

1 MESCH CLARK ROTHSCHILD

2 259 North Meyer Avenue

3 Tucson, Arizona 85701

4 Phone: (520) 624-8886

5 Fax: (520) 798-1037

6 Email: mmcgrath@mcrazlaw.com

7 fpetersen@mcrazlaw.com

8 irothschild@mcrazlaw.com

9 ecfbk@mcrazlaw.com

10 By: Michael McGrath, # 6019

11 Frederick J. Petersen, # 19944

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, AMENDED APRIL
2017**

23 Debtors.

24 Address: 5515 E. Deer Valley Dr., Phoenix, AZ 85054

25 This Filing Applies to:

26 All Debtors

Specified Debtor(s)

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

I. DEBTORS’ INTRODUCTION AND REPRESENTATIONS..... 2
 A. Introduction..... 2
 B. Information about the Disclosure Statement 2
 C. Ballot Procedures..... 3
 D. Representations..... 4
 E. Defined Terms 4
 F. Source of Information for the Disclosure Statement..... 5
II. HISTORICAL PERSPECTIVE..... 5
 A. General Information About Debtors’ Business and Events Leading to Chapter
 11 Case..... 5
III. ASSET DESCRIPTION AND VALUE..... 6
IV. SCHEDULED CLAIMS..... 7
V. EVENTS SINCE THE FILING OF CHAPTER 11 8
 A. Case Administration 8
VI. DEBTORS’ CURRENT MANAGEMENT AND OPERATIONS..... 10
VII. EXISTENCE/NON-EXISTENCE OF AVOIDABLE TRANSFERS 10
VIII. SUMMARY OF THE PLAN OF REORGANIZATION..... 10
IX. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS 12
X. MEANS FOR IMPLEMENTATION OF PLAN 17
XI. NON-BANKRUPTCY LITIGATION 18
XII. TAX CONSEQUENCES..... 18
XIII. LIQUIDATION ANALYSIS 18
XIV. RISK ANALYSIS..... 21
XV. CONFIRMATION IN SPITE OF REJECTION OF PLAN..... 21
XVI. EFFECT OF CONFIRMATION 22
XVII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES 23
XVIII. LIQUIDATION OF CLAIMS 24
XIX. RETENTION OF CLAIMS..... 25
XX. MODIFICATION OF PLAN 25

1 XXI. RETENTION OF JURISDICTION..... 26
2 XXII. RECOMMENDATION 27
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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” or “July
5 Debtors”), propose this Amended Disclosure Statement in support of the accompanying
6 Chapter 11 Plan of Reorganization for Sonoran Desert Land Investors LLC, East Of
7 Epicenter LLC, and Gray Phoenix Desert Ridge II LLC, Amended March 2017 (the
8 “Disclosure Statement”). These cases are jointly administered with affiliated Debtors
9 Epicenter Partners, LLC and Gray Meyer Fannin, LLC (collectively the “May Debtors”).
10 The Debtors are disseminating this Disclosure Statement to their creditors for the purpose of
11 soliciting acceptance of the Plan.

12 The Debtors’ Plan proposes to pay all creditors in full with interest over time as the
13 Debtors sell real property, re-finance real property, or attract joint venturers.

14 **B. Information about the Disclosure Statement**

15 The Debtors believe this Disclosure Statement contains information that is material,
16 important, and necessary for creditors to arrive at an informed decision in exercising their
17 right to vote for acceptance of the Plan. This Disclosure Statement is being disseminated in
18 conjunction with the *Chapter 11 Plan of Reorganization for Sonoran Desert Land Investors*
19 *LLC, East Of Epicenter LLC, and Gray Phoenix Desert Ridge II LLC, Amended April 2017*
20 (the “Plan”) filed concurrently herewith proposed by the Debtors.

21 The United States Bankruptcy Court for the District of Arizona (“the Bankruptcy
22 Court” or the “Court”) will set a hearing on confirmation of the Plan in the U.S. Bankruptcy
23 Court, Courtroom 702, Seventh Floor, 230 North First Avenue, Phoenix, Arizona. The time
24 and date of the hearing is set forth in the Order accompanying this Disclosure Statement.
25 Creditors may vote on the Plan by filling out and mailing the accompanying ballot in
26

1 accordance with the procedure provided on the ballot and the *Order Approving Disclosure*
2 *Statement and Fixing Time for Filing Acceptance or Rejection of Plan, Combined with*
3 *Notice Thereof*. As a creditor, your vote will be included in a tally of similarly situated
4 parties grouped in a specific class. For a class of creditors' claims to accept the Plan,
5 acceptances must be filed by at least 2/3 in amount, and more than 1/2 in number of the
6 allowed claims of each class that actually vote on the Plan. Failure to vote on the Plan does
7 not constitute either an acceptance or rejection of the Plan. The Court, when considering
8 confirmation of the Plan will count the acceptances and rejections of voting classes.

9 The Debtors believe this Disclosure Statement provides sufficient and adequate
10 information for interested parties to make an informed decision as to whether to vote in
11 favor or reject the Plan.

12 **C. Ballot Procedures**

13 Creditors will receive a copy of this Disclosure Statement, the Plan, an Order setting
14 the hearing on confirmation of the Plan, and a Ballot.

15 You should read the Ballot carefully and follow the instructions. You should
16 complete your Ballot and return it to:

17 MESCH CLARK ROTHSCHILD, P.C.
18 Attn: Isaac D. Rothschild
19 259 N. Meyer Avenue
20 Tucson, Arizona 85701
irothschild@mcrazlaw.com

21 The Debtors reserve the right to (i) designate the correct Class if any creditor submits
22 a Ballot that fails to either identify a Class number or votes a Ballot in an incorrect Class
23 and (ii) designate the treatment options afforded any creditor who submits a Ballot and fails
24 to designate any treatment option afforded that Class, but only if reasonable attempts to
25 contact the creditor to discern its intent have failed.

1 **D. Representations**

2 NO REPRESENTATIONS CONCERNING THESE DEBTORS OR THE PLAN
3 ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE
4 STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS TO OBTAIN YOUR
5 ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED HEREIN SHOULD
6 NOT BE RELIED UPON. THE INFORMATION CONTAINED HEREIN HAS NOT
7 BEEN AUDITED. THE DEBTORS ARE UNABLE TO REPRESENT THAT THE
8 INFORMATION HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH THE
9 INFORMATION DISCLOSED IS ACCURATE TO THE BEST OF THE DEBTORS'
10 KNOWLEDGE, INFORMATION, AND BELIEF.

11 THE BANKRUPTCY COURT HAS NOT VERIFIED THE ACCURACY OF THE
12 INFORMATION CONTAINED HEREIN, AND THE COURT'S APPROVAL OF THIS
13 DISCLOSURE STATEMENT DOES NOT IMPLY THAT THE COURT ENDORSES OR
14 APPROVES THE PLAN, BUT ONLY THAT IF THE INFORMATION IS ACCURATE,
15 THEN IT IS SUFFICIENT TO PROVIDE AN ADEQUATE BASIS FOR CREDITORS
16 TO MAKE AN INFORMED DECISION WHETHER TO ACCEPT OR REJECT THE
17 PLAN.

18 This Disclosure Statement was prepared by the Debtors, their employees, and their
19 professionals.

20 **E. Defined Terms**

21 Most words or phrases in this Disclosure Statement have their usual and customary
22 meanings. Certain capitalized terms have the same meaning as defined herein, or as defined
23 in the Plan. If not otherwise defined, certain terms in this Disclosure Statement have the
24 same meaning as provided in the Bankruptcy Code or Federal Rules of Bankruptcy
25 Procedure.
26

1 **F. Source of Information for the Disclosure Statement**

2 This Disclosure Statement was prepared with information provided by
3 representatives of the Debtors to the Debtors’ court appointed bankruptcy attorneys.

4 **II. HISTORICAL PERSPECTIVE**

5 **A. General Information About Debtors’ Business and Events Leading to**
6 **Chapter 11 Case.**

7 **1. Formation of the Debtors and Their Management**

8 Sonoran was formed in 2003 for the purpose of real estate acquisition and ownership.
9 EOE was formed in 2006 to acquire the Parcel 2H property from an ASLD public auction,
10 and to hold and manage such property for investment. GPDRII was formed in 2012 for the
11 purpose of real estate acquisition and ownership. Sonoran and GPDRII are owned by
12 Gray/Western Development Company which is managed by Bruce Gray. EOE is owned and
13 managed by GDG Enterprises LLC, of which Mr. Gray is the principal.

14 **2. The Debtors’ Estate Property**

15 EOE owns in fee simple approximately 5.92 acres of real property located near the
16 northeast corner of 56th Street and Loop 101 in Phoenix, Arizona (“EOE Property”) within
17 the parcel commonly known as 2H.

18 EOE also has the rights under the Certificate of Purchase No. 53-110227 (“CP”) for
19 26.1 acres in the 2H Parcel.

20 Sonoran owns in fee simple approximately 3.74 acres of real property located on the
21 corner of Camelback Road and Scottsdale Road in Scottsdale, Arizona (“Blue Sky
22 Property”).

23 GPDRII has a leasehold interest in 20 acres located near the northwest corner of 56th
24 Street and Loop 101 in Phoenix, Arizona (“GPD Property”). The GPD Property is within the
25 parcel commonly known as 5A, which is part of the Desert Ridge Commercial Core.
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

3. The Master Development Plan

The EOE and GPDRII properties are part of the Desert Ridge Specific Plan. The City of Phoenix adopted this plan on June 6, 1990 and it was adopted by the Arizona State Land Department on November 29, 1990. In summary, the Desert Ridge Specific Plan provides the zoning, land uses, density and infrastructure, along with other pertinent entitlement information. The underlying property must follow the guidelines for any development to occur on its property.

4. Events Leading to the Chapter 11 Case

CPF Vaseo Associates, LLC (“CPF”) asserts a lien in all of the Debtors’ real property. The Debtors were unable to make payments claimed due by CPF, leading to default being declared by CPF. Faced with the potential foreclosure of their Property, the Debtors filed this Chapter 11 Case.

III. ASSET DESCRIPTION AND VALUE

The Debtors value the Blue Sky Property at \$45,000,000.00, and CPF values the property at \$22,470,000.00.

The Debtors value the EOE Property at \$11,100,000.00, and CPF values the property at \$4,970,000.00. EOE also owns the right to purchase a certain 26.18 acres owned by the Arizona State Land Department under the CP, the Debtors have a payment of \$4,728,250.00 due on the CP in order to cure the executory contract.

The GPD Property is subject to a valuation that commenced February 8, 2017 and is still ongoing. GPDRII has until July 6, 2017 to pay the total amount of \$691,589.85 to maintain this lease. The Debtors have valued the GPD Property at not less than \$27,300,000.00, and CPF values the property at \$13,067,950.00.

Sonoran is the sole member of Gray Blue Sky Scottsdale Residential Phase 1, LLC. Gray Blue Sky Scottsdale Residential Phase 1, LLC owns real property adjacent to the Blue

1 Sky Property. Emerald Equities, LLC asserts that it has a right to buy this property for
2 \$550,000.00. Emerald Equities has filed a claim against Sonoran related to a state court
3 lawsuit in which Emerald Equities seeks specific performance of a contract to convey Gray
4 Blue Sky Scottsdale Residential Phase 1, LLC's property and contract damages

5 6 **IV. SCHEDULED CLAIMS**

7 The Debtors' schedules describe in detail the creditors holding secured, priority, and
8 unsecured claims. Most of the scheduled vendor claims are not disputed or unliquidated. A
9 Bar Date was set in this matter on September 20, 2016, with an October 20, 2016 claims bar
10 date.

11 As of the Petition Date, the Debtors did not owe any employees for wages outside of
12 the ordinary course of business.

13 CPF has filed a claim in the approximate amount of \$30,572,496.22 secured by all
14 real property in the July Debtors cases.

15 Maricopa County Treasurer asserts a claim against Sonoran in the approximate
16 amount of \$127,557.52.

17 Emerald Equities, LLC is an adjacent landowner to Sonoran. Emerald Equities has
18 filed a claim against Sonoran related to a state court lawsuit in which Emerald Equities
19 seeks specific performance of a contract to convey non-debtor property and contract
20 damages.

21 There are unsecured non-related party claims against Sonoran in the approximate
22 amount of \$561,724.61.

23 There are certain separate but affiliated entities that are controlled by Bruce Gray that
24 have claims against Sonoran. These unsecured related party claims against Sonoran total
25 approximately of \$2,503,110.

26 In addition to the CPF claim secured by all July Debtor's real property, CPF

1 asserts a claim against EOE secured by the EOE Property in the approximate amount
2 of \$4,364,146.17.

3 EOE also owes real property taxes to the Maricopa County Treasurer in the
4 approximate amount of \$144,312.13.

5 The Desert Ridge Community Association asserts a secured claim in the
6 amount of \$46,167.40 against the EOE property.

7 There are unsecured non-related party claims against EOE in the approximate
8 amount of \$2,120,605.13.

9 There are certain separate but affiliated entities that are controlled by Bruce
10 Gray that have claims against EOE. These related party unsecured claims total
11 approximately \$124,857.00.

12 In addition to the CPF claim secured by all July Debtors' real property, there
13 are unsecured non-related claims against GPDR II in the approximate amount of
14 \$4,500.

15 There are certain separate but affiliated entities that are controlled by Bruce
16 Gray that have claims against GPDR II. These related party unsecured claims total
17 approximately \$532,611.

18 **V. EVENTS SINCE THE FILING OF CHAPTER 11**

19 **A. Case Administration**

20 The Debtor filed their voluntary petitions for relief under Chapter 11 of the
21 Bankruptcy Code on July 6, 2016. The Debtors filed their required schedules and statement
22 of financial affairs on July 27, 2016 [Sonoran DE 33, EOE DE 15, GPDR II DE 17].
23 Sonoran filed schedule amendments on August 31 and December 7, 2016 [Sonoran DE 37,
24 38, and 48].

25 On July 26, 2016, the Court granted the Debtors joint administration with Epicenter
26

1 Partners, LLC (2:16-bk-05493-MCW) and Gray Meyer Fannin, LLC (2:16-bk-05494-
2 MCW) (Epicenter Partners, LLC and Gray Meyer Fannin, LLC are collectively the “May
3 Debtors”).

4 The Debtors compiled extensive information for and attended initial interviews with
5 the Office of the U.S. Trustee. The Debtors then appeared at first meetings of creditors.
6 The Debtors are filing the monthly operating reports as required by the U.S. Trustee. The
7 Debtors must pay quarterly fees to the U.S. Trustee based on those reports.

8 The Debtors moved to sell the Sonoran property located at Scottsdale Road and
9 Camelback Road, but that sale failed to close.

10 CPF filed a Stay Relief Motion on November 23, 2016 and the Debtors responded on
11 December 7, 2016.

12 On January 3, 2017, the Court approved a stipulation to substitute Mesch Clark
13 Rothschild, PC as attorneys for the Debtors.

14 Debtors filed first day motions seeking authority: (a) to use existing bank accounts;
15 (b) to employ Stinson Leonard and Street as their counsel (“Employment Motion”); and (c)
16 to jointly administer administration. The Court entered orders granting these three motions.

17 The Debtors in Epicenter Partners, LLC and Grey Meyer Fannin, LLC have filed a
18 separate Plan of Reorganization and Disclosure Statement. An initial hearing on Plan
19 Confirmation and evidentiary hearing on valuation and indubitable equivalence (including
20 the GPD Property) commenced on February 8, 2017 and is still on-going.

21 The Debtors sought and obtained approval of CBRE, Inc. and David Carder as the
22 broker for the Estates. The Debtors continue to actively market the real property of the
23 Debtors for sale.

24 CPF has filed a Plan and Disclosure Statement related to a reorganization of all five
25 Debtors that does not seek to pay creditors of the Estate in full.

26

1 **VI. DEBTORS' CURRENT MANAGEMENT AND OPERATIONS**

2 The Debtors are currently managed by Bruce Gray. The Debtors anticipate that
3 Bruce Gray will manage the Debtors in the future.

4 **VII. EXISTENCE/NON-EXISTENCE OF AVOIDABLE TRANSFERS**

5 Bankruptcy law provides that certain preferential payments or payments made
6 without fair consideration can be recovered from the payee by the Estates. The Debtors have
7 listed certain payments made in the look-back period in their Statement of Financial Affairs
8 at SOFA 3(b) and 3(c). The Schedules include a list of creditors paid, the dates of payment,
9 and the amounts paid. The Debtors have done a preliminary review of payments made in the
10 90 days before bankruptcy and currently do not believe any preferential actions exist.

11 The Debtors also retain their right to avoid (a) payments or distributions to any other
12 recipients made within the preference period and (b) any liens that a creditor may have
13 attempted to perfect in the ninety days before the bankruptcy.

14 **VIII. SUMMARY OF THE PLAN OF REORGANIZATION**

15 The goal of the proposed Plan is to continue the operation of the Debtors' business,
16 allow the Debtors to realize a fair market value for their property interests, re-pay all pre-
17 petition unsecured creditors, and to continue to conduct business with trade vendors. A copy
18 of the Debtors' Plan is attached as Exhibit A.

19 The Debtors' Plan provides payments or transfers of property to pay all creditors in
20 full with interest.

21 All claims and interests are placed into classes as set forth below. A claim or interest
22 is placed in a particular class, only to the extent that the claim or interest falls within the
23 description of that class, and is classified in all other classes to the extent that any portion of
24 the claim or interest falls within the description of such other class.

25 A claim or interest is placed in a particular class for all purposes, including voting on
26 the Plan, confirmation and receiving distributions pursuant to the Plan, only to the extent

1 that such claim or interest is an Allowed Claim in that class (an Allowed Claim is any claim
2 that either has been allowed by the Court; scheduled and not disputed, contingent, or
3 unliquidated, or a filed claim that has not been objected to within thirty days of
4 confirmation), and such claim has not been paid, released, or otherwise settled prior to the
5 Effective Date. The Effective Date shall be ten business days after the Debtors close on the
6 sale any real property belonging to the Debtors, but no later than six months after the Court
7 confirms the Debtors' Plan of Reorganization.

8 Any monetary funding of the Plan may come (1) exit financing; (2) joint venture; (3)
9 the proceeds of the sale of any property in excess of any Release Price set by the Court;(3)
10 the post-confirmation sale or disposition of the Reorganized Debtors' real property; (4) a
11 reserve account funded from sale proceeds above the Release Price; and/or (5) contributions
12 from equity holders and the post-petition operations of the Debtors. Allowed claims of the
13 Debtors will be paid from these sources; the Plan pays all creditors from these sources of
14 funds. The reorganized Debtors will continue to manage the properties post-confirmation.

15 The Debtors anticipate Effective Date payments of approximately \$1,000,000.00 for
16 administrative claims of approximately \$650,000.00, tax claims of approximately
17 \$84,000.00, the Desert Ridge Community Association of approximately \$5,000.00, and
18 unsecured payments of approximately \$250,000.00. Additionally, on or before July 7, 2017,
19 the Debtors will pay \$691,589.85 on the GPD Property.

20 The first payment to CPF could be as much as \$514,305.56. This payment could be
21 increased based on a determination of CPF's secured claim, this payment could be reduced
22 based on sales of property and proceeds received by CPF or if real property is transferred to
23 CPF for which the Debtors receive a credit.

24 In the event that the Court finds that the Debtors cannot adequately protect CPF by
25 either granting release prices on the real property of the July Debtors or allowing the
26 Debtors to transfer certain real property to CPF in exchange for partial or full satisfaction of

1 the CPF liens against the Debtors' property, the Effective Date payments will be made by
2 the Debtors entering into a joint venture, exit financing, or contributions from the current
3 equity holders Bruce and Barbara Gray.

4 Although the following is not a substitute for a careful reading of the Plan, it is a
5 general discussion of the treatment of allowed claims and interests under the Plan. Through
6 the Plan, the Debtors intend to modify the payment terms of secured and unsecured creditors
7 to allow for payment of all allowed prepetition claims in full with interest over a period of
8 years.

9 **IX. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

10 **Treatment of Administrative Claims.** The Administrative Bar Date shall be a date
11 sixty days after the Court confirms this Plan or a date otherwise set by the Court. On or
12 before the Administrative Claim Bar Date, each Holder of an Administrative Claim shall file
13 with the Bankruptcy Court a request for payment of an Administrative Claim. Any
14 Administrative Claim that is not filed on or before the Administrative Claim Bar Date will
15 be deemed disallowed. Unless otherwise agreed to by the holders of the administrative
16 claims and Debtors, the Debtors shall pay each holder of an allowed administrative claim
17 the full unpaid amount of such claim in cash on the later of the Effective Date or when such
18 claim is allowed by a final order of the Bankruptcy Court unless the Debtors receive a stay
19 pending appeal. Administrative claims are estimated to include the fees of Stinson Leonard
20 Street LLP (estimated to be \$275,494.50 and Stinson Leonard Street, LLP holds a retainer
21 of \$131,090.50), Mesch Clark Rothschild PC (estimated to be \$500,000.00 at the time of
22 confirmation), and United States Trustees Fees. The United States Trustee fees are current.
23 Any other administrative creditors will be paid in full on the Effective Date, or over time as
24 may be agreed by such creditors.

20 **Treatment of Professional Fees.** No payments of Professional Fees may be made
21 without prior order of the Bankruptcy Court. Professionals may file an application for the
22 final allowance of compensation and reimbursement of expenses that each such Professional
23 has already received. Such claims will be paid once allowed by a final order of the
24 Bankruptcy Court unless the Debtors receive a stay pending appeal.

24 **Treatment of U.S. Trustee Fees.** U.S. Trustee fees shall be allowed in accordance
25 with 28 U.S.C. § 1930. The Debtors shall pay to the U.S. Trustee all fees due and owing
26 under 28 U.S.C. § 1930 as they become due.

1 **Class 1 – CPF Secured Claim.** CPF asserts a secured claim in the amount of
2 \$30,572,496.22. To the extent this claim is allowed, it shall be treated as set forth below.
3 The Bankruptcy Court will value the GPD Property, the EOE Property, and the Blue Sky
4 Property prior to, or in conjunction with, the Confirmation Hearing and set release prices for
5 each property in an amount sufficient to provide CPF with adequate protection of its
6 security interest (“Release Prices”). Thereafter:

7 *The CPF secured claim shall be treated as follows:*

8 *CPF shall retain its lien rights on the real property of the July Debtors in the*
9 *same validity, priority, and extent as existed on the Petition Date, subject to*
10 *Release Prices determined by the Court or agreed to by the parties. The*
11 *Debtors reserve the right to contest the calculation and collectability of any*
12 *default interest, late fees, charges, and similar amounts associated with the*
13 *CPF secured claim. For the avoidance of doubt, no post-petition penalties,*
14 *default interest, or late fees shall be included in the Allowed CPF claim*
15 *without a court order.*

16 *On or before the Effective Date, the Debtors may make an initial payment or*
17 *transfer arising from a sale, borrowing, joint venturer, or transfer title to real*
18 *property of the Debtors, so long as the parties agree or the Court determines*
19 *the value of the real property selected by the Debtors which would be credited*
20 *against the CPF claim upon transfer.*

21 *Beginning on a date that is ninety days after the Effective Date, Debtors will*
22 *make quarterly interest only payments on any balance of CPF’s allowed*
23 *secured claim . 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 *Debtors will market and sell all or a portion of its real property for more than*
27 *the Release Price. When portions of CPF’s collateral are sold, in exchange*
28 *for a release of its lien on the property to be transferred, CPF will receive*
29 *payment of the Release Price .The Release Price shall be in an amount set by*
30 *the Court or as agreed to by the parties. Any balance of the claim will be paid*
31 *on the 10th Anniversary of the Effective Date.*

32 **Class 1 is Impaired under this Plan and may vote.**

1 **Class 2 – CPF EOE Property Secured Claim.** CPF asserts a secured claim against
2 the EOE Property in the amount of \$4,364,146.17. To the extent this claim is determined to
3 be an allowed claim it shall be treated as follows:

4 *The CPF allowed claim secured by the EOE Property shall be treated as
5 follows:*

6 *CPF shall retain its lien rights on the property in the same validity, priority,
7 and extent as existed on the Petition Date, subject to a Release Price
8 determined by the Court. The Debtors reserve the right to contest the
9 calculation and collectability of any late fees, default interest, charges, and
10 similar amounts associated with the CPF secured claim. For the avoidance of
11 doubt, no post-petition penalties, default interest, or late fees shall be included
12 in the allowed CPF claim without a court order.*

13 *On or before the Effective Date, the Debtors may make an initial payment or
14 transfer arising from a sale, borrowing, or joint venturer, or transfer title to
15 real property of the Debtors so long as the parties agree or the Court
16 determines the value of the real property selected by the Debtors which would
17 be credited against the CPF claim upon transfer.*

18 *Beginning on a date that is ninety days after the Effective Date, Debtors will
19 make quarterly interest only payments on any balance of CPF's claim.
20 Interest shall be calculated at 5.75% simple interest per annum, or at such
21 rate that the Court determines is necessary to provide CPF a present value
22 equal to the balance of its claim on the Effective Date.*

23 *Debtors may market and sell all or a portion of the Property for more than the
24 Release Price. If the EOE Property is sold in exchange for a release of its lien
25 on the EOE Property, CPF will receive payment of the Release Price in
26 satisfaction of its lien on the subject parcel. The Release Price shall be in an
amount set by the Court or as agreed to by the parties. Any balance of the
claim will be paid on the 10th Anniversary of the Effective Date.*

Class 2 is Impaired under this Plan and may vote.

23 **Class 3 – Secured Tax Claims.** Class 3 Claims consist of the secured claims of
24 Maricopa County. The claims of Maricopa County consist of a \$127,557.52 claim secured
25 by the Sonoran Property and \$144,312.13 claim secured by the EOE property.

26 *The Secured Tax Claims will be treated as follows:*

1 *Class 3 Claims shall retain their liens on the real property of the Debtors.*

2
3 *The Secured Tax Claims will be paid: (a) with respect to the sale of any*
4 *property, from the proceeds generated from the closing of the sale associated*
5 *with the lien; or (b) in equal annual installments beginning on the effective*
6 *date over a period not longer than five years from the petition date with*
7 *interest at the statutory rate.*

8 **Class 3 is Impaired under this Plan and may vote.**

9 **Class 4— Secured Claim of Desert Ridge Community Association.** This claim
10 consists of the secured claim of Desert Ridge Community Association in the amount of
11 \$46,167.40 as of the Petition Date.

12 *The secured claim of the Desert Ridge Community Association will be treated*
13 *as follows:*

14 *Class 4 shall retain their liens on the real property of the Debtors.*

15 *The Secured Claim of the Desert Ridge Community Association shall be paid*
16 *in twelve equal monthly installments of principal and interest, at the rate set*
17 *forth in the Declaration of Covenants, Conditions, Restrictions, and*
18 *Easements for Desert Ridge, as amended, beginning on the Effective Date, or*
19 *as otherwise agreed by the Debtors and Desert Ridge Community Association.*
20 *No post-petition late fees or other penalties will be paid on the secured claim*
21 *of the Desert Ridge Community Association.*

22 **Class 4 is Impaired under this Plan and may vote.**

23 **Class 5 – Unsecured Claims.** The Class 5 Claims will be divided into two (2)
24 subclasses, with each sub-class being entitled to vote.

25 **Class 5A – General Unsecured Claims.** The general unsecured Claims
26 against all three Debtors is estimated at \$2,686,830.00.

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

1 *payment of the Class 5A Claims will be the sale or disposition of the*
2 *Reorganized Debtors' real property in excess of Release Prices set by the*
3 *Court or as agreed to by the parties, exit financing, a joint venture, or an*
4 *equity contribution.*

4 **Class 5A is Impaired under this Plan and may vote.**

5 **Class 5B – Related Party Unsecured Claims.** The Related Party Unsecured
6 Claims against all three Debtors is estimated at \$3,160,578.00.

7 *The Class 5B Related Party Unsecured Claims will receive payment of their*
8 *Allowed Class 5B Claims only after all Class 5A Claims are paid in full. The*
9 *source of payment will be the sale or disposition of the Reorganized Debtors'*
10 *real property in excess of Release Prices set by the Court or as agreed to by*
11 *the parties, exit financing, a joint venture, or an equity contribution.*

11 **Class 5B is Impaired under this Plan and may vote.**

12 **Class 6 – Emerald Equities Litigation.** The Class 6 Claim consists of a litigation
13 claim between Emerald Equities and Sonoran and non-debtor parties Gray Blue Sky
14 Scottsdale Residential Phase 1, LLC and Scottsdale Renaissance, LLC, the Class 6 claim
shall be treated as follows:

15 *The bankruptcy stay shall be lifted on the Effective Date, and the claims*
16 *between Emerald Equities, LLC on the one hand, and Debtor Sonoran Desert*
17 *Land Investors, LLC and its wholly-owned affiliate Gray Blue Sky Residential*
18 *Phase I, LLC ("Gray Blue Sky"), currently pending in Maricopa County*
19 *Superior Court at No CV 2015-005837, may proceed to trial in that court.*
20 *Sonoran will be bound by the result of that proceeding, and, if the state court*
21 *orders in that proceeding, and if necessary cause Gray Blue Sky to do the*
22 *same. Should the state court award Emerald Equities any damages, attorneys'*
23 *fees or costs against Sonoran, those damages, fees and/or costs shall be an*
24 *allowed claim, and Emerald Equities shall receive payment of one-hundred*
percent (100%) of its allowed claim over three (3) years from the time its
claim is allowed, paid quarterly with interest accrued on unpaid amounts at
the rate of 4% per annum, simple interest. The source of payment of the Class
6 Claim will be in accordance with, and have the same priority as the payment
of Class 5A General Unsecured Claims under the Debtors' Plan.

25 **Class 6 is impaired under this Plan and may vote.**

1 **Class 7 – Equity Interests.** The holders of the Equity Interests in Class 7 shall be
2 treated as follows:

3 *The existed Equity Interests shall be retained by the current Holders.*

4 **Class 7 is unimpaired under this Plan and may not vote.**

5
6 **X. MEANS FOR IMPLEMENTATION OF PLAN**

7 **Substantive Consolidation.** Confirmation of the Plan constitutes a substantive
8 consolidation of the liabilities and assets of the Debtors except for secured claims against
9 specific assets. Substantive consolidation of the liabilities and assets of the Debtors on the
10 Effective Date: (a) consolidates the property of each estate for purposes of Plan voting and
11 distributions to holders of allowed claims under the Plan; and (b) converts all claims against
12 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 one Debtor are
deemed expunged; and (c) notwithstanding any of the foregoing, substantive consolidation
does not expand any lien rights against specific collateral held by holders of secured claims.

13 **Funding On and After the Effective Date.** All payments under the Plan which are
14 due on and after the Effective Date will be funded by: an initial payment or transfer arising
15 from a (1) joint venture; (2) the proceeds of the sale of any property;(3) the post-
16 confirmation sale or disposition of the Reorganized Debtors' real property; (4) an account
funded from sale proceeds above the Release Price; (5) exit financing; and/or (6)
contributions from equity holders.

17 **Revesting Of Estate Assets.** Upon the Effective Date, all Assets of the Debtors will
18 revest in the Reorganized Debtors, free and clear of all liens, claims and encumbrances other
19 than as expressly provided for in the Plan. The Reorganized Debtors shall continue to run
20 the Debtors' business in the ordinary course after the Effective Date. After the Effective
21 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.

22 **United States Trustee Fees.** Quarterly fees due to the United States Trustee pursuant
23 to 11 U.S.C. 1930(a)(6) will be paid when due by the Debtors.

24 ***Limitation of Liability of the Plan Proponents. No action or claim may be asserted***
25 ***against the Plan Proponents for any matter relating to or arising out of this Chapter 11***
26 ***Case, the confirmation of the Plan, the consummation of the Plan, or the administration***
of the Plan or the property to be administered or distributed under the Plan, in any court

1 *without first obtaining approval of the Bankruptcy Court, and, in such event, any such*
2 *action must be prosecuted before the Bankruptcy Court, which shall retain jurisdiction to*
3 *adjudicate any such actions. The Plan Proponents are acting solely as fiduciaries on*
4 *behalf of the Estate in implementing this Plan. Neither the Plan Proponents, nor any of*
5 *their employees, shall have any personal liability for serving in the fiduciary capacity of*
6 *Plan Proponents, except for willful misconduct or gross negligence.*

7 **XI. NON-BANKRUPTCY LITIGATION**

8 Sonoran is a defendant in a state court lawsuit, case CV2015-005837 filed by
9 Emerald Equities in Maricopa County Superior Court. Non-debtor entities Gray Blue Sky
10 Residential Phase I, LLC, and Scottsdale Renaissance LLC are also parties to the case.
11 Emerald Equities seeks specific performance of a contract to convey land from Gray Blue
12 Sky Residential Phase I, LLC. Debtor Sonoran is a party to the contract. Debtors expect to
13 prevail in the litigation, but to the extent that any damages are awarded to Emerald Equities
14 and against Sonoran, such damages will be an allowed claim and treated pursuant to plan
15 treatment.

16 **XII. TAX CONSEQUENCES**

17 The Debtors have not obtained a tax opinion and does not express any opinion as to
18 the tax consequences to the creditors or equity security holders. Interested parties are
19 encouraged to obtain their own professional counsel to determine the tax consequences of
20 the Plan.

21 **BECAUSE THE DEBTORS EXPRESS NO TAX ADVICE, IN NO EVENT WILL**
22 **THE DEBTORS OR THEIR PROFESSIONAL ADVISORS BE LIABLE FOR ANY TAX**
23 **CONSEQUENCES OF THE PLAN. CREDITORS MUST LOOK SOLELY TO AND**
24 **RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES**
25 **OF THE PLAN.**

26 **XIII. LIQUIDATION ANALYSIS**

Pursuant to 11 U.S.C. §1129(a)(7), the Plan must provide that creditors who do not

1 accept the Plan will receive at least as much as they would receive in a liquidation of the
2 Debtors under Chapter 7 of the Bankruptcy Code. The Debtors believe that the Plan
3 satisfies this “best interest of creditors” test.

4 Distributions to creditors under the Plan will be at least as much as the recoveries
5 creditors would receive in a Chapter 7 liquidation. If the cases were converted to Chapter 7
6 liquidations, claims will significantly increase. It is anticipated that both under the Plan or
7 through an orderly liquidation that all creditors including related parties with claims against
8 the Debtors will be paid in full and that there will be a return to equity. If the liquidation
9 occurs in an orderly fashion under court supervision for the benefit of creditors of each of
10 the entities, there are sufficient funds to pay all creditors in full. However, because CPF
11 asserts a claim secured by all real property of all three Debtors, if such liquidation is not
12 orderly, it is possible that unsecured creditors of certain Debtors would not receive any
13 distribution under a liquidation while creditors of other Debtors would be paid in full. This
14 Plan proposes full payment to all creditors and will provide at least as much as would be
15 available to creditors under a hypothetical liquidation.

Asset	Debtor’s Market Value	Liquidation Value (-30%)
GPD Property	\$27,300,000.00	\$19,110,000.00
Blue Sky Property	\$45,000,000.00	\$31,500,000.00
EOE Property	\$11,100,000.00	\$7,770,000.00
TOTAL		\$58,380,000.00

24 //

25 //

Creditor	Secured Claim	Unsecured Claim
Maricopa County	\$271,869.55	
CPF (Against All Properties)	\$30,572,496.00	
CPF (Against EOE Property)	\$4,364,146.17	
Desert Ridge Community Association (Against EOE Property)	\$46,167.40	
General Unsecured		\$2,686,830.00
Related Unsecured		\$3,160,578.00
TOTAL	\$35,254,679.44	\$5,847,408.00

The Liquidation Value of the Debtors' Assets is \$58,380,000.00 and the total secured and unsecured claims are \$41,102,087.44. All creditors are paid in full through the Plan or through a hypothetical orderly liquidation.

The analysis attached as Exhibit B summarizes the value of the Debtor's assets and the treatment of the Debtor's creditors in a Chapter 7 liquidation as compared to their treatment under the Plan.¹

Based on the liquidation analysis, the Debtors believe that the Plan will provide same return to creditors than they would receive in a liquidation under Chapter 7 or Chapter 11. Because this is a full payment plan, the Debtors satisfy the "best interests of creditors" test for confirmation of the Plan.

¹ The value of the Debtor's assets in a hypothetical liquidation were formulated by Bruce Gray in consultation with the Debtor's professionals based on their many years of experience in completing sales of such assets as part of their business, their historical 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 **XIV. RISK ANALYSIS**

2 Inherent in the Chapter 11 Plan are standard business risks. In addition to the risks
3 faced by most businesses, the business conducted by the Debtors is impacted by many other
4 contingencies, including the following factors: availability of credit in today's economy
5 both locally and nationally; inflation; changes in economic growth in Arizona; changes to
6 the projected growth in Arizona's population; and competition from other competitors and
7 properties.

8 The Debtors' Plan of Reorganization is based on the market for real property in the
9 Phoenix metropolitan area. The Debtors' real property are unique pieces of property and the
10 Debtors ability to make the payments required under the Plan of Reorganization is based on
11 selling the property, financing the property, or finding a joint venture partner. The Debtors
12 anticipate being able to accomplish the payments after restructuring its secured debt.
13 However, if the real estate market in the Phoenix metropolitan area fails to perform as
14 anticipated the Debtors' ability to make all payments under the Plan could be affected.

15 Despite these risks, the Debtors' Plan is feasible and economically sound. The Plan
16 will pay creditors at least as much, if not more than they would receive if the Debtors' Plan
17 was not confirmed, and these bankruptcy estates were liquidated instead.

18 **XV. CONFIRMATION IN SPITE OF REJECTION OF PLAN**

19 The Court will be asked to confirm the Plan as to any class of claims or interest that
20 does not accept the Plan. To do so, the Court must find that the Plan is (1) fair and equitable
21 to each class of claims or interests that is impaired and has not accepted the Plan, and that
22 classification of claims is not discriminatory; and (2) that each claim or interest holder
23 receives, under the Plan, property of a value as of the Effective Date, that is not less than
24 what would be received or retained if the property was liquidated under Chapter 7 of the
25 Code.

26 The first requirement is satisfied with respect to any class that might not accept the

1 Plan, because the classification has not been designed in a discriminatory manner. The
2 second requirement is satisfied as demonstrated by the Liquidation Analysis set forth above.

3 If a class of secured claims does not accept the Plan, the Code provides that the fair
4 and equitable requirement is satisfied if (1) the class retains its lien and receives deferred
5 cash payments of a present value equal to the value of the claimant's secured interest in the
6 collateral; (2) the plan provides for the sale of property subject to the liens free and clear of
7 such liens with such liens to attach to the proceeds of the sale; or (3) the creditor receives
8 the indubitable equivalence of its claims.

9 If a class of unsecured claims does not accept the Plan, the fair and equitable rule
10 requires that each claimant be paid the allowed amount of the claim plus interest at a market
11 rate; otherwise, no junior class of creditors can receive or retain any property under the Plan.
12 The Plan proposes payment to all classes of creditors. The funds necessary to implement
13 the Plan will come from either (1) exit financing; (2) joint ventures; (3) the proceeds of the
14 sale of any property in excess of any Release Price set by the Court; and/or (4) contributions
15 from equity holders to satisfy Effective Date payments. As all creditors are being paid in
16 full, the Plan complies with the absolute priority rule and permits current equity to retain its
17 ownership of the Debtors.

18 **XVI. EFFECT OF CONFIRMATION**

19 From and after entry of the Confirmation Order, the Plan will be binding on and inure
20 to the benefit of the Debtors, and all present and former holders of Claims and Equity
21 Interests. Except as otherwise provided in the Plan or the Confirmation Order, the
22 Confirmation Order acts as a discharge, effective as of the Effective Date, of any and all
23 debts of the Debtors that arose at any time before the entry of the Confirmation Order,
24 including, but not limited to, all principal and any and all interest accrued thereon, pursuant
25 to Bankruptcy Code §§ 524 and 1141(d)(1). The discharge of the Debtors shall be effective
26 as to each claim, regardless of whether a proof of claim thereof was filed, whether the claim

1 is an Allowed Claim or whether the holder thereof votes to accept the Plan. Except as
2 otherwise provided herein, upon the Effective Date, all such holders of claims and equity
3 interests and their affiliates will be forever precluded and enjoined, pursuant to Bankruptcy
4 Code §§ 105, 524, and 1141, from prosecuting or asserting any such discharged claim
5 against the Debtors or the Reorganized Debtors, or against any of their assets or properties,
6 any other or further claim or equity interests based upon any act or omission, transaction, or
7 other activity of any kind or nature that occurred prior to the Effective Date, whether or not
8 such holder has filed a proof of claim or proof of equity interest.

9 **XVII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

10 The Debtors are parties to certain executory contracts related to the operation of their
11 business. Allowed prepetition unsecured claims arising from the rejection of leases shall be
12 treated as Class 5A creditors and will be paid pursuant to the terms of the Plan.

13 The Debtors will assume the ASLD Lease for the GPD Property by the date of
14 confirmation and will pay all amounts due and owing as of confirmation. Debtors will
15 perform all obligations as required by the Lease or as by agreement with ASLD.

16 The Debtors expect to assume the CP as of the Confirmation Date, but reserve the
17 right to reject the CP prior to the Confirmation Date. If Debtors assume the CP, any amounts
18 necessary to “cure” a default will be paid in accordance with the agreement of the parties,
19 pursuant to an order of the Court, or by the Effective Date. The cure amount is
20 approximately \$4,728,250.00. If Debtors reject the CP, the Debtors will lose funds already
21 paid to ASLD and the Debtors will forfeit their interest in the CP, but there will be no
22 additional damages or claims against the Estate pursuant to A.R.S. §37-247.

23 The Debtors are unaware of other executory contracts or leases. Should the Debtors
24 assume an executory contract, any amounts owed to third parties for “cure” will be paid in
25 accordance with the agreement of the parties or pursuant to an order of the Court. To the
26 extent a party to an executory contract holds a deposit, setoff right, or other collateral, such

1 rights will be retained until all cure payments and accrued interest have been paid.

2 If the Debtors determine the existence of other contracts and elects to reject an
3 executory contract, the unsecured claim arising from the rejection will be paid in accordance
4 with the provisions for payment of unsecured claims pursuant to the terms of the Plan.

5 With regard to any executory contracts or unexpired lease not addressed, the Court
6 will retain jurisdiction and the Debtors will retain the ability to assume or reject upon
7 realization of the existence of the contract or lease. Any holder of a claim arising from the
8 rejection of an executory contract will have 30 days from the rejection of the executory
9 contract or confirmation of the Debtors' Plan, whichever is later, to file a claim.

10 **XVIII. LIQUIDATION OF CLAIMS**

11 The Debtors may object to claims asserted against the estate. The Debtors will have
12 authority to settle any claim disputes and agree on the appropriate amounts of such claims.
13 The Debtor will seek Court approval for resolution of claim disputes.

14 All rights to object to any and all claims (if scheduled as disputed, contingent or
15 unliquidated) and/or filed claims are reserved by the Debtors. The Debtors must file with the
16 Court any and all claim objections within 180 days after the Effective Date. The Debtors
17 listed several unsecured creditors in its schedules that were not disputed. To the extent such
18 creditors did not file claims, or filed claims in amounts equal to or less than those scheduled
19 by the Debtors, they will be deemed allowed if not objected to within 180 days after the
20 Effective Date, in the lesser amount of the filed or scheduled claims.

21 Payments and distributions to each holder of disputed claim that becomes an allowed
22 claim will be made in accordance with the provisions of the Class in the Plan to which such
23 allowed claim belongs. The Debtors will withhold from the funds to be distributed under
24 the Plan the amount attributable to any claim that is disputed. The Debtors will withhold the
25 amount of cash in an aggregate amount sufficient to pay each holder of a disputed claim: (i)
26 the amount of cash such holder would have been entitled to receive under the Plan if such

1 claim had been an allowed claim on the distribution date in the “face amount” of such
2 disputed claim as defined in the Plan; or (ii) such other amount as the Court may estimate is
3 appropriate. In the case of any disputed claim that is filed in an unliquidated or
4 undetermined amount, the Court, upon motion by the Debtor or the holder of such disputed
5 claim, shall determine an amount sufficient to withhold with respect to such disputed claim
6 and may estimate the likely maximum amount of the claim in order to make such
7 determination. Any creditor whose claim is estimated by Court order will not have recourse
8 against the reorganized estate, any distributions made on account of allowed claims, or any
9 other entity or property if the finally allowed claim of such creditor exceeds the estimated
10 amount. Instead, such creditor will have recourse only against the funds withheld for that
11 claim as calculated above.

12 **XIX. RETENTION OF CLAIMS**

13 Except to the extent any rights, claims, causes of action, defenses, and counterclaims
14 are expressly and specifically released or assigned in connection with this Plan or in any
15 settlement agreement approved during the pendency of the bankruptcies: (i) all claims that
16 could be asserted by the Debtors or the Debtors’ estates shall remain assets of the
17 Reorganized Debtors post-confirmation whether or not the claim is pending or referred to in
18 the Plan, Disclosure Statement or any other document filed with the Bankruptcy Court and
19 (ii) neither the Reorganized Debtors nor the Estates waive, release, relinquish, forfeit or
20 abandon (nor shall they be estopped or otherwise precluded or impaired from asserting) any
21 Claims or defenses that constitute property of the Debtors or the Estates.

22 **XX. MODIFICATION OF PLAN**

23 The Plan may be modified upon application of the Debtors or corrected prior or
24 subsequent to Confirmation, or prior to consummation, after notice and hearing, as provided
25 by law including without limitation 11 U.S.C. § 1127.
26

1 **XXI. RETENTION OF JURISDICTION**

2 Notwithstanding the entry of the Confirmation Order and the occurrence of the
3 Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Case
4 and all Entities with respect to all matters related to the Chapter 11 Case, the Debtors, and
5 the Plan, as is legally permissible, including, without limitation, jurisdiction to:

6 (a) allow, disallow, determine, liquidate, classify, estimate or establish the
7 priority or secured or unsecured status of any Claim or Equity Security, including the
8 resolution of any request for payment of any Administrative Claim and the resolution
9 of any and all objections to the allowance or priority of Claims or Equity Securities;

10 (b) grant or deny any applications for allowance of compensation or
reimbursement of expenses;

11 (c) resolve any matters related to the assumption, assignment or rejection of
12 any executory contract or unexpired lease to which the Debtor is party or with respect
13 to which the Debtors may be liable and to hear, determine and, if necessary,
14 liquidate, any Claims arising therefrom, including those matters related to any
amendment to the Plan after the Effective Date;

15 (d) ensure that distributions to holders of allowed claims are accomplished
16 pursuant to the provisions of the Plan; litigated matters and any other matters and
17 grant or deny any applications involving the Debtors that may be pending on the
18 Effective Date or instituted by the Debtors after the Effective Date, provided,
however, that the Debtors shall reserve the right to commence actions in all
appropriate jurisdictions;

19 (f) enter such orders as may be necessary or appropriate to implement or
20 consummate the provisions of the Plan and all other contracts, instruments, releases,
21 indentures and other agreements or documents adopted in connection with the Plan;

22 (g) resolve any cases, controversies, suits or disputes that may arise in
23 connection with the Effective Date, Sale, interpretation or enforcement of the Plan or
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;

1 (i) resolve any disputes regarding the Release prices or credits for properties
2 transferred to CPF;

3 (j) enforce the injunction provided by 11 U.S.C. §1141 as part of
4 confirmation;

5 (k) resolve any cases, controversies, suits or disputes with respect to the
6 releases, injunction and other provisions contained in the Plan, and enter such orders
7 as may be necessary or appropriate to implement or enforce all such releases,
injunctions and other provisions;

8 (l) enter and implement such orders as necessary or appropriate if the
9 Confirmation Order is modified, stayed, reversed, revoked or vacated;

10 (m) resolve any other matters that may arise in connection with or relate to the
11 Plan, the Confirmation Order or any contract, instrument, release, indenture or other
12 agreement or document adopted in connection with the Plan; and

13 (n) enter an order and/or the decree contemplated in Federal Rule of
14 Bankruptcy Procedure 3022 concluding the Chapter 11 Case.

15 **XXII. RECOMMENDATION**

16 The Debtors recommend approval of the Plan as it is in the best interest of the estates
17 and their creditors.

18
19 DATED: April 7, 2017

MESCH CLARK ROTHSCHILD

21 By /s/Isaac D. Rothschild, #25726

22 Michael McGrath
23 Frederick J. Petersen
24 Isaac D. Rothschild
25 Attorneys for Debtors

26 2472283.DOCX