governing the Property. Real Property
5 Recipients shall be subject to the same restrictions with respect to the use and development of
6 any real property that it may receive under the Plan as any other owners or lessors of property
7 within the DRSP.

- 8 a) Real Property Recipients may amend the CPSP with respect to any parcel
9 they lease from ASLD, subject to the Master Developer’s
10 approval. Pursuant to Section E(2)(a)(1) of the DRSP the Master
11 Developer shall establish the overall development intensity for the core
12 and shall indicate the mix of uses in the CPSP by square footage between
13 retail uses, office uses and other uses.
- 14 b) Real Property Recipients may develop any parcel they lease from ASLD,
15 subject to compliance with the development regulations as described in
16 the CPSP, the DRSP, the City of Phoenix Zoning Ordinance and the
17 Master CC&Rs.
- 18 c) As it pertains to any parcel leased by CPF, the Master Developer does not
19 have the right to unilaterally make material alterations to CPF’s zoning
20 entitlements under the CPSP, the DRSP, the zoning, the Commercial
21 Core Declaration or the Master CC&Rs. As it pertains to any parcel
22 leased by CPF, any revision to the CPSP, the DRSP, the zoning, the
23 Commercial Core Declaration or the Core CC&Rs would require CPF’s
24 consent in addition to all of the other regulatory approvals.

25 **B. Means for Implementation of the Plan.**

26 **1. Substantive Consolidation.**

27 The Plan shall constitute a motion for substantive consolidation of the liabilities and
28 assets of the Plan Proponents. Confirmation of the Plan will constitute the Bankruptcy Court’s

1 grant of that motion for substantive consolidation. Substantive consolidation of the liabilities and
2 assets of the Plan Proponents on the Effective Date will: (a) consolidate the property of each
3 estate for purposes of Plan voting and Distributions to Holders of Allowed Claims under the
4 Plan; and (b) convert all Claims against each Debtor into Claims against the consolidated Estate
5 such that any proof of claim filed against one or more Debtors is deemed to be a single claim
6 filed against the consolidated Estate and all duplicative proofs of claim for the same Claim filed
7 against more than one Debtor will be deemed expunged. The May Debtors are co-Master
8 Developers and co-owners of the Property. Accordingly, Holders of Claims against the Debtors
9 are not prejudiced by the substantive consolidations of the liabilities and assets of the Plan
10 Proponents.

11 **2. Valuation Determination.**

12 As part of the Plan, the Court will conduct an evidentiary hearing on or before the
13 Confirmation Date which will result in a fair market valuation of the Property based on its best
14 use under the DRSP. The Court has set the valuation hearing pursuant to the *Motion to Set*
15 *Valuation Hearing with Respect to Debtors' Real Property* [Dkt. No. 191] to begin on February
16 8, 2017 at 9:30 a.m. (MST) and continuing on February 9, 2017 and February 10, 2017 as
17 necessary.

18 **3. Funding on the Effective Date.**

19 All payments under the Plan which are due on the Effective Date will be funded by : (1)
20 the Plan Contribution to be contributed by the Plan Sponsor, (2) the Property Development
21 Funds (funding due to the Debtors in accordance Property Development Agreement dated July 3,
22 2012), and (3) the Creditors Trust Proceeds if and when they are realized and collected.

23 **4. Sale of Property.**

24 The Reorganized Debtors may continue to sell portions of the Property post-
25 confirmation, including property forming part of the CPF Escrow Acreage. CPF shall retain any
26 existing liens in the sale proceeds and any such proceeds generated from the sale of all or a
27 portion of the CPF Escrow Acreage shall remain in escrow pending resolution of the Adversary
28 Proceeding

1 **5. Escrowed Land.**

2 In the event that CPF elects the litigation options under Sections 4.2.2(a) and 4.3.2(a) of
3 the Plan, the Reorganized Debtors will be responsible for payment of the insurance and
4 maintenance costs associated with the escrowed land, including all costs associated with the
5 escrow arrangement. These costs will be covered by the Plan Contribution.

6 **6. Installation of New Infrastructure.**

7 Engineering, permitting, and installation of new infrastructure under the CPSP will likely
8 last up to two (2) years. The Reorganized Debtors will be responsible for any engineering work
9 associated with the new infrastructure with outside firms such as Hilgart-Wilson. The Plan
10 Contribution will be sufficient to cover the cost of the engineering work to be completed by the
11 Reorganized Debtors. If CPF or any Real Property Recipients desire to have such outside firms
12 break out their individual work separately, they may do so (proving that such work does not
13 conflict with all contiguous work) at their cost. The new infrastructure will be designed for the
14 uses designated on each parcel of the Property consistent with the current approved CPSP.
15 Engineering for the new infrastructure will be completed within approximately nine (9) months
16 from the Confirmation Date. Real Property Recipients can permit work on the property anytime
17 thereafter. Real Property Recipients may complete their own infrastructure at such time as they
18 see fit or pass such obligations through to subsequent purchasers of the property. Similarly, Real
19 Property Recipients are responsible for any necessary removal of existing infrastructure of the
20 property they receive. The value of the property received by the Real Property Recipients,
21 however, shall be net of the infrastructure costs and any such removal. Real Property Recipients
22 will be responsible for any bonding requirements associated with the property they receive,
23 including bonding requirements for any public improvements related to the property.

24 **7. Plan Contribution Waterfall Payments.**

25 The funds from the Plan Contribution will be used in the following order: (1) to pay all
26 Allowed Administrative Claims; (2) to pay all Allowed Priority Unsecured Claim; (3) to pay the
27 ASLD Lease Claim, when due; and (4) to fund the Creditors Trust.

1 **8. Creditors Trust.**

2 A payment of \$500,000, made from the Plan Contribution, will be placed into a Creditors
3 Trust to fund the continued prosecution of the Adversary Proceeding and to prosecute the
4 Burford Lawsuit on arrangements to be negotiated with Reorganized Debtors' counsel, the
5 Reorganized Debtors, and the Committee. The Reorganized Debtors will prosecute the
6 Adversary Proceeding until the CPF Resolution Date, as well as the Burford Claim. In the event
7 that affirmative money damages are awarded to the plaintiffs in the Adversary Proceeding and/or
8 the Burford Claim, such proceeds will be used first, to pay any unpaid costs of litigating the
9 Adversary Proceeding or Burford Claim and, second, to be distributed to Holders of Allowed
10 General Unsecured Claims that have not otherwise been paid. Any remaining proceeds will be
11 distributed to the Reorganized Debtors' Equity Interests.

12 **9. Revesting of Estate Assets.**

13 Upon the Effective Date, all Assets of the Debtors will revest in the Reorganized Debtors
14 (including, but not limited to, the Master Developer Rights), free and clear of all liens, claims,
15 and encumbrances other than as expressly provided for in the Plan. The Reorganized Debtors
16 shall continue to run the Debtors' business in the ordinary course after the Effective Date.

17 **10. Post-Confirmation Management of the Reorganized Debtors.**

18 The Debtors are currently managed by Bruce Gray through the affiliated entity
19 Gray/Western Development Company. Bruce Gray has been a successful real estate developer in
20 a career that has spanned decades. He developed his first project, Oswago Bay, in Lake Oswago
21 Oregon in 1993. After that, he became a key figure in Arizona real estate development. Since
22 1995, Mr. Gray and his affiliated entities have completed nearly thirty (30) projects in Arizona
23 which, in total, account for nearly 8,000 apartment units:

<u>Name of Property</u>	<u># of Units</u>	<u>Year Built</u>
The Pavilions on Camelback	64	1995
The Legacy at Squaw Peak	88	1997
Canyon Gate Condominiums	72	1997
Indigo Creek	408	1998
Andover Park	155	1998
Andover Square	80	1999

1	Montevida	276	2000
	Indigo Springs	240	2000
2	The Pavilions on Central	254	2001
	Monterra	258	2001
3	Clarendon Park	138	2002
	Indigo Palms	432	2003
4	Camelback Ssquare	367	2004
	Bacaro on Princess Drive	312	2004
5	MonteViejo	480	2004
	MonteVerde	435	2005
6	Bacara at the Canyons	233	2005
	Montelena at the Canyons	396	2006
7	Arete on Dunlap	205	2006
	Grigio Tempe Town Lake	523	2008
8	Barossa Paradise Ridge	204	2008
	Barossa at the Park	273	2009
9	Barossa at Triana	246	2009
	Indigo at the Park	306	2009
10	Indigo at Triana	485	2010
	Grigio Metro	408	2010
11	Ninety Degrees	337	2010

14 In addition, Mr. Gray and his affiliated entities have designed six (6) other projects that
15 account for over 4,400 more apartments units:

	<u>Name of Property</u>	<u># of Units</u>	<u>Year</u>
16	Blue Sky - San Diego	939	2011-2013
17	Blue Sky - Scottsdale	749	2010-2014
18	Grigio - Paradise Ridge	572	2007-2009
19	Desert Ridge 2H (Arete, Bacaro, Pavilions)	820	2006-2009
20	Desert Ridge 4HW (Grigio Phase I & I II and Pavilions)	882	2005-2008
21	Biltmore Spectrum	476	2015-2016

22 It is anticipated that Bruce Gray will continue to manage and operate the Debtors'
23 business post-confirmation. Mr. Gray has been a licensed architect and land planner in Arizona
24 for thirty-two (32) years and designed commercial projects from shopping centers, office
25 buildings, nursing homes, and hospitals. Mr. Gray was a principal land planner on multiple
26 large-tract master planned communities in the Northeast Valley, including Troon North and
27 Legend Trail. He was previously appointed by Phoenix City Council to the Design Review
28 Standards Committee that authored many of the current zoning requirements and standards for

1 the City of Phoenix. Mr. Gray has been named by *AZ Business Leaders* magazine one of the
2 Arizona's most influential people in real estate in multiple years. His company has been named
3 by *Ranking Arizona* magazine the #1 multi-family developer in Arizona more than any other
4 company (13 of the past 16 years).

5 **11. United States Trustee Fees.**

6 Quarterly fees due to the United States Trustee pursuant to 11 U.S.C. 1930(a)(6) will be
7 paid when due by the Plan Proponents.

8 **12. Limitation of Liability of the Reorganized Debtors.**

9 *No action or claim may be asserted against the Plan Proponents for any matter*
10 *relating to or arising out of this Chapter 11 Case, the confirmation of the Plan, the*
11 *consummation of the Plan, or the administration of the Plan or the property to be*
12 *administered or distributed under the Plan, in any court without first obtaining approval of the*
13 *Bankruptcy Court, and, in such event, any such action must be prosecuted before the*
14 *Bankruptcy Court, which shall retain jurisdiction to adjudicate any such actions. The Plan*
15 *Proponents are acting solely as fiduciaries on behalf of the Estate in implementing this Plan.*
16 *Neither the Plan Proponents, nor any of their employees, shall have any personal liability for*
17 *servicing in the fiduciary capacity of Plan Proponents, except for willful misconduct or gross*
18 *negligence.*

19 **13. Terms of Injunctions or Stays.**

20 *Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case*
21 *pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and that are in*
22 *existence on the Effective Date, shall remain in full force and effect until the Chapter 11 Case*
23 *is closed.*

24 **C. Provisions Governing Distributions.**

25 **1. General Provisions; Undeliverable Distributions.**

26 Distributions to the holders of Allowed Claims shall be made by the Reorganized Debtors
27 at the address of each holder as set forth in the Schedules, unless superseded by the address set
28 forth on proofs of Claim filed by such holder. If any Distribution is returned as undeliverable, the

1 Reorganized Debtors may, without requirement and in their sole discretion, make such efforts to
2 determine the current address of the holder of the Claim with respect to which the Distribution
3 was made as the Reorganized Debtors deem appropriate, but no Distribution to any holder shall
4 be made unless and until the Reorganized Debtors have determined the then-current address of
5 the holder.

6 **2. Unclaimed Property.**

7 Distributions that are not claimed by the expiration of ninety (90) days from the Closing
8 Date shall be deemed to be unclaimed property and shall vest in the Reorganized Debtors, and
9 the Claims with respect to which those Distributions are made shall be automatically canceled.
10 After the expiration of that 90-day period, the Claim of any Entity to those Distributions shall be
11 discharged and forever barred. Nothing contained in the Plan shall require the Reorganized
12 Debtors to attempt to locate any holder of an Allowed Claim. All funds or other property that
13 vests in in the Reorganized Debtors shall then be distributed to the Reorganized Debtors.

14 **3. Time Bar to Cash Payments by Check.**

15 Checks issued by the Reorganized Debtors on account of Allowed Claims shall be null
16 and void if not negotiated within ninety (90) days after the date of issuance thereof, and shall be
17 treated as unclaimed property under this Plan, and shall be discharged and forever barred and the
18 proceeds of those checks shall become the property of the Reorganized Debtors.

19 **4. Compliance with Tax Requirements.**

20 In connection with making Distributions under this Plan, to the extent applicable, the
21 Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed
22 on it by any governmental unit, and all Distributions pursuant to this Plan shall be subject to such
23 withholding and reporting requirements. The Reorganized Debtors may withhold the entire
24 Distribution due to any holder of an Allowed Claim until such time as such holder provides the
25 necessary information to comply with any withholding requirements of any governmental unit.
26 Any property so withheld will then be paid by the Reorganized Debtors to the appropriate
27 authority. If the holder of an Allowed Claim fails to provide the information necessary to comply
28 with any withholding requirements of any governmental unit within 90 days from the date of

1 first notification to the holder of the need for such information or for the Cash necessary to
2 comply with any applicable withholding requirements unclaimed property under this Plan, and
3 shall be discharged and forever barred.

4 **VI.**

5 **RESPONSES TO CPF OBJECTIONS AND QUESTIONS**

6 **A. Parcel Configuration.**

- 7 • CPF: MF6a and MF6b are parts of a parcel that CBRE Group, Inc. (“CBRE”)
8 appraised and which was called MF6 in the appraisal. Part of the MF6 parcel that
9 CBRE appraised is not included in the property proposed to be given to CPF.
- 10 ○ Debtors’ Response: CPF is relying on the October 18, 2016 CBRE
11 appraisal and not the October 27, 2016 revision. Corrected parcel
12 designations and values are provided in the Parcel Map included in the
13 Second Amended Plan.
- 14 • CPF: H1, MF4 and MF5 are of different sizes and configurations than what was
15 proposed in the CBRE appraisal.
- 16 ○ Debtors’ Response: CPF is relying on the October 18, 2016 CBRE
17 appraisal and not the October 27, 2016 revision. Corrected parcel
18 designations and values are provided in the Parcel Map included in the
19 Second Amended Plan. H1 and RETAIL were modified to accommodate
20 all surface parking, which altered parcels MF4 and MF5, respectively.
- 21 • CPF: MF4 is appraised and valued by CBRE as Multifamily but the 2016
22 Conceptual Site plan does not allow Multifamily in this area, identified in the
23 2016 Conceptual Site Plan at Parcel F5.
- 24 ○ Debtors’ Response: The City of Phoenix is aware of this inconsistency and
25 has assured the Debtors that uses within F4 and F5 of the CPSP are
26 fungible.

1 **B. 2016 CPSP.**

- 2 • CPF: The 2016 Conceptual Site Plan that the CBRE appraisal is based upon
3 realigns the roads, water, sewer, storm water, 404 culverts and other utilities
4 (“**New Infrastructure**”) from what was originally approved, designed and
5 installed per the 2008 Conceptual Site Plan.
- 6 ○ Debtors’ Response: Only a small fraction of the infrastructure
7 contemplated by the 2008 CPSP is actually installed. For example, most
8 water lines and pavement is not installed on the Property. The new
9 infrastructure plan realigns certain underground facilities to reflect the
10 new road alignment. The cost of infrastructure changes, removal and
11 installation are included in the cost estimate appearing in the CBRE
12 appraisals.
- 13 • CPF: There is no mention of the time involved, the approvals needed, who the
14 design professionals will be, what their qualifications are, how much it will cost.
- 15 ○ Debtors’ Response: Completion of the infrastructure will take
16 approximately two years, including city approvals. The new CPSP
17 includes approval of all new interior private roadways and their cross-
18 sections. The cost of infrastructure changes, removal and installation are
19 included in the cost estimate appearing in the CBRE appraisals.
- 20 • CPF: There is no way for CPF to actually evaluate if the new infrastructure can be
21 adequately designed to serve the allocated entitlements until they are designed
22 and approved.
- 23 ○ Debtors’ Response: The Debtors have had everything related to the
24 Property professionally engineered at a preliminary level. All of the
25 perimeter utilities serving the site are sized for the magnitude of
26 development now planned, with excess capacity. Final engineering design
27 on-site has not yet commenced. The Debtors have approached the
28 Property as any sophisticated developer would do at this early stage.

- 1 • CPF: This would also require studies for adequacy for storm water, sewer and
2 water. The CBRE appraisal assumes the New Infrastructure exists.
 - 3 ○ Debtors' Response: The CBRE appraisal makes no such assumption. The
4 Debtors' engineer has completed studies for adequacy for storm water,
5 sewer and water available to the Property; all are sufficient. The future
6 costs related to the Property and the New Infrastructure are carefully
7 broken out in the CBRE appraisal.
- 8 • CPF: Access and Right of Way. There is no existing access or right of way
9 easements to provide access to the majority of the parcels.
 - 10 ○ Debtors' Response: The only public right-of-way is the perimeter public
11 streets and freeway. Everything on-site is private and therefore,
12 technically speaking, more akin to shared internal parking lots with cross-
13 access easements and shared maintenance. The net and gross parcel sizes
14 are carefully broken out in the CBRE appraisals. New easements will be
15 legally defined and recorded at the appropriate time.
- 16 • CPF: Storm Water. It is unknown to what extent these parcels will be able to rely
17 upon the storm water drainage basin that currently exists and serves much of the
18 property. Currently, there is a storm water system that is in place. The system was
19 designed, approved and installed to accommodate the drainage needs for specific
20 and identified land areas. The pipes that are installed drain the water to a basin on
21 the south side of the property. The drainage basin is not on the property proposed
22 to be transferred to CPF. Currently, a good portion of the property proposed to be
23 transferred to CPF utilizes the existing drainage basin. Without a study by a civil
24 engineer and an approval from the City of Phoenix, it is unknown how the
25 property proposed for CPF will accommodate storm water. If the storm water has
26 to be accommodated on the property proposed for CPF, there will be much less
27 land available for development and therefore much less value.
28

1 ○ Debtors' Response: This issue has been thoroughly vetted by Debtor's
2 engineer. CPF is advised to assume that the existing basin on the Property
3 (at parcels H3 and H4 which may be reconfigured to underground storage
4 tanks in the future) handles retention for High Street and interior private
5 roadways only, and that all future development must provide their own
6 underground retention facilities, as is customary for similar projects in the
7 Phoenix metropolitan area.

8 • CPF: Water and Sewer. The sewer system that currently runs through portions of
9 the property proposed for CPF will have to be redesigned and reconstructed. It is
10 unknown at this time if the new design will be approved sufficiently to service the
11 property proposed for CPF.

12 ○ Debtors' Response: The systems referenced by CPF are all part of the
13 new, planned engineering work. Preliminary design and sizing by
14 Debtor's engineer is done and sufficient for the contemplated uses and
15 development. No water lines are installed. The sanitary sewer system is
16 presently incomplete. Certain lines will require removal and relocation.
17 The cost of infrastructure changes, removal and installation are included in
18 the cost estimate appearing in the CBRE appraisals.

19 • CPF: Existing Infrastructure Conflicts. The existing 404 Culvert System runs
20 directly through Parcels H2, MU6 and MF5 preventing development of
21 significant portions of these parcels.

22 ○ Debtors' Response: Only a fraction of what is present today is a 404
23 system. A large, underground engineered box is in place on the Property
24 that the Debtors assume will remain. The box runs along edge of the
25 parcels referenced and thus has a minimal impact on the Property. The
26 box is structurally designed for buildings to go directly above, as is also
27 the case at Desert Ridge Marketplace. Other round pipes there today will
28 either go away entirely (with additional storm runoff tying into the

1 underutilized box) or will be relocated where most advantageous for future
2 development. The existing storm water facilities were oversized or poorly
3 designed. For example, the round pipes present today were set several feet
4 too high. It is cheaper to take them out and rework them than to import
5 over hundreds of thousands of cubic yards fill to elevate the entire
6 site. The cost of infrastructure changes, removal and installation are
7 included in the cost estimate appearing in the CBRE appraisals.

- 8 • CPF: The existing Sewer System runs directly through Parcels H1, Off3b,
9 preventing development of portions of these parcels.
 - 10 ○ Debtors' Response: CPF is making a flawed assumption. Please see
11 responses above. The cost of infrastructure changes, removal and
12 installation are included in the cost estimate appearing in the CBRE
13 appraisals.
- 14 • CPF: The existing storm drain system runs through Parcels MF5,H1, Off3b, Off3c
15 and Off3d
 - 16 ○ Debtors' Response: Please see responses above. The cost of infrastructure
17 changes, removal and installation are included in the cost estimate
18 appearing in the CBRE appraisals.
- 19 • CPF: The existing Right of Way and Utility easements run directly through
20 Parcels H2, MU6, MF5, H1, Off3b, Off3d, Off3c
 - 21 ○ Debtors' Response: Please see responses above. The cost of infrastructure
22 changes, removal and installation are included in the cost estimate
23 appearing in the CBRE appraisals.

24 VII.

25 DISPUTED CLAIMS

26 A. Resolution of Disputed Claims.

27 From and after the Effective Date, the Reorganized Debtors shall have all rights of the
28 Debtors to file, prosecute, compromise, withdraw, or resolve objections to Claims; provided

1 however that nothing in the Section shall prejudice the right of the Reorganized Debtors to object
2 to Claims prior to the Effective Date.

3 **B. Payment of Disputed Claims.**

4 No payments or other distributions will be made to holder of disputed claims unless and
5 until such Claims are Allowed Claims pursuant to a Final Order. If a Claim is not an Allowed
6 Claim as of the Effective Date or when payment is otherwise due under the Plan, payment of
7 such Claim will commence if and when such Claim becomes an Allowed Claim pursuant to a
8 Final Order.

9 As set forth above, the Debtors dispute the CPF Secured Claim. Accordingly, the final
10 amount of the CPF Secured Claim is in dispute and will need to be resolved.

11 **C. Objections to Administrative Claims.**

12 From and after the Effective Date, the Reorganized Debtors shall have all rights of the
13 Debtors to object to any Administrative Claims that are asserted. Any objections to
14 Administrative Claims (other than Professional Fee Claims) will be filed and served by the date
15 thirty (30) days after the Administrative Claims Bar Date or such other date as may be fixed by
16 the Bankruptcy Court. All objections will be litigated to Final Order; provided, however, that the
17 Reorganized Debtors shall have the authority to file, settle, compromise, or withdraw any
18 objections without Bankruptcy Court Approval.

19 **VIII.**

20 **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

21 **A. Reorganized Debtors and Existing Contracts and Unexpired Leases.**

22 All executory contracts and unexpired leases that exist between the Debtors and any party
23 that have not been previously assumed pursuant to an order of the Bankruptcy Court or through
24 the Confirmation Order, shall be deemed rejected as of the Effective Date of the Plan. The ASLD
25 Lease, however, will be assumed, to be paid in accordance with the provisions of the Plan.

26 **B. Rejection Claims.**

27 All Rejection Claims must be filed with the Bankruptcy Court and served on the Debtors
28 and other parties in interest no later than thirty (30) days after the rejection of any executory

1 contract or unexpired lease. Any Rejection Claim for which a proof of Claim is not timely filed
2 within thirty (30) days of the rejection of an executory contract or unexpired lease will be forever
3 barred from assertion against the Debtors, the Estate, and the Assets, and shall be subject to the
4 discharge and permanent injunction set forth below. Unless otherwise ordered by the Bankruptcy
5 Court, all Rejection Claims that are timely filed as provided herein shall be subject to review by
6 the Debtors, who shall have 60 days from the Closing Date to review and object to any such
7 Rejection Claim. To the extent (a) there is no objection following such 60-day period to any
8 timely filed Rejection Claim or (b) there is a Final Order allowing such timely filed Rejection
9 Claim, such Rejection Claim (or portion thereof allowed by Final Order) shall be an Allowed
10 Rejection Claim and paid by the Plan Proponents.

11 IX.

12 LIMITATIONS AND RISK FACTORS

13 A. Risk Factors

14 In addition to risks discussed elsewhere in this Disclosure Statement, the Plan and the
15 transactions contemplated by the Plan involve the following limitations and risks, which should
16 be taken into consideration.

- 17 • Finance Risk: While the Debtors believe that it is unlikely, there is risk that
18 unforeseen changes in the economy will impact their ability to obtain Plan
19 Financing or a capital contribution in an amount as determined by the Bankruptcy
20 Court sufficient to make the required distributions under the Plan. The Debtors
21 are confident in their ability to obtain financing, but such loans are always subject
22 to certain application and underwriting consideration that could impact the
23 Debtors' ability to obtain financing.
- 24 • Valuation Risk: The treatment of certain claims under the Plan is premised on the
25 Property receiving a sufficient valuation determination from the Bankruptcy
26 Court such that certain creditors may receive land in full satisfaction of their
27 claims. Although the Debtors are confident in their valuation of the Property,
28 there is a risk that the Bankruptcy Court may not adopt a sufficient valuation of

1 the Property for purposes of Plan implementation.

2 **B. Debtors Have No Duty to Update.**

3 The statements in this Disclosure Statement are made by the Debtors as of the date
4 hereof, unless otherwise specified herein. The delivery of this Disclosure Statement after that
5 date does not imply that there has been no change in the information set forth herein since that
6 date. The Debtors have no duty to update this Disclosure Statement unless ordered to do so by
7 the Bankruptcy Court.

8 **C. No Admissions Made.**

9 Nothing contained herein shall constitute an admission of any fact or liability by the
10 Debtors or any other party nor shall it be deemed evidence of the tax or other legal effects of the
11 Plan on Debtors or on Holders of Claims.

12 **D. Risks and Considerations.**

13 **1. Projections and Other Forward Looking Statements Are Not Assured and**
14 **Actual Results Will Vary.**

15 Certain information herein is, by nature, forward looking, and contains estimates and
16 assumption which might ultimately prove to be incorrect, and the Debtors' projections may differ
17 materially from actual future results. There are uncertainties associated with assumptions,
18 projections, and estimates and they should not be considered assurances or guarantees of the
19 amounts of Claims in the various Classes that will be allowed.

20 **2. Confirmation of the Plan is Not Assured.**

21 Although the Debtors believe the Plan will satisfy all requirements for Confirmation, the
22 Bankruptcy Court may not reach that conclusion. It is also possible that modifications to the
23 Plan will be required for Confirmation and that such modifications would necessitate a re-
24 solicitation of votes.

25 **X.**

26 **PRESERVATION OF CAUSES OF ACTION, INJUNCTION, RELEASE, AND**
27 **RELATED PROVISIONS**

1 **A. Vesting and Transfers of Causes of Action.**

2 Except as otherwise provided in the Plan or Confirmation Order, in accordance with
3 section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtors or the Estate
4 may hold against any Entity shall vest upon the Effective Date in the Reorganized Debtors.
5 Upon the Effective Date, the Reorganized Debtors shall have the exclusive right to institute,
6 prosecute, abandon, settle or compromise any Cause of Action. Causes of Action, and any
7 recoveries therefrom, shall remain the sole property of the Reorganized Debtors. Each Cause of
8 Action is expressly reserved for later adjudication by the Reorganized Debtors (including,
9 without limitation, Causes of Action not specifically identified or described) and, therefore, no
10 preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral
11 estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or
12 laches shall apply to such Causes of Action upon or after the entry of the Confirmation Order. In
13 addition, the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a
14 defendant or an interested party, against any Entity, including, without limitation, the plaintiffs
15 or co-defendants in such lawsuits, is expressly reserved.

16 Any Entity to whom the Debtors have incurred an obligation (whether on account of
17 services, purchase or sale of goods or otherwise), or who has received services from the Debtors
18 or a transfer of money or property of the Debtors, or who has transacted business with the
19 Debtors, should assume that any such obligation, transfer, or transaction may be reviewed by the
20 Reorganized Debtors subsequent to the Effective Date and may be the subject of a Cause of
21 Action after the Effective Date, regardless of whether: (i) such Entity has filed a proof of Claim
22 against the Debtors in the Chapter 11 Case; (ii) an objection to any such Entity's proof of Claim
23 has been filed; (iii) any such Entity's Claim was included in the Schedules; (iv) an objection to
24 any such Entity's scheduled Claim has been filed; or (v) any such Entity's scheduled Claim has
25 been identified as disputed, contingent or unliquidated.

26 **B. Release and Injunction.**

27 From and after the Effective Date, all Entities are permanently enjoined from
28 commencing or continuing in any manner against the Reorganized Debtors, the Estate, or the

1 Assets, as the case may be, any suit, action or other proceeding, on account of or respecting any
2 Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy that arose
3 before the Effective Date.

4 From and after the Effective Date, all Entities shall be precluded from asserting against
5 the Reorganized Debtors, the Estate, or the Assets, any other Claims or Equity Securities based
6 upon any documents, instruments, or any act or omission, transaction or other activity of any
7 kind or nature that occurred prior to the Effective Date.

8 The rights afforded in the Plan and the treatment of all Claims and Equity Securities in
9 the Plan shall be in exchange for and in complete satisfaction of Claims and Equity Securities of
10 any nature whatsoever against the Reorganized Debtors, the Estate, and the Assets. On the
11 Effective Date, all such Claims against the Reorganized Debtors shall be satisfied and released in
12 full.

13 On and after the Effective Date, all Entities are permanently enjoined, on account of any
14 Claim or Membership Interest, from:

15 (i) commencing or continuing in any manner any action or other proceeding
16 of any kind against the Reorganized Debtors, the Estate, or the Assets;

17 (ii) enforcing, attaching, collecting or recovering by any manner or means any
18 judgment, award, decree or order against the Reorganized Debtors, the Estate, or the
19 Assets;

20 (iii) creating, perfecting or enforcing any encumbrance of any kind against the
21 Reorganized Debtors, the Estate, or the Assets;

22 (iv) commencing or continuing in any manner any action or other proceeding
23 of any kind against the Reorganized Debtors in respect of any Claim, Membership
24 Interest, or Cause of Action.

25 **C. Payment of Statutory Fees.**

26 All fees payable to the United States Trustee or under section 1930 of Title 28 of the
27 United States Code shall be paid by the Reorganized Debtors as and when due.

28

1 **XI.**

2 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

3 THE FOLLOWING SUMMARY DOES NOT CONSTITUTE EITHER A TAX
4 OPINION OR TAX ADVICE TO ANY PERSON. NO REPRESENTATIONS REGARDING
5 THE EFFECT OF IMPLEMENTATION OF THE PLAN ON INDIVIDUAL CREDITORS
6 ARE MADE HEREIN OR OTHERWISE. RATHER, THE TAX DISCLOSURE IS
7 PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL CREDITORS ARE URGED
8 TO CONSULT THEIR RESPECTIVE TAX ADVISORS REGARDING THE TAX
9 CONSEQUENCES OF THE PLAN.

10 Creditors, Holders of Equity Securities, and any Person affiliated with the foregoing are
11 strongly urged to consult their respective tax advisors regarding the federal, state, local, and
12 foreign tax consequences which may result from the Confirmation and consummation of the
13 Plan. This Disclosure Statement shall not in any way be construed as making any representations
14 regarding the particular tax consequences of the Confirmation and consummation of the Plan to
15 any Person. This Disclosure Statement is general in nature and is merely a summary discussion
16 of potential tax consequences and is based upon the Internal Revenue Code of 1986, as amended
17 (the “IRC”), and pertinent regulations, rulings, court decisions, and treasury decisions, all of
18 which are potentially subject to material and/or retroactive changes. Under the IRC, there may
19 be federal income tax consequences to Debtors, their Creditors, their Equity Security Holders,
20 and/or any Person affiliated therewith as a result of Confirmation and consummation of the Plan.

21 Upon the Confirmation and consummation of the Plan, the federal income tax
22 consequences to Creditors and their affiliates arising from the Plan will vary depending upon,
23 among other things, the type of consideration received by the Creditor in exchange for its Claim,
24 whether the Creditor reports income using the cash or accrual method of accounting, whether the
25 Creditor has taken a “bad debt” deduction with respect to its Claim, whether the Creditor
26 received consideration in more than one tax year, and whether the Creditor is a resident of the
27 United States. If a Creditor’s Claim is characterized as a loss resulting from a debt, then the
28 extent of the deduction will depend on whether the debt is deemed wholly worthless or partially

1 worthless, and whether the debt is construed to be a business or non-business debt as determined
2 under the 26 U.S.C. § 166, and/or other applicable provisions of the Internal Revenue Code.

3 CREDITORS SHOULD CONSULT THEIR TAX ADVISOR REGARDING THE TAX
4 TREATMENT (INCLUDING FEDERAL, STATE, LOCAL, AND FOREIGN TAX
5 CONSEQUENCES) OF THEIR RESPECTIVE ALLOWED CLAIMS. THIS DISCLOSURE IS
6 NOT A SUBSTITUTE FOR TAX PLANNING AND SPECIFIC ADVICE FOR PERSONS
7 AFFECTED BY THE PLAN.

8 **XII.**

9 **CONFIRMATION OF THE PLAN**

10 **A. Confirmation of the Plan.**

11 Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will hold a
12 hearing regarding confirmation of the Plan at the United States Bankruptcy Court for the District
13 of Arizona, 230 North 1st Avenue, Suite 101, Phoenix, AZ 85003, commencing on
14 _____, 2017, at _____.m. (MST).

15 **B. Objections to Confirmation of the Plan.**

16 Section 1128(b) provides that any party-in-interest may object to confirmation of a plan.
17 Any objections to Confirmation of the Plan must be in writing, must state with specificity the
18 grounds for any such objections, and must be timely filed with the Bankruptcy Court and served
19 upon counsel for Debtors at the following address:

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21 Attn: Michael McGrath, Isaac D. Rothschild
22 259 North Meyer Ave.
23 Tucson, Arizona 85701
24 Phone: (520) 624-8886
25 Fax: (520) 798-1037
26 Email: mmcgrath@mcrazlaw.com, irothschild@mcrazlaw.com

27 Stinson Leonard Street, LLP
28 Attn: Anthony P. Cali, Esq.
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Phoenix, Arizona 85004
(602) 212-1600 Telephone
(602) 586.5209 Facsimile
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XIII.

ALTERNATIVES TO THE PLAN

The Debtors believe that the Plan provides Creditors the best and most complete form of recovery available. As a result, the Debtors believe that the Plan serves the best interests of all Creditors and parties-in-interest in the Chapter 11 Case. The Debtors believe not only that the Plan enables the Creditors to realize the greatest sum possible under the circumstances, but also that rejection of the Plan in favor of some theoretical alternative method of reconciling the Claims of the various Classes would require, at the very least, an extensive and time-consuming negotiation process and would not result in a better recovery for any Class.

For example, if a plan cannot be confirmed, a Chapter 11 case may be converted to a case under Chapter 7, in which a Chapter 7 trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to its creditors and holders of equity security in accordance with the priorities established by the Bankruptcy Code.

As previously stated, the Debtors believe that a liquidation under Chapter 7 would result in a reduced recovery of funds by Holders of Claims and Equity Securities because of: (i) additional Administrative Claim expenses involved in the appointment of a Chapter 7 trustee for Debtors and attorneys and other professionals to assist such Chapter 7 trustee; and (ii) additional expenses and Claims, some of which may be entitled to priority, which would be generated during the Chapter 7 liquidation.

XIV.

RECOMMENDATION AND CONCLUSION

The Plan provides the best possible recovery for all parties-in-interest. Accordingly, the Debtors strongly recommend that all Creditors entitled to a Distribution or other parties-in-interest that are affected by the Plan not object to the Plan, and that the Bankruptcy Court confirm the Plan.

1 DATED this 29th day of December, 2016.

2 EPICENTER PARTNERS, LLC an Arizona limited
3 liability company,

4 By: /s/ Bruce Gray
5 Bruce Gray, Manager

6 GRAY MEYER FANNIN, LLC an Arizona limited
7 liability company,

8 By: /s/ Bruce Gray
9 Bruce Gray, Manager

10
11 **Prepared and Submitted:**

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Exhibit 1

Exhibit 1

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

19 In re:	Chapter 11
20 EPICENTER PARTNERS L.L.C.,	Case No. 2:16-bk-05493-MCW
21 GRAY MEYER FANNIN L.L.C.,	Jointly Administered with:
22 SONORAN DESERT LAND INVESTORS LLC,	Case No. 2:16-bk-05494-MCW
23 EAST OF EPICENTER LLC,	Case No. 2:16-bk-07659-MCW
24 GRAY PHOENIX DESERT RIDGE II, LLC	Case No. 2:16-bk-07660-MCW
25 Debtors.	Case No. 2:16-bk-07661-MCW

1 This Filing Applies to:

2 All Debtors

3 Specified Debtors

4 EPICENTER PARTNERS L.L.C.,

5 GRAY MEYER FANNIN L.L.C.,

6 SONORAN DESERT LAND INVESTORS
7 LLC,

8 EAST OF EPICENTER LLC,

9 GRAY PHOENIX DESERT RIDGE II, LLC

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**SECOND AMENDED CHAPTER 11 PLAN OF REORGANIZATION FOR EPICENTER
PARTNERS LLC AND GRAY MEYER FANNIN LLC**

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Pursuant to title 11 of the United States Code, Epicenter Partners, LLC and Gray Meyer Fannin, LLC (the “Debtors” or “Plan Proponents”), through their counsel, Stinson Leonard Street, LLP, respectfully submits the following Chapter 11 Plan of Reorganization (the “Plan”). All Creditors, Equity Security Holders (as both terms are defined herein), and other parties-in-interest should refer to the Disclosure Statement (as this term is defined herein) for a discussion of Debtors’ history, assets, historical financial data, and for a summary and analysis of this Plan and certain related matters. All Holders of Claims against and Equity Securities in the Debtors are encouraged to read this Plan, the Disclosure Statement, and the related solicitation materials in their entirety before voting to accept or reject this Plan.

Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in Article 11 to this Plan, the Plan Proponents expressly reserve the right to alter, amend, strike, withdraw, or modify this Plan one or more times before its substantial consummation.

1. DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

1.1. Definitions. For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in this Article 1. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, in that order of priority. Whenever the context requires, such terms shall include the plural as well as the singular, the masculine gender shall include the feminine, and the feminine gender shall include the masculine. As used in this Plan, the following terms shall have the meanings specified below:

1.1.1. Additional Parcels. Parcels H3, H4, MF5, MU7, and RETAIL on the Parcel Map, a portion of all of which are available for distribution to CPF pursuant to Sections 4.2 and 4.3 of the Plan as may be necessary in light of the Bankruptcy Court’s Valuation Determination.

1.1.2. Administrative Claim. A Claim that has been timely filed before the Administrative Claim Bar Date for any cost or expense of administration of the Chapter 11 Case allowed under Sections 503(b) or 507(b) of the Bankruptcy Code and entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including, but not limited to: (i) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; and (ii) all Professional Fees approved by the Bankruptcy Court pursuant to interim and final allowances. To the extent that a Claim is allowed pursuant to Sections 365(d)(3) and (d)(5) of the Bankruptcy Code, such Claim shall also be deemed an “Administrative Claim” under this paragraph.

1.1.3. Administrative Claim Bar Date. The end of the first Business Day occurring on or after the thirtieth (30th) calendar day after the Effective Date.

1.1.4. Adversary Proceeding. Means collectively: (a) Adversary Proceeding No. 2:16-ap-00334-MCW entitled Epicenter Partners, LLC and Gray Meyer Fannin, LLC v. CPF Vaseo Associates, LLC; and (b) any other or further adversary proceedings that are pending as of the Confirmation Hearing involving the validity, amount, priority and/or extent of the CPF Secured Claim.

1.1.5. Allowed Administrative Claim. An Administrative Claim:

1 (i) As to which no objection has been filed or, if an objection has been
2 filed, has been resolved by the allowance of such Administrative Claim by Order of the
3 Bankruptcy Court; or

4 (ii) Which requires payment in the ordinary course and as to which there is
5 no Final Order of the Bankruptcy Court in effect which prohibits any such payment.

6 **1.1.6. Allowed Claim.** A Claim or any portion thereof that is not a Disputed
7 Claim: (i) that is allowed pursuant: (w) to this Plan or Final Order of the Bankruptcy Court, (x)
8 to any stipulation executed prior to the Confirmation Date and approved by the Bankruptcy
9 Court, (y) to any stipulation with the Plan Proponents, executed on or after the Confirmation
10 Date, or (z) to any contract, instrument, or other agreement entered into or assumed in
11 connection herewith; (ii) proof of which, requests for payment of which, or application for
12 allowance of which, was filed or deemed to be filed on or before the Bar Date for filing proofs of
13 Claim or requests for payment of Claims of such type against Debtors; or (iii) if no proof of
14 Claim is filed, which has been or hereafter is listed by Debtors in the Schedules as liquidated in
15 amount and not disputed or contingent; and in the case of (ii) or (iii), no objection to the
16 allowance thereof has been interposed within the applicable period of limitation fixed by this
17 Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court or the Bankruptcy
18 Court has entered a Final Order Allowing all or a portion of such Claim.

19 **1.1.7. ASLD.** The Arizona State Land Department.

20 **1.1.8. ASLD Lease.** The Arizona State Land Department Commercial Lease
21 between EP, GMF, and ASLD, as modified and extended, covering the Property, and includes
22 obligations owed under the ASLD Agreement.

23 **1.1.9. ASLD Agreement.** The Settlement Agreement between the Debtors
24 and ASLD under which the deferred rent due on the ASLD leases is payable on July 7, 2017.

25 **1.1.10. Assets.** All of the property of the Debtors and the Estate of any kind or
26 nature, and includes, without limitation, all of the Debtors' and the Estate's real property,
27 personal property, tangible property, intangible property, accounts, accounts receivable, goods,
28 equipment, furniture, inventory, chattel paper, documents, instruments, Cash, money, fixtures,
improvements, easements, contract rights, general intangibles, rents, insurance proceeds, tax
refunds, Causes of Action, internet websites, intellectual property, trademarks, trade names,
copyrights, patents, claims and rights of any kind, wherever situated, together with the proceeds
thereof.

1.1.11. Avoidance Actions. All avoidance, recovery, subordination, and other
similar actions (including but not limited to the Adversary Proceeding) preserved for the Estate
under the Bankruptcy Code, including but not limited to those set forth in Sections 510, 541,
542, 543, 544, 545, 547, 548, 549, 550, 551, 553(b), and 724(a) of the Bankruptcy Code,
regardless of whether or not such action has been commenced prior to the Effective Date.

1.1.12. Ballot. The form of ballot or ballots that will be distributed with the
Disclosure Statement to Holders of Claims entitled to vote under this Plan in connection with the
solicitation of acceptances of this Plan.

1.1.13. Bankruptcy Code. The Bankruptcy Reform Act of 1978, Title 11,
United States Code, as applicable to the Chapter 11 Case, as now in effect or hereafter amended,
11 U.S.C. §§ 101, *et seq.*

1 **1.1.14. Bankruptcy Court.** The United States Bankruptcy Court for the
2 District of Arizona having jurisdiction over the Chapter 11 Case and, to the extent of the
3 withdrawal of any reference under Section 157 of Title 28 of the United States Code and/or the
4 General Order of the United States District Court for the District of Arizona pursuant to Section
5 151 of Title 28 of the United States Code, the United States District Court for the District of
6 Arizona.

7 **1.1.15. Bankruptcy Rules.** Collectively, the Federal Rules of Bankruptcy
8 Procedure, as applicable to the Chapter 11 Case, promulgated under 28 U.S.C. § 2075 and the
9 general, local, and chamber rules of the Bankruptcy Court as applicable to the Chapter 11 Case,
10 as now in effect or hereinafter amended.

11 **1.1.16. Bar Date.** Means October 20, 2016, being the date established by the
12 Bankruptcy Court for the filing of proofs of Claim for all Creditors, excepting therefrom, (a)
13 Administrative Claims where the applicable “bar date” shall be the Administrative Claims Bar
14 Date as provided herein, and (b) as to Governmental Units, where the applicable “bar date” shall
15 be -----, 2016.

16 **1.1.17. Burford.** Burford Capital Limited and its predecessors, successors and
17 assigns.

18 **1.1.18. Burford Claim.** The claims, collectively, against Burford and STB
19 which constitute an asset of the Debtors’ estates.

20 **1.1.19. Business Day.** Means any day, other than a Saturday, Sunday, or “legal
21 holiday” (as defined in Bankruptcy Rule 9006(a)) and with regard to Bankruptcy Rule 9006(c) in
22 Arizona.

23 **1.1.20. Cash.** The legal tender of the United States of America or the
24 equivalent thereof, including bank deposits, checks, negotiable instruments, wire transfers of
25 immediately available funds, or other cash equivalents.

26 **1.1.21. Causes of Action.** Any and all actions, causes of action, suits, accounts,
27 controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights
28 to payment and claims, rights of indemnification or contribution, whether known, unknown,
reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent,
matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or
assertable directly or derivatively, in law, equity or otherwise, of the Debtors or the Estate,
including Avoidance Actions, the Burford Claim and the Adversary Proceeding.

1.1.22. Chapter 11 Case. The jointly administered case under Chapter 11 of
the Bankruptcy Code involving Debtors, having case number 2:16-bk-05493-MCW, including
all adversary proceedings pending in connection therewith.

1.1.23. Claim. Any right to payment from Debtors, whether or not such right is
reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed,
undisputed, legal, equitable, secured, or unsecured arising at any time before the Effective Date
or relating to any event that occurred before the Effective Date, or any right to an equitable
remedy for breach of performance if such breach gives rise to a right of payment from Debtors,
whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent,
matured, unmatured, disputed, undisputed, secured, or unsecured.

1.1.24. Class. A category of Holders of Claims or Equity Securities as
classified in this Plan.

1 **1.1.25. Commercial Core Declaration.** The Declaration of Covenants,
Conditions, Restrictions and Easements for Desert Ridge Commercial Core dated July 20, 2000,
2 and recorded on July 21, 2000 in the Official Records of Maricopa County, Arizona as
Instrument No. 2000-0555236.

3 **1.1.26. Committee.** The Official Committee of Unsecured Creditors appointed
4 in this Chapter 11 Case.

5 **1.1.27. Confirmation.** The entry by the Bankruptcy Court of the Confirmation
Order on the docket of the Chapter 11 Case.

6 **1.1.28. Confirmation Date.** Such date as the Court enters the order confirming
7 the Plan.

8 **1.1.29. Confirmation Hearing.** The duly-noticed initial hearing held by the
Bankruptcy Court to confirm this Plan pursuant to Section 1128 of the Bankruptcy Code, and
9 any subsequent hearing held by the Bankruptcy Court from time to time to which the initial
hearing is adjourned without further notice other than the announcement of the adjourned dates
10 at the Confirmation Hearing or by a subsequent order of the Bankruptcy Court.

11 **1.1.30. Confirmation Order.** The order entered by the Bankruptcy Court
confirming this Plan pursuant to Section 1129 of the Bankruptcy Code, in form and substance
12 acceptable in all respects to the Plan Proponents.

13 **1.1.31. Contingent Claim.** A Claim that is contingent, unmatured, or
unliquidated on or immediately before the Confirmation Date.

14 **1.1.32. CPF.** CPF Vaseo Associates, LLC and its successors and assigns.

15 **1.1.33. CPF Acreage.** The acreage of the Debtors' Property to be transferred to
16 CPF pursuant to the Plan.

17 **1.1.34. CPF Effective Date Acreage.** The Group 1 Parcels, as may be
modified, including through the addition of some or all of the Additional Parcels, to achieve a
18 value of no less than \$35 million, that will be transferred to CPF on the Effective Date. The value
of the CPF Effective Date Acreage, as ultimately may be determined by the Court pursuant to the
19 Valuation Determination, will be applied, at CPF's election, to either (i) the CPF (Burford)
Secured Claim exclusively, or (ii) the CPF (Burford) Secured Claim and the CPF (STB) Secured
20 Claim on a Pro Rata basis.

21 **1.1.35. CPF (Burford) Escrow Acreage.** Such portions of the Group 2
Parcels, Group 3 Parcels and, if necessary, Additional Parcels, as the Court determines is
22 necessary, pursuant to the Valuation Determination, to cover: (i) any remaining amount allegedly
due to CPF on account of the CPF (Burford) Secured Claim after application of the CPF
23 Effective Date Acreage, at the default rate of interest, accruing as of the Petition Date, until the
Confirmation Date; and (ii) from the Confirmation Date until the CPF Claim Resolution Date,
24 interest on the CPF (Burford) Secured Claim accruing at the rate of 6.0% per annum, simple
interest. The escrow is to be established at a recognized title company into which the CPF
25 (Burford) Escrow Acreage will be escrowed pending the CPF Claim Resolution Date.

26 **1.1.36. CPF (STB) Escrow Acreage.** Such portions of the Group 2 Parcels,
Group 3 Parcels and, if necessary, Additional Parcels as the Court determines is necessary,
27 pursuant to the Valuation Determination, to cover: (i) any remaining amount allegedly due to
CPF on account of the CPF (STB) Secured Claim after application of the CPF Effective Date
28 Acreage, at the default rate of interest, accruing as of the Petition Date, until the Confirmation

1 Date; and (ii) from the Confirmation Date until the CPF Claim Resolution Date, interest on the
2 CPF (STB) Secured Claim accruing at the rate of 6.0% per annum, simple interest. The escrow
is to be established at a recognized title company into which the CPF (STB) Escrow Acreage will
be escrowed pending the CPF Claim Resolution Date.

3 **1.1.37. CPF (Burford) Secured Claim.** The alleged secured claim of CPF
4 resulting from the acquisition by CPF of the claim of Burford. The CPF (Burford) Secured Claim
is a Disputed Claim.

5 **1.1.38. CPF (STB) Secured Claim.** The alleged secured claim of CPF
6 resulting from the acquisition by CPF of the claim of STB. The CPF (STB) Secured Claim is a
Disputed Claim.

7 **1.1.39. CPF Resolution Date.** The date on which the Adversary Proceeding is
8 fully and finally adjudicated, which adjudication will establish the amount of allowed CPF
9 Secured Claim for purposes of distribution of the CPF Acreage under the Plan. The Plan
estimates the CPF Resolution Date will be two (2) years after entry of the Confirmation Order.

10 **1.1.40. CPF Secured Claims.** The combined claims of CPF resulting from the
11 acquisition by CPF of the claims of: (a) Burford and (b) STB. The CPF Secured Claims are
Disputed Claims.

12 **1.1.41. CPSP.** The conceptual parcel site plan for the Property consistent with
13 the DRSP. Any further amendments or revisions to the CPSP will be subject to the approval of
the Master Developer in accordance with the DRSP.

14 **1.1.42. Creditor.** Any Holder of a Claim, whether or not such Claim is an
15 Allowed Claim.

16 **1.1.43. Debtors.** Gray Meyer Fannin, LLC and Epicenter Partners, LLC, the
17 debtors and debtors-in-possession in the Chapter 11 Case pursuant to Section 1108 of the
18 Bankruptcy Code.

19 **1.1.44. Disclosure Statement.** The disclosure statement that relates to this
20 Plan, as amended, supplemented, or modified from time to time, describing this Plan that is
21 prepared and distributed in accordance with, among others, Sections 1125, 1126(b), and 1145 of
22 the Bankruptcy Code, Bankruptcy Rule 3018, and other applicable law.

23 **1.1.45. Disclosure Statement Order.** An order to be entered by the
24 Bankruptcy Court (i) approving the Disclosure Statement for disclosure and solicitation
25 purposes; (ii) setting deadlines for balloting and opposing confirmation of the Plan; (iii)
26 approving form of ballots; (iv) setting a hearing and establishing notice and objection procedures
27 for confirmation; and (v) granting any related relief.

28 **1.1.46. Disputed Claim or Disputed Equity Security.** A Claim or Equity
Security which is: (i) subject to timely objection interposed by the Plan Proponent or any party-
in-interest entitled to file and prosecute such objection in the Chapter 11 Case, if at such time
such objection remains unresolved; or (ii) a Claim that is listed by Debtors as disputed,
unliquidated, or contingent in the Schedules; provided, however, that the Bankruptcy Court may
estimate a Disputed Claim for purposes of allowance pursuant to Section 502(c) of the
Bankruptcy Code. The term “Disputed,” when used to modify a reference in this Plan to any
Claim or Class of Claims or Equity Security, shall mean a Claim or Equity Security (or any
Claim or Equity Security in such Class) that is a Disputed Claim or Disputed Equity Security as
defined herein. In the event there is a dispute as to classification or priority of a Claim or Equity
Security, it shall be considered a Disputed Claim or Disputed Equity Security in its entirety.

1 Until such time as a Contingent Claim becomes fixed and absolute, such Claim shall be treated
2 as a Disputed Claim and not an Allowed Claim for purposes related to allocations and
3 distributions under this Plan. The CPF Claim is a Disputed Claim.

4 **1.1.47. Disputed General Unsecured Claims.** The disputed unsecured claim
5 of Lewis Roca Rothgerber Christie LLP in the amount of \$731,814.49 (Case No. 2:16-bk-05494-
6 MCW, Claim No. 3) and any other disputed general unsecured claim that may be the subject of a
7 claim objection prior to the Confirmation Hearing.

8 **1.1.48. Distribution.** A distribution of Cash or transfer of the CPF Acreage
9 into the CPF Escrow to be made in accordance with the Plan.

10 **1.1.49. DRSP.** The Desert Ridge Specific Plan currently in effect with respect
11 to the Property, as the same may be amended in accordance with applicable State law.

12 **1.1.50. Effective Date.** The date that is ten (10) days after the entry of the
13 Confirmation Order and on which no stay of the Confirmation Order is in effect.

14 **1.1.51. Entity.** This term shall have the meaning set forth in Section 101(15) of
15 the Bankruptcy Code.

16 **1.1.52. EP.** Epicenter Partners, LLC.

17 **1.1.53. Equity Interests.** The equity interests (whether represented by an
18 equity security or otherwise) in the Debtors as the term is defined in Section 101(16) of the
19 Bankruptcy Code and includes the membership interests in Debtors and any warrants, options,
20 redemption rights, dividend rights, liquidation preferences, rights to purchase any such Equity
21 Security, or any other rights related thereto.

22 **1.1.54. Estate.** The estate created for Debtors in the Chapter 11 Case pursuant
23 to Section 541 of the Bankruptcy Code.

24 **1.1.55. Executory Contract.** A contract to which the Debtors are a party that is
25 subject to assumption or rejection under Section 365 of the Bankruptcy Code.

26 **1.1.56. Final Order.** An order, judgment, or other decree of the Bankruptcy
27 Court, or other court of competent jurisdiction, entered on the docket of such court, that has not
28 been reversed, reconsidered, stayed, modified, or amended, that is in full force and effect, and as
to which order or judgment: (i) the time to appeal, seek review or rehearing, or petition for
certiorari has expired and no timely filed appeal or petition for review, rehearing, remand, or
certiorari is pending; (ii) any appeal taken or petition for certiorari or request for reconsideration
or further review or rehearing filed: (a) has been resolved by the highest court to which the order
or judgment was appealed or from which review, rehearing, or certiorari was sought; or (b) has
not yet been resolved by such highest court, but such order has not been stayed pending appeal.
Notwithstanding the foregoing, the Confirmation Order shall specifically become a Final Order
on the first Business Day that is fourteen (14) days after the entry of such Confirmation Order
unless any appeal of such Confirmation Order was accompanied by a stay pending appeal.

1.1.57. General Unsecured Claim. A Claim that is not secured by a charge
against or interest in property in which the Estate has an interest and is not an unclassified Claim,
Administrative Claim, or Other Priority Unsecured Claims. General Unsecured Claims shall also
include all Claims arising under Section 502(g) of the Bankruptcy Code.

1.1.58. GDG Litigation Claim. The alleged Claim of Constantino Flores, as
Chapter 7 Trustee for the estate of GDG Partners, LLC, Case No. 2:12-bk-09825-BKM related to

1 the claims asserted in Adversary Proceeding No. 2:14-ap-00293-BKM currently pending before
2 the United States Bankruptcy Court for District of Arizona in which the May Debtors are
3 defendants. The GDG Litigation Claim is a Disputed Claim.

4 **1.1.59. GMF.** Gray Meyer Fannin, LLC.

5 **1.1.60. Group 1 Parcels.** The parcels of the Debtors' Property listed a "Group
6 1" on the Parcel Map, which include parcels H1, MF4, MF6a, MF6b, CLUB, and OFF3d, and
7 which the Debtors assert have a collective value of \$38,264,523. The composition of the Group 1
8 Parcels may be amended or modified by the Debtors with approval of the Bankruptcy Court
9 pursuant to the Valuation Determination so as to effectuate the terms of the Plan.

10 **1.1.61. Group 2 Parcels.** The parcels of the Debtors' Property listed a "Group
11 2" on the Parcel Map, which include parcels H2 and MU6, and which the Debtors assert have a
12 collective value of \$11,257,500. The composition of the Group 2 Parcels may be amended or
13 modified by the Debtors with approval of the Bankruptcy Court pursuant to the Valuation
14 Determination so as to effectuate the terms of the Plan.

15 **1.1.62. Group 3 Parcels.** The parcels of the Debtors' Property listed a "Group
16 3" on the Parcel Map, which include parcels OFF3a, OFF3b, and OFF3c, and which the Debtors
17 assert have a collective value of \$16,721,119. The composition of the Group 3 Parcels may be
18 amended or modified by the Debtors with approval of the Bankruptcy Court pursuant to the
19 Valuation Determination so as to effectuate the terms of the Plan.

20 **1.1.63. GWD.** Gray/Western Development Company.

21 **1.1.64. Holder.** An entity holding an Equity Security or Claim.

22 **1.1.65. Impaired.** This term shall have the meaning set forth in Section 1124 of
23 the Bankruptcy Code.

24 **1.1.66. Insider.** This term shall have the meaning set forth in Section 101(31)
25 of the Bankruptcy Code.

26 **1.1.67. Lien.** This term shall have the meaning set forth in Section 101(37) of
27 the Bankruptcy Code.

28 **1.1.68. Lien Avoidance Adversary.** Adversary No. 2:16-ap-00395-MCW,
which seeks a determination that CPF does not have a valid or effective assignment of the Master
Developer Rights with respect to the Property or that such right has not been perfected and is
avoidable under 11 U.S.C. §§ 506(d) and 544.

1.1.69. Master CC&Rs. The Declaration of Covenants, Conditions,
Restrictions, and Easements for Desert Ridge, Phoenix, Arizona, recorded at Maricopa County
Recorder's No. 94-0106341 on February 7, 1994.

1.1.70. Master Developer. Collectively GMF and EP, as the approved holders
of the Master Developer Rights and the Master Declarant Rights.

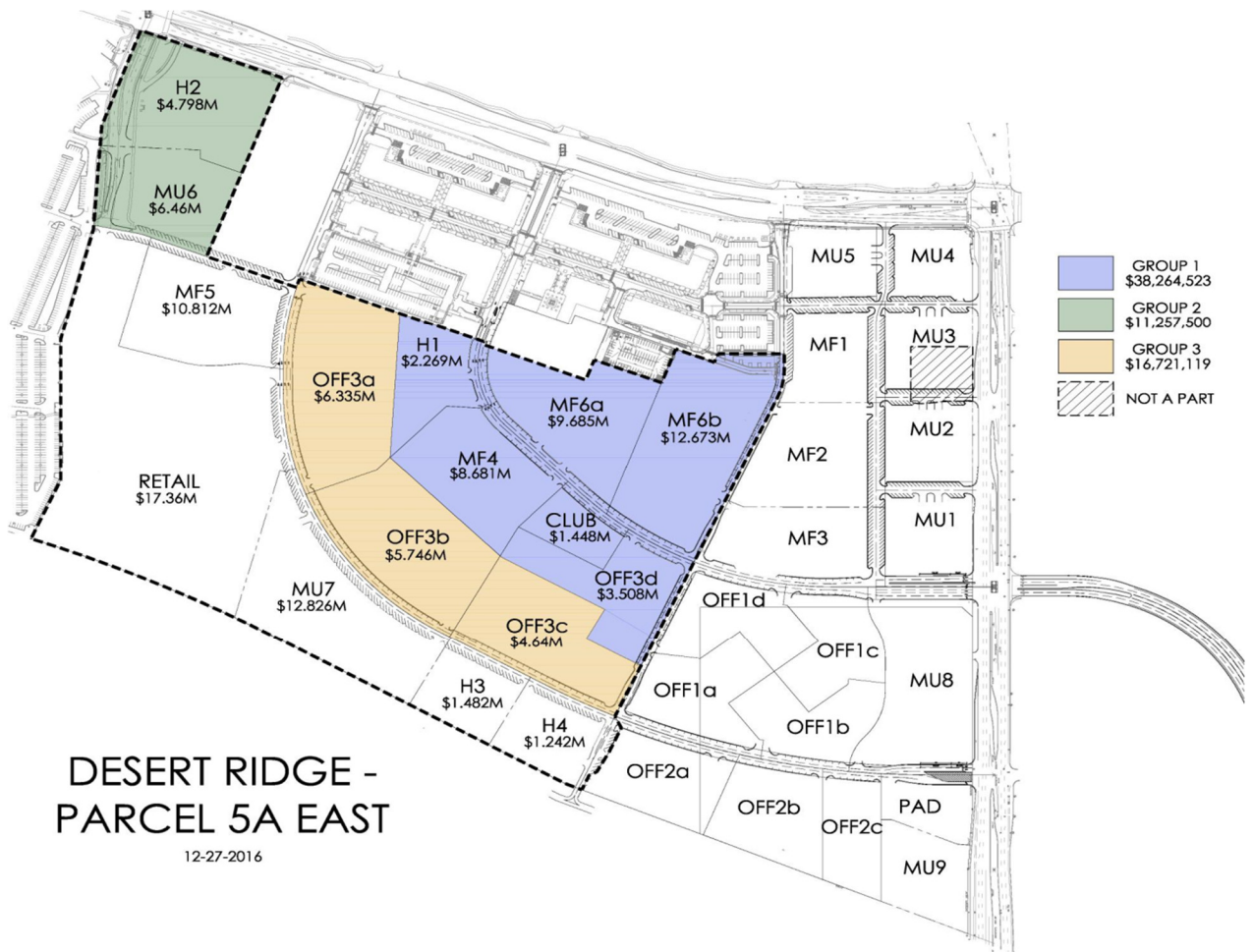
1.1.71. Master Developer Rights. Those rights held by GMF and EP under the
ASLD Lease as well as the recorded covenants, conditions and restrictions with respect to the
Property and otherwise under the DRSP.

1.1.72. Master Declarant Rights. The rights of Declarant under the
Commercial Core Declaration, as assigned to the Debtors pursuant to the Assignment and

1 Assumption in the Official Records of Maricopa County, Arizona as Instrument No. 2012-
584404 and re-recorded as Instrument No. 2012-629410.

2 **1.1.73. Other Priority Claim.** A Claim entitled to priority in right of payment
3 under Section 507(a) of the Bankruptcy Code other than a Priority Tax Claim an Administrative
Claim.

4 **1.1.74. Parcel Map.** The map of the parcels that make up the Debtors' property
5 as depicted below and consisting of three (3) specially identified groups of parcels as further
6 defined herein.



24 **1.1.75. Person.** An individual, corporation, limited liability company,
25 partnership, association, joint stock company, joint venture, estate, trust, unincorporated
organization or government, governmental unit, or any subdivision thereof or any other entity.

26 **1.1.76. Petition Date.** May 16, 2016, the date on which the Debtors filed
27 voluntary Chapter 11 petitions with the Clerk of the Bankruptcy Court, thereby commencing the
Chapter 11 Case.

1 **1.1.77. Plan.** This plan of reorganization, either in its present form or as it may
2 be amended, supplemented, or modified from time to time, including all exhibits and schedules
annexed hereto or referenced herein.

3 **1.1.78. Plan Contribution.** The Plan Financing and/or a capital contribution by
4 the Plan Sponsor in the amount no less than \$8,551,435, or an amount determined by the
Bankruptcy Court sufficient to make required distributions under the Plan, including Effective
Date payments.

5 **1.1.79. Plan Financing.** The commitment from a lender or lenders to be
6 identified at confirmation for a loan or loans: (a) secured by some of the Property or other assets
of the Estate other than the CPF Acreage; (b) in an amount needed (in conjunction with the other
7 Plan Contributions) to make Distributions provided for in the Plan, all as determined by the
Bankruptcy Court.

8 **1.1.80. Plan Sponsor.** GWD or its designee.

9 **1.1.81. Priority Tax Claim.** Any and all Claims of governmental units
10 accorded priority in right of payment under Section 507(a)(8) of the Bankruptcy Code.

11 **1.1.82. Professional Fees.** The Administrative Claims for compensation and
12 reimbursement allowed pursuant to Sections 328, 330, 331, or 503(b) of the Bankruptcy Code of
Persons: (i) employed pursuant to an order of the Bankruptcy Court under Section 327 or 328 of
13 the Bankruptcy Code; or (ii) for whom compensation and reimbursement has been allowed by
the Bankruptcy Court pursuant to Section 503(b) of the Bankruptcy Code or by other Final
Order.

14 **1.1.83. Property.** The approximately 96.5 acres of entitled property leased by
15 Debtors from ASLD under the ASLD Lease located in the DRSP plan area in Phoenix, Arizona
within Parcel 5A.

16 **1.1.84. Property Development Agreement.** The Property Development
17 Agreement dated July 3, 2012 between EP, GMF, Bruce Gray, and City North HH, Inc., under
which the Debtors will obtain the Property Development Funds.

18 **1.1.85. Property Development Funds.** The amounts due to the Debtors in the
19 approximate amount of between \$1.3 million to \$1.6 million resulting from the Property
Development Agreement.

20 **1.1.86. Pro Rata.** The ratio of an Allowed Claim in a particular class to the
21 aggregate amount of all such Allowed Claims in any such Class.

22 **1.1.87. Record Date.** The date established by the Bankruptcy Court as the
23 record date for purposes of serving notice of the time fixed for filing objections to the Plan and
the hearing on Confirmation under Bankruptcy Rule 3017(d).

24 **1.1.88. Reorganized Debtors.** This term will refer to and mean the Debtors,
25 from and after the Effective Date. For purposes of the Plan, any written agreement made by the
Debtors as part of the Plan before the Effective Date will survive the Confirmation Date and the
26 Effective Date and will bind both the Reorganized Debtors and every other party to such
agreement (including, but not limited to, the provisions of the Plan as confirmed).

27 **1.1.89. Reorganized Debtors Acreage.** The acreage of the Property remaining
28 after the designation of the CPF Acreage, as may be adjusted upward by any additional acreage
which is not needed to satisfy the CPF Claim as determined after the CPF Resolution Date.

1 **1.1.90. Representative.** With regard to an Entity, its officers, directors,
2 managers, shareholders, employees, advisors, attorneys, professionals, accountants, investment
3 bankers, financial advisors, consultants, agents, servicers, and other representatives (including
4 their respective officers, directors, employees, members and professionals).

5 **1.1.91. Retained Acreage.** The acres of the Property retained by the Debtors
6 after any transfer of the CPF Effective Date Acreage and any transfer of the CPF Escrow
7 Acreage to CPF.

8 **1.1.92. Schedules.** The schedules of assets and liabilities and any amendments
9 thereto filed by Debtors with the Bankruptcy Court in accordance with Section 521(1) of the
10 Bankruptcy Code.

11 **1.1.93. Secured Claim.** A Claim that is secured by a Lien against property of
12 the Estate to the extent of the value of any interest in such property of the Estate securing such
13 Claim, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of
14 a Bankruptcy Court order, or to the extent of the amount of such Claim subject to setoff in
15 accordance with Section 553 of the Bankruptcy Code, in either case as determined pursuant to
16 Section 506(a) of the Bankruptcy Code.

17 **1.1.94. STB.** The law firm of Simpson Thatcher & Bartlett LLP.

18 **1.1.95. Taxes.** All income, franchise, excise, sales, use, employment,
19 withholding, property, payroll, or other taxes, assessments of governmental charges, together
20 with any interest penalties, additions to tax, fines, and similar amounts relating thereto, whether
21 or not yet assessed or imposed, collected by, or due to any federal, state, local or foreign
22 governmental authority.

23 **1.1.96. Undisputed General Unsecured Claims.** All unsecured claims that
24 have been scheduled as undisputed in the Debtors' Schedules or for which a proof of claim has
25 been filed and that are not otherwise defined herein as Disputed General Unsecured Claims.
26 Debtors estimate the total amount of Undisputed General Unsecured Claims to be approximately
27 \$1,350,000.

28 **1.1.97. Unexpired Lease.** A lease of non-residential real property to which
Debtors are a party that is subject to assumption or rejection under Section 365 of the
Bankruptcy Code.

1.1.98. Unimpaired. Unimpaired shall have the meaning set forth in Section
1124 of the Bankruptcy Code.

1.1.99. Valuation. The fair market valuation of the Property based on its best
use under the DRSP as determined by the Bankruptcy Court pursuant to the Valuation
Determination.

1.1.100. Valuation Determination. The evidentiary hearing which will result in
a Valuation of the Property by the Bankruptcy Court.

1.2. Computation of Time. In computing any period of time prescribed or allowed
by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a)
shall apply.

1.3. Rules of Interpretation. For purposes of this Plan only: (i) any reference in this
Plan to a contract, instrument, release, or other agreement or documents being in particular form
or on particular terms and conditions means that such document shall be substantially in such

1 form or substantially on such terms and conditions; (ii) any reference in this Plan to an existing
2 document or exhibit filed or to be filed means such document or exhibit as it may have been or
3 may be amended, modified, or supplemented; (iii) unless otherwise specified, all references in
4 this Plan to Sections, Articles, Schedules and Exhibits are references to Sections, Articles,
5 Schedules and Exhibits of or to this Plan; (iv) the words “herein,” “hereof,” “hereto,” and
6 “hereunder” refer to this Plan in its entirety rather than to a particular portion of this Plan; (v)
7 captions and headings to Articles and Sections are inserted for convenience of reference only and
8 are not intended to be a part of or to affect the interpretation of this Plan; and (vi) the rules of
9 construction and definitions set forth in Sections 101 and 102 of the Bankruptcy Code and in the
10 Bankruptcy Rules shall apply unless otherwise expressly provided.

11 **1.4. Exhibits and Plan Schedules.** All exhibits and schedules attached to this Plan
12 are incorporated into and are a part of this Plan as if set forth in full herein.

13 **2. TREATMENT OF UNCLASSIFIED CLAIMS**

14 **2.1. General.** Pursuant to Section 1123(a)(1) of the Bankruptcy Code, the Claims
15 against Debtors set forth in this Article 2 are not classified within any Classes. The Holders of
16 such Claims are not entitled to vote on this Plan. The treatment of the Claims set forth below is
17 consistent with the requirements of Section 1129(a)(9)(A) of the Bankruptcy Code.

18 **2.2. Treatment of Priority Tax Claims and Other Priority Claims.** The Plan
19 Proponents shall pay each holder of an Allowed Priority Tax Claim the full unpaid amount of
20 such Allowed Priority Tax Claim in Cash on the Effective Date or as soon as practicable
21 thereafter.

22 **2.3. Treatment of Administrative Claims.** On or before the Administrative Claim
23 Bar Date, each Holder of an Administrative Claim shall file with the Bankruptcy Court a request
24 for payment of an Administrative Claim. Any Administrative Claim that is not filed on or before
25 the Administrative Claim Bar Date will be forever barred from assertion against the Debtors, the
26 Estate, and the Assets. Unless otherwise agreed to by the Holders of the Administrative Claims
27 and Plan Proponents, the Plan Proponents shall pay each holder of an Allowed Administrative
28 Claim the full unpaid amount of such Claim in Cash on the later of the Effective Date or when
such Claim is Allowed by a final order.

2.3.1. Treatment of Professional Fees. No payments of Professional Fees
may be made without prior order of the Bankruptcy Court. On or before the Administrative
Claim Bar Date, each Professional shall file an application for the final allowance of
compensation and reimbursement of expenses that each such Professional has already received.
Such claims will be paid upon entry of a final Order allowing such claims.

2.4. Treatment of U.S. Trustee Fees. U.S. Trustee fees shall be allowed in
accordance with 28 U.S.C. § 1930. The Plan Proponent shall pay to the U.S. Trustee all fees due
and owing under 28 U.S.C. § 1930 in Cash on the Effective Date or as soon as practicable
thereafter.

3. DESIGNATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS

Pursuant to this Plan and in accordance with Section 1123(a)(1) of the Bankruptcy Code,
the Plan Proponents have not classified Administrative Claims and Priority Tax Claims as
described in Article 2. The following table classifies Claims and Equity Securities for all
purposes under this Plan, including voting, confirmation and Distribution pursuant hereto and
pursuant to Section 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Security is
included within a particular Class only to the extent that the Claim or Equity Security qualifies

1 within that description of that Class and shall be deemed classified in a different Class to the
 2 extent that any remainder of such Claim or Equity Security qualifies within the description of
 such different Class.

3 If this Plan is not confirmed, the proposed classifications, treatments, and priorities of
 4 claims, interests, and liens set forth in this Plan shall not be construed as an admission, waiver, or
 5 estoppel by or against the Plan Proponents as to the legally required or permissible
 classifications, treatments, or priorities under the Bankruptcy Code or other applicable law.

6 **3.1. Summary of Classification.**

<u>Class</u>	<u>Description</u>	<u>Treatment</u>
Class 1	ASLD Lease Claim	Impaired. Solicitation required.
Class 2	CPF (Burford) Secured Claim	Impaired. Solicitation required.
Class 3	CPF (STB) Secured Claim	Impaired. Solicitation required.
Class 4	Priority Unsecured Claims	Unimpaired. No solicitation required.
Class 5A	Undisputed General Unsecured Claims	Impaired. Solicitation required.
Class 5B	Disputed General Unsecured Claims	Impaired. Solicitation required.
Class 5C	Related Party Unsecured Claims	Impaired. Solicitation required.
Class 6	GDG Litigation Claim	Impaired. Solicitation required.
Class 7	Equity Securities	Unimpaired. No solicitation required

24 **3.2. Specific Qualifications.**

25 **3.2.1. Class 1: ASLD Lease Claim.** Class 1 provides for the treatment of the
 26 ASLD Lease Claim.

27 **3.2.2. Class 2: CPF (Burford) Secured Claim.** Class 2 provides for the
 28 treatment of the Disputed CPF (Burford) Secured Claim.

1 **3.2.3. Class 3: CPF (STB) Secured Claim.** Class 3 provides for the treatment
of the Disputed CPF (STB) Secured Claim.

2 **3.2.4. Class 4: Priority Unsecured Claims.** Class 4 provides for the
3 treatment of the Priority Unsecured Claims.

4 **3.2.5. Class 5A: Undisputed General Unsecured Claims.** Class 5A provides
for the treatment of the General Unsecured Claims.

5 **3.2.6. Class 5B: Disputed General Unsecured Claims.** Class 5B provides
6 for the treatment of the General Unsecured Claims.

7 **3.2.7. Class 5C: Related Party Unsecured Claims.** Class 5C provides for the
treatment of Related Party Unsecured Claims.

8 **3.2.8. Class 6: GDG Litigation Claim.** Class 6 provides for the treatment of
9 the GDG Litigation Claim.

10 **3.2.9. Class 7: Equity Interests.** Class 7 consists of Debtors' Equity Interests
held as of the Effective Date.

11 **4. DESIGNATION OF AND PROVISIONS FOR TREATMENT OF CLASSES OF**
12 **CLAIMS UNDER THIS PLAN**

13 **4.1. Class 1 – ASLD Lease Claim.** The ASLD Lease Claim shall be an Allowed
Claim and shall be treated as follows:

14 **4.1.1. Treatment.** The Holder of the ASLD Lease Claim will be paid, in Cash,
15 pursuant to the ASLD Agreement when due, or as otherwise extended or modified by ASLD.

16 **4.1.2. Voting.** Class 1 is Impaired under this Plan. The Holder of the ASLD
Lease Claim is entitled to vote on this Plan.

17 **4.2. Class 2 – CPF (Burford) Secured Claim.** The Disputed CPF (Burford) Secured
18 Claim, to the extent it is determined to be an Allowed Secured Claim, shall elect one of two
alternative treatments.

19 **4.2.1. Option 1 Treatment (Settlement Option).** In the event each of Class 2
20 and Class 3 elect Option 1, the CPF (Burford) Secured Claim shall be treated as follows:¹

21 (a) **Valuation Determination.** The Bankruptcy Court will make the
22 Valuation Determination of the Property prior to, or in conjunction with, the
Confirmation Hearing.

23 (b) **Effective Date Transfer.** In exchange for a release of all claims
24 and causes of actions between the Debtors and CPF, on the Effective Date, or as
soon as practicable thereafter, the Debtors will transfer the CPF Effective Date
25 Acreage and the Group 2 Parcels, as both may be modified by the Debtors upon
approval of the Bankruptcy Court as necessary to provide equivalent value
26 pursuant to the Valuation Determination, to CPF in full satisfaction of the CPF
Secured Claims, subject to approval of the assignment by ASLD.

27 ¹ For the avoidance of doubt, an election of Option 1 by Class 2 shall be deemed an
election of Option 1 by Class 3 and vice versa.

1 (c) **Lien Rights.** CPF will retain its existing liens against the CPF
2 Acreage pending the transfer of the CPF Acreage to CPF. CPF shall also retain
3 any existing liens, to the extent that they exist, with respect to the Master
4 Developer Rights and Master Declarant Rights pending the transfer of the CPF
5 Acreage to CPF and dismissal of the Lien Avoidance Adversary.

4 **4.2.2. Option 2 Treatment (Litigation Option).**

5 (a) **Valuation Determination.** The Bankruptcy Court will make the
6 Valuation Determination of the Property prior to, or in conjunction with, the
7 Confirmation Hearing.

7 (b) **CPF Effective Date Acreage.** On the Effective Date, or as soon as
8 practicable thereafter, the Debtors shall transfer the CPF Effective Date Acreage
9 to CPF to be applied, at CPF's election, in partial satisfaction of (i) the CPF
10 (Burford) Secured Claim, or (ii) the CPF (Burford) Secured Claim and the CPF
11 (STB) Secured Claim on a Pro Rata basis.

10 (c) **CPF (Burford) Escrow Acreage.** The Debtors will transfer the
11 CPF (Burford) Escrow Acreage as necessary to provide equivalent value
12 pursuant to the Valuation Determination, into the CPF Escrow in full satisfaction
13 of the remaining CPF (Burford) Secured Claim (if any), subject to the outcome of
14 the Adversary Proceeding and the CPF Resolution Date. The CPF (Burford)
15 Escrow Acreage will be placed into the CPF Escrow on the Confirmation Date.
16 Subject to approval of the assignment by ASLD, on the CPF Resolution Date, the
17 CPF Acreage will be delivered to CPF from escrow in full satisfaction of the CPF
18 Secured (Burford) Claim. While the CPF (Burford) Escrow Acreage remains in
19 escrow it shall not be apportioned into a separate lease, but rather remain within
20 the ASLD Lease, and the Debtors shall be obligated to make all required lease
21 payments and satisfy all real and personal property tax claims when due.

16 (d) **Lien Rights.** CPF will retain its existing liens against the CPF
17 Acreage pending the transfer of the CPF Acreage to CPF. CPF shall also retain
18 any existing liens, to the extent that they exist, with respect to the Master
19 Developer Rights and Master Declarant Rights pending the transfer of the CPF
20 Acreage to CPF and resolution of the Lien Avoidance Adversary.

19 **4.2.3. Applicable Property Restrictions.** CPF shall be subject to the same
20 restrictions with respect to the use and development of any real property that it may receive
21 under the Plan as any other owners or lessors of property within the DRSP.

21 (a) CPF may amend the CPSP with respect to any parcel it leases from
22 ASLD, subject to the Master Developer's approval. Pursuant to Section
23 E(2)(a)(1) of the DRSP the Master Developer shall establish the overall
24 development intensity for the core and shall indicate the mix of uses in the CPSP
25 by square footage between retail uses, office uses and other uses.

24 (b) CPF may develop any parcel it leases from ASLD, subject to
25 compliance with the development regulations as described in the CPSP, the
26 DRSP, the City of Phoenix Zoning Ordinance, the Commercial Core Declaration,
27 and the Master CC&Rs.

27 (c) As it pertains to any parcel leased by CPF from ASLD, the Master
28 Developer does not have the right to unilaterally make material alterations to
29 CPF's zoning entitlements under the CPSP, the DRSP, the zoning, the

1 Commercial Core Declaration or the Master CC&Rs. As it pertains to any parcel
2 leased by CPF, any revision to the CPSP, the DRSP, the zoning, the Commercial
3 Core Declaration or the Core CC&Rs would require CPF's consent in addition to
4 all of the other regulatory approvals.

5 **4.2.4. Voting.** Class 2 is Impaired under this Plan. The Holder of the CPF
6 (Burford) Secured Claim is entitled to vote on this Plan. CPF will choose between Option 1 and
7 Option 2 in conjunction with casting its vote.

8 **4.3. Class 3 – CPF (STB) Secured Claim.** The Disputed CPF (STB) Secured Claim,
9 to the extent it is determined to be an Allowed Secured Claim shall be treated as follows.

10 **4.3.1. Option 1 Treatment (Settlement Option).** In the event each of Class 2
11 and Class 3 elect Option 1, the CPF (STB) Secured Claim shall be treated as follows:

12 (a) **Valuation Determination.** The Bankruptcy Court will make the
13 Valuation Determination of the Property prior to, or in conjunction with, the
14 Confirmation Hearing.

15 (b) **Effective Date Transfer.** In exchange for a release of all claims
16 and causes of actions between the Debtors and CPF, on the Effective Date, or as
17 soon as practicable thereafter, the Debtors will transfer the CPF Effective Date
18 Acreage and the Group 2 Parcels, as both may be modified by the Debtors upon
19 approval of the Bankruptcy Court as necessary to provide equivalent value
20 pursuant to the Valuation Determination, to CPF in full satisfaction of the CPF
21 Secured Claims, subject to approval of the assignment by ASLD.

22 (c) **Lien Rights.** CPF will retain its existing liens against the CPF
23 Acreage pending the transfer of the CPF Acreage to CPF. CPF shall also retain
24 any existing liens, to the extent that they exist, with respect to the Master
25 Developer Rights and Master Declarant Rights pending the transfer of the CPF
26 Acreage to CPF and dismissal of the Lien Avoidance Adversary.

27 **4.3.2. Option 2 Treatment (Litigation Option).**

28 (a) **Valuation Determination.** The Bankruptcy Court will make the
Valuation Determination of the Property prior to, or in conjunction with, the
Confirmation Hearing.

(b) **CPF Effective Date Acreage.** On the Effective Date, or as soon as
practicable thereafter, the Debtors shall transfer the CPF Effective Date Acreage
to CPF to be applied, at CPF's election, in partial satisfaction of (i) the CPF
(Burford) Secured Claim, or (ii) the CPF (Burford) Secured Claim and the CPF
(STB) Secured Claim on a Pro Rata basis.

(c) **CPF (STB) Escrow Acreage.** The Debtors will transfer the CPF
(STB) Escrow Acreage as necessary to provide equivalent value pursuant to the
Valuation Determination, into the CPF Escrow in full satisfaction of the
remaining CPF (STB) Secured Claim (if any), subject to the outcome of the
Adversary Proceeding and the CPF Resolution Date. The CPF (STB) Escrow
Acreage will be placed into the CPF Escrow on the Confirmation Date. Subject to
approval of the assignment by ASLD, on the CPF Resolution Date, the CPF
Acreage will be delivered to CPF from escrow in full satisfaction of the CPF
Secured (STB) Claim. While the CPF (STB) Escrow Acreage remains in escrow
it shall not be apportioned into a separate lease, but rather remain within the

1 ASLD Lease, and the Debtors shall be obligated to make all required lease
2 payments and satisfy all real and personal property tax claims when due.

3 (d) **Lien Rights.** CPF will retain its existing liens against the CPF
4 Acreage pending the transfer of the CPF Acreage to CPF. CPF shall also retain
5 any existing liens, to the extent that they exist, with respect to the Master
6 Developer Rights and Master Declarant Rights pending the transfer of the CPF
7 Acreage to CPF and resolution of the Lien Avoidance Adversary.

8 **4.3.3. Applicable Property Restrictions.** CPF shall be subject to the same
9 restrictions with respect to the use and development of any real property that it may receive
10 under the Plan as any other owners or lessors of property within the DRSP.

11 (a) CPF may amend the CPSP with respect to any parcel it leases from
12 ASLD, subject to the Master Developer's approval. Pursuant to Section
13 E(2)(a)(1) of the DRSP the Master Developer shall establish the overall
14 development intensity for the core and shall indicate the mix of uses in the CPSP
15 by square footage between retail uses, office uses and other uses.

16 (b) CPF may develop any parcel it leases from ASLD, subject to
17 compliance with the development regulations as described in the CPSP, the
18 DRSP, the City of Phoenix Zoning Ordinance, the Commercial Core Declaration,
19 and the Master CC&Rs.

20 (c) As it pertains to any parcel leased by CPF, the Master Developer
21 does not have the right to unilaterally make material alterations to CPF's zoning
22 entitlements under the CPSP, the DRSP, the zoning, the Commercial Core
23 Declaration or the Master CC&Rs. As it pertains to any parcel leased by CPF,
24 any revision to the CPSP, the DRSP, the zoning, the Commercial Core
25 Declaration or the Core CC&Rs would require CPF's consent in addition to all of
26 the other regulatory approvals.

27 **4.3.4. Voting.** Class 3 is Impaired under this Plan. The Holder of the CPF
28 (STB) Secured Claim is entitled to vote on this Plan. CPF will choose between Option 1 and
Option 2 in conjunction with casting its vote.

4.4. Class 4 –Priority Unsecured Claims. The Priority Unsecured Claims, if any,
shall be treated as follows:

4.4.1. Treatment. The Holders of the Priority Unsecured Claims shall
receive, on the Effective Date, or as soon thereafter as practicable, the full amount of the
Allowed Priority Unsecured Claims in Cash funds from the Plan Contribution or as otherwise
agreed to between the holders of such Claims and the Reorganized Debtors.

4.4.2. Voting. Class 4 is Unimpaired under this Plan. The Holders of the
Allowed Priority Unsecured Claims are deemed to accept the Plan, and therefore, not entitled to
vote on this Plan.

4.5. Class 5 – General Unsecured Claims. The Class 5 Claims will be divided into
three (3) subclasses, with each subclass being entitled to vote:

4.5.1. Class 5A – Undisputed General Unsecured Claims

(a) **Treatment.** The Holders of Allowed Undisputed General
Unsecured Claims shall receive one-hundred percent (100%) of their Allowed

1 Claims paid as follows: Holders of Undisputed General Unsecured Claims will
2 receive a \$400,000 cash payment distributed to such Holders on a Pro Rata basis
3 on the Effective Date. Beginning thirty (30) days after the Effective Date, the
4 remaining balance of the Undisputed General Unsecured Claims will be paid
5 through eight quarterly payments at five percent (5%) simple interest per annum,
6 with additional payments being made from the Creditors Trust Proceeds (if any,
7 and as defined in Section 5.4 below), if any, as and when received. Any payments
8 (if any) made from the Creditors Trust will first be applied to accrued interest, and
9 thereafter to reduce the amounts otherwise due to Class 5A Claims. The source of
10 payments to the Holders of Allowed General Unsecured Claims will be (1) the
11 Plan Contributions, (2) the Property Development Funds if collected by the
12 Effective Date, and (3) the Creditors Trust Proceeds, if any. Payments due to
13 Holders of Allowed General Unsecured Claims will be secured by a first lien on a
14 0.9 acre parcel of the Property (subject only to the rights of ASLD under the
15 ASLD Agreement) selected by the Debtors and approved by the Committee at
16 least one week prior to the deadline for objection to or voting on the Plan,
17 whichever is earlier.

18 (b) **Voting.** Class 5A is Impaired under this Plan. The Holders of
19 Allowed Undisputed General Unsecured Claims are entitled to vote on this Plan.

20 **4.5.2. Class 5B – Disputed General Unsecured Claims.**

21 (a) **Treatment.** No payments will be made on account of the Disputed
22 General Unsecured Claims until such time that the Disputed General Unsecured
23 Claims become Allowed Claims. If, and when, the Disputed General Unsecured
24 Claims become Allowed Claims pursuant to a Final Order, the Disputed General
25 Unsecured Claims will be paid through thirty-six (36) fully amortized monthly
26 payments at four percent (4%) simple interest per annum beginning on the 15th
27 day of the first month after entry of the Final Order allowing such Claims. The
28 source of payments to the Holders of the Disputed General Unsecured Claims will
be through the sale or refinancing of a portion of the Retained Acreage

(b) **Voting.** Class 5B is Impaired under this Plan. The Holders of
Allowed Disputed General Unsecured Claims are entitled to vote on this Plan.

4.5.3. Class 5C – Related Party Unsecured Claims.

(a) **Treatment.** The Class 5C Related Party Unsecured Claims will
receive payment of their Allowed Class 5C Claims only after all Class 5A Claims
and 5B Claims (to the extent Allowed) are paid in full. The source of payment of
Class 5C Claims will be the Plan Contribution and/or post-confirmation sale or
disposition of the Reorganized Debtors Acreage

(b) **Voting.** Class 5C is Impaired under this Plan. The Holders of
Allowed General Unsecured Claims are entitled to vote on this Plan.

4.6. Class 6 – GDG Litigation Claim. The Holder of the GDG Litigation Claim shall
be treated as follows:

4.6.1. Treatment. Debtors will continue to litigate the GDG Litigation Claim.
No payments will be made on account of the GDG Litigation Claim until such time that the
GDG Litigation Claim becomes an Allowed Claim. If, and when, the GDG Litigation Claim
becomes an Allowed Claim pursuant to a Final Order, the GDG Litigation Claim will be paid
through thirty-six (36) fully amortized monthly payments at four percent (4%) simple interest per

annum beginning on the 15th day of the first month after entry of the Final Order allowing such Claim. The source of payments to the Holder of the GDG Litigation Claim will be through the sale or refinancing of a portion of the Retained Acreage.

4.6.2. Voting. Class 6 is Impaired under this Plan. The Holder of the GDG Litigation Claim is entitled to vote on this Plan.

4.7. Class 7 – Equity Interests. The Holders of the Equity Interests in Class 7 shall be treated as follows:

4.7.1. Treatment. The Equity Interests shall remain in GWD.

4.7.2. Voting. Class 7 is unimpaired under this Plan. The Holders of Equity Interests are not entitled to vote on this Plan.

5. MEANS FOR IMPLEMENTATION OF PLAN

5.1. Substantive Consolidation. The Plan constitutes a motion for substantive consolidation of the liabilities and assets of the Plan Proponents. Confirmation of this Plan will constitute the Bankruptcy Court’s granting of that motion for substantive consolidation. Substantive consolidation of the liabilities and assets of the Plan Proponents on the Effective Date: (a) consolidates the property of each estate for purposes of Plan voting and Distributions to Holders of Allowed Claims under the Plan; and (b) converts all Claims against each Debtor into Claims against the consolidated Estate such that any proof of claim filed against one or more Debtors is deemed to be a single claim filed against the consolidated Estate and all duplicative proofs of claim for the same Claim filed against more than one Debtor are deemed expunged.

5.2. Funding On and After the Effective Date. All payments under the Plan which are due on and after the Effective Date will be funded by: (1) the Plan Contribution to be contributed by the Plan Sponsor, (2) the Property Development Funds, and (3) the Creditors Trust Proceeds if and when they are realized and collected.

5.3. Sale of Property. The Reorganized Debtors may continue to sell portions of the Property post-confirmation, including property forming part of the CPF Escrow Acreage. CPF shall retain any existing liens in the sale proceeds and any such proceeds generated from the sale of all or a portion of the CPF Escrow Acreage shall remain in escrow pending resolution of the Adversary Proceeding.

5.4. Plan Contribution Waterfall Payments. The funds from the Plan Contribution will be used in the following order: (1) to pay all allowed Administrative Claims; (2) to pay all Allowed Priority Unsecured Claims; (3) to pay the ASLD Lease Claim, when due; and (4) to fund the Creditors Trust as detailed in Section 5.4 below.

5.5. Creditors Trust. In the event, CPF does not choose Option 1 with respect to its Class 2 and Class 3 Claims, a payment of \$500,000, made from the Plan Contribution, will be placed into a Creditors Trust to fund the continued prosecution of the Adversary Proceeding and to prosecute the Burford Lawsuit on arrangements to be negotiated with Reorganized Debtors’ counsel, the Reorganized Debtors, and the Committee. The Reorganized Debtors will prosecute the Adversary Proceeding until the CPF Resolution Date, as well as the Burford Claim. In the event that affirmative money damages are awarded to the plaintiffs in the Adversary Proceeding and/or the Burford Claim (the “Creditors Trust Proceeds”), such proceeds will be used first, to pay any unpaid costs of litigating the Adversary Proceeding or Burford Claim and, second, to be distributed to Holders of Allowed General Unsecured Claims that have not otherwise been paid. Any remaining proceeds will be distributed to the Reorganized Debtors’ Equity Interests. The

1 Creditors Trust funding will be paid: (a) \$25,000.00 on the Effective Date; and (b) \$25,000.00
2 per month every month thereafter until the full amount of \$500,000.00 is fully funded.

3 **5.6. Revesting Of Estate Assets.** Upon the Effective Date, all Assets of the Debtors
4 will revest in the Reorganized Debtors (including but not limited to the Master Developer
5 Rights), free and clear of all liens, claims and encumbrances other than as expressly provided for
6 in the Plan. The Reorganized Debtors shall continue to run the Debtors' business in the ordinary
7 course after the Effective Date. After the Effective Date, the Reorganized Debtors shall be
8 further responsible for (a) making all payments contemplated under the Plan, (b) making all
9 reporting and other filings as required by the United States Trustee, and (c) closing the Chapter
10 11 Case.

11 **5.7. United States Trustee Fees.** Quarterly fees due to the United States Trustee
12 pursuant to 11 U.S.C. 1930(a)(6) will be paid when due by the Plan Proponents.

13 **5.8. Limitation of Liability of the Plan Proponents.** No action or claim may be
14 asserted against the Plan Proponents for any matter relating to or arising out of this Chapter 11
15 Case, the confirmation of the Plan, the consummation of the Plan, or the administration of the
16 Plan or the property to be administered or distributed under the Plan, in any court without first
17 obtaining approval of the Bankruptcy Court, and, in such event, any such action must be
18 prosecuted before the Bankruptcy Court, which shall retain jurisdiction to adjudicate any such
19 actions. The Plan Proponents are acting solely as fiduciaries on behalf of the Estate in
20 implementing this Plan. Neither the Plan Proponents, nor any of their employees, shall have any
21 personal liability for serving in the fiduciary capacity of Plan Proponents, except for willful
22 misconduct or gross negligence.

23 **6. PROVISIONS GOVERNING DISTRIBUTIONS**

24 **6.1. General Provisions; Undeliverable Distributions.** Distributions to the holders
25 of Allowed Claims shall be made by the Plan Proponents at the address of each holder as set
26 forth in the Schedules, unless superseded by the address set forth on proofs of Claim filed by
27 such holder. If any Distribution is returned as undeliverable, the Plan Proponents may, without
28 requirement and in its sole discretion, make such efforts to determine the current address of the
holder of the Claim with respect to which the Distribution was made as the Plan Proponents
deems appropriate, but no Distribution to any holder shall be made unless and until the Plan
Proponents has determined the then-current address of the holder.

19 **6.2. Unclaimed Property.** Distributions that are not claimed by the expiration of
20 ninety (90) days from the Effective Date shall be deemed to be unclaimed property and shall vest
21 in the Plan Proponents, and the Claims with respect to which those Distributions are made shall
22 be automatically canceled. After the expiration of that 90-day period, the Claim of any Entity to
23 those Distributions shall be discharged and forever barred. Nothing contained in the Plan shall
24 require the Plan Proponents to attempt to locate any holder of an Allowed Claim. All funds or
25 other property that vest in the Plan Proponents shall then be distributed to the Plan Proponents.

26 **6.3. Time Bar to Cash Payments by Check.** Checks issued by the Plan Proponents
27 on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days
28 after the date of issuance thereof, and shall be treated as unclaimed property under this Plan, and
shall be discharged and forever barred and the proceeds of those checks shall become the
property of the Plan Proponents.

29 **6.4. Compliance with Tax Requirements.** In connection with making Distributions
under this Plan, to the extent applicable, the Plan Proponents shall comply with all tax
withholding and reporting requirements imposed on it by any governmental unit, and all
Distributions pursuant to this Plan shall be subject to such withholding and reporting

1 requirements. The Plan Proponents may withhold the entire Distribution due to any holder of an
2 Allowed Claim until such time as such holder provides the necessary information to comply with
3 any withholding requirements of any governmental unit. Any property so withheld will then be
4 paid by the Plan Proponents to the appropriate authority. If the holder of an Allowed Claim fails
5 to provide the information necessary to comply with any withholding requirements of any
6 governmental unit within 90 days from the date of first notification to the holder of the need for
7 such information or for the Cash necessary to comply with any applicable withholding
8 requirements unclaimed property under this Plan, and shall be discharged and forever barred.

5 **6.5. No Payments of Fractional Dollars.** Notwithstanding any other provision of the
6 Plan to the contrary, no payment of fractional dollars shall be made pursuant to the Plan.
7 Whenever any payment of a fraction of a dollar under the Plan would otherwise be required, the
8 actual Distribution made shall reflect a rounding down of such fraction to the nearest whole
9 dollar.

8 **7. DISPUTED CLAIMS**

9 **7.1. Resolution of Disputed Claims.** From and after the Effective Date, the
10 Reorganized Debtors shall have all rights of the Debtors to file, prosecute, compromise,
11 withdraw, or resolve objections to Claims; provide however that nothing in the Section shall
12 prejudice the right of the Plan Proponents to object to Claims prior to the Effective Date.

13 **7.1.1. CPF Secured Claims.** The Debtors dispute the CPF Secured Claims as
14 set forth in the Adversary Proceeding. Accordingly, the final amount of the CPF Secured Claims
15 are in dispute and will need to be resolved.

16 **7.1. Payment of Disputed Claims.** No payments or other distributions will be made
17 to holders of Disputed Claims unless and until such Claims are Allowed Claims pursuant to a
18 Final Order. If a Claim is not an Allowed Claim as of the Effective Date or when payment is
19 otherwise due under the Plan, payment of such Claim will commence if and when such Claim
20 becomes an Allowed Claim pursuant to a Final Order.

21 **7.2. Disallowance of Late Claims.** Any and all applications for Claims or proofs of
22 Claim filed after the applicable Bar Date shall be deemed disallowed and expunged as of the
23 Effective Date without any further notice, action, order or approval of the Bankruptcy Court, and
24 holders of such Claims may not receive any Distributions on account of such Claims, unless the
25 Bankruptcy Court enters an order deeming any such Claim to be timely filed.

26 **8. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

27 **8.1. Assumption or Rejection of Executory Contracts and Unexpired Leases.**
28 Pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and
unexpired leases that exist between the Debtors and any party that have not been previously
assumed pursuant to an order of the Bankruptcy Court or through the Confirmation Order, shall
be deemed rejected as of the Effective Date. The ASLD Lease will be assumed, to be paid in
accordance with the provisions of Section 4.1 hereof.

8.2. Rejection Claims. All Rejection Claims must be filed with the Bankruptcy Court
and served on the Plan Proponents and other parties in interest no later than thirty (30) days
after the rejection of any executory contract or unexpired lease. Any Rejection Claim for which
a proof of Claim is not timely filed within thirty (30) days of the rejection of an executory
contract or unexpired lease will be forever barred from assertion against the Plan Proponents,
the Estate, and the Assets, and shall be subject to the discharge and permanent injunction set
forth below. Unless otherwise ordered by the Bankruptcy Court, all Rejection Claims that are
timely filed as provided herein shall be subject to review by the Plan Proponents, who shall
each have 60 days

1 from the Effective Date to review and object to any such Rejection Claim. To the extent (a) there
2 is no objection following such 60-day period to any timely filed Rejection Claim or (b) there is a
3 Final Order allowing such timely filed Rejection Claim, such Rejection Claim (or portion thereof
4 allowed by Final Order) shall be an Allowed Rejection Claim and paid by the Plan Proponent.

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9. PRESERVATION OF CAUSES OF ACTION, INJUNCTION, RELEASE, AND RELATED PROVISIONS

9.1. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and that are in existence on the Effective Date, shall remain in full force until the earliest of the time this Bankruptcy Case is closed or dismissed.

9.2. Discharge. Except as otherwise provided herein, and irrespective of any prior orders of the Bankruptcy Court or any other court of competent jurisdiction, effective as of the Confirmation Date: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of all Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, or any of its assets, property or its Estate; (2) the Plan shall bind all Holders of Claims and Equity Interests, regardless of whether any such Holders failed to vote to accept or to reject the Plan or voted to reject the Plan; and (3) all Claims against and Equity Interests in the Debtors, and the Debtors in their capacity as debtors-in-possession, shall be satisfied, discharged and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including, without limitation, any liability of the kind specified under § 502(g) of the Bankruptcy Code; provided, however, that nothing in this Plan shall discharge any liabilities of the Debtor arising after the Confirmation Date or that is not otherwise a Claim within the meaning of § 101(5) of the Bankruptcy Code.

9.3. Preservation of Setoff Rights. On or after the Effective Date, rights of setoff pursuant to Bankruptcy Code § 553 shall be preserved. After the Effective Date, such setoff may be exercised pursuant to agreement of the Reorganized Debtors and the affected Holder of a Claim. Any disputes regarding the right of setoff shall be determined upon motion before the Bankruptcy Court.

9.4. Preservation of Rights of Action. Upon entry of the Confirmation Order (in form and substance reasonably acceptable to the Plan Proponents):

9.4.1. Vesting and Transfers of Causes of Action.

(a) Except as otherwise provided in the Plan or Confirmation Order, in accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtors or the Estate may hold against any Entity shall vest upon the Effective Date in the Reorganized Debtors. Upon the Effective Date, the Reorganized Debtors shall have the exclusive right to institute, prosecute, abandon, settle or compromise any Cause of Action. Causes of Action, and any recoveries therefrom, shall remain the sole property of the Reorganized Debtors. Each Cause of Action is expressly reserved for later adjudication by the Plan Proponents (including, without limitation, Causes of Action not specifically identified or described) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after the entry of the Confirmation Order. In addition, the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are defendants or an interested parties, against any Entity, including,

1 without limitation, the plaintiffs or co-defendants in such lawsuits, is expressly reserved.

2 (b) Any Entity to whom the Debtors have incurred an obligation
3 (whether on account of services, purchase or sale of goods or otherwise), or who
4 has received services from the Debtors or a transfer of money or property of the
5 Debtors, or who has transacted business with the Debtors, should assume that any
6 such obligation, transfer, or transaction may be reviewed by the Reorganized
7 Debtors subsequent to the Effective Date and may be the subject of a Cause of
8 Action after the Effective Date, regardless of whether: (i) such Entity has filed a
9 proof of Claim against the Debtor in the Chapter 11 Case; (ii) an objection to any
10 such Entity's proof of Claim has been filed; (iii) any such Entity's Claim was
11 included in the Schedules; (iv) an objection to any such Entity's scheduled Claim
12 has been filed; or (v) any such Entity's scheduled Claim has been identified as
13 disputed, contingent or unliquidated.

9 **9.5. Release and Injunction.**

10 (a) From and after the Effective Date, all Entities are permanently
11 enjoined from commencing or continuing in any manner against the Plan
12 Proponents, the Estate, or the Assets, as the case may be, any suit, action or other
13 proceeding, on account of or respecting any Claim, demand, liability, obligation,
14 debt, right, Cause of Action, interest or remedy that arose before the Petition
15 Date.

14 (b) From and after the Effective Date, all Entities shall be precluded
15 from asserting against the Plan Proponents, the Estate, or the Assets, any other
16 Claims or Equity Securities based upon any documents, instruments, or any act or
17 omission, transaction or other activity of any kind or nature that occurred prior to
18 the Petition Date.

17 (c) The rights afforded in the Plan and the treatment of all Claims and
18 Equity Securities in the Plan shall be in exchange for and in complete satisfaction
19 of Claims and Equity Securities of any nature whatsoever against the Plan
20 Proponents, the Estate, and the Assets. On the Effective Date, all such Claims
21 against the Plan Proponents shall be satisfied and released in full.

20 (d) On and after the Effective Date, all Entities are permanently
21 enjoined, on account of any Claim or Membership Interest, from:

22 (i) commencing or continuing in any manner any action or
23 other proceeding of any kind against the Plan Proponents, the Plan
24 Sponsor, the Estate, or the Assets;

24 (ii) enforcing, attaching, collecting or recovering by any
25 manner or means any judgment, award, decree or order against the Plan
26 Proponents, the Estate, or the Assets;

26 (iii) creating, perfecting or enforcing any encumbrance of any
27 kind against the Plan Proponents, the Estate, or the Assets;

(iv) commencing or continuing in any manner any action or other proceeding of any kind against the Plan Proponents in respect of any Claim, Membership Interest, or Cause of Action.

10. RETENTION OF JURISDICTION

10.1. Jurisdiction. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Case and all Entities with respect to all matters related to the Chapter 11 Case, the Debtors, and the Plan, as is legally permissible, including, without limitation, jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Security, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Securities;

(b) grant or deny any applications for allowance of compensation or reimbursement of expenses;

(c) resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which the Debtor is party or with respect to which the Debtors may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to any amendment to the Plan after the Effective Date;

(d) ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(e) decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date or instituted by the Plan Proponents after the Effective Date, provided, however, that the Plan Proponents shall reserve the right to commence actions in all appropriate jurisdictions;

(f) enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan;

(g) resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, Sale, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

(h) issue injunctions, enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan;

(i) enforce Article 9.1 and Article 9.2;

(j) enforce the Injunction set forth in Article 9.2;

(k) resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article 9, and enter such

orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

(l) enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

(m) oversee or preside over any sales of all or a portion of the Property, including the CPF Escrow Acreage;

(n) resolve any other matters that may arise in connection with or relate to the Plan, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan; and

(o) enter an order and/or the decree contemplated in Federal Rule of Bankruptcy Procedure 3022 concluding the Chapter 11 Case.

11. MISCELLANEOUS

11.1. Payment of Statutory Fees. All fees payable to the United States Trustee or under section 1930 of title 28 of the United States Code shall be paid by the Plan Proponents as and when due.

11.2. Modification of the Plan. Subject to the limitations contained in the Plan: (1) the Plan Proponents reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy section 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Plan Proponents may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

11.3. Revocation of the Plan. The Plan Proponents reserve the right to revoke or withdraw the Plan prior to the entry of the Confirmation Order, and to file subsequent Chapter 11 plans. If the Plan Proponents revoke or withdraw the Plan or if entry of the Confirmation Order or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any claims by the Plan Proponents; (b) prejudice in any manner the rights of the Plan Proponent; or (c) constitute an admission of any sort by the Plan Proponents.

11.4. Successors and Assigns. The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

11.5. Governing Law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona, without giving effect to the principles of conflict of laws thereof.

11.6. Severability. If, prior to the entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter or interpret such term or provision to make it

1 valid and enforceable to the maximum extent practicable, consistent with the original purpose of
2 the term or provision held to be invalid, void, or unenforceable, and such term or provision shall
3 then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or
4 interpretation, the remainder of the terms and provisions of this Plan will remain in full force and
5 effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or
6 interpretation. The Confirmation Order shall constitute a judicial determination that each term
7 and provision of the Plan, as it may have been altered or interpreted in accordance with the
8 foregoing, is valid and enforceable pursuant to its terms.

9
10 **11.7. Reservation of Rights.** Except as expressly set forth herein, the Plan shall have
11 no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither
12 the filing of the Plan, any statement or provision contained herein, nor the taking of any action
13 by the Plan Proponents or any Entity with respect to the Plan shall be or shall be deemed to be an
14 admission or waiver of any rights of: (1) the Plan Proponents with respect to the Debtors or the
15 holders of Claims or Equity Securities or other parties-in-interest; (2) the Debtor with respect to
16 the holders of Claims or Equity Securities or other parties-in-interest; or (3) any holder of a
17 Claim or other party-in-interest prior to the Effective Date.

18
19 **11.8. Section 1146 Exemption.** Pursuant to section 1146(a) of the Bankruptcy Code,
20 any transfers of property pursuant hereto (including, without limitation, the Sale) shall not be
21 subject to any stamp tax or other similar tax or governmental assessment in the United States,
22 and the Confirmation Order shall direct the appropriate state or local governmental officials or
23 agents to forego the collection of any such tax or governmental assessment and to accept for
24 filing and recordation instruments or other documents pursuant to such transfers of property
25 without the payment of any such tax or governmental assessment.

26
27 **11.9. Section 1125(e) Good Faith Compliance.** Upon Confirmation of this Plan, the
28 Plan Proponents and its representatives shall be deemed to have acted in “good faith” under
section 1125(e) of the Bankruptcy Code.

11.10. Filing of Additional Documents. On or before the Effective Date, the Plan
Proponents may file with the Bankruptcy Court all agreements and other documents that may be
necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

11.11. Notices. Any notice required or permitted to be provided under this Plan shall be
in writing and served by either: (i) certified mail, return receipt requested, postage prepaid; (ii)
hand delivery; or (iii) reputable overnight courier service, freight prepaid, to be addressed as
follows:

Epicenter Partners, LLC
Gray Meyer Fannin, LLC
c/o Bruce Gray
5515 E. Deer Valley Dr.
Phoenix, Arizona 85054

With a Copy to:

MESCH CLARK ROTHSCHILD
Michael McGrath, Esq.
Isaac D. Rothschild, Esq.
259 North Meyer Ave.
Tucson, Arizona 85701

1 STINSON LEONARD STREET, LLP
2 Thomas J. Salerno, Esq.
3 1850 North Central Avenue, Suite 2100
4 Phoenix, Arizona 85004

5 **11.12. No Stay of Confirmation Order.** The Confirmation Order shall contain a waiver
6 of any stay of enforcement otherwise applicable, including pursuant to Federal Rules of
7 Bankruptcy Procedure 3020(e) and 7062.

8 DATED this 29th day of December, 2016.

9 EPICENTER PARTNERS, LLC an Arizona limited
10 liability company,

11 By: /s/ Bruce Gray
12 Bruce Gray, Manager

13 GRAY MEYER FANNIN, LLC an Arizona limited
14 liability company,

15 By: /s/ Bruce Gray
16 Bruce Gray, Manager

17 **Prepared and Submitted:**

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EXHIBIT C
(Debtors' Disclosure Statement in Support of Chapter 11 Plan of Reorganization for Sonoran Desert Land Investors LLC, East of Epicenter LLC, and Gray Phoenix Desert Ridge II LLC as of February 7, 2017 [Dkt. 362])

5912584v2/27539-0001
03/27/17

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12 Isaac D. Rothschild, #25726

13 31125-1/mbt

14 Attorneys for Debtors

15 IN THE UNITED STATES BANKRUPTCY COURT

16 FOR THE DISTRICT OF ARIZONA

17 In re

Chapter 11

18 EPICENTER PARTNERS L.L.C.

(EIN 20-1285677),

Case No. 2:16-bk-05493-MCW

19 GRAY MEYER FANNIN L.L.C.

(EIN 86-1042085),

(Jointly Administered with:

Case No. 2:16-bk-05494-MCW

20 SONORAN DESERT LAND INVESTORS

LLC (EIN 86-1042090),

Case No. 2:16-bk-07659-MCW

Case No. 2:16-bk-07660-MCW

21 EAST OF EPICENTER LLC (EIN 20-4226710),

Case No. 2:16-bk-07661-MCW)

22 GRAY PHOENIX DESERT RIDGE II, LLC

(EIN 46-3117542),

**DEBTORS' DISCLOSURE
STATEMENT IN SUPPORT OF
CHAPTER 11 PLAN OF
REORGANIZATION FOR SONORAN
DESERT LAND INVESTORS LLC,
EAST OF EPICENTER LLC, AND
GRAY PHOENIX DESERT
RIDGE II LLC AS OF
FEBRUARY 7, 2017**

23 Debtors.

24 Address: 5515 E. Deer Valley Dr., Phoenix, AZ 85054

25 This Filing Applies to:

26 All Debtors

Specified Debtor(s)

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1 **I. DEBTORS' INTRODUCTION AND REPRESENTATIONS**

2 **A. Introduction**

3 Sonoran Desert Land Investors LLC (“Sonoran”), East of Epicenter LLC (“EOE”),
4 and Gray Phoenix Desert Ridge II LLC (“GPDRII”) (collectively, the “Debtors”), propose
5 this Disclosure Statement in Support of the accompanying Chapter 11 Plan of
6 Reorganization for Sonoran Desert Land Investors LLC, East Of Epicenter LLC, and Gray
7 Phoenix Desert Ridge II LLC as of October 4, 2016 [DE 169] (the “Disclosure Statement”).
8 The Debtors are disseminating this Disclosure Statement to their creditors for the purpose of
9 soliciting acceptance of the Plan.

10 The Debtors believe this Disclosure Statement contains information that is material,
11 important, and necessary for creditors to arrive at an informed decision in exercising their
12 right to vote for acceptance of the Plan. This Disclosure Statement is being disseminated in
13 conjunction with the *Chapter 11 Plan of Reorganization for Sonoran Desert Land Investors*
14 *LLC, East Of Epicenter LLC, and Gray Phoenix Desert Ridge II LLC as of October 4, 2016*
15 [DE 169] (the “Plan”) proposed by the Debtors.

16 The United States Bankruptcy Court for the District of Arizona (“the Bankruptcy
17 Court” or the “Court”) has set a hearing on confirmation of the Plan in the U.S. Bankruptcy
18 Court, Courtroom 702, Seventh Floor, 230 North First Avenue, Phoenix, Arizona. The time
19 and date of the hearing is set forth in the Order accompanying this Disclosure Statement.
20 Creditors may vote on the Plan by filling out and mailing the accompanying ballot in
21 accordance with the procedure provided on the ballot and the *Order Approving Disclosure*
22 *Statement and Fixing Time for Filing Acceptance or Rejection of Plan, Combined with*
23 *Notice Thereof*, so that counsel receives it by the deadline set forth in the Court’s Order. As
24 a creditor, your vote is important. For a class of creditors’ claims to accept the Plan,
25 acceptances must be filed by at least 2/3 in amount, and more than 1/2 in number of the
26

1 allowed claims of each class that actually vote on the Plan. Failure to vote on the Plan does
2 not constitute either an acceptance or rejection of the Plan.

3 The Debtors believe this Disclosure Statement provides sufficient and adequate
4 information for interested parties to make an informed decision as to whether to vote in
5 favor or reject the Plan.

6 **B. Ballot Procedures**

7 Creditors will receive an electronic or paper copy of this Disclosure Statement, the
8 Plan, an Order setting the hearing on confirmation of the Plan, and a Ballot. The Debtors
9 reserve the right to (i) designate the correct Class if any creditor submits a Ballot that fails to
10 either identify a Class number or votes a Ballot in an incorrect Class and (ii) designate the
11 treatment options afforded any creditor who submits a Ballot and fails to designate any
12 treatment option afforded that Class, but only if reasonable attempts to contact the creditor
13 to discern its intent have failed.

14 **C. Representations**

15 NO REPRESENTATIONS CONCERNING THESE DEBTORS OR THE PLAN
16 ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE
17 STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS TO OBTAIN YOUR
18 ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED HEREIN SHOULD
19 NOT BE RELIED UPON. THE INFORMATION CONTAINED HEREIN HAS NOT
20 BEEN AUDITED. THE DEBTORS ARE UNABLE TO REPRESENT THAT THE
21 INFORMATION HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH THE
22 INFORMATION DISCLOSED IS ACCURATE TO THE BEST OF THE DEBTORS'
23 KNOWLEDGE, INFORMATION, AND BELIEF.

24 THE BANKRUPTCY COURT HAS NOT VERIFIED THE ACCURACY OF THE
25 INFORMATION CONTAINED HEREIN, AND THE COURT'S APPROVAL OF THIS
26

1 DISCLOSURE STATEMENT DOES NOT IMPLY THAT THE COURT ENDORSES OR
2 APPROVES THE PLAN, BUT ONLY THAT IF THE INFORMATION IS ACCURATE,
3 IT IS SUFFICIENT TO PROVIDE AN ADEQUATE BASIS FOR CREDITORS TO
4 MAKE AN INFORMED DECISION WHETHER TO ACCEPT OR REJECT THE PLAN.

5 This Disclosure Statement was prepared by the Debtors, their employees, and their
6 professionals. Please be advised that the statements made in this Disclosure Statement
7 represent the position of the Debtors and not their creditors.

8 **D. Defined Terms**

9 Most words or phrases in this Disclosure Statement have their usual and customary
10 meanings. Certain capitalized terms have the same meaning as defined herein, or as defined
11 in the Plan. If not otherwise defined, certain terms in this Disclosure Statement have the
12 same meaning as provided in the Bankruptcy Code or Federal Rules of Bankruptcy
13 Procedure.

14 **E. Source of Information for the Disclosure Statement**

15 This Disclosure Statement was prepared with information provided by
16 representatives of the Debtors and the Debtors' court appointed bankruptcy attorneys.

17 **II. HISTORICAL PERSPECTIVE**

18 **A. General Information About Debtors' Business and Events Leading to 19 Chapter 11 Case.**

20 **1. Formation of the Debtors and Their Management**

21 Sonoran was formed in 2003 for the purpose of real estate acquisition and ownership.
22 EOE was formed in 2006 to acquire the Parcel 2H property from an ASLD public auction,
23 and to hold and manage such property for investment. GPDR II was formed in 2012 for the
24 purpose of real estate acquisition and ownership. Sonoran and GPDR II are owned by
25
26

1 Gray/Western Development Company and it is managed by Bruce Gray. EOE is owned and
2 managed by GDG Enterprises LLC.

3 **2. The Debtors' Acquisition of the Estate Property**

4 On January 19, 2006, Arizona State Land Department awarded Sonoran Desert Land
5 Investors L.L.C. with the Certificate of Purchase of Parcel 2H. In February 2016, Sonoran
6 Desert Land Investors sold their rights to East of Epicenter L.L.C.

7 In July 2013, Sonoran purchased the Blue Sky property from Blue Sky Scottsdale,
8 LLC.

9 Pursuant to the terms of the Master Lease, the Master Developer, Gray Meyer Fannin
10 LLC and East of Epicenter LLC agreed to assign a portion of the parcel lease (20 acres) to
11 the Debtor. On November 1, 2012, Gray Phoenix Desert Ridge II, LLC entered into a lease
12 agreement with The State of Arizona, through the State Land Commissioner, for the rights
13 to develop the twenty (20) acres of land. The Arizona State Land Department memorialized
14 this transaction with a commercial lease, known as an Assignment Lease, Lease No. 03-
15 116780-99. The terms of assignment lease are identical to the Master Lease per the terms of
16 the Master Lease.

17 **3. The Master Development Plan**

18 The EOE and GPDR II properties are part of The Master Development Plan, also
19 known as the Desert Ridge Specific Plan. The City of Phoenix adopted this plan on June 6,
20 1990 and it was adopted by the Arizona State Land Department on November 29, 1990. In
21 summary, The Master Development Plan provides the zoning, land uses, density and
22 infrastructure, along with other pertinent entitlement information. The underlying property
23 must follow the guidelines for any development to occur on its property.

24 The GPDR II property is within Parcel 5A, which is the Desert Ridge Commercial
25 Core. The debtor has received interest for portions of the site.

26

1 On approximate thirteen (13) acres of land, East of Epicenter obtained City approval
2 in 2007 for 431-unit, multi-family residential development. Due to the market and the
3 lending industry conditions, further development ceased. Since then, the debtor has
4 received interest for portions of the site, but no substantive offers.

5 In April 2011, the City of Scottsdale approved increasing the entitlements on the
6 Blue Sky property site, maximum dwelling units to 749 units, height to 133 feet 4 inches, its
7 density, parking, and other appurtenant entitlements to allow the Blue Sky development.
8 The debtor has received interest for portions of the site.

9 **4. Events Leading to the Chapter 11 Case**

10 The Debtors were unable to make payments claimed due by secured lenders, leading
11 to default being declared by the lenders. Faced with the potential foreclosure of their
12 Property, the Debtors filed this Chapter 11 Case.

13 **III. OPERATIONS DURING CHAPTER 11 CASE**

14 The Debtors are owners of certain real property. Sonoran moved to sell
15 approximately 120,000 square feet of land for \$26,500,000. This deal did not close. The
16 Debtors have continued to market the property and determine a plan of Reorganization.

17 Sonoran Desert Land Investors, LLC abandoned a Right of First Refusal on certain
18 property located at 4450 North Saddlebag, Scottsdale Arizona 85251 pursuant to a Motion
19 made by the owner of the property, Canine Preferred, LLC.

21 **IV. ASSET DESCRIPTION AND VALUE**

22 Sonoran owns in fee simple approximately 3.74 acres of real property located on the
23 corner of Camelback Road and Scottsdale Road in Scottsdale, Arizona (“Blue Sky
24 Property”) the Debtor values the property at \$54,000,000.00, and CPF values the property at
25 \$22,470,000.00.
26

1 EOE owns in fee simple approximately 5.92 acres of real property located near the
2 northeast corner of 56th Street and Loop 101 in Phoenix, Arizona (“EOE Property”) the
3 Debtor values the property at \$11,100,000.00, and CPF values the property at
4 \$4,970,000.00. EOE also owns the right to purchase a certain 26.18 acres owned by the
5 Arizona State Land Department.

6 GPDR II has a leasehold interest in 20 acres located near the northwest corner of 56th
7 Street and Loop 101 in Phoenix, Arizona (“GPD Property”). This property interest is subject
8 to a valuation hearing beginning February 8, 2017. The Debtors have valued this property at
9 not less than \$27,300,000.00, and CPF values the property at \$22,470,000.00.

10
11 **V. SCHEDULED CLAIMS**

12 The Debtors’ schedules describe in detail the creditors holding secured, priority, and
13 unsecured claims. Most of the scheduled vendor claims are not disputed or unliquidated.

14 The Debtors intend to request that a claim bar date be set and will notice out such a
15 bar date to all creditors with the approval of this Disclosure Statement.

16 As of the Petition Date, the Debtors did not owe any employees for wages outside of
17 the ordinary course of business.

18 Sonoran property is subject to a secured claim by CPF Vaseo Associates, LLC in the
19 approximate amount of \$33,227,164.00. Sonoran also owes real property taxes to the
20 Maricopa County Treasurer in the approximate amount of \$56,542.49.

21 EOE property is subject to a secured claim by CPF Vaseo Associates, LLC in
22 the approximate amount of \$4,706,434.00. EOE also owes real property taxes to the
23 Maricopa County Treasurer.

24 The GPDR II’s leasehold is subject to a secured claim by the Arizona State
25 Land Department in the approximate amount of \$691,590.00. GPDR II’s leasehold is
26

1 also subject to a secured claim by CPF Vaseo Associates, LLC.

2 Additionally, the Debtors owe general unsecured claims to trade creditors, pre-
3 petition professionals and professional services, and inter-company loans.

4 **VI. EVENTS SINCE THE FILING OF CHAPTER 11**

5 **A. Case Administration**

6 The Debtor filed their voluntary petitions for relief under Chapter 11 of the
7 Bankruptcy Code on November 22, 2016. The Debtors filed their required schedules and
8 statement of financial affairs on July 27, 2016 [Sonoran DE 33, EOE DE 15, GPDR II
9 DE 17]. Sonoran filed schedule amendments on August 31 and December 7, 2016 [Sonoran
10 DE 37, 38, and 48].

11 The Debtors compiled extensive information for and attended initial interviews with
12 the Office of the U.S. Trustee. The Debtors then appeared at first meetings of creditors.
13 The Debtors are filing the monthly operating reports as required by the U.S. Trustee. The
14 Debtors must pay quarterly fees to the U.S. Trustee based on those reports.

15 The Debtors moved to sell the Sonoran property located at Scottsdale Road and
16 Camelback Road, but that sale failed to close. CPF filed a Stay Relief Motion on November
17 23, 2016 and the Debtors responded on December 7, 2016.

18 Debtors filed first day motions seeking authority: (a) to use existing bank accounts;
19 (b) to employ Stinson Leonard and Street as their counsel (“Employment Motion”); and (c)
20 to jointly administer administration. The Court entered orders granting these three motions.

21 **VII. DEBTORS’ CURRENT MANAGEMENT AND OPERATIONS**

22 The Debtors are currently managed by Bruce Gray. The Debtors anticipate that
23 Bruce Gray will manage the Debtors in the future. A Curriculum Vitae for Bruce Gray is
24 attached as Exhibit A.

25
26

1 **VIII. EXISTENCE/NON-EXISTENCE OF AVOIDABLE TRANSFERS**

2 Bankruptcy law provides that certain preferential payments or payments made
3 without fair consideration can be recovered from the payee by the Estates. The Debtors have
4 listed certain payments made in the look-back period in their Statement of Financial Affairs
5 at SOFA 3(b) and 3(c). The Schedules include a list of creditors paid, the dates of payment,
6 and the amounts paid. The Debtors have done a preliminary review of payments made in the
7 90 days before bankruptcy and currently do not believe any preferential actions exist.

8 The Debtors also retain their right to avoid (a) payments or distributions to any other
9 recipients made within the preference period and (b) any liens that a creditor may have
10 attempted to perfect in the ninety days before the bankruptcy.

11 **IX. SUMMARY OF THE PLAN OF REORGANIZATION**

12 The goal of the proposed Plan is to continue the operation of the Debtors' business,
13 allow the Debtors to realize a fair market value for its property interest, re-pay all pre-
14 petition unsecured creditors, and to conduct business with trade vendors.

15 All claims and interests are placed into classes as set forth below. A claim or interest
16 is placed in a particular class, only to the extent that the claim or interest falls within the
17 description of that class, and is classified in all other classes to the extent that any portion of
18 the claim or interest falls within the description of such other class.

19 A claim or interest is placed in a particular class for all purposes, including voting on
20 the Plan, confirmation and receiving distributions pursuant to the Plan, only to the extent
21 that such claim or interest is an Allowed Claim in that class, and such claim has not been
22 paid, released, or otherwise settled prior to the Effective Date.

23 Monetary funding of the Plan will come from exit financing and the post-petition
24 operations of the Debtors. Allowed claims of the Debtors will be paid from these sources;
25 the Plan pays all creditors from these sources of funds. The reorganized Debtors will
26 continue to manage the properties post-confirmation.

1 Although the following is not a substitute for a careful reading of the Plan, it is a
2 general discussion of the treatment of allowed claims and interests under the Plan. Through
3 the Plan, the Debtors intend to modify the payment terms of secured and unsecured creditors
4 to allow for payment of all allowed prepetition claims in full with interest over a period of
5 years.

6 **Treatment of Administrative Claims.** On or before the Administrative Claim Bar
7 Date, each Holder of an Administrative Claim shall file with the Bankruptcy Court a request
8 for payment of an Administrative Claim. Any Administrative Claim that is not filed on or
9 before the Administrative Claim Bar Date will be forever barred from assertion against the
10 Debtors, the Estate, and the Assets. Unless otherwise agreed to by the Holders of the
11 Administrative Claims and Debtors, the Debtors shall pay each holder of an Allowed
12 Administrative Claim the full unpaid amount of such Claim in Cash on the later of the
13 Effective Date or when such Claim is Allowed by a final order.

14 **Treatment of Professional Fees.** No payments of Professional Fees may be made
15 without prior order of the Bankruptcy Court. On or before the Administrative Claim Bar
16 Date, each Professional shall file an application for the final allowance of compensation and
17 reimbursement of expenses that each such Professional has already received. Such claims
18 will be paid upon entry of a final Order allowing such claims.

19 **Treatment of U.S. Trustee Fees.** U.S. Trustee fees shall be allowed in accordance
20 with 28 U.S.C. § 1930. The Plan Proponents shall pay to the U.S. Trustee all fees due and
21 owing under 28 U.S.C. § 1930 in Cash on the Effective Date or as soon as practicable
22 thereafter.

23 **Class 1 – ASLD Lease Claim.** The ASLD Lease Claim in the approximate amount
24 of \$2,831,289.44 shall be an Allowed Claim and shall be treated as follows:

25 *The Holder of the ASLD Lease Claim will be paid on July 7, 2017 through a capital
26 contribution, sale, or joint venture.*

Class 1 is Impaired under this Plan and may vote.

27 **Class 2 – CPF Blue Sky Secured Claim.** CPF asserts a Blue Sky Secured Claim in
28 the amount of \$33,227,164.00. To the extent this claim is determined to be an Allowed
29 Secured Claim, it shall be treated as hereinafter follows. The Bankruptcy Court will make a

1 Valuation Determination of the 20 Acre Parcel and the 2H Parcel prior to, or in conjunction
2 with, the Confirmation Hearing. Thereafter:

3 *The CPF Blue Sky Secured Claim shall be treated as follows:*

4 *CPF shall retain its lien rights on the Property. The Debtors reserve the right*
5 *to contest the calculation and collectability of any late fees, charges, and*
6 *similar amounts associated with the CPF Blue Sky Secured Claim. For the*
7 *avoidance of doubt, no post-petition penalties shall be included in the Allowed*
8 *CPF Blue Sky Secured Claim.*

9 *On the Effective Date, the Debtors shall make an "Initial Cash Payment"*
10 *arising from a sale, borrowing, or joint venturer, or alternatively, transfer*
11 *Marketable Title to Real Estate of the Debtors so long as the parties agree or*
12 *the Court determines the value of the Property selected by the Debtors which*
13 *would be credited against the CPF claim upon transfer.*

14 *After the Initial Cash Payment or Transfer, the Debtors will provide CPF*
15 *sufficient collateral to secure future cash payments or real estate transfers.*
16 *The Collateral may be in the nature of first position deeds of trust on Estates'*
17 *property, or on Property acquired by the Estates. The Debtors may*
18 *alternatively or additionally provide perfected security interests in reserve*
19 *accounts for the benefit of CPF.*

20 *On the first anniversary of the Effective Date, CPF will begin to receive*
21 *annual interest only payments on the balance of its allowed claim on the first*
22 *day of the month following the Effective Date, and on the first day of*
23 *succeeding months. Interest shall be calculated at 5.75% simple interest per*
24 *annum, or at such rate that the Court determines is necessary to provide CPF*
25 *a present value equal to the balance of its claim on the Effective Date.*

26 *When portions of CPF's collateral are sold, in exchange for a release of its*
27 *lien on the property to be transferred, CPF will receive payment of a "Release*
28 *Price" necessary to provide adequate protection, in an amount as the parties*
29 *may agree or as the Court shall set. Any balance of the claim will be paid on*
30 *the 10th Anniversary of the Effective Date.*

Class 2 is Impaired under this Plan and may vote.

1 **Class 3 – CPF 2H Parcel Secured Claim.** CPF asserts a 2H Parcel Secured Claim in
2 the amount of \$4,706,434.00. To the extent this claim is determined to be an Allowed
3 Secured Claim it shall be treated as follows:

4 *The CPF 2H Parcel Secured Claim shall be treated as follows:*

5 *CPF shall retain all its lien rights related to the CPF 2H Parcel Secured*
6 *Claim pending the transfer contemplated in the Plan. The Debtors reserve the*
7 *right to contest the calculation and collectability of late fees, charges, and*
8 *similar amounts associated with the CPF 2H Parcel Secured Claim.*

9 *On the Effective Date, the Debtors shall make an “Initial Cash Payment”*
10 *arising from a sale, borrowing, or joint venturer, or alternatively, transfer*
11 *Marketable Title to Real Estate of the Debtors so long as the parties agree or*
12 *the Court determines the value of the Property selected by the Debtors which*
13 *would be credited against the CPF claim upon transfer.*

14 *After the Initial Cash Payment or Transfer, the Debtors will provide CPF*
15 *sufficient collateral to secure future cash payments or real estate transfers.*
16 *The Collateral may be in the nature of first position deeds of trust on Estates’*
17 *property, or on Property acquired by the Estates. The Debtors may*
18 *alternatively or additionally provide perfected security interests in reserve*
19 *accounts for the benefit of CPF.*

20 *On the first anniversary of the Effective Date, CPF will begin to receive*
21 *annual interest only payments on the balance of its allowed claim on the first*
22 *day of the month following the Effective Date, and on the first day of*
23 *succeeding months. Interest shall be calculated at 5.75% simple interest per*
24 *annum, or at such rate that the Court determines is necessary to provide CPF*
25 *a present value equal to the balance of its claims or interests on the Effective*
26 *Date.*

When portions of CPF’s collateral are sold, in exchange for a release of its
lien on the property to be transferred, CPF will receive payment of a “Release
Price” necessary to provide adequate protection, in an amount as the parties
may agree, or as the Court shall set. Any balance of the claim will be paid on
the 10th Anniversary of the Effective Date.

Class 3 is Impaired under this Plan and may vote.

Class 4 – Secured Tax Claims. Class 4 Claims consist of the secured claims of
Maricopa County .

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The Secured Tax Claims will be treated as follows:

Class 4 Claims shall retain their liens on the real property of the Debtors.

The Secured Tax Claims will be paid: (a) with respect to the sale of any property, from the proceeds generated from the closing of the sale associated with the lien; or (b) in equal annual installments beginning on the effective date over a period not longer than five years from the petition date with interest at the statutory rate.

Class 4 is Impaired under this Plan and may vote.

Class 5 – Unsecured Claims. The Class 5 Claims will be divided into two (2) subclasses, with each sub-class being entitled to vote.

Class 5A – General Unsecured Claims.

Class 5A Claims will be Treated as Follows

The Class 5A creditors will receive one-hundred percent (100%) of their Allowed Claims over three (3) years, paid quarterly with interest accrued on unpaid amounts at the rate of 4% per annum, simple interest. The source of payment of the Class 5A Claims will be the post-confirmation sale or disposition of the Reorganized Debtors' Acreage.

Class 5A is Impaired under this Plan and may vote.

Class 5B – Related Party Unsecured Claims.

The Class 5B Related Party Unsecured Claims will receive payment of their Allowed Class 5B Claims only after all Class 5A Claims are paid in full. The source of payment will be post-confirmation sale or disposition of the Reorganized Debtors Acreage.

Class 5B is Impaired under this Plan and may vote.

Class 6 – Equity Interests. The holders of the Equity Interests in Class 6 shall be treated as follows:

*Equity Claims shall be treated as follows:
The existed Equity Interests shall be retained by the current Holders.*

1 **Class 6 is unimpaired under this Plan and may not vote.**

2 **X. MEANS FOR IMPLEMENTATION OF PLAN**

3
4 **Substantive Consolidation.** The Plan constitutes a motion for substantive
5 consolidation of the liabilities and assets of the Debtors except for secured claims against
6 specific assets. Confirmation of this Plan will constitute the Bankruptcy Court's granting of
7 that motion for substantive consolidation. Substantive consolidation of the liabilities and
8 assets of the Debtors on the Effective Date: (a) consolidates the property of each estate for
9 purposes of Plan voting and Distributions to Holders of Allowed Claims under the Plan; and
10 (b) converts all Claims against each Debtor into Claims against the consolidated Estate such
11 that any proof of claim filed against one or more Debtors is deemed to be a single claim
12 filed against the than one Debtor are deemed Expunged; and (c) notwithstanding any of the
13 foregoing, substantive consolidation does not expand any lien rights against specific
14 collateral held by holders of secured claims.

15 **Funding On and After the Effective Date.** All payments under the Plan which are
16 due on and after the Effective Date will be funded by: (1) the Plan Contribution to be
17 contributed by the Plan Sponsor, (2) the proceeds of the sale of any property, and/or (3) the
18 post-confirmation sale or disposition of the Reorganized Debtors Acreage.

19 **Plan Contribution.** The Plan Contribution may be in the form of financing, which
20 will be secured by a lien on the Reorganized Debtors Acreage.

21 **Plan Contribution Waterfall Payments.** The funds from the Plan Contribution will
22 be used in the following order: (1) to pay all allowed Administrative Claims; (2) to pay the
23 Secured Tax Claims; (3) to pay the ASLD Lease Claim, when due; and (4) to make
24 payments to the Class 5 claimants as provided in the Plan.

25 **Revesting Of Estate Assets.** Upon the Effective Date, all Assets of the Debtors will
26 revert in the Reorganized Debtors, free and clear of all liens, claims and encumbrances other
than as expressly provided for in the Plan. The Reorganized Debtors shall continue to run
the Debtors' business in the ordinary course after the Effective Date. After the Effective
Date, the Reorganized Debtors shall be further responsible for (a) making all payments
contemplated under the Plan, (b) making all reporting and other filings as required by the
United States Trustee, and (c) closing the Chapter 11 Case.

United States Trustee Fees. Quarterly fees due to the United States Trustee pursuant
to 11 U.S.C. 1930(a)(6) will be paid when due by the Plan Proponents.

Limitation of Liability of the Plan Proponents. No action or claim may be asserted

1 *against the Plan Proponents for any matter relating to or arising out of this Chapter 11*
2 *Case, the confirmation of the Plan, the consummation of the Plan, or the administration*
3 *of the Plan or the property to be administered or distributed under the Plan, in any court*
4 *without first obtaining approval of the Bankruptcy Court, and, in such event, any such*
5 *action must be prosecuted before the Bankruptcy Court, which shall retain jurisdiction to*
6 *adjudicate any such actions. The Plan Proponents are acting solely as fiduciaries on*
7 *behalf of the Estate in implementing this Plan. Neither the Plan Proponents, nor any of*
8 *their employees, shall have any personal liability for serving in the fiduciary capacity of*
9 *Plan Proponents, except for willful misconduct or gross negligence.*

7 **XI. TAX CONSEQUENCES**

8 The Debtors have not obtained a tax opinion and does not express any opinion as to
9 the tax consequences to the creditors or equity security holders. Interested parties are
10 encouraged to obtain their own professional counsel to determine the tax consequences of
11 the Plan.

12 BECAUSE THE DEBTORS EXPRESS NO TAX ADVICE, IN NO EVENT WILL
13 THE DEBTORS OR THEIR PROFESSIONAL ADVISORS BE LIABLE FOR ANY TAX
14 CONSEQUENCES OF THE PLAN. CREDITORS MUST LOOK SOLELY TO AND
15 RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES
16 OF THE PLAN.

17 **XII. LIQUIDATION ANALYSIS**

18 Pursuant to 11 U.S.C. §1129(a)(7), the Plan must provide that creditors who do not
19 accept the Plan will receive at least as much as they would receive in a liquidation of the
20 Debtors under Chapter 7 of the Bankruptcy Code. The Debtors believe that the Plan
21 satisfies this “best interest of creditors” test.

22 Distributions to creditors under the Plan will exceed the recoveries they would
23 receive in a Chapter 7 liquidation. If the cases were converted to Chapter 7 liquidations,
24 claims will significantly increase. As a result, insufficient proceeds would be realized in
25 Chapter 7 liquidations to pay priority claims in full, and unsecured creditors would receive
26 little to no distribution. The Plan proposes a repayment to all creditors greater than the

1 amount of liquidation.

2 The analysis attached as Exhibit B summarizes the value of the Debtor's assets and
3 the treatment of the Debtor's creditors in a Chapter 7 liquidation as compared to their
4 treatment under the Plan.¹

5 Based on Exhibit B's liquidation analysis, the Debtors believe that the Plan will
6 provide a greater return to creditors than they would receive in a liquidation under Chapter 7
7 or Chapter 11. Accordingly, the Debtors can satisfy the "best interests of creditors" test for
8 confirmation of the Plan.

9 **XIII. RISK ANALYSIS**

10 Inherent in the Chapter 11 Plan are standard business risks. In addition to the risks
11 faced by most businesses, the business conducted by the Debtors is impacted by many other
12 contingencies, including the following factors: the lack of available credit in today's
13 economy both locally and nationally; commodity prices which incorporates local, national,
14 and international factors; the rising cost of living; inflation; changes in economic growth in
15 Arizona; changes to the projected growth in Arizona's population; and competition from
16 other competitors. Despite these risks, the Debtors' Plan is feasible and economically
17 sound. The Plan will pay creditors with more than they would receive if the Debtors' Plan
18 was not confirmed, and these bankruptcy estates were liquidated instead.

19 **XIV. CONFIRMATION IN SPITE OF REJECTION OF PLAN**

20 The Court will be asked to confirm the Plan as to any class of claims or interest that
21 does not accept the Plan. To do so, the Court must find that the Plan is (1) fair and equitable
22

23 ¹ The value of the Debtor's assets in a hypothetical liquidation were formulated by Bruce
24 Gray in consultation with the Debtor's professionals based on their many years of
25 experience in completing sales of such assets as part of their business, their historical
26 purchase of assets from vendors, their many years' knowledge of the real estate industry,
and their opinions formulated from discussions with industry professionals they work with
in the ordinary course of business.

1 to each class of claims or interests that is impaired and has not accepted the Plan, and that
2 classification of claims is not discriminatory; and (2) that each claim or interest holder
3 receives, under the Plan, property of a value as of the Effective Date, that is not less than
4 what would be received or retained if the property was liquidated under Chapter 7 of the
5 Code.

6 The second requirement is satisfied as demonstrated by the Liquidation Analysis set
7 forth above. The first requirement is satisfied with respect to any class that might not accept
8 the Plan, because the classification has not been designed in a discriminatory manner.

9 If a class of secured claims does not accept the Plan, the Code provides that the fair
10 and equitable requirement is satisfied if the class retains its lien and receives deferred cash
11 payments of a present value equal to the value of the claimant's secured interest in the
12 collateral. This requirement may be satisfied as to each class treated as a secured claim,
13 because the Plan provides for them to receive the value of their interest in their collateral
14 together with an interest at a current rate.

15 If a class of unsecured claims does not accept the Plan, the fair and equitable rule
16 requires that each claimant be paid the allowed amount of the claim plus interest at a market
17 rate; otherwise, no junior class of creditors can receive or retain any property under the Plan.
18 The Plan proposes payment to all classes of creditors over time. The Debtors are is going to
19 bring funds in from outside of the estate to satisfy Effective Date payments as new value. As
20 a result, the Plan complies with the absolute priority rule and permits current equity to retain
21 its ownership of the Debtors.

22 **XV. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

23 The Debtors are parties to certain executory contracts related to the operation of their
24 business. Allowed prepetition unsecured claims arising from the rejection of leases shall be
25 treated as Class 5A creditors and will be paid pursuant to the terms of the Plan.

26 The Debtors have assumed or will assume many other necessary executory contracts

1 prior to confirmation of the Plan. If an executory contract is assumed, there will not be any
2 alteration of its existing terms without the express agreement of the parties. Other executory
3 contracts have been or will be rejected by the Debtors prior to confirmation.

4 If the Debtors assume an executory contract, any amounts owed to third parties for
5 “cure” will be paid in accordance with the agreement of the parties or pursuant to an order
6 of the Court. Landlords whose leases are assumed and who are owed allowed cure amounts
7 will be paid in accordance with the terms of the Lease Assumption Agreement, as approved
8 by Court Order, or in the alternative, in full in cash in the sixth (6th) month after the
9 Effective Date with interest accruing on the allowed “cure” amount post-confirmation at the
10 rate of five percent (5%) per annum. To the extent a party to an executory contract holds a
11 deposit, setoff right, or other collateral, such rights will be retained until all cure payments
12 and accrued interest have been paid.

13 If the Debtors rejected an executory contract, the unsecured claim arising from the
14 rejection will be paid in accordance with the provisions for payment of rejected lease claims
15 pursuant to the terms of the Plan. With regard to any executory contracts or unexpired lease
16 not addressed, the Court will retain jurisdiction and the Debtors will retain the ability to
17 assume or reject upon realization of the existence of the contract or lease.

18 **XVI. LIQUIDATION OF CLAIMS**

19 The Debtors will be responsible for pursuing objections to claims asserted against the
20 estate. The Debtors will have authority to settle any claim disputes and agree on the
21 appropriate amounts of such claims. The Debtor will seek Court approval for resolution of
22 claim disputes.

23 To date, the Debtors have not objected to any of the filed claims. All rights to object
24 to any and all scheduled (if scheduled as disputed, contingent or unliquidated) and/or filed
25 claims are reserved by the Debtors. The Debtors must file with the Court any and all claim
26 objections within 180 days after the Effective Date. The Debtors listed several unsecured

1 creditors in its schedules that were not disputed. To the extent such creditors did not file
2 claims, or filed claims in amounts equal to or less than those scheduled by the Debtors, they
3 will be deemed Allowed if not objected to within 180 days after the Effective Date, in the
4 lesser amount of the filed or scheduled claims.

5 Payments and distributions to each holder of a Disputed Claim that becomes an
6 Allowed Claim will be made in accordance with the provisions of the Class in the Plan to
7 which such Allowed Claim belongs. The Debtors will withhold from the funds to be
8 distributed under the Plan the amount attributable to any Claim that is a Disputed Claim.
9 The Debtors will withhold the amount of cash in an aggregate amount sufficient to pay each
10 holder of a Disputed Claim: (i) the amount of cash such holder would have been entitled to
11 receive under the Plan if such Claim had been an Allowed Claim on the Distribution Date in
12 the “face amount” of such Disputed Claim as defined in the Plan; or (ii) such other amount
13 as the Court may estimate is appropriate. In the case of any Disputed Claim that is filed in
14 an unliquidated or undetermined amount, the Court, upon motion by the Debtor or the
15 holder of such Disputed Claim, shall determine an amount sufficient to withhold with
16 respect to such Disputed Claim and may estimate the likely maximum amount of the Claim
17 in order to make such determination. Any Creditor whose Claim is estimated by Court order
18 will not have recourse against the reorganized estate, any Distributions made on account of
19 Allowed Claims, or any other Entity or property if the finally Allowed Claim of such
20 creditor exceeds the estimated amount. Instead, such creditor will have recourse only against
21 the funds withheld for that Claim as calculated above.

22 **XVII. RETENTION OF JURISDICTION**

23 Notwithstanding the entry of the Confirmation Order and the occurrence of the
24 Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Case
25 and all Entities with respect to all matters related to the Chapter 11 Case, the Debtors, and
26 the Plan, as is legally permissible, including, without limitation, jurisdiction to:

1 (a) allow, disallow, determine, liquidate, classify, estimate or establish the
2 priority or secured or unsecured status of any Claim or Equity Security, including the
3 resolution of any request for payment of any Administrative Claim and the resolution
4 of any and all objections to the allowance or priority of Claims or Equity Securities;

5 (b) grant or deny any applications for allowance of compensation or
6 reimbursement of expenses;

7 (c) resolve any matters related to the assumption, assignment or rejection of
8 any executory contract or unexpired lease to which the Debtor is party or with respect
9 to which the Debtors may be liable and to hear, determine and, if necessary,
10 liquidate, any Claims arising therefrom, including those matters related to any
11 amendment to the Plan after the Effective Date;

12 (d) ensure that Distributions to holders of Allowed Claims are accomplished
13 pursuant to the provisions of the Plan; litigated matters and any other matters and
14 grant or deny any applications involving the Debtors that may be pending on the
15 Effective Date or instituted by the Plan Proponents after the Effective Date, provided,
16 however, that the Plan Proponents shall reserve the right to commence actions in all
17 appropriate jurisdictions;

18 (f) enter such orders as may be necessary or appropriate to implement or
19 consummate the provisions of the Plan and all other contracts, instruments, releases,
20 indentures and other agreements or documents adopted in connection with the Plan;

21 (g) resolve any cases, controversies, suits or disputes that may arise in
22 connection with the Effective Date, Sale, interpretation or enforcement of the Plan or
23 any Entity's obligations incurred in connection with the Plan;

24 (h) issue injunctions, enforce them, enter and implement other orders or take
25 such other actions as may be necessary or appropriate to restrain interference by any
26 Entity with the Effective Date or enforcement of the Plan;

(i) enforce Article 9.1 and Article 9.2;

(j) enforce the Injunction set forth in Article 9.5;

(k) resolve any cases, controversies, suits or disputes with respect to the
releases, injunction and other provisions contained in Article 9, and enter such orders
as may be necessary or appropriate to implement or enforce all such releases,

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injunctions and other provisions; (l) enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

(m) resolve any other matters that may arise in connection with or relate to the Plan, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan; and

(n) enter an order and/or the decree contemplated in Federal Rule of Bankruptcy Procedure 3022 concluding the Chapter 11 Case.

XVIII. RECOMMENDATION

The Debtors recommend approval of the Plan as it is in the best interest of the estates and their creditors.

DATED: February 7, 2017

MESCH CLARK ROTHSCHILD

By /s/Isaac D. Rothschild, #25726

Michael McGrath
Frederick J. Petersen
Isaac D. Rothschild
Attorneys for Debtors

2419407.DOCX

Exhibit A

Curriculum Vitae of Bruce Gray to be supplemented

Exhibit B

Liquidation Analysis to be supplemented

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT D
(EP Claims Register)

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5912584v2/27539-0001
03/27/17

District of Arizona Claims Register

[2:16-bk-05493-MCW EPICENTER PARTNERS L.L.C.](#)

Judge: Madeleine C. Wanslee

Chapter: 11

Office: Phoenix

Last Date to file claims: 10/20/2016

Trustee:

Last Date to file (Govt):

Creditor: (14148629) Maricopa County Treasurer c/o Lori A. Lewis 222 North Central Avenue, Suite 1100 Phoenix, AZ 85004-2206	Claim No: 1 Original Filed Date: 07/11/2016 Original Entered Date: 07/11/2016 Last Amendment Filed: 09/15/2016 Last Amendment Entered: 09/15/2016	Status: Filed by: CR Entered by: LORI A LEWIS Modified:												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$122234.52</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td><u>Secured</u></td> <td>claimed:</td> <td>\$122234.52</td> <td></td> <td></td> <td></td> </tr> </table>			<u>Amount</u>	claimed:	\$122234.52				<u>Secured</u>	claimed:	\$122234.52			
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History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 10%;">1-1</td> <td style="width: 15%;">07/11/2016</td> <td style="width: 60%;">Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$116324.98 (LEWIS, LORI)</td> </tr> <tr> <td>Details</td> <td></td> <td>1-2</td> <td>09/15/2016</td> <td>Amended Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$122234.52 (LEWIS, LORI)</td> </tr> </table>			Details		1-1	07/11/2016	Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$116324.98 (LEWIS, LORI)	Details		1-2	09/15/2016	Amended Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$122234.52 (LEWIS, LORI)		
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Description: (1-1) 2013-2015 and Estimated 2016 Property Taxes (1-2) 2013-2016 Property Taxes														
Remarks:														

Creditor: (14074304) Hilgart Wilson, LLC 2141 E. Highland Ave. Ste. 250 Phoenix AZ 85016	Claim No: 2 Original Filed Date: 07/21/2016 Original Entered Date: 07/21/2016	Status: Filed by: CR Entered by: claimuser Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$219149.16</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$219149.16			
<u>Amount</u>	claimed:	\$219149.16						
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 10%;">2-1</td> <td style="width: 15%;">07/21/2016</td> <td style="width: 60%;">Claim #2 filed by Hilgart Wilson, LLC, Amount claimed: \$219149.16 (claimuser)</td> </tr> </table>			Details		2-1	07/21/2016	Claim #2 filed by Hilgart Wilson, LLC, Amount claimed: \$219149.16 (claimuser)	
Details		2-1	07/21/2016	Claim #2 filed by Hilgart Wilson, LLC, Amount claimed: \$219149.16 (claimuser)				
Description:								
Remarks:								

Creditor: (14074296) History CITY OF PHOENIX-WATER 251 W WASHINGTON ST 3RD FLOOR PHOENIX AZ 85003	Claim No: 3 Original Filed Date: 07/25/2016 Original Entered Date: 07/25/2016	Status: Filed by: CR Entered by: JULIE L. COLLINS Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$54618.11</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$54618.11			
<u>Amount</u>	claimed:	\$54618.11						
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 10%;">3-1</td> <td style="width: 15%;">07/25/2016</td> <td style="width: 60%;">Claim #3 filed by CITY OF PHOENIX-WATER, Amount claimed: \$54618.11 (COLLINS, JULIE)</td> </tr> </table>			Details		3-1	07/25/2016	Claim #3 filed by CITY OF PHOENIX-WATER, Amount claimed: \$54618.11 (COLLINS, JULIE)	
Details		3-1	07/25/2016	Claim #3 filed by CITY OF PHOENIX-WATER, Amount claimed: \$54618.11 (COLLINS, JULIE)				
Description: (3-1) MUNICIPAL CHARGES								
Remarks: (3-1) UNPAID BILLS								

Creditor: (14074296) History CITY OF PHOENIX-WATER	Claim No: 4 Original Filed Date: 07/25/2016	Status: Filed by: CR
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251 W WASHINGTON ST 3RD FLOOR PHOENIX AZ 85003	Original Entered Date: 07/25/2016	Entered by: JULIE L. COLLINS Modified:
Amount claimed: \$48.17		
History:		
Details	4-1	07/25/2016 Claim #4 filed by CITY OF PHOENIX-WATER, Amount claimed: \$48.17 (COLLINS, JULIE)
Description: (4-1) MUNICIPAL CLAIMS		
Remarks: (4-1) OUTSTANDING CHARGES		

Creditor: (14185025) CivTech Inc. 10605 N. Hayden Road, Suite 140 Scottsdale, AZ 85260	Claim No: 5 Original Filed Date: 08/05/2016 Original Entered Date: 08/05/2016	Status: Filed by: CR Entered by: claimuser Modified:
Amount claimed: \$45743.46		
History:		
Details	5-1	08/05/2016 Claim #5 filed by CivTech Inc., Amount claimed: \$45743.46 (claimuser)
Description:		
Remarks: (5-1) Account Number (last 4 digits):0780		

Creditor: (14074302) History David Evans & Associates 2100 SW River Parkway Portland, Oregon 97201	Claim No: 6 Original Filed Date: 08/29/2016 Original Entered Date: 08/30/2016	Status: Filed by: CR Entered by: Ann Marie Ventura Modified:
Amount claimed: \$40867.85		
History:		
Details	6-1	08/29/2016 Claim #6 filed by David Evans & Associates, Amount claimed: \$40867.85 (Ventura, Ann Marie)
Description:		
Remarks:		

Creditor: (14230001) Wilson & Company Inc. 4900 Lang Ave NE Albuquerque, NM 87109	Claim No: 7 Original Filed Date: 09/10/2016 Original Entered Date: 09/10/2016	Status: Filed by: CR Entered by: claimuser Modified:
Amount claimed: \$5716.08		
History:		
Details	7-1	09/10/2016 Claim #7 filed by Wilson & Company Inc., Amount claimed: \$5716.08 (claimuser)
Description:		
Remarks:		

Creditor: (14074315) Wilson & Company 5694 Mission Center Rd. Ste. 602-147 San Diego CA 92108	Claim No: 8 Original Filed Date: 09/10/2016 Original Entered Date: 09/10/2016	Status: Filed by: CR Entered by: claimuser Modified:
Amount claimed: \$5716.08		
History:		

Details	8-1	09/10/2016	Claim #8 filed by Wilson & Company, Amount claimed: \$5716.08 (claimuser)
<i>Description:</i>			
<i>Remarks:</i>			

<i>Creditor:</i> (14110926) Desert Ridge Community Association c/o Jeffrey Gross/Michael Zimmerman Berry Riddell LLC 6750 East Camelback Rd., Suite 100 Scottsdale, AZ 85251	Claim No: 9 <i>Original Filed Date:</i> 09/14/2016 <i>Original Entered Date:</i> 09/14/2016 <i>Last Amendment Filed:</i> 10/28/2016 <i>Last Amendment Entered:</i> 10/28/2016	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> MICHAEL W. ZIMMERMAN <i>Modified:</i>
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<u>Amount</u> claimed: \$299047.86		
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<i>History:</i>			
Details	9-1	09/14/2016	Claim #9 filed by Desert Ridge Community Association, Amount claimed: \$328302.60 (ZIMMERMAN, MICHAEL)
Details	9-2	10/28/2016	Amended Claim #9 filed by Desert Ridge Community Association, Amount claimed: \$299047.86 (ZIMMERMAN, MICHAEL)

<i>Description:</i>			
<i>Remarks:</i>			

<i>Creditor:</i> (14256551) CPF Vaseo Associates, LLC c/o Gallagher & Kennedy 2575 E. Camelback Rd, Suite 1100 Phoenix, AZ 85016	Claim No: 10 <i>Original Filed Date:</i> 09/30/2016 <i>Original Entered Date:</i> 09/30/2016	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> LINDSI M. WEBER <i>Modified:</i>
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<u>Amount</u> claimed: \$58527469.03		
<u>Secured</u> claimed: \$54009500.00		

<i>History:</i>			
Details	10-1	09/30/2016	Claim #10 filed by CPF Vaseo Associates, LLC, Amount claimed: \$58527469.03 (WEBER, LINDSI)

<i>Description:</i> (10-1) See Attached Addendum			
<i>Remarks:</i>			

<i>Creditor:</i> (14272515) Kutak Rock LLP 1650 Farnam Street Omaha NE 68102	Claim No: 11 <i>Original Filed Date:</i> 10/11/2016 <i>Original Entered Date:</i> 10/13/2016	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> LaTosha Tripp <i>Modified:</i>
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<u>Amount</u> claimed: \$53138.66		
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<i>History:</i>			
Details	11-1	10/11/2016	Claim #11 filed by Kutak Rock LLP, Amount claimed: \$53138.66 (Tripp, LaTosha)

<i>Description:</i>			
<i>Remarks:</i>			

<i>Creditor:</i> (14074311) History Spray Systems Environmental Alan R. Costello 2999 N. 44th Street, Suite 600 Phoenix AZ 85018	Claim No: 12 <i>Original Filed Date:</i> 10/17/2016 <i>Original Entered Date:</i> 10/17/2016 <i>Last Amendment Filed:</i> 10/17/2016 <i>Last Amendment Entered:</i> 10/17/2016	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> ALAN R. COSTELLO <i>Modified:</i>
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<u>Amount</u> claimed: \$2546.00		
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History:

Details	12-1	10/17/2016	Claim #12 filed by Spray Systems Environmental, Amount claimed: \$2546.00 (COSTELLO, ALAN)
Details	12-2	10/17/2016	Amended Claim #12 filed by Spray Systems Environmental, Amount claimed: \$2546.00 (COSTELLO, ALAN)

Description: (12-1) Services Performed

Remarks: (12-2) Amended to add POC

Creditor: (14074294) Beus Gilbert PLLC 701 N 44th St. Phoenix AZ 85008	Claim No: 13 Original Filed Date: 10/19/2016 Original Entered Date: 10/19/2016	Status: Filed by: CR Entered by: claimuser Modified:
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Amount claimed: \$801413.99

History:

Details	13-1	10/19/2016	Claim #13 filed by Beus Gilbert PLLC, Amount claimed: \$801413.99 (claimuser)
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Description:

Remarks:

Creditor: (14247820) Emerald Equities, LLC c/o David D. Cleary Greenberg Traurig, LLP 2375 E. Camelback Road, Ste. 700 Phoenix AZ 85016	Claim No: 14 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: DAVID D. CLEARY Modified:
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No amounts claimed

History:

Details	14-1	10/20/2016	Claim #14 filed by Emerald Equities, LLC, Amount claimed: (CLEARY, DAVID)
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Description:

Remarks:

Creditor: (14281733) State of Arizona, through Arizona State Land Dept c/o Dean C. Waldt, Esq. Ballard Spahr LLP 1 E. Washington Street, Suite 2300 Phoenix, AZ 85004	Claim No: 15 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: AT Entered by: DEAN C WALDT Modified:
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No amounts claimed

History:

Details	15-1	10/20/2016	Claim #15 filed by State of Arizona, through Arizona State Land Dept, Amount claimed: (WALDT, DEAN)
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Description: (15-1) Lease

Remarks:

Creditor: (14281940) Constantino Flores, Ch. 7 Trustee for the estate of GDG Partners, LLC Case 2:12-bk-09825-BKM P.O. Box 511 Phoenix, AZ 85001	Claim No: 16 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: DAWN M. MAGUIRE Modified:
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Amount claimed: \$567000.00

History:			
Details	16-1	10/20/2016	Claim #16 filed by Constantino Flores, Ch. 7 Trustee, Amount claimed: \$5670000.00 (MAGUIRE, DAWN)
Description: (16-1) Pending Litigation - 2:14-ap-00293-BKM			
Remarks:			

Claims Register Summary

Case Name: EPICENTER PARTNERS L.L.C.
Case Number: 2:16-bk-05493-MCW
Chapter: 11
Date Filed: 05/16/2016
Total Number Of Claims: 16

Total Amount Claimed*	\$65847708.97
Total Amount Allowed*	

*Includes general unsecured claims

The values are reflective of the data entered. Always refer to claim documents for actual amounts.

	Claimed	Allowed
Secured	\$54131734.52	
Priority		
Administrative		

PACER Service Center			
Transaction Receipt			
02/06/2017 15:39:17			
PACER Login:	gk0012:2555224:0	Client Code:	27539-0001 taburgess
Description:	Claims Register	Search Criteria:	2:16-bk-05493-MCW Filed or Entered From: 1/1/1977 Filed or Entered To: 2/6/2017
Billable Pages:	2	Cost:	0.20

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT E
(GMF Claims Register)

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5912584v2/27539-0001
03/27/17

District of Arizona Claims Register

[2:16-bk-05494-MCW GRAY MEYER FANNIN LLC](#)

Judge: Madeleine C. Wanslee **Chapter:** 11
Office: Phoenix **Last Date to file claims:**
Trustee: **Last Date to file (Govt):**

Creditor: (14256575) CPF Vaseo Associates, LLC c/o Gallagher & Kennedy 2575 E. Camelback Rd, Suite 1100 Phoenix, AZ 85016	Claim No: 1 <i>Original Filed</i> Date: 09/30/2016 <i>Original Entered</i> Date: 09/30/2016	Status: Filed by: CR Entered by: LINDSI M. WEBER Modified:												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$58527469.03</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td><u>Secured</u></td> <td>claimed:</td> <td>\$54009500.00</td> <td></td> <td></td> <td></td> </tr> </table>			<u>Amount</u>	claimed:	\$58527469.03				<u>Secured</u>	claimed:	\$54009500.00			
<u>Amount</u>	claimed:	\$58527469.03												
<u>Secured</u>	claimed:	\$54009500.00												
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 5%;">1-1</td> <td style="width: 15%;">09/30/2016</td> <td style="width: 65%;">Claim #1 filed by CPF Vaseo Associates, LLC, Amount claimed: \$58527469.03 (WEBER, LINDSI)</td> </tr> </table>			Details		1-1	09/30/2016	Claim #1 filed by CPF Vaseo Associates, LLC, Amount claimed: \$58527469.03 (WEBER, LINDSI)							
Details		1-1	09/30/2016	Claim #1 filed by CPF Vaseo Associates, LLC, Amount claimed: \$58527469.03 (WEBER, LINDSI)										
Description: (1-1) See Attached Addendum														
Remarks:														

Creditor: (14272516) Kutak Rock LLP 1650 Farnam Street Omaha NE 68102	Claim No: 2 <i>Original Filed</i> Date: 10/11/2016 <i>Original Entered</i> Date: 10/13/2016	Status: Filed by: CR Entered by: LaTosha Tripp Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$53138.66</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$53138.66			
<u>Amount</u>	claimed:	\$53138.66						
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 5%;">2-1</td> <td style="width: 15%;">10/11/2016</td> <td style="width: 65%;">Claim #2 filed by Kutak Rock LLP, Amount claimed: \$53138.66 (Tripp, LaTosha)</td> </tr> </table>			Details		2-1	10/11/2016	Claim #2 filed by Kutak Rock LLP, Amount claimed: \$53138.66 (Tripp, LaTosha)	
Details		2-1	10/11/2016	Claim #2 filed by Kutak Rock LLP, Amount claimed: \$53138.66 (Tripp, LaTosha)				
Description:								
Remarks:								

Creditor: (14282929) Lewis Roca Rothgerber Christie LLP 201 E. Washington Street, Suite 1200 Phoenix, AZ 85004	Claim No: 3 <i>Original Filed</i> Date: 10/21/2016 <i>Original Entered</i> Date: 10/21/2016	Status: Filed by: CR Entered by: SCOTT K BROWN Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$731814.49</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$731814.49			
<u>Amount</u>	claimed:	\$731814.49						
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 5%;">3-1</td> <td style="width: 15%;">10/21/2016</td> <td style="width: 65%;">Claim #3 filed by Lewis Roca Rothgerber Christie LLP, Amount claimed: \$731814.49 (BROWN, SCOTT)</td> </tr> </table>			Details		3-1	10/21/2016	Claim #3 filed by Lewis Roca Rothgerber Christie LLP, Amount claimed: \$731814.49 (BROWN, SCOTT)	
Details		3-1	10/21/2016	Claim #3 filed by Lewis Roca Rothgerber Christie LLP, Amount claimed: \$731814.49 (BROWN, SCOTT)				
Description: (3-1) Legal Representation								
Remarks:								

Claims Register Summary

Case Name: GRAY MEYER FANNIN LLC
Case Number: 2:16-bk-05494-MCW
Chapter: 11
Date Filed: 05/16/2016
Total Number Of Claims: 3

Total Amount Claimed*	\$59312422.18
Total Amount Allowed*	

*Includes general unsecured claims

The values are reflective of the data entered. Always refer to claim documents for actual amounts.

	Claimed	Allowed
Secured	\$54009500.00	
Priority		
Administrative		

PACER Service Center			
Transaction Receipt			
02/06/2017 15:40:11			
PACER Login:	gk0012:2555224:0	Client Code:	27539-0001 taburgess
Description:	Claims Register	Search Criteria:	2:16-bk-05494-MCW Filed or Entered From: 1/1/1977 Filed or Entered To: 2/6/2017
Billable Pages:	1	Cost:	0.10

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT F
(SDLI Claims Register)

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5912584v2/27539-0001
03/27/17

District of Arizona Claims Register

[2:16-bk-07659-MCW SONORAN DESERT LAND INVESTORS LLC](#)

Judge: Madeleine C. Wanslee **Chapter:** 11
Office: Phoenix **Last Date to file claims:**
Trustee: **Last Date to file (Govt):**

Creditor: (14159892) Maricopa County Treasurer c/o Lori A. Lewis 222 North Central Avenue, Suite 1100 Phoenix, AZ 85004-2206	Claim No: 1 <i>Original Filed Date:</i> 07/19/2016 <i>Original Entered Date:</i> 07/19/2016 <i>Last Amendment Filed:</i> 09/07/2016 <i>Last Amendment Entered:</i> 09/07/2016	Status: Filed by: CR Entered by: LORI A LEWIS Modified:												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black;">Amount</td> <td style="border: 1px solid black;">claimed:</td> <td style="border: 1px solid black;">\$127557.52</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> <tr> <td style="border: 1px solid black;">Secured</td> <td style="border: 1px solid black;">claimed:</td> <td style="border: 1px solid black;">\$127557.52</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> </table>			Amount	claimed:	\$127557.52				Secured	claimed:	\$127557.52			
Amount	claimed:	\$127557.52												
Secured	claimed:	\$127557.52												
History: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black;">Details</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;">1-1</td> <td style="border: 1px solid black;">07/19/2016</td> <td style="border: 1px solid black;">Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$96367.47 (LEWIS, LORI)</td> </tr> <tr> <td style="border: 1px solid black;">Details</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;">1-2</td> <td style="border: 1px solid black;">09/07/2016</td> <td style="border: 1px solid black;">Amended Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$127557.52 (LEWIS, LORI)</td> </tr> </table>			Details		1-1	07/19/2016	Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$96367.47 (LEWIS, LORI)	Details		1-2	09/07/2016	Amended Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$127557.52 (LEWIS, LORI)		
Details		1-1	07/19/2016	Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$96367.47 (LEWIS, LORI)										
Details		1-2	09/07/2016	Amended Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$127557.52 (LEWIS, LORI)										
Description: (1-1) 2015 and Estimated 2016 Real Property Taxes (1-2) 2015 and 2016 Real Property Taxes														
Remarks:														

Creditor: (14244475) History COHEN DOWD QUIGLEY PC C/O DANIEL G. DOWD 2425 EAST CAMELBACK ROAD, SUITE 1100 PHOENIX, ARIZONA 85016	Claim No: 2 <i>Original Filed Date:</i> 09/29/2016 <i>Original Entered Date:</i> 09/29/2016 <i>Last Amendment Filed:</i> 09/30/2016 <i>Last Amendment Entered:</i> 09/30/2016	Status: Filed by: CR Entered by: DANIEL GARFIELD DOWD Modified:															
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black;">Amount</td> <td style="border: 1px solid black;">claimed:</td> <td style="border: 1px solid black;">\$406625.55</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> </table>			Amount	claimed:	\$406625.55												
Amount	claimed:	\$406625.55															
History: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black;">Details</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;">2-1</td> <td style="border: 1px solid black;">09/29/2016</td> <td style="border: 1px solid black;">Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)</td> </tr> <tr> <td style="border: 1px solid black;">Details</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;">2-2</td> <td style="border: 1px solid black;">09/30/2016</td> <td style="border: 1px solid black;">Amended Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)</td> </tr> <tr> <td style="border: 1px solid black;">Details</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;">2-3</td> <td style="border: 1px solid black;">09/30/2016</td> <td style="border: 1px solid black;">Amended Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)</td> </tr> </table>			Details		2-1	09/29/2016	Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)	Details		2-2	09/30/2016	Amended Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)	Details		2-3	09/30/2016	Amended Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)
Details		2-1	09/29/2016	Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)													
Details		2-2	09/30/2016	Amended Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)													
Details		2-3	09/30/2016	Amended Claim #2 filed by COHEN DOWD QUIGLEY PC, Amount claimed: \$406625.55 (DOWD, DANIEL)													
Description: (2-1) Legal Services Rendered (2-2) Legal Services Rendered (2-3) Legal Services Rendered																	
Remarks:																	

Creditor: (14272521) KUTAK ROCK LLP 1650 FARNAM STREET OMAHA, NE 68102	Claim No: 3 <i>Original Filed Date:</i> 10/11/2016 <i>Original Entered Date:</i> 10/13/2016	Status: Filed by: CR Entered by: Sharon Leary Modified:						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black;">Amount</td> <td style="border: 1px solid black;">claimed:</td> <td style="border: 1px solid black;">\$79044.82</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> </table>			Amount	claimed:	\$79044.82			
Amount	claimed:	\$79044.82						
History: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black;">Details</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;">3-1</td> <td style="border: 1px solid black;">10/11/2016</td> <td style="border: 1px solid black;">Claim #3 filed by KUTAK ROCK LLP, Amount claimed: \$79044.82 (Leary, Sharon)</td> </tr> </table>			Details		3-1	10/11/2016	Claim #3 filed by KUTAK ROCK LLP, Amount claimed: \$79044.82 (Leary, Sharon)	
Details		3-1	10/11/2016	Claim #3 filed by KUTAK ROCK LLP, Amount claimed: \$79044.82 (Leary, Sharon)				

Description:
Remarks:

Creditor: (14279683) Emerald Equities, LLC c/o Greenberg Traurig, LLP Attn: Nicole M. Goodwin 2375 E. Camelback Road, Ste. 700 Phoenix AZ 85016	Claim No: 4 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: DAVID D. CLEARY Modified:
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No amounts claimed

History:

Details	4-1	10/20/2016	Claim #4 filed by Emerald Equities, LLC, Amount claimed: (CLEARY, DAVID)
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Description:
Remarks:

Creditor: (14281778) CPF Vaseo Associates, LLC c/o Gallagher & Kennedy 2575 E. Camelback, Suite 1100 Phoenix, AZ 85016	Claim No: 5 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: LINDSI M. WEBER Modified:
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Amount	claimed:	\$30572496.22	<input type="text"/>	<input type="text"/>	<input type="text"/>
Secured	claimed:	\$30572496.22	<input type="text"/>	<input type="text"/>	<input type="text"/>

History:

Details	5-1	10/20/2016	Claim #5 filed by CPF Vaseo Associates, LLC, Amount claimed: \$30572496.22 (WEBER, LINDSI)
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Description:
Remarks:

Claims Register Summary

Case Name: SONORAN DESERT LAND INVESTORS LLC
Case Number: 2:16-bk-07659-MCW
Chapter: 11
Date Filed: 07/06/2016
Total Number Of Claims: 5

Total Amount Claimed*	\$31185724.11
Total Amount Allowed*	

*Includes general unsecured claims

The values are reflective of the data entered. Always refer to claim documents for actual amounts.

	Claimed	Allowed
Secured	\$30700053.74	
Priority		
Administrative		

PACER Service Center			
Transaction Receipt			
02/06/2017 15:40:44			
PACER Login:	gk0012:2555224:0	Client Code:	27539-0001 taburgess
Description:	Claims Register	Search Criteria:	2:16-bk-07659-MCW Filed or Entered From: 1/1/1977 Filed or Entered To: 2/6/2017
Billable Pages:	1	Cost:	0.10

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT G
(GPDR II Claims Register)

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5912584v2/27539-0001
03/27/17

District of Arizona Claims Register

[2:16-bk-07661-MCW GRAY PHOENIX DESERT RIDGE II LLC](#)

Judge: Madeleine C. Wanslee **Chapter:** 11
Office: Phoenix **Last Date to file claims:**
Trustee: **Last Date to file (Govt):**

Creditor: (14281686) History State of Arizona, through Arizona State Land Dept c/o Dean C. Waldt, Esq. Ballard Spahr LLP 1 E. Washington Street, Suite 2300 Phoenix, AZ 85004	Claim No: 1 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: DEAN C WALDT Modified:					
No amounts claimed <input type="checkbox"/>							
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 10%;">1-1</td> <td style="width: 15%;">10/20/2016</td> <td>Claim #1 filed by State of Arizona, through Arizona State Land Dept, Amount claimed: (WALDT, DEAN)</td> </tr> </table>			Details		1-1	10/20/2016	Claim #1 filed by State of Arizona, through Arizona State Land Dept, Amount claimed: (WALDT, DEAN)
Details		1-1	10/20/2016	Claim #1 filed by State of Arizona, through Arizona State Land Dept, Amount claimed: (WALDT, DEAN)			
Description: (1-1) Lease							
Remarks:							

Creditor: (14281884) CPF Vaseo Associates, LLC c/o Gallagher & Kennedy 2575 E. Camelback, Suite 1100 Phoenix, AZ 85016	Claim No: 2 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: LINDSI M. WEBER Modified:												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Amount</td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$30572496.22</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Secured</td> <td>claimed:</td> <td>\$30572496.22</td> <td></td> <td></td> <td></td> </tr> </table>	Amount	claimed:	\$30572496.22				Secured	claimed:	\$30572496.22					
Amount	claimed:	\$30572496.22												
Secured	claimed:	\$30572496.22												
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 10%;">2-1</td> <td style="width: 15%;">10/20/2016</td> <td>Claim #2 filed by CPF Vaseo Associates, LLC, Amount claimed: \$30572496.22 (WEBER, LINDSI)</td> </tr> </table>			Details		2-1	10/20/2016	Claim #2 filed by CPF Vaseo Associates, LLC, Amount claimed: \$30572496.22 (WEBER, LINDSI)							
Details		2-1	10/20/2016	Claim #2 filed by CPF Vaseo Associates, LLC, Amount claimed: \$30572496.22 (WEBER, LINDSI)										
Description:														
Remarks:														

Creditor: (14341976) Internal Revenue Service P.O. Box 7346 Philadelphia, PA 19101-7346	Claim No: 3 Original Filed Date: 12/13/2016 Original Entered Date: 12/13/2016	Status: Filed by: CR Entered by: PAUL A LOPEZ Modified:																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Amount</td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$300.00</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Secured</td> <td>claimed:</td> <td>\$0.00</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Priority</td> <td>claimed:</td> <td>\$0.00</td> <td></td> <td></td> <td></td> </tr> </table>	Amount	claimed:	\$300.00				Secured	claimed:	\$0.00				Priority	claimed:	\$0.00					
Amount	claimed:	\$300.00																		
Secured	claimed:	\$0.00																		
Priority	claimed:	\$0.00																		
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 10%;">3-1</td> <td style="width: 15%;">12/13/2016</td> <td>Claim #3 filed by Internal Revenue Service, Amount claimed: \$300.00 (LOPEZ, PAUL)</td> </tr> </table>			Details		3-1	12/13/2016	Claim #3 filed by Internal Revenue Service, Amount claimed: \$300.00 (LOPEZ, PAUL)													
Details		3-1	12/13/2016	Claim #3 filed by Internal Revenue Service, Amount claimed: \$300.00 (LOPEZ, PAUL)																
Description:																				
Remarks:																				

Claims Register Summary

Case Name: GRAY PHOENIX DESERT RIDGE II LLC
Case Number: 2:16-bk-07661-MCW
Chapter: 11
Date Filed: 07/06/2016
Total Number Of Claims: 3

Total Amount Claimed*	\$30572796.22
Total Amount Allowed*	

*Includes general unsecured claims

The values are reflective of the data entered. Always refer to claim documents for actual amounts.

	Claimed	Allowed
Secured	\$30572496.22	
Priority	\$0.00	
Administrative		

PACER Service Center			
Transaction Receipt			
02/06/2017 15:41:43			
PACER Login:	gk0012:2555224:0	Client Code:	27539-0001 taburgess
Description:	Claims Register	Search Criteria:	2:16-bk-07661-MCW Filed or Entered From: 1/1/1977 Filed or Entered To: 2/6/2017
Billable Pages:	1	Cost:	0.10

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT H
(EOE Claims Register)

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5912584v2/27539-0001
03/27/17

District of Arizona Claims Register

[2:16-bk-07660-MCW EAST OF EPICENTER LLC](#)

Judge: Madeleine C. Wanslee **Chapter:** 11
Office: Phoenix **Last Date to file claims:**
Trustee: **Last Date to file (Govt):**

Creditor: (14225948) Maricopa County Treasurer c/o Lori A. Lewis 222 North Central Avenue, Suite 1100 Phoenix, AZ 85004	Claim No: 1 Original Filed Date: 09/07/2016 Original Entered Date: 09/07/2016	Status: Filed by: CR Entered by: LORI A LEWIS Modified:												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$144312.13</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td><u>Secured</u></td> <td>claimed:</td> <td>\$144312.13</td> <td></td> <td></td> <td></td> </tr> </table>			<u>Amount</u>	claimed:	\$144312.13				<u>Secured</u>	claimed:	\$144312.13			
<u>Amount</u>	claimed:	\$144312.13												
<u>Secured</u>	claimed:	\$144312.13												
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 5%;">1-1</td> <td style="width: 10%;">09/07/2016</td> <td>Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$144312.13 (LEWIS, LORI)</td> </tr> </table>			Details		1-1	09/07/2016	Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$144312.13 (LEWIS, LORI)							
Details		1-1	09/07/2016	Claim #1 filed by Maricopa County Treasurer, Amount claimed: \$144312.13 (LEWIS, LORI)										
Description: (1-1) 2014, 2015 and 2016 Real Property Taxes														
Remarks:														

Creditor: (14142295) Desert Ridge Community Association Acct No 302022-0001-00 9000 E. Pima Center Pkwy Ste. 300 Scottsdale AZ 85258	Claim No: 2 Original Filed Date: 09/14/2016 Original Entered Date: 09/14/2016 Last Amendment Filed: 10/28/2016 Last Amendment Entered: 10/28/2016	Status: Filed by: CR Entered by: MICHAEL W. ZIMMERMAN Modified:												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$46167.40</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td><u>Secured</u></td> <td>claimed:</td> <td>\$46167.40</td> <td></td> <td></td> <td></td> </tr> </table>			<u>Amount</u>	claimed:	\$46167.40				<u>Secured</u>	claimed:	\$46167.40			
<u>Amount</u>	claimed:	\$46167.40												
<u>Secured</u>	claimed:	\$46167.40												
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 5%;">2-1</td> <td style="width: 10%;">09/14/2016</td> <td>Claim #2 filed by Desert Ridge Community Association, Amount claimed: \$21660.36 (ZIMMERMAN, MICHAEL)</td> </tr> <tr> <td>Details</td> <td></td> <td>2-2</td> <td>10/28/2016</td> <td>Amended Claim #2 filed by Desert Ridge Community Association, Amount claimed: \$46167.40 (ZIMMERMAN, MICHAEL)</td> </tr> </table>			Details		2-1	09/14/2016	Claim #2 filed by Desert Ridge Community Association, Amount claimed: \$21660.36 (ZIMMERMAN, MICHAEL)	Details		2-2	10/28/2016	Amended Claim #2 filed by Desert Ridge Community Association, Amount claimed: \$46167.40 (ZIMMERMAN, MICHAEL)		
Details		2-1	09/14/2016	Claim #2 filed by Desert Ridge Community Association, Amount claimed: \$21660.36 (ZIMMERMAN, MICHAEL)										
Details		2-2	10/28/2016	Amended Claim #2 filed by Desert Ridge Community Association, Amount claimed: \$46167.40 (ZIMMERMAN, MICHAEL)										
Description:														
Remarks:														

Creditor: (14269208) KUTAK ROCK LLP 1650 FARNAM STREET OMAHA NE 68102	Claim No: 3 Original Filed Date: 10/11/2016 Original Entered Date: 10/12/2016	Status: Filed by: CR Entered by: Sharon Leary Modified:						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"><u>Amount</u></td> <td style="width: 10%;">claimed:</td> <td style="width: 15%;">\$15047.50</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </table>			<u>Amount</u>	claimed:	\$15047.50			
<u>Amount</u>	claimed:	\$15047.50						
History: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">Details</td> <td style="width: 5%;"></td> <td style="width: 5%;">3-1</td> <td style="width: 10%;">10/11/2016</td> <td>Claim #3 filed by KUTAK ROCK LLP, Amount claimed: \$15047.50 (Leary, Sharon)</td> </tr> </table>			Details		3-1	10/11/2016	Claim #3 filed by KUTAK ROCK LLP, Amount claimed: \$15047.50 (Leary, Sharon)	
Details		3-1	10/11/2016	Claim #3 filed by KUTAK ROCK LLP, Amount claimed: \$15047.50 (Leary, Sharon)				
Description:								
Remarks:								

State of Arizona, through Arizona State Land Dept c/o Dean C. Waldt, Esq. Ballard Spahr LLP 1 E. Washington Street, Suite 2300 Phoenix, AZ 85004	Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Filed by: CR Entered by: DEAN C WALDT Modified:
No amounts claimed		
History:		
Details	4-1	10/20/2016 Claim #4 filed by State of Arizona, through Arizona State Land Dept, Amount claimed: (WALDT, DEAN)
Description: (4-1) Certificate of Purchase		
Remarks:		

Creditor: (14281883) CPF Vaseo Associates, LLC c/o Gallagher & Kennedy 2575 E. Camelback, Suite 1100 Phoenix, AZ 85016	Claim No: 5 Original Filed Date: 10/20/2016 Original Entered Date: 10/20/2016	Status: Filed by: CR Entered by: LINDSI M. WEBER Modified:
Amount claimed: \$4364146.17		
Secured claimed: \$4364146.17		
History:		
Details	5-1	10/20/2016 Claim #5 filed by CPF Vaseo Associates, LLC, Amount claimed: \$4364146.17 (WEBER, LINDSI)
Description:		
Remarks:		

Claims Register Summary

Case Name: EAST OF EPICENTER LLC
Case Number: 2:16-bk-07660-MCW
Chapter: 11
Date Filed: 07/06/2016
Total Number Of Claims: 5

Total Amount Claimed*	\$4569673.20
Total Amount Allowed*	

*Includes general unsecured claims

The values are reflective of the data entered. Always refer to claim documents for actual amounts.

	Claimed	Allowed
Secured	\$4554625.70	
Priority		
Administrative		

PACER Service Center

Transaction Receipt			
02/06/2017 15:41:15			
PACER Login:	gk0012:2555224:0	Client Code:	27539-0001 taburgess
Description:	Claims Register	Search Criteria:	2:16-bk-07660-MCW Filed or Entered From: 1/1/1977 Filed or Entered To: 2/6/2017
Billable Pages:	1	Cost:	0.10

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT I
(LIST OF KNOWN GRAY ENTITIES)

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5912584v2/27539-0001
03/27/17

**EXHIBIT I
BRUCE GRAY RELATED ENTITIES**

Entity No.	ACC File No.	Company/Name	Manager1	Manager2	Manager3	Manager4	Member1	Member2	Member3	Member4	Member5	Member6	Domicile
1		BRUCE GRAY											
2		BRUCE W GRAY											
3	L08525449	36TH STREET & MCDOWELL LLC					GEOFFREY A BINGHAM IP/EX LLC	ML OLSON INVESTMENTS CORP	GRAY OLSON MEYER INVESTMENTS LLC	RL HARRISON IP/EX LLC	BRIX-DEARMOND LLC	BINGHAM DEVELOPMENT LLC	AZ
4	L12364911	77MCD LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC	ARIZONA LAND INVESTORS LLC					AZ
5	L09530240	ALTAIR APARTMENTS LLC					GRAY MEYER FANNIN LLC	GRAY OLSON MEYER INVESTMENTS LLC					AZ
6	L08391885	ANDOVER SQUARE LLC					GRAY/WESTERN DEVELOPMENT COMPANY						AZ
7	L11608089	ARETE LLC	GRAY MEYER FANNIN LLC				GRAY MEYER FANNIN LLC						AZ
8	L11891842	ARETE PARADISE RIDGE LLC	GDG PARADISE RIDGE PARTNERS LLC				GDG ENTERPRISES LLC	GDG PARADISE RIDGE PARTNERS LLC					AZ
9	L10512767	BACARO CR LLC	GRAY MEYER FANNIN LLC				GRAY MEYER FANNIN LLC						AZ
10	L11891820	BACARO PARADISE RIDGE LLC	GDG PARADISE RIDGE PARTNERS LLC				GDG ENTERPRISES LLC	GDG PARADISE RIDGE PARTNERS LLC					AZ
11	L12475275	BILTMORE 24 INVESTORS LLC	GDG ENTERPRISES LLC	STEVEN P ZIMMER			BINGHAM DEVELOPMENT LLC	GRAY/WESTERN DEVELOPMENT COMPANY					AZ
12	L18405159	BILTMORE 24 INVESTORS SPE LLC	BRUCE W GRAY	MARK OLSON	STEVEN P ZIMMER		BILTMORE 24 INVESTORS LLC						AZ
13	L07510785	BINGHAM & GRAY LLC (fka BINGHAM & GRAY CONSTRUCTION LLC)					BRUCE W GRAY	BINGHAM CONSTRUCTION INC					AZ
14	L09935118	CAMELBACK SQUARE APARTMENTS, LLC					GRAY/WESTERN DEVELOPMENT COMPANY	JE MEYER INVESTMENTS INC					AZ
15	L07339744	CANYON GATE LLC					GRAY & OLSON LLC	GRAY/WESTERN DEVELOPMENT COMPANY					AZ
16	R16040412	CJUF III GRIGIO METRO LLC					CJUF III GRIGIO METRO LLC	GDG GRIGIO METRO LLC					DE
17	L11162525	COPPER & INDIGO CANYONS LLC	GRAY MEYER FANNIN LLC				GRAY MEYER FANNIN LLC						AZ
18	R20169933	DESERT RIDGE CORE ARIZONA LLC (FN) (DESERT RIDGE CORE LLC)	BRUCE W GRAY				BRUCE W GRAY						DE
19	L12599154	EAST OF EPICENTER LLC	GDG ENTERPRISES LLC				SMDR LLC	GDG ENTERPRISES LLC					AZ
20	L11395443	EPICENTER PARTNERS LLC	GRAY/WESTERN DEVELOPMENT COMPANY				GRAY/WESTERN DEVELOPMENT COMPANY						AZ
21	L13772550	EPICENTER PR EXCHANGE LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC						AZ
22	L12227783	GDG ENTERPRISES LLC	BRUCE W GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY						AZ
23	L16034318	GDG GRIGIO METRO LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC						AZ
24	L16111510	GDG GRIGIO TEMPE TOWN LAKE LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC						DE
25	L16106361	GDG PARADISE RIDGE HOLDINGS LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC						AZ
26	L11918836	GDG PARADISE RIDGE PARTNERS LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC						AZ
27	L10016594	GDG PARTNERS LLC	BRUCE W GRAY				GRAY/WESTERN DEVELOPMENT COMPANY						AZ
28	L07508841	GRAY & OLSON LLC					MJ OLSON INVESTMENT CORPORATION	GRAY/WESTERN DEVELOPMENT COMPANY					AZ
29	07710911	GRAY & TERNOSKY ARCHITECTS PC (fka GRAY & TERNOSKY, P.C.)	BRUCE W GRAY										AZ
30	L17055018	GRAY BLUE SKY SCOTTSDALE RESIDENTIAL PHASE I LLC	SONORAN DESERT LAND INVESTORS LLC				SONORAN DESERT LAND INVESTORS LLC						AZ
31	18591042	GRAY CALIFORNIA ARCHITECTS INC	BRUCE W GRAY										AZ
32	L07966518	GRAY CLOW RESIDENTIAL L.L.C. (nka GRAY RESIDENTIAL LLC)											AZ
33	L08511240	GRAY CONSTRUCTION LLC (fka GRAY OLSON MEYER CONSTRUCTION LLC, GRAY PALMER CONSTRUCTION LLC)	BRUCE GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY						AZ
34	L20497965	GRAY DESERT RIDGE CORE 3 LLC	BRUCE GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY						AZ
35	L20497681	GRAY DESERT RIDGE CORE 7 LLC	BRUCE GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY						AZ
36		GRAY DEVELOPMENT COMPANY											
37	L16379761	GRAY DEVELOPMENT GROUP LLC	BRUCE GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY						AZ
38	L16388048	GRAY DEVELOPMENT LLC	BRUCE GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY						AZ
39	L17251253	GRAY EAST VILLAGE SAN DIEGO LLC	BRUCE GRAY	BRIAN KEARNEY			GRAY DEVELOPMENT LLC						AZ
40	L14147845	GRAY INVESTMENT FUND I LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC						AZ
41	L13768698	GRAY MESA LLC (nka NEW MOJO LLC)											AZ

**EXHIBIT I
BRUCE GRAY RELATED ENTITIES**

42	L09999460	GRAY MEYER FANNIN LLC	BRUCE W GRAY				GRAY/WESTERN DEVELOPMENT COMPANY															AZ
43	L09504717	GRAY OLSON MEYER INVESTMENTS LLC					GRAY/WESTERN DEVELOPMENT COMPANY	M J OLSON INVESTMENTS CORP	J E MEYER INVESTMENTS INC													AZ
44	L08286745	GRAY OLSON MEYER LLC					GRAY/WESTERN DEVELOPMENT COMPANY	M J OLSON INVESTMENTS CORP														AZ
45	L08511240	GRAY PALMER CONSTRUCTION LLC (nka GRAY CONSTRUCTION LLC)																				AZ
46	L17320469	GRAY PHOENIX DESERT RIDGE I LLC	BRUCE W GRAY	MARK OLSON			GRAY MEYER FANNIN LLC	EPICENTER PARTNERS LLC														AZ
47	L18562441	GRAY PHOENIX DESERT RIDGE I MEMBER LLC	BRUCE W GRAY	STEVEN P ZIMMER	BRIAN KEARNEY		GRAY MEYER FANNIN LLC	EPICENTER PARTNERS LLC														AZ
48	L17320470	GRAY PHOENIX DESERT RIDGE II LLC	BRUCE GRAY	SMDR LLC	BRIAN KEARNEY	STEVEN P ZIMMER	GRAY PHOENIX DESERT RIDGE II MEMBER LLC															AZ
49	L18576107	GRAY PHOENIX DESERT RIDGE II MEMBER LLC	BRUCE W GRAY	STEVEN P ZIMMER	BRIAN KEARNEY		GRAY MEYER FANNIN LLC	EPICENTER PARTNERS LLC														AZ
50	L17320491	GRAY PHOENIX DESERT RIDGE II SUBLESSEE LLC	BRUCE GRAY	BRIAN KEARNEY			GRAY/WESTERN DEVELOPMENT COMPANY															AZ
51	L18040650	GRAY PHOENIX DESERT RIDGE III LLC	BRUCE W GRAY	BRIAN KEARNEY			GRAY MEYER FANNIN LLC	EPICENTER PARTNERS LLC														AZ
52	L18081272	GRAY PHOENIX DESERT RIDGE IV LLC	BRUCE W GRAY	BRIAN KEARNEY			GRAY MEYER FANNIN LLC	EPICENTER PARTNERS LLC														AZ
53	L12970489	GRAY RESIDENT SERVICES LLC	BRIAN KEARNEY				BRIAN KEARNEY															AZ
54	L07966518	GRAY RESIDENTIAL LLC (fka GRAY OLSON RESIDENTIAL LLC)	BRUCE W GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY															AZ
55	L15368250	GRAY SERVICES LLC	BRUCE GRAY	MARK OLSON																		AZ
56	02487482	GRAY/WESTERN DEVELOPMENT COMPANY	BRUCE GRAY	BRUCE W GRAY																		AZ
57	L13287634	GRIGIO PARADISE RIDGE LLC	GDG PARADISE RIDGE PARTNERS LLC				GDG ENTERPRISES LLC	GDG PARADISE RIDGE PARTNERS LLC														AZ
58	L13208900	GRIGIO TTL LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC	GRAY/WESTERN DEVELOPMENT COMPANY														AZ
59	L16451202	GTTL OPTIONEE LLC					GRIGIO TTL LLC															AZ
60	L08795807	INDIGO PALMS LLC	GRAY MEYER FANNIN LLC				GRAY MEYER FANNIN LLC	M J OLSON INVESTMENTS CORP	GRAY OLSON MEYER INVESTMENTS LLC	36TH STREET AND MCDOWELL LLC												AZ
61	L08508530	INDIGO SPRINGS LLC					GRAY/WESTERN DEVELOPMENT COMPANY	GRAY OLSON MEYER CONSTRUCTION	JAMES B WATKINS LTD													AZ
62	L07724519	LEGACY APARTMENTS, LLC					GRAY/WESTERN DEVELOPMENT COMPANY; PJ BRIX LLC	STUART S BINGHAM LEGACY/EX LLC; SELWYN R BINGHAM LEGACY/EX LLC	SELWYN A BINGHAM LEGACY/EX LLC; RL HARRISON LEGACY/EX LLC	GEOFFREY A BINGHAM LEGACY/EX L	MJ OLSON INVESTMENTS CORPORATION	DOUBLE DEE LLC										AZ
63	L13241350	MONDRIAN MANAGER LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC															AZ
64	R11505188	MONDRIAN TTL LLC	GRAY MEYER FANNIN LLC				GRAY MEYER FANNIN LLC															DE
65	L08466984	MONTEVIDA LLC					GRAY OLSON MEYER INVESTMENTS LLC	GRAY/WESTERN DEVELOPMENT COMPANY	ROBERT L HARRISON	STUART S BINGHAM	ARIZONA LAND INVESTORS LLC											AZ
66	L10499625	MONTEVIEJO LLC					P R FANNIN INVESTMENTS INC; BINGHAM DEVELOPMENT LLC	GRAY/WESTERN DEVELOPMENT COMPANY; S T PARADY INVESTMENTS INC	CLOW MV LLC; GDG PARADISE RIDGE PARTNERS LLC	GENFIVE VENTURES LLC	J E MEYER INVESTMENTS INC	GRAY MEYER FANNIN LLC										AZ
67	L13768698	NEW MOJO LLC	BRUCE GRAY	MARK OLSON			GRAY/WESTERN DEVELOPMENT COMPANY															AZ
68	P10396586	PARADY GRAY ARCHITECTS PLLC	STEVE PARADY				BRUCE W GRAY	GDG ENTERPRISES LLC														AZ
69	L15617252	PAVILIONS APARTMENTS II LLC	CAP VI PAVILLIONS LLC				GRAY/WESTERN DEVELOPMENT COMPANY	CAP VI PAVILLIONS LLC														AZ
70	R16469547	PR PARADISE RIDGE HC LLC					GDG PARADISE RIDGE HOLDINGS LLC	PR PARADISE RIDGE MEMBER LLC														DE
71	L11849915	PR4E, LLC					GDG PARADISE RIDGE PARTNERS LLC	MERITAGE HOMES OF ARIZONA INC														AZ
72	L10825966	SONORAN DESERT LAND INVESTORS LLC	BRUCE GRAY	BRIAN KEARNEY	SMDR LLC	STEVEN P ZIMMER	SONORAN DESERT LAND INVESTORS LLC															AZ
73	L18572547	SONORAN DESERT LAND INVESTORS MEMBER LLC	BRUCE W GRAY	BRIAN KEARNEY	STEVEN P ZIMMER		GRAY/WESTERN DEVELOPMENT COMPANY															AZ
74	L19863443	TCB REAL ESTATE LLC					BRIAN KEARNEY															AZ
75	L13562976	TEMPE TRANSIT LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC															AZ
76	L07123053	TPOC LIMITED LIABILITY COMPANY					GRAY/WESTERN DEVELOPMENT CO	SELWYN A BINGHAM TPOC/EX LLC	LB CONNELLY TPOC/EX LLC	STUART S BINGHAM TPOC/EX LLC	SELWYN R BINGHAM TPOC/EX LLC	RL HARRISON TPIC/EX LLC										AZ
77	L13866960	TRIANA BACARO LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC	TRIANNA LLC														AZ
78	L13866970	TRIANA DEVELOPMENT LLC	TRIANNA LLC				TRIANNA LLC															AZ
79	L13866981	TRIANA INDIGO LLC	GDG ENTERPRISES LLC				GDG ENTERPRISES LLC	TRIANNA LLC														AZ

**EXHIBIT I
BRUCE GRAY RELATED ENTITIES**

80	L11659421	TRIANNA LLC	GRAY MEYER FANNIN LLC				GRAY MEYER FANNIN LLC	GRAY/WESTERN DEVELOPMENT COMPANY							AZ
81	L10507246	URBAN ARCHITECTS LLC	BRUCE W GRAY				GRAY/WESTERN DEVELOPMENT COMPANY								AZ
82	4878093	GDG GRIGIO TEMPE TOWN LAKE INVESTOR, LLC					GDG ENTERPRISES LLC								DE
83	4840329	CJUF III GRIGIO TEMPE TOWN LAKE LLC													DE
84	P16999880	GRAY ARCHITECTS P.L.L.C.					BRUCE M GRAY								AZ
85	L08753691	MONTERRA LLC					GRAY OLSON MEYER LLC; JOHN SPADORCIA	ARIZONA LAND INVESTORS LLC; LLD INVESTMENTS LLC	SELWYN R BINGHAM MONTERRA/EX; DAVIS WRIGHT TREMAINE 401	RL HARRISON MONTERRA/EX LLC	INTERNATIONAL INVESTMENT GROUP	M J OLSON INVESTMENTS CORP			AZ
86	L09639986	CLARENDON PARK LLC					GRAY OLSON MEYER LLC	ARIZONA LAND INVESTORS LLC	DOUBLE DEE LLC	SELWYN R BINGHAM CP/EX LLC	NEWCORP INVESTMENTS INC	COMMUNITY TRUST AND INVESTMENT			AZ
87		GBG PARTNERS													
88		GOM ONSTRUCTION LLC													
89		HILL COUNTRY GALLERIA LP													
90		PRADY GRAY ARCHITECTS LLC													
91		S&A HOLDINGS LLC													
		RED = Entity Terminated or Administratively Dissolved													

Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, Arizona 85016-9225
(602) 530-8000

EXHIBIT J
(LIST OF DOCUMENTS)

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DISCLOSURE STATEMENT – EXHIBIT J

THE FOLLOWING LIST IS NOT INCLUSIVE OF ALL DOCUMENTS THAT MAY GIVE RISE TO ESTATE CLAIMS OR OTHER CLAIMS AGAINST INSIDERS, AFFILIATES, PERSONS, ENTITIES, AND GOVERNMENTAL ENTITIES. THE REORGANIZED DEBTORS WILL INVESTIGATE ALL PREPETITION TRANSACTIONS INVOLVING THE DEBTORS AND PURSUE ESTATE CLAIMS AND OTHER CLAIMS AS APPROPRIATE. FAILURE TO LIST A PARTICULAR DOCUMENT HEREIN SHALL NOT BE DEEMED A WAIVER OF ANY CLAIM

- CBRE Appraisal – 64.36 Acres Deer Valley Drive 56th Street12/12
- CBRE Appraisal 106 Acres [CBRE0001512-1748]
- CBRE Appraisal 20 Acres (58.723 Net Acres)– Desert Ridge [CPRX000001-171]
- CBRE Appraisal 35.66 Net Acres – Desert Ridge [CBRE0007528-7676]
- CBRE Appraisal 20 Acres – Desert Ridge [CBRE0013568-13690]
- CBRE Appraisal 20 Acres - Desert Ridge [CBRE0012177-12301]
- CBRE Appraisal 20 Acres – Desert Ridge [CBRE0013282-13390]
- CBRE Appraisal 20 Acres – Desert Ridge [CBRE0012056-12176]
- CBRE Appraisal 20 Acres– Desert Ridge [RAYNAK 00313-437]
- CBRE Appraisal 96 Acres (43.84 Net Acres) – Desert Ridge [CBRE0008967-9125]
- CBRE Appraisal 96 Acres (41.57 Net Acres) – Desert Ridge [RAYNAK 000001-159]
- CBRE Appraisal 96 Acres (45.27 Net Acres) – Desert Ridge [CBRE0010442-10595]
- CBRE Appraisal 96 Acres (45.38 Net Acres) – Desert Ridge [RAYNAK 000160-312]
- Declaration Of Thomas Raynak Re Valuation Of Estate Property [CBRE0013693-13695]
- CBRE Engagement Letter re 5.9 Acres, 20 Acres and 4.3 Acres [Bates CBRE0013554-13561]
- CBRE Restricted Appraisal Reports, dated October 27, 2016 (41.57 net acres)
- CBRE Restricted Appraisal Reports, dated October 27, 2016 (45.38 net acres)
- CBRE Restricted Appraisal Reports, dated October 27, 2016 (18.71 net acres)
- 2016 Conceptual Parcel Site Plan – Desert Ridge Parcel 5A East
- 2008 Conceptual Parcel Site Plan – Desert Ridge Parcel 5A East
- Desert Ridge Specific Plan, dated July 18, 1990
- Map of Dedication for City North, recorded as Instrument No. 2007-1180844
- Property Development Agreement, recorded as Instrument No. 20120584409
- Map of Dedication for City North, recorded as Instrument No. 2007-1180844
- Property Development Agreement, recorded as Instrument No. 20120584409
- Arizona State Land Department Commercial Lease No. 003-052415-99, as amended
- Arizona State Land Department Commercial Lease No. 003-116780-99, as amended
- Arizona State Land Department Commercial Lease No. 003-116824-99, as amended
- Arizona State Land Department Commercial Lease No. 003-116825-99, as amended
- Settlement Agreement, dated May 30, 2014, among Epicenter Partners, LLC, East of Epicenter, LLC, the State of Arizona acting by and through the Arizona State Land Department and Vanessa Hickman, acting as Arizona State Land Commissioner, and related parties, and all related Documents and agreements
- Tract Declaration for Desert Ridge Commercial Core, recorded as Instrument No. 2000-0555237

DISCLOSURE STATEMENT – EXHIBIT J

- Assignment of Rights as Master Developer and Declarant, recorded as Instrument 2013-421834
- Assignment of Rights as Master Developer and Declarant, recorded as Instrument 2013-421836
- Arizona State Land Department Commercial Lease No. 003-052415-99, as amended
- Arizona State Land Department Commercial Lease No. 003-116780-99
- Settlement Agreement, dated May 30, 2014 (ASLD, Epicenter Partners, LLC, East of Epicenter, LLC)
- Amended Master Street Plan – Desert Ridge Superblock 5A East, July 2016
- Declaration of Covenants, Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument No. 94-0106341
- First Amendment to Declaration of Covenants, Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument No. 95-0158289
- Certificate of Second Amendment to Declaration of Covenants, Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument No. 95-0764940
- Partial Assignment of Master Developer’s Rights Under Declaration of Covenants, Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument 2000-0555241
- Certificate of Third Amendment to Declaration of Covenants, Conditions, Restrictions and Easements for Desert Ridge, recorded as Instrument No. 2008-0060711
- Declaration of Covenants, Conditions, Restrictions and Easements for Desert Ridge Commercial Core, recorded as Instrument No. 2000-0555236
- Tract Declaration for Desert Ridge Commercial Core, recorded as Instrument No. 2000-0555237
- Assignment and Assumption of Master Developer Rights and Obligations, recorded as Instrument 2012-584404
- Assignment and Assumption of Master Developer Rights and Obligations, recorded as Instrument 2012-584406
- Assignment of Rights as Master Developer and Declarant, recorded as Instrument 2013-421834
- Assignment of Rights as Master Developer and Declarant, recorded as Instrument 2013-421836
- Mutual Easement Agreement, recorded as Instrument No. 2012-584410
- Amended and Restated Mutual Easement Agreement, recorded as Instrument No. 2012-1048466
- Master Developer and Declarant Agreement, recorded as Instrument No. 2012-882879
- Master Developer and Declarant Agreement, recorded as Instrument No. 2012-1183849
- Access and Utility Easement Agreement, recorded as Instrument No. 2013-347897
- Various Assignment Leases affecting property within the Desert Ridge Commercial Core
- Desert Ridge Master Street Plan
- Desert Ridge Master Conceptual Drainage Plan
- Desert Ridge Master Water and Wastewater Plan
- Desert Ridge Master Conceptual Bicycle and Pedestrian Circulation Plan, and
- Desert Ridge Master Water Conservation Plan.

DISCLOSURE STATEMENT – EXHIBIT J

- Parking Space Development and Use Agreement dated July 3, 2007 and recorded on July 13, 2007 as Document Number 2007-0799189
- Amended and Restated Parking Structure Use and Maintenance Agreement for 20850 North 54th Street Parking Structure
- Real Estate Leasehold Purchase and Sale Agreement, dated May 12, 2016, among LKY Real Estate Fund V, LLC, Gray Phoenix Desert Ridge III, LLC, and Gray Phoenix Desert Ridge IV, LLC and related Documents and agreements
- Amended and Restated Mutual Easement Agreement, recorded as Instrument 20121048433 and all related Documents
- Second Amended and Restated Mutual Easement Agreement, recorded as Instrument 20130861499 and all related Documents
- Settlement Agreement, dated May 31, 2012, among Epicenter Partners, LLC, Gray Meyer Fannin, LLC, Bruce Gray, Northeast Phoenix Partners, NPP City North, LLC, and related parties, and all related Documents and agreements
- Lease Assignment and Assumption Agreement, recorded as Instrument 20160392826 and all related Documents
- Lease Assignment and Assumption Agreement, recorded as Instrument 20160392829
- Loan Agreement, dated September 28, 2012, among LKY Real Estate Fund V, LLC and Gray Phoenix Desert Ridge I, LLC, as amended and modified, and all related Documents and agreements
- Assignment and Assumption of Ground Lease and Sublease recorded February 17, 2010 as Instrument No. 2010-0131237 of Official Records and evidenced by that Notice of Assignment dated February 23, 2010 and filed with ASLD
- Lease Assignment and Assumption Agreement dated May 31, 2012 and recorded July 3, 2012 as Instrument No. 2012-584402 of Official Records, and as Lessor consented to the foregoing assignment under that Assignment of Commercial Lease dated June 27, 2012, filed with Lessor and recorded on July 3, 2012 as Instrument No. 2012-0584403 of Official Records.
- Assignment and Assumption of Master Development Rights and Obligations recorded July 3, 2012 as Instrument No. 2012-584406 Official Records
- Amendment filed July 13, 2012 with ASLD
- Lease Assignment and Assumption Agreements recorded July 3, 2012 as Instrument Nos. 2012-584407 and 2012-584408 of Official Records
- Amendment as a Result of Partial Assignment and filed on November 1, 2012 with ASLD
- Amendment to Arizona State Land Department Commercial Lease No. 03-52415-99 as a Result of Partial Assignment (.91 Acres - GPDR III) dated December 27, 2012, filed with ASLD, and disclosed by that Memorandum of Lease recorded December 28, 2012 as Instrument No. 2012-1183847 of Official Records
- Amendment to Arizona State Land Department Commercial Lease No. 03-52415-99 as a Result of Partial Assignment (1.48 Acres - GPDR IV) dated December 27, 2012, filed with ASLD, and disclosed by that Memorandum of Lease recorded December 28, 2012 as Instrument No. 2012-1183846 of Official Records
- Property Development Agreement (City North HH, LLC), dated July 3, 2012 and recorded as Instrument 20120584409

DISCLOSURE STATEMENT – EXHIBIT J

- Option Agreement, dated September 26, 2013 in favor of Gray Phoenix Desert Ridge IV, LLC and all related Documents and Agreements
- Rights of Master Developer under the Covenants, Conditions, Restrictions and Easements for Superblock 3, dated January 3, 1996 and recorded on January 10, 1996 as Document Number 96-0019709.
- Rights of Master Developer under the Covenants, Conditions, Restrictions and Easements for Superblock 6, recorded on October 7, 2000 as Document Number 2000-0827534
- All Documents and agreements related to Desert Ridge Community Association
- All Documents and agreements related to Desert Ridge Core Association
- Certificate of Purchase No. 53-110227, dated January 19, 2006 and recorded as Instrument 20060229467.
- Consent to Assignment of Certificate of Purchase No. 53-110227, dated February 16, 2006
- Desert Ridge Zone 5 Watermain Development Agreement, dated August 10, 2007 and recorded as Instrument No. 20071134783
- Other recorded and unrecorded Documents and agreements affecting property with the Desert Ridge Master Planned Community and the Desert Ridge Commercial Core