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

15 In re:	Chapter 11 Proceedings
16 SKY HARBOR HOTEL PROPERTIES, LLC	Case No. 2:17-bk-08082
17 Debtor.	

18 **DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF LIQUIDATION**
19 **DATED JULY 14, 2017 FILED BY SKY HARBOR HOTEL PROPERTIES, LLC**

20 **PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. IT**
21 **CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO**
22 **ACCEPT OR REJECT THE DEBTOR'S CHAPTER 11 PLAN OF LIQUIDATION**
23 **DATED JULY 14, 2017. THE DEBTOR BELIEVES THAT THE PLAN IS IN**
24 **THE BEST INTEREST OF THE CREDITORS AND IS FAIR AND EQUITABLE.**
25 **THE DEBTOR URGES THE VOTER TO VOTE TO ACCEPT THE PLAN.**
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ARTICLE I
INTRODUCTION

Pursuant to 11 U.S.C. § 1125, Sky Harbor Hotel Properties, LLC (the “Debtor”), the debtor and debtor-in-possession in the above-captioned bankruptcy case (the “Case”), hereby submits its *Disclosure Statement in Support of Plan of Liquidation dated July 14, 2017* (the “Disclosure Statement”) in the Case. The purpose of this Disclosure Statement is to provide adequate information to the holders of claims or interests in this matter so that they may make an informed judgment in exercising their right to vote for acceptance or rejection of the *Plan of Liquidation dated July 14, 2017* (the “Plan”), a copy of which is attached as Exhibit “A”. The Plan provides for the satisfaction of Allowed Claims and Interests against the Debtor in accordance with the distributive priorities allowed by the Bankruptcy Code.

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THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN
IN ORDER TO MAXIMIZE THE RECOVERY OF YOUR CLAIM.

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

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ARTICLE II
OVERVIEW OF CHAPTER 11

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A. Information Regarding the Plan and Disclosure Statement

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The objective of a Chapter 11 case is the confirmation (i.e., approval by the Bankruptcy Court) of a plan of reorganization or liquidation. A Chapter 11 plan describes in detail (and in language appropriate for a legal contract) the means for

1 satisfying the claims against and equity interests in a debtor, or in this case, the Debtor.
2 After a plan has been filed, the holders of claims and equity interests that are impaired by
3 the plan are permitted to vote to accept or reject the plan. Before a debtor can solicit
4 acceptances of its plan, however, Section 1125 of the Bankruptcy Code requires the
5 debtor to prepare a disclosure statement containing adequate information of a kind, and in
6 sufficient detail, to enable those parties entitled to vote on the plan to make an informed
7 judgment about the plan and about whether they should accept or reject the plan.

8 The purpose of this Disclosure Statement is to provide sufficient information
9 about the Debtor and the Plan to enable you to make an informed decision in exercising
10 your right to accept or reject the Plan. Therefore, this Disclosure Statement provides
11 relevant information about the Debtor, its property and financial condition, and the Plan.

12 This Disclosure Statement will be used to solicit acceptances of the Plan only after
13 the Bankruptcy Court has entered an order either approving or conditionally approving
14 this Disclosure Statement. Approval by the Bankruptcy Court of this Disclosure
15 Statement means only that the Bankruptcy Court has found that this Disclosure Statement
16 contains sufficient information for the Debtor to transmit the Plan and Disclosure
17 Statement to Creditors and to solicit acceptances of the Plan. The Bankruptcy Court's
18 approval of this Disclosure Statement does not constitute a certification by the Court that
19 the Disclosure Statement is without inaccuracy.

20 After the Bankruptcy Court has granted approval or conditional approval of this
21 Disclosure Statement and there has been voting on the Plan, the Bankruptcy Court will
22 conduct a Confirmation Hearing concerning whether the Plan should be approved. At the
23 Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the
24 various requirements of the Bankruptcy Code. The Bankruptcy Court also will receive
25 and consider a ballot report prepared by the Debtor that will present a tally of the votes
26 accepting or rejecting the Plan cast by those entitled to vote. Accordingly, all votes are

1 important because they can determine whether the Plan will be confirmed. Once
2 confirmed, the Plan is essentially a new contract between the Debtor, its Creditors, and
3 Equity Security Interests holders and is binding on all Creditors, Equity Security Interests
4 holders and other parties-in-interest in the Debtor's Bankruptcy Case regardless of
5 whether any particular Creditor or Equity Interest holder voted to accept the Plan.
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7 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE**
8 **CONVENIENCE OF CREDITORS AND HOLDERS OF EQUITY**
9 **INTERESTS, THE PLAN IS SUMMARIZED IN THIS**
10 **DISCLOSURE STATEMENT. ALL SUMMARIES OF THE PLAN**
11 **ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF.**
12 **IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS**
13 **DISCLOSURE STATEMENT AND THE PLAN, THE PLAN WILL**
14 **CONTROL.**

15 **B. Representations**

16 This Disclosure Statement has not been subjected to a certified audit; however, it
17 has been prepared in part from information compiled by the Debtor from records
18 maintained in the ordinary course of business or from information received by the Debtor
19 from third parties. Every effort has been made to be as accurate as possible in the
20 preparation of this Disclosure Statement. Nevertheless, the inclusion of financial
21 information in this Disclosure Statement and exhibits is subject to adjustment, and the
22 Debtor reserves all rights to object to or challenge any Claims that are filed or asserted in
23 the Case.

24 This is a solicitation by the Debtor only and is not a solicitation by the attorneys,
25 agents, financial advisors, and accountants retained by the Debtor. No statement or
26 information concerning the Debtor or its assets or securities is authorized, other than as
set forth in the Disclosure Statement. STATEMENTS MADE IN THIS DISCLOSURE
STATEMENT REGARDING THE FINANCIAL PERFORMANCE OF THE DEBTOR
AND PREPETITION EVENTS ARE REPRESENTATIONS OF THE DEBTOR ONLY

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ARTICLE III
BACKGROUND AND EVENTS LEADING TO FILING

A. The Debtor and its Assets

The Debtor is an Arizona limited liability company that is 50% owned and managed by SKK, LLC (“SKK”). The other 50% owner of the Debtor is Patel Properties, LLC (“PP”). The Debtor’s primary asset is property located South of the SWC of 48th Street and University Dr., APN 124-53-037D (the “Hotel Property”). The Debtor also owns a 50% interest in Soleil Conference Center LLC (“Soleil”) which owns a smaller parcel of real property adjacent to the Hotel Property (the “Soleil Property”).

The Debtor also holds litigation claims against various parties, including against PP for wrongful filing of various documents, breach of fiduciary duty, and other misconduct.

B. The Loans and Claims Against the Debtor

Over the course of recent years, AUM Hospitality Ventures, LLC has covered substantial expenses on behalf of SHHP and is currently owed approximately \$383,737.42 in outstanding expense reimbursements made on behalf of SHHP. AUM Management, LLC is owed approximately \$35,603.19 in outstanding expense reimbursements made on behalf of SHHP. AUM Management, LLC is also owed an additional \$375,000 in development fees from SHHP. Kuber Hospitality, LLC made a \$100,000 loan to SHHP in June, 2017 which remains outstanding. In addition, the Debtor owes outstanding 2016 and accruing 2017 property taxes relating to the Hotel Property and the Soleil Property.

C. Pre-Petition Litigation and Bankruptcy Filing.

Despite efforts to resolve various differences between the parties, including ongoing litigation pending in Maricopa County Superior Court (Case No. CV2015-010368, the “Litigation”), the parties involved with SHHP have been unable to resolve

1 the issues plaguing the entity. Accordingly, this bankruptcy case was filed in an effort to
2 maximize the value of the assets of SHHP through a Court-supervised sale process, pay
3 allowed claims of creditors, and divide any remaining amounts in accordance with the
4 priority code set forth under the Bankruptcy Code.
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6 **ARTICLE IV**
7 **POSTPETITION PROCEEDING**

8 **A. Summary Of Key Events Related To The Bankruptcy Case.**

9 While more detailed information related to the events in the Bankruptcy Case can
10 be obtained by accessing the Bankruptcy Court's CM/ECF filing system and reviewing
11 the pleadings filed in the Case, the following is a summary of certain key bankruptcy-
12 related proceedings and events associated with this Bankruptcy Case.

13 **1. The Commencement of the Case.**

14 On July 14, 2017, the Debtor filed a voluntary petition for relief under chapter 11
15 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code").
16 The Debtor continues in possession of its property and the management of its business as
17 debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No trustee
18 or examiner has been appointed.

19 **2. Employment of Estate Professionals.**

20 Postpetition, the Debtor requested authorization to retain Gallagher & Kennedy,
21 PA ("G&K") as its general bankruptcy and restructuring counsel [Dkt. #]. The Court
22 granted the Debtor's application [Dkt. #]. The Debtor also filed an application to
23 employ Cushman & Wakefield ("CW") as its real estate broker to market and sell the
24 Hotel Property and also to assist the Debtor in valuing the Hotel Property [Dkt. #].
25 The court granted the Debtor's application to employ CW [Dkt. #].
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3. Post-Petition Proceedings.

MORE DETAILED AND UPDATED INFORMATION REGARDING POST-PETITION EVENTS IN THE BANKRUPTCY CASE CAN BE OBTAINED BY ACCESSING THE DOCKET IN THE BANKRUPTCY CASE ON PACER: https://ecf.azb.uscourts.gov/cgi-bin/DktRpt.pl?122083397291529-L_1_0-1.

**ARTICLE V
SOURCES OF INFORMATION**

The financial information contained in this Disclosure Statement is derived the books and records of the Debtor. The information contained in this Disclosure Statement represents the Debtor’s best estimate in light of current market conditions and past experience. All the information provided is subject to change and represents the best information available at the time, the actual results may differ.

**ARTICLE VI
SUMMARY OF THE PLAN**

The following provides a summary of the overall structure and classification of claims against or interests in the Debtor and is qualified in its entirety by reference to the Plan, which is attached as Exhibit “A”. The statements in this Disclosure Statement include summaries of the provisions contained in the Plan. This summary does not purport to be a complete statement of all terms in the Plan, and reference is made to the Plan for the full and complete statement of such terms. The Plan controls the treatment of Claims against and Equity Interests in the Debtor and other parties-in-interest. Where Claims are divided into subclasses in the Plan, each subclass will be considered to be a separate class for all confirmation purposes, including treatment and voting on the Plan.

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ARTICLE VII
CLASSIFICATION OF CLAIMS AND INTERESTS

1. **General Classification Provisions.** For purposes of organization, voting, and all confirmation matters, except as otherwise provided herein, all Claims (except for Administrative Claims), and Equity Interests shall be classified as set forth in this Article III of the Plan. All Claims and Equity Interests are classified under the Plan as hereafter stated in this Article III; provided, however, that a Claim or Equity Interest will be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such different Class. As of the Confirmation Hearing, any Class of Claims that does not contain any Creditor's Claim will be deemed deleted automatically from the Plan; and any Class of Claims that does not contain an Allowed Claim (or a Claim temporarily or provisionally allowed by the Bankruptcy Court for voting purposes) will be deemed automatically deleted from the Plan with respect to voting on confirmation of the Plan. A Claim or Equity Interest is in a particular Class only to the extent the Claim or Equity Interest is an Allowed Claim, or an Allowed Equity Interest as defined herein.

2. **Classification of Claims and Interests.** The Plan classifies Claims and Equity Interests in various Classes according to their right to priority of payments as provided in the Bankruptcy Code. The Plan states whether each Class of Claims or Equity Interests are impaired or unimpaired. The Plan provides the treatment each Class will receive under the Plan. In accordance with the requirements of the Bankruptcy Code, Allowed Administrative Expense Claims and Priority Tax Claims are not set forth in Classes and are not entitled to vote on the Plan. The Allowed Claims and Equity Interests against the Debtor's Estate are divided into the following classes:

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Class 1 (Secured Tax Claims). Class 1 consists of all Allowed Secured Tax Claims against the Debtor.

Class 2 (Secured Claims). Class 2 consists of the Allowed Secured Claims against the Debtor (as and when they become Allowed Claims).

Class 3 (General Unsecured Claims). Class 3 consists of all Allowed Unsecured Claims held against the Debtor.

Class 4 (Equity Interests in the Debtor). Class 4 consists of the Allowed Equity Interests of the members of the Debtor.

ARTICLE VIII
IDENTIFICATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS
IMPAIRED OR UNIMPAIRED UNDER THE PLAN

1. **Unimpaired Classes of Claims and Interests.** The following Classes are not impaired under the Plan and are deemed to have accepted the Plan under the provisions of Section 1126(f) of the Bankruptcy Code:

- Class 1 (Secured Tax Claims)
- Class 2 (Secured Claims)
- Class 3 (Unsecured Claims)
- Class 4 (Equity Interests in the Debtor)

The Debtor will not solicit acceptance of the Plan from Classes 1-4, and all are deemed to accept the Plan pursuant to the Bankruptcy Code.

2. **Impaired Classes of Claims and Interests.** The following Classes are impaired under the Plan as provided in Section 1124 of the Bankruptcy Code, and the Debtor will seek acceptance of the Plan from these Classes:

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ARTICLE IX
PROVISIONS FOR TREATMENT OF
UNCLASSIFIED CLAIMS UNDER THE PLAN

1. **Administrative Claims.** Every Creditor holding an Allowed Administrative Claim against the Debtor will be paid, in full satisfaction of its Allowed Claim: (a) fully and in Cash on or before the Effective Date if the Claim is then an Allowed Claim; (b) fully and in Cash when and if the Claim becomes an Allowed Claim after the Effective Date; or (c) as otherwise agreed in writing by the Creditor holding the Allowed Administrative Claim or ordered by the Bankruptcy Court. Administrative Claims are unimpaired pursuant to the Plan and votes to accept or reject the Plan will not be solicited from Creditors holding Administrative Claims.

2. **Administrative Claims Bar Date.** Proofs of claim (or, for Professional Charges, fee applications) requesting payment of administrative costs and expenses incurred prior to the Effective Date pursuant to Sections 507(a)(2) and 503(b) of the Bankruptcy Code must be served and filed with the Bankruptcy Court no later than thirty (30) days after the Effective Date; provided, however, that proofs of claim will not be required with respect to any unpaid post-petition operating expenses incurred in the normal course of the Debtor's business prior to the Effective Date. Any such Claim that is not served and filed within this time period will be forever barred. Any Claims for fees, costs, and expenses incurred by any Chapter 11 Professionals after the Effective Date will be paid in the ordinary course of the Debtor's business.

3. **Priority Tax Claims.** To the extent Priority Tax Claims exist on the Effective Date, holders of Allowed Priority Tax Claims will be (a) paid in full on the later of the Effective Date or the allowance of the Claim, or (b) over a period not exceeding five (5) years after the Petition Date. Priority Tax Claims will be allowed in the principal amount of the tax due as of the Petition Date, with interest at the applicable statutory rate, without penalties. In the event that the Debtor elects to make periodic payments rather

1 than pay any or all Priority Tax Claims in full on the Effective Date, Priority Tax Claims
2 will be paid: (i) in equal monthly installments; (ii) with interest at an appropriate rate to
3 be determined in accordance with 11 U.S.C. § 511; (iii) with payments beginning within
4 thirty days after the Effective Date, (iv) all in accordance with 11 U.S.C. § 1129(a)(9).
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6 **ARTICLE X**
7 **PROVISIONS FOR TREATMENT OF**
8 **CLAIMS OR EQUITY INTERESTS NOT IMPAIRED UNDER THE PLAN**

9 1. **Class 1 (Secured Tax Claims).** Class 1 Secured Tax Claims are for real
10 estate taxes assessed by Maricopa County against the Property. Holders of Allowed
11 Class 1 Secured Tax Claims will retain their liens on the Property as security for
12 repayment of Allowed Class 1 Secured Tax Claims. Every Creditor holding a Class 1
13 Allowed Secured Tax Claim will be paid with statutory interest within thirty (30) days of
14 the Effective Date. Class 1 Secured Tax Claims are not impaired and holders of Allowed
15 Class 1 Secured Tax Claims will not be entitled to vote to accept or reject the Plan.

16 2. **Class 2 (Secured Claims).** The holders of Class 2 Allowed Secured
17 Claims will retain their Liens on Property of the Debtor that serve as security for
18 repayment of the Class 2 Allowed Secured Claims, and will be paid in full from the Net
19 Proceeds. There shall be no penalty for pre-payment of any or all Class 2 Secured
20 Claims. The Class 2 Allowed Secured Claims will retain a lien on the net proceeds
21 received by the Reorganized Debtor from the Sale and will be paid within thirty (30) days
22 of the Effective Date.

23 Class 2 Secured Claims are not impaired and holders of Class 2 Allowed Secured
24 Claims will not be entitled to vote to accept or reject the Plan. Each subclass in Class 2
25 Allowed Secured Claims shall be considered a separate class for all confirmation
26 purposes, including treatment and voting on the Plan.

1 3. **Class 3 (Unsecured Claims)**. The holders of Class 3 Allowed Unsecured
2 Claims will be paid pro rata from the Net Proceeds received by the Reorganized Debtor
3 from the Sale. It is anticipated that the Sale will generate sufficient funds to pay all
4 Allowed Unsecured Claims in full. Class 3 Unsecured Claims are not impaired and
5 holders of Class 3 Allowed Unsecured Claims will not be entitled to vote to accept or
6 reject the Plan.

7 4. **Class 4 (Equity Interests)**. If and when the holders of Equity Interests are
8 deemed to be Allowed Interests, each of the two Class 4 Equity Interest Holders will
9 receive fifty percent (50%) of the Net Proceeds from the Sale, after satisfaction of all
10 higher Classes of Allowed Claims. After distribution of the Net Proceeds, all
11 membership interests will be cancelled. Class 4 Claims are not impaired, and holders of
12 Allowed Class 4 Claims will not be entitled to vote to accept or reject the Plan.

13 The portion of the Net Proceeds attributable to the PP Equity Interest is subject to
14 offset against Claims held by SHHP against PP, and the Net Proceeds attributable to the
15 PP Equity Interest will not be distributed until the Claims are resolved.

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18 **ARTICLE XI**
19 **PROVISIONS FOR TREATMENT OF**
20 **CLAIMS IMPAIRED UNDER THE PLAN**

21 None.

22 **ARTICLE XII**
23 **MEANS OF EFFECTUATING THE PLAN**

24 The means of execution of the Plan are and will be as follows:

25 1. **Conditions Precedent to Occurrence of Effective Date.** It is a condition
26 of the Effective Date that the Confirmation Order has been entered by the Bankruptcy
Court and has become a Final Order.

1 2. **Implementation.**

2 **Sale of the Property.** The Property will be sold pursuant to the Plan and the
3 holders of Allowed Claims will be paid from the Net Proceeds of the Sale.

4 **Future Management of Reorganized Debtor.** The Debtor will be dissolved upon
5 distribution of the Net Proceeds.

6 **ARTICLE XIII**
7 **RESOLUTION OF CLAIMS, DEMANDS, AND CAUSES OF ACTION**

8 1. **Preservation of Debtor's Claims, Demands, and Causes of Action.** All
9 claims, demands, and causes of action of any kind or nature whatsoever held by, through,
10 or on behalf of the Debtor arising before the Effective Date (including the Claims of the
11 Debtor against PP) and that have not been resolved or disposed of prior to the Effective
12 Date, are preserved in full for the benefit of the Debtor; and following the Effective Date,
13 the Reorganized Debtor will own and retain, and may prosecute, enforce, compromise,
14 settle, release, or otherwise dispose of, any and all claims, defenses, counterclaims,
15 setoffs, and recoupments belonging to the Debtor.

16 2. **Procedure for Determination of Claims and Interests.**

17 **Objections to Claims and Interests.** Except as to any Claim or Equity Interest
18 that has been Allowed prior to the Effective Date, the Debtor (or the Reorganized
19 Debtor) may object to the allowance of any Claim or Equity Interest asserted
against the Debtor.

20 **Disputed Claims.** No payments or other distributions will be made to holders of
21 Disputed Claims or Interests unless and until such Claims or Interests are Allowed
22 Claims or Interests pursuant to a Final Order. If a Claim or Interest is not an
23 Allowed Claim or Interest by or on the Effective Date or when payment is
otherwise due under the Plan, payment of the Allowed Claim or Interest will be
made when the disputed Claim or Interest becomes an Allowed Claim or Interest
after the Effective Date or as otherwise specifically provided in the Plan.

24 **Treatment of Contingent Claims.** Until such time as a contingent Claim or a
25 contingent portion of an Allowed Claim becomes fixed or absolute or is
26 Disallowed, such Claim will be treated as a Disputed Claim for all purposes
related to distributions under the Plan. The holder of a contingent Claim will only
be entitled to a distribution under the Plan when and if such contingent Claim
becomes an Allowed Claim.

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ARTICLE XIV
EXECUTORY CONTRACTS

1. **Rejection of Executory Contracts.** The Plan contemplates and provides for the rejection, pursuant to Section 365 of the Bankruptcy Code, of any and all Executory Contracts of the Debtor which are in force on the Confirmation Date, except those Executory Contracts which were specifically assumed pursuant to an order of the Court.

2. **Assumption of Other Executory Contracts.** Before the Confirmation Hearing, the Debtor may file one or more motions identifying any Executory Contracts that the Debtor will assume as of the Effective Date; and such motions and the Bankruptcy Court's orders will be deemed incorporated in the Plan. All Executory Contracts not otherwise assumed will be rejected as of the Confirmation Date.

3. **Rejection Claims Bar Date.** Every Claim asserted by a Creditor arising from an Executory Contract that is rejected under the Plan must be filed with the Bankruptcy Court no later than the first Business Day that is thirty (30) days after the Effective Date. Every such Claim that is timely filed will be treated under the Plan as a General Unsecured Claim. Every such Claim that is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged, and the Creditor holding the Claim will not receive or be entitled to any distribution under the Plan on account of such Claim.

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ARTICLE XV
MODIFICATION OF THE PLAN

1. **Modification of the Plan.** The Plan may be modified by the Debtor from time to time in accordance with, and pursuant to, Section 1127 of the Bankruptcy Code. The Plan may be modified by the Debtor at any time before the Effective Date, provided that the Plan, as modified, meets the requirements of Sections 1122 and 1123 of the

1 Bankruptcy Code, and the Debtor has complied with Section 1125 of the Bankruptcy
2 Code.

3 **ARTICLE XVI**
4 **RETENTION OF JURISDICTION**

5 1. **In General.** The Bankruptcy Court will retain jurisdiction to determine the
6 allowance and payment of any Claims or Interests upon any objections (or other
7 appropriate proceedings) by the Debtor or by any other party-in-interest entitled to
8 proceed in that manner. As part of such retained jurisdiction, the Bankruptcy Court will
9 continue to determine the allowance of Administrative Claims and any request for
10 payment, including Administrative Claims for Professional Charges.

11 2. **Plan Disputes and Enforcement.** The Bankruptcy Court will retain
12 jurisdiction to determine any dispute that may arise regarding the interpretation of any
13 provisions of the Plan. The Bankruptcy Court also will retain jurisdiction to enforce any
14 provisions of the Plan and any and all documents relating to the Plan. The Bankruptcy
15 Court also will retain jurisdiction over any matter relating to the implementation or
16 consummation of the Plan.

17 3. **Further Orders.** The Bankruptcy Court will retain jurisdiction to facilitate
18 the performance of the Plan by entering, consistent with the provisions of the Plan, any
19 further necessary or appropriate order regarding enforcement of the Plan and any
20 provision thereof. In addition, the Bankruptcy Court will retain jurisdiction to facilitate
21 or implement the allowance, disallowance, treatment, or satisfaction of any Claim, or any
22 portion thereof, pursuant to the Plan.

23 4. **Governmental Units or Regulatory Agencies.** The Bankruptcy Court
24 will retain jurisdiction to adjudicate any dispute or to hear and determine any action
25 taken, proposed, or threatened by any state, federal, or local governmental regulatory
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1 agency or unit having or asserting jurisdiction or power over the conduct of the business
2 of the Debtor.

3 5. **Final Decree.** The Bankruptcy Court will retain jurisdiction to enter an
4 appropriate final decree in the Bankruptcy Case.

5 6. **Appeals.** In the event of an appeal of the Confirmation Order or any other
6 kind of review or challenge to the Confirmation Order, and provided that no stay of the
7 effectiveness of the Confirmation Order has been entered, the Bankruptcy Court will
8 retain jurisdiction to implement and enforce the Confirmation Order and the Plan
9 according to their terms, including, but not limited to, retention of jurisdiction to enter
10 such orders regarding the Plan or the performance thereof as may be necessary to
11 consummate the Plan.

12 7. **Executory Contracts.** The Bankruptcy Court will retain jurisdiction to
13 determine any and all motions regarding assumption or rejection of Executory Contracts
14 and any and all Claims arising out of Executory Contracts.

15 8. **Fees of the Chapter 11 Professionals.** The Bankruptcy Court will retain
16 jurisdiction to determine any disputes regarding the fees, costs, and expenses of the
17 Chapter 11 Professionals or any professionals or other Persons employed by the Debtor.

18 9. **Other Claims.** The Bankruptcy Court will retain jurisdiction: (a) to hear
19 and determine any claim or cause of action arising in or related to the Debtor's
20 Bankruptcy Case; and (b) to adjudicate any causes of action or other proceedings
21 currently pending or otherwise referenced here or elsewhere in the Plan, including, but
22 not limited to, the adjudication of any avoidance actions and any and all "core
23 proceedings" under 28 U.S.C. § 157(b), which are or may be pertinent to the Bankruptcy
24 Case and which the Debtor may deem appropriate to commence and prosecute in support
25 of implementation of the Plan.
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ARTICLE XVII
GENERAL PROVISIONS

1. **Extension of Payment Dates.** If any payment date falls due on any day that is not a Business Day, then such due date will be extended to the next Business Day.

2. **Notices.** Any notice required or permitted to be provided under the Plan will be in writing and served by regular postage prepaid first-class mail, hand-delivery, facsimile, or e-mail.

3. **Closing of the Case.** At such time as the Plan has been fully administered (i.e., when the Plan has been substantially consummated), the Debtor will file an application for Final Order showing that the Plan has been fully administered.

4. **General Injunction.** Except as otherwise expressly provided in the Plan, the Confirmation Order shall provide, among other things, that all parties-in-interest who have held, hold, or may hold Claims or Interests are permanently enjoined on and after the Effective Date from: (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim against the Debtor or any successor-in-interest of the Debtor, against property of the Debtor, or against property of any successor-in-interest of the Debtor; (b) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against the Debtor or any successor-in-interest of the Debtor, property of the Debtor, or against property of any successor-in-interest of the Debtor with respect to any such Claim or Interest; (c) creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or any successor-in-interest of the Debtor, against property of the Debtor, or against property of any successor-in-interest of the Debtor with respect to any such Claim or Interest; (d) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor or any successor-in-interest of the Debtor, against property of the Debtor, or against property of any successor-in-interest of the Debtor,

1 with respect to any such Claim or Interest; (e) conducting any form of discovery from the
2 Debtor with respect to any such Claim or Interest, or any successor-in-interest of the
3 Debtor; and/or (f) harassing the Debtor or any successor-in-interest of the Debtor.

4 5. **Interest.** Whenever interest is to be computed under the Plan, interest will
5 be simple interest and not compounded. Unless otherwise specifically provided for in the
6 Plan or the Confirmation Order, post-petition interest shall not accrue or be paid on
7 Claims or Interests, and no holder of a Claim or Interest will be entitled to interest
8 accruing on or after the Petition Date.

9 6. **Additional Assurances.** The Debtor and any party-in-interest holding
10 Claims or Interests will execute such other further documents as are necessary to
11 implement any of the provisions of the Plan.

12 7. **Confirmation by Non-Acceptance Method.** The Debtor requests, if
13 necessary, confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code
14 with respect to any impaired Class of Claims that does not vote to accept the Plan.

15 8. **Vesting.** As of the Effective Date of the Plan, the Reorganized Debtor
16 shall be vested with all of the Assets of the Estate. All assets transferred to the
17 Reorganized Debtor shall be free and clear of all liens, claims, and interest of creditors
18 and parties-in-interest, except as specifically provided in the Plan. Upon the Effective
19 Date, except as provided in the Plan, the Reorganized Debtor shall be free to borrow
20 without further Bankruptcy Court order, such sums of money upon such terms and
21 conditions as they may, in their sole discretion, determine, including the granting of liens
22 and purchase money security interests.

23 9. **Successors and Assigns.** The rights and obligations of any Creditor or
24 other party-in-interest referred to in the Plan will be binding upon, and will inure to the
25 benefit of, the successors, assigns, heirs, devisees, executors, and personal representatives
26 of such Creditor or party-in-interest.

1
2 10. **Withdrawal of Plan.** The Plan may be withdrawn or revoked by the
3 Debtor at any time before entry of the Confirmation Order.

4 11. **Severability and Reformation.** It is the intention of the Debtor to comply
5 fully with the Bankruptcy Code and applicable non-bankruptcy law in proposing the
6 Plan. Therefore, if any provision of the Plan is determined by the Bankruptcy Court to be
7 contrary to the Bankruptcy Code or applicable non-bankruptcy law, that provision will be
8 deemed severed and automatically deleted from the Plan, if it cannot be reformed or the
9 provision or its interpretation will be deemed reformed to ensure compliance; provided,
10 however, that nothing contained in this paragraph will prevent the Debtor from
11 modifying the Plan in any manner whatsoever in accordance with and as set forth in the
12 Plan. Pursuant to any ruling by the Bankruptcy Court regarding the subject matter of this
13 paragraph, any such severance or reformation will be stated specifically in the
14 Confirmation Order, which then will control notwithstanding any contrary or inconsistent
15 provisions of the Plan.

16 12. **Prohibition Against Prepayment Penalties.** If the Debtor so chooses, in
17 its sole and absolute discretion, to prepay any obligation on which deferred payments are
18 provided for under the Plan, Debtor will not be liable or subject to the assessment of any
19 prepayment penalty unless otherwise ordered by the Bankruptcy Court.

20 13. **Fractional Dollars.** Notwithstanding any other provision of the Plan, no
21 payments or distributions under the Plan of or on account of fractions of dollars will be
22 made. When any payment or distribution of or on account of a fraction of a dollar to any
23 holder of an Allowed Claim would otherwise be required, the actual payment or
24 distribution made will reflect a rounding up of such fraction to the nearest whole number.

25 14. **Payment of Statutory Fees and Filing of Quarterly Reports.** All fees
26 payable pursuant to 28 U.S.C. § 1980, as determined by the Bankruptcy Court at or in
conjunction with the Confirmation Hearing, will be paid on or before the Effective Date

1 and, thereafter, in accordance with applicable bankruptcy law. All quarterly reports of
2 disbursements required to be filed by applicable bankruptcy law will be filed in
3 accordance with applicable bankruptcy law.

4 15. **Governing Law.** Except to the extent that the Bankruptcy Code is
5 applicable, the rights and obligations arising under the Plan shall be governed by,
6 construed, and enforced in accordance with, and subject to, the laws of the State of
7 Arizona, excluding any laws that result in the application of the laws of another
8 jurisdiction.

9 16. **Special Tax Issues.** The issuance, transfer, or exchange of a security as
10 defined under the Bankruptcy Code or applicable law, or the making or delivery of any
11 instrument of transfer under the Plan, shall not be taxed under any state or local law
12 imposing a stamp tax or similar tax as provided in Section 1146 of the Bankruptcy Code.

13 17. **Conflicts Between Plan and Confirmation Order.** In the event the terms
14 of the Plan and the Confirmation Order conflict, the terms of the Confirmation Order
15 shall govern.

16 **ARTICLE XVIII**
17 **FEDERAL TAX CONSEQUENCES**

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

21 **ARTICLE XIX**
22 **VOTING PROCEDURES AND REQUIREMENTS**

23 **B. Parties Entitled to Vote**

24 If you hold an Allowed Claim that is “impaired” under the Plan, you are entitled to
25 vote to accept or reject the Plan. Accordingly, to be entitled to vote, your Claim must be
26 “allowed” as set forth in Section 502 of the Bankruptcy Code or temporarily allowed as

1 set forth in Bankruptcy Rule 3018(a). Additionally, Section 1126(f) of the Bankruptcy
2 Code permits you to vote to accept or reject the Plan only if your Claim is “impaired.”

3 **C. Procedures for Voting**

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

11 GALLAGHER & KENNEDY, P.A.
12 Attn: Lindsi Weber
13 2575 East Camelback Road, Suite 1100
14 Phoenix, AZ 85016
15 Telephone: (602) 530-8000
16 Email: lindsi.weber@gknet.com

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

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

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

1 4. **Questions and Lost or Damaged Ballots.** If you have any questions
2 concerning voting procedures, if your Ballot is damaged or lost, or if you believe you
3 should have received a Ballot but did not receive one, you may contact Debtor’s counsel,
4 Janel Glynn, at the address and telephone number listed above.

5 **D. Summary of Voting Requirements.**

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

10
11 **IT IS IMPORTANT THAT HOLDERS OF ALLOWED IMPAIRED**
12 **CLAIMS EXERCISE THEIR RIGHTS TO VOTE TO ACCEPT OR**
13 **REJECT THE PLAN. THE DEBTOR ASSERT THAT THE**
14 **TREATMENT OF CREDITORS UNDER THE PLAN IS THE BEST**
15 **ALTERNATIVE FOR CREDITORS, AND THE DEBTOR**
RECOMMENDS THAT THE HOLDERS OF ALLOWED CLAIMS
VOTE IN FAVOR OF THE PLAN.

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

18 **ARTICLE XX**
19 **LIQUIDATION ANALYSIS**

20 The Debtor’s Liquidation Analysis is attached as Exhibit “B”. The Liquidation
21 Analysis includes a summary of the Debtor’s existing assets, including the estimated
22 value of all assets and a summary of all alleged claims against the Debtor.

23 **ARTICLE XXI**
24 **CONFIRMATION OF THE PLAN**

25 **E. Confirmation Hearing**

26 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

1 held at the United States Bankruptcy Court, 230 N. First Avenue, Phoenix, Arizona, on
2 _____, 2017, at _____ a.m./p.m. **THE HEARING MAY BE**
3 **ADJOURNED FROM TIME TO TIME BY THE COURT WITHOUT FURTHER**
4 **NOTICE EXCEPT FOR AN ANNOUNCEMENT MADE AT THE HEARING.**

5 **F. Objections to Confirmation**

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

16 **G. Requirements for Confirmation of the Plan**

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

22 a. That the Debtor has complied with the applicable provisions of Chapter 11,
23 including the provisions of Sections 1122 and 1123 of the Bankruptcy Code
24 governing classification of claims and interests and contents of a plan of
reorganization or liquidation.

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

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

3 d. That the Debtor has disclosed the identity and affiliations of Persons
4 proposed to serve as officers after confirmation.

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

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

10 g. That the Plan is feasible; that is, confirmation is not likely to be followed by
the need for liquidation or further reorganization of the Debtor unless that is
11 provided for in the Plan.

12 2. **The Plan Satisfies Bankruptcy Code Requirements.**

13 a. Best Interests Test and Liquidation Analysis. Under the best interests test,
14 the Plan is confirmable if, with respect to each impaired Class of Claims or Equity
Interests, each holder of an Allowed Claim or Allowed Equity Interest in such
15 Class either: (i) has accepted the Plan; or (ii) will receive or retain under the Plan,
on account of its Claim or Interest, property of a value, as of the Effective Date,
16 that is not less than the amount such holder would receive or retain if the Debtor
was liquidated under Chapter 7 of the Bankruptcy Code. The Debtor believes the
17 distributions to Creditors under the Plan will meet or exceed the recoveries that
Creditors would receive in a Chapter 7 liquidation of the Debtor and its Estate.
18 The Debtor believes that the Plan provides an equal or better return to Creditors
than they can otherwise receive under Chapter 7, and therefore the best interests of
19 creditors test is met.

20 b. Feasibility of the Plan. Section 1129(a)(11) of the Bankruptcy Code
includes what is commonly described as the “feasibility” standard. In order for the
21 Plan to be confirmed, the Bankruptcy Court also must determine that the Plan is
feasible - that is, that the need for further reorganization or a subsequent
22 liquidation of the Debtor is not likely to result following confirmation of the Plan.
As set forth in this Disclosure Statement and in the Plan, the Debtor believes the
23 Plan is feasible in that it provides for a liquidation of Debtor’s estate property.

24 c. Acceptance by an Impaired Class. Because the Plan does not impair any
Classes of Claims, Section 1129(a)(10) of the Bankruptcy Code does not come
25 into play, and all Classes of Claims are deemed to accept the Plan.

26 d. Confirmation Under Section 1129(b) of the Bankruptcy Code. Because the
Plan provides for 100% payment of all Allowed Claims without impairment of any
Allowed Claims, the cram down provisions of Section 1129(b) of the Bankruptcy
Code do not come into play.

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ARTICLE XXII
ALTERNATIVES TO THE PLAN

If the Plan is not confirmed, several different events could occur: (1) the Debtor or a third party could propose another plan providing for different treatment of certain Creditors; (2) Secured Creditors, if any, could move for relief from the automatic stay to allow them to foreclose their 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.

ARTICLE XXIII
RECOMMENDATION AND CONCLUSION

The Debtor believes that the Plan provides the best available alternative for maximizing the recoveries that Creditors will receive from the Debtor's assets. Therefore, the Debtor recommends that all Creditors and Equity Interest holders that are entitled to vote on the Plan vote to accept the Plan.

Dated this 14th day of July, 2017.

SKY HARBOR HOTEL PROPERTIES, LLC
an Arizona limited liability company

By: SKK, LLC
Its: Manager

By: /s/ Shailesh Kuber
Shailesh Kuber, Member

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PREPARED AND SUBMITTED BY:

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Lindsy M. Weber
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