

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION**

In re:)	
)	Case No. 16-42357-can
LAKE LOTAWANA COMMUNITY)	
IMPROVEMENT DISTRICT,¹)	Chapter 9
)	
Debtor.)	

**LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT'S
DISCLOSURE STATEMENT**

Lake Lotawana Community Improvement District (the “**District**” or the “**Debtor**”), a Missouri Community Improvement District, pursuant to 11 U.S.C. §901 et. seq. and 11 U.S.C. §1125, provides the following Disclosure Statement regarding the District’s Plan of Adjustment of Debts.

INTRODUCTION

The District filed a petition under chapter 9 of Title 11 of the United States Code (the “**Code**”) on August 26, 2016 (the “**Bankruptcy Case**”) which is currently pending before the United States Bankruptcy Court for the Western District of Missouri. The District is the proponent of the Plan for Adjustment of Debts dated November 13, 2017 (the “**Plan**”), a copy of which is attached to this Disclosure Statement as Exhibit A. The Plan has been developed based on a review and analysis of the District’s financial condition and rehabilitation alternatives. The District is providing this Disclosure Statement to all parties in interest in this case to describe the Plan and to give such parties adequate information to understand and make an informed judgment regarding the Plan and on the basis thereof to exercise the voting rights provided them under the Plan and the applicable provisions of Chapter 9 of the United States Bankruptcy Code.

¹ The last four digits of the District’s Tax ID Number are 0107.

USE AND PURPOSE OF THIS DISCLOSURE STATEMENT

Pursuant to §§ 901(a) and 1125 of the Bankruptcy Code, the District submits this Disclosure Statement to provide Creditors with adequate information to allow them to make an informed judgment regarding the acceptability of the Plan. After a noticed hearing and by order entered [], 2017 (the “**Disclosure Statement Order**”), the Bankruptcy Court [conditionally] approved the Disclosure Statement as containing information of a kind, and in sufficient detail as far as is reasonably practicable, that would enable a hypothetical investor typical of holders of claims of the classes being solicited to make an informed judgment whether to vote to accept or reject the Plan. This Disclosure Statement is the only document authorized by the Court to be used in connection with the solicitation of votes accepting or rejecting the Plan. A copy of the Plan is attached to this Disclosure Statement as Exhibit A.² Upon Confirmation by the Bankruptcy Court, the provisions of the Plan are binding on all Creditors. Therefore, you should read the Plan carefully.

Your vote on the Plan is important. As a general rule, confirmation of the Plan requires acceptance by each of the voting classes. Pursuant to § 1126 of the Bankruptcy Code, in order for the Plan to be accepted by a voting class, creditors holding at least two-thirds in dollar amount and more than one-half in number of claims allowed for voting purposes in such class and who actually vote to accept or reject the Plan must vote in favor of the Plan. Any class that fails to accept the Plan will be deemed to have rejected the Plan.

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN BY EACH HOLDER OF A CLAIM ENTITLED TO VOTE THEREON, BUT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. THE DESCRIPTION OF THE PLAN

² Any discrepancy between these terms and the Plan will be governed by the Plan.

HEREIN IS A SUMMARY ONLY. HOLDERS OF CLAIMS ARE CAUTIONED TO REVIEW THE PLAN ITSELF AND ANY RELATED AGREEMENTS OR TRANSACTIONS FOR A FULL UNDERSTANDING OF ITS PROVISIONS. THE DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN. THE TERMS OF THE PLAN AND ANY RELATED AGREEMENTS ARE CONTROLLING IF ANY INCONSISTENCY EXISTS BETWEEN THEM AND THIS DISCLOSURE STATEMENT.

The following is a list of each of the exhibits accompanying this Disclosure Statement:

EXHIBIT A – The Plan

EXHIBIT B – Financial Exhibits

B-1 – District’s Financial Statements 2014-2016

B-2 – Cash Flow Analysis 2014-2016

B-3 – Reorganized Cash Flow Projection

EXHIBIT C – Table of Unsecured Claims

EXHIBIT D – Table of Administrative and Professional Claims

EXHIBIT E – Proposed Ballot

EXHIBIT F – Term Sheet

EXHIBIT G – New Bond Documents (to be filed)

EXHIBIT H – Cooperative Agreement (to be filed)

This Disclosure Statement, the Plan and all exhibits remain subject to modification and amendment in their entirety. All financial information provided herein constitutes the best information available to the Debtor as of the date of the filing of this Disclosure Statement and remains subject to revision.

Capitalized terms used in the Disclosure Statement that are not specifically defined herein have the meanings set forth in the Plan. All exhibits to the Disclosure Statement are incorporated by reference into and made a part of the Disclosure Statement.

YOU SHOULD READ THE DISCLOSURE STATEMENT AND ITS EXHIBITS IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. NO STATEMENTS OR INFORMATION CONCERNING THE DEBTOR OR ANY OTHER ENTITY DESCRIBED IN THE DISCLOSURE STATEMENT OR THE PLAN, PARTICULARLY AS TO ITS FUTURE OPERATIONS, FINANCIAL CONDITIONS, ASSETS, LIABILITIES OR THE DEBT SECURITIES TO BE ISSUED PURSUANT TO THE PLAN, ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT.

The financial information set forth in the Disclosure Statement has not been audited by independent certified public accountants. The Debtor is unable to represent and warrant that the information set forth in the Disclosure Statement is without any inaccuracy. To the extent practicable, however, the information has been prepared from the Debtor's financial books and records and great effort has been made to ensure that all such information is fairly presented.

PROCEDURAL INFORMATION

Voting. Under § 1126 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3018(a), only creditors whose claims are deemed allowed pursuant to § 502 of the Bankruptcy Code or have been allowed by an Order of the Bankruptcy Court are entitled to vote on the Plan.

Except as otherwise provided in the Disclosure Statement Order, ballots are being sent with the Disclosure Statement to the known holders of all claims against the Debtor as of the commencement date of this case on August 26, 2016, including those that have been or will be

objected to by the Debtor. These parties may distribute the ballots to the beneficial owners of the claims as they deem necessary. The holders of claims that have been objected to by the Debtor are not entitled to vote on the Plan unless otherwise ordered by the Bankruptcy Court in accordance with Federal Rule of Bankruptcy Procedure 3018(a), which provides, in pertinent part, that: "Notwithstanding objection to a claim or interest, the court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan." Additional rules governing the voting process are set forth in the Disclosure Statement Order that accompanies the Disclosure Statement.

All pleadings and other documents referred to in the Disclosure Statement as being on file with the Bankruptcy Court are available for inspection and review during normal business hours at the office of the Clerk of the Bankruptcy Court, Western District of Missouri, 400 E. 9th Street, Kansas City, MO 64106. In addition, such pleadings and documents may be viewed on line at <https://ecf.ksb.uscourts.gov> using PACER access. **ANY CHANGES TO THESE DOCUMENTS WILL BE DESCRIBED AT THE HEARING ON THE CONFIRMATION OF THE PLAN.**

After carefully reviewing the Plan, the exhibits annexed thereto, this Disclosure Statement and exhibits annexed thereto, please indicate your vote(s) with respect to the Plan on the ballot sent to you and return it by the deadline to Debtor's counsel. If you have a claim in more than one voting class, you are entitled to vote each claim. **PLEASE VOTE AND RETURN EVERY BALLOT THAT YOU RECEIVE. IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY _____, 2017.**

The Court will hold a hearing on confirmation of the Plan commencing at _____ p.m. on _____, 2017 (the "**Confirmation Hearing**").

**THE DEBTOR BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE
BEST INTEREST OF CREDITORS AND RECOMMENDS THAT YOU VOTE TO
ACCEPT THE PLAN.**

Dated: November 14, 2017

I. INTRODUCTION

A. BRIEF EXPLANATION OF CHAPTER 9

Chapter 9 is the chapter of the Bankruptcy Code governing adjustment of debts of a municipality, including a political subdivision or public agency or instrumentality of a state. The District is a political subdivision of the State of Missouri. Chapter 9 allows a municipality to remain in operation and work out its financial difficulties.

Upon filing a petition for relief under Chapter 9 and during the pendency of the Chapter 9 case, the Bankruptcy Code imposes an automatic stay against creditors' attempts to collect or enforce, through litigation or otherwise, claims against the debtor. The automatic stay provisions of §§ 922 and 362 of the Bankruptcy Code, unless lifted by court order, will generally prohibit or restrict attempts by secured or unsecured creditors or other claimants to collect or enforce any claims against the debtor that arose prior to the commencement of the Chapter 9 case.

Formulation and confirmation of a plan of adjustment is the principal purpose of a Chapter 9 case. The plan of adjustment is the vehicle for satisfying the holders of claims against the debtor. After a plan of adjustment has been filed, the holders of claims against a debtor are permitted to vote to accept or reject the plan. Section 1125 of the Bankruptcy Code requires the debtor, before soliciting acceptances of the proposed plan, to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims in impaired classes against the Debtor to satisfy the requirements of § 1125 of the Bankruptcy Code.

Chapter 9 does not require that each holder of a claim against a debtor vote in favor of a plan of adjustment in order for the Bankruptcy Court to confirm the plan. At a minimum, however, a plan must be accepted by a majority in number and at least two-thirds in amount of

those claims actually voting in at least one class of claims impaired under such plan. In the present case, holders of claims who fail to return ballots will not be counted as either accepting or rejecting the plan for purposes of determining whether the plan is adopted or rejected.

Classes of claims that are not “impaired” under a plan of adjustment are conclusively presumed to have accepted the plan of adjustment. Consequently, holders of claims in such classes are not entitled to vote. Acceptances of the Plan in this case are being solicited only from those who hold claims in an impaired class. A class of claims is impaired under a plan of adjustment unless, as set forth in § 1124 of the Bankruptcy Code, with respect to each claim of such class, the plan: (1) leaves unaltered the legal, equitable and contractual rights of the holder of such claim; (2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest after the occurrence of a default: (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code other than a default of a kind specified in § 365(b)(2) of the Bankruptcy Code; (b) reinstates the maturity of such claim or interest as such maturity existed before such default; (c) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (d) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest; or (3) provides that, on the effective date of the plan, the holder of such claim or interest receives, on account of such claim or interest, cash equal to: (a) with respect to a claim, the allowed amount of such claim; or (b) with respect to an interest, if applicable, the greater of: (i) any fixed liquidation preference to which the terms of any security representing such interest entitle the holder of such interest; or (ii) any fixed price at which the debtor, under the terms of the security, may redeem such security from such holder.

Even if all classes of claims and interests accept a plan of adjustment, the Bankruptcy Court nevertheless might not confirm that plan. Sections 943 and 1129(a)(2), (3), (5), (8), and (10) and 1129(b)(1) and 1129(b)(2)(A) and (B) of the Bankruptcy Code set forth the requirements for confirmation of a plan of adjustment and, among other things, requires that a plan of adjustment be (1) in the “best interests” of creditors and equity-holders; (2) feasible; and (3) proposed in good faith. The “best interest” test under § 943(b)(7) of the Bankruptcy Code generally requires that the Debtor make a reasonable effort that is a better alternative to the creditors than dismissal of the case. In re County of Orange, 191 B.R. 1005, 1021 (Bankr.C.D.Cal.1996) (quoting 4 Collier on Bankruptcy, ¶ 943.03(7) (15th ed. 1995)); In re Mount Carbon Metropolitan Dist., 242 B.R. 18, 34-35 (Bankr. D. Colo. 1999); Matter of Sanitary & Improvement Dist. No.7, 98 B.R. 970, 975-76 (Bankr. D. Neb. 1989). Under the “feasibility” requirement, the court generally must find that there is a reasonable probability that the debtor will be able to make the payments required under the plan and maintain its operations at the level that it selects as necessary to continued viability of the municipality. 4 Collier on Bankruptcy, ¶ 943.03(b) (15th ed. rev. 2002). The good faith requirement under § 943(b)(1) and 1129(a) (3) of the Bankruptcy Code is satisfied if the Plan comports with the purposes and provisions of the Bankruptcy Code, the plan is feasible, if the plan is proposed with “honesty and sincerity” and if the process used to seek its confirmation is fundamentally fair. In re Mount Carbon Sanitary Dist., supra, 242 B.R. at 40-41.

If the proponent of a plan of adjustment seeks confirmation of such plan under the “cramdown” provisions of § 1129(b) of the Bankruptcy Code, the plan must meet all applicable requirements of § 1129(a) of the Bankruptcy Code (except § 1129(a)(8), which requires acceptance by all impaired classes). Among these requirements are that (1) the proponent of the

plan must comply with the applicable provisions of the Bankruptcy Code, (2) the plan must be proposed in good faith and not by any means forbidden by law, and (3) the plan must be accepted by at least one impaired class of creditors.

The court may confirm a plan of adjustment even though one or more (but not all) impaired classes of claims and interests reject it if the proponent of the plan shows, among other things, that the plan (1) does not discriminate unfairly and (2) is fair and equitable with respect to each impaired class of claims or interests that has not accepted the plan of adjustment.

Under § 1129(b) of the Bankruptcy Code, a plan of adjustment is “fair and equitable” as to a class if, among other things, the Plan provides: (1) with respect to secured claims, that each holder of such claim included in the rejecting class will receive or retain on account of such claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (2) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

The Bankruptcy Court must further find that the economic terms of the plan of adjustment do not unfairly discriminate with respect to the particular objecting class, as provided in § 1129(b) of the Bankruptcy Code.

Other significant aspects of Chapter 9 are (1) a debtor’s right and duty to seek avoidance of certain pre-petition or post-petition transfers of debtor’s property and (2) the right and duty of a debtor to evaluate all pre-petition executory (i.e., uncompleted) contracts (including unexpired leases) and to assume or reject such contracts.

B. OVERVIEW OF THE CASE

The District’s purpose in seeking relief under Chapter 9 and in proposing a Plan of Adjustment is to pay its secured, priority, and unsecured creditors in a timely fashion. The

District proposes to retain its existing property and continue the operation of its Wastewater Treatment Plant. The District will pay for the benefit of holders of bond anticipation bonds over time through the Plan and the Allowed Claims of unsecured creditors, using the revenues the District earns after confirmation to fund Plan payments and funds on hand on the Effective Date of the Plan.

C. OVERVIEW OF THE PLAN

The holders of Claims against the Debtor will be classified and receive the treatment specified in the Plan. Classification of such Claims, distributions to Claimants and other aspects of the consummation of the Plan are discussed in greater detail in Section IV of the Disclosure Statement entitled “Summary of the Plan.” However, for overview purposes only, the classification and treatment of certain secured and unsecured Claims are summarized below.

The Plan divides Claims against the Debtor into various Classes in accordance with the Bankruptcy Code. Secured Claims and non-priority unsecured Claims each are assigned to separate Classes under the Plan. A Claim shall receive a distribution under the Plan only if it is an “Allowed Claim” as defined in the Plan.

Administrative expenses, priority unsecured tax and other Allowed Claims will be treated in a manner consistent with the requirements set forth in the Bankruptcy Code, except as otherwise agreed to with the particular claimants. The holders of secured Allowed Claims, as determined in accordance with § 506 of the Bankruptcy Code, are classified separately within Class 1. Holders of unsecured Allowed Claims are classified as Class 2. These holders will receive the treatment specified for such Classes in the Plan. Class 1 will be paid over a period of forty (40) years, with any remaining amounts due at the end of such period forgiven; Class 2 will be paid in full without interest within ninety (90) days, all as more fully set forth in the Plan.

A summary of the classification and treatment of Allowed Claims is set forth in subsection C of Section IV of the Disclosure Statement entitled “Classification and Treatment of Allowed Claims.”

D. INFORMATION REGARDING THE LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT

In order to properly understand the operations of the District, this section of the Disclosure Statement will provide general information regarding a community improvement district (“**CID**”) and specific information regarding the District. While not all information applying to CIDs generally may apply to the District, the general information is provided as a context for the District’s current operations.

A. **General CID Overview.** A CID is a political subdivision of the State of Missouri. A CID is responsible for the construction of public improvements, such as water treatment facilities, roads and utilities, within its geographic boundaries. The CID has certain authority to impose sales taxes, user fees and certain special assessments affecting real estate located within the CID to the extent that the property was benefitted by the improvement projects. A CID does not have police power. Services such as police and fire department protection are provided through arrangements with nearby city or county governments.

A CID makes substantial expenditures before it has significant revenues. Sales taxes collected by the CID are limited to sales of businesses located in the District, and both user fees and permissible special assessments are also limited by the extent of development. Special assessments on properties located within the CID are limited to the extent the properties to be assessed received benefit from the CID’s improvement project that equals or exceeds the dollar amount of its assessment. In the beginning, a CID usually consists of unimproved property, and this unimproved property, without sewer service, street access or utilities, is assessed at a low

value per acre or per square foot. The CID expends significant sums of money in installing infrastructure, such as the Wastewater Treatment Plant built by the District. Once such improvements are installed, the values of the lots within the CID's boundaries may increase in value, and become marketable to individual owners. Developers may then generate sufficient cash flow from sales of lots or development of commercial property to be able to pay special assessments imposed based upon the increased value resulting from the improvement. The owners of lots within the CID will then construct buildings, such as homes, on the individual lots. Homeowners pay special assessments levied on the properties by the CID, which are collected by the County Collector. Homeowners also pay sewer connection fees to the CID, and when sufficient population density is achieved, business will be attracted which in turn increases the CID's sales tax revenue.

E. HISTORY OF THE DISTRICT

The District was legally formed as a CID under Missouri law by Ordinance No. 765 of the City of Lake Lotawana, adopted September 28, 2005, establishing the District pursuant to the terms and conditions set forth in Second Amended Petition to the Board of Alderman of the City of Lake Lotawana, Missouri for the Creation of the District. The District includes both residential and commercial property located within the city limits of the City of Lake Lotawana, Missouri, comprising a portion of the City south of U.S. Highway 50, and on either side of Missouri State Highway 7. Development within the District initially included the Lone Summit Bank (now Great American Bank), the Gibson General Store, and the Summit Trails commercial development and Foxberry Estates residential and commercial developments. Lightfoot Development, LLC was the developer of Foxberry Estates and Lone Summit Development Group, Inc. was the developer of Summit Trails. The Summit Trails property comprised approximately 142.528 acres and Foxberry Estates is comprised of 352 total residential lots (78

of which are platted and improved as of the filing of this Disclosure Statement) and 23.341 acres of commercial property.

Development was slow, such that as of 2011 only approximately twenty-five homes were built, which residential properties pay sewer connection fees to the District and assessments. Other properties located within the District included approximately 634.72 acres of farm properties owned by the Gibson Family Limited Partnership which are used for agricultural purposes, are not connected to the wastewater treatment plant but have their own independent water treatment system.

The District was governed by a five person Board of Directors, each member of which is required to be an owner of real property or of a business operating in the District or a registered voter residing in the District. The District has no authority to impose real property taxes on the real estate and improvements in the District without the consent of the Board of Aldermen of the City of Lake Lotawana.

The District has the power to levy assessments on property within the District as necessary to produce funds for the operation and maintenance of the District and to pay principal and interest on indebtedness of the District, estimated to be not in excess of \$3,000 per residential lot, "so long as said special assessments result in a benefit to the property assessed that equals or exceeds the dollar amount of its assessment." Second Amended Petition for Creation of District, p. 4, par. 3(l).

The purpose of creating the District was to enable the funding and construction of infrastructure to permit development in the District, including the funding of a Wastewater Treatment Plant, and necessary gathering and transmission lines for the Plant. The Wastewater Treatment Plant was completed in 2007.

To raise the funds necessary to build the Wastewater Treatment Plant, the District issued Bond Anticipation Bonds (the “**Bonds**”) in 2006 and 2007 in the total principal amount of \$8,850,000. The bond trustee is Wells Fargo Bank. The original bondholders were Midwest Independent Bank and Lone Summit Bank. The Bonds initially drew interest at the rate of 7.75%, payable semi-annually, on March 1 and September 1, until maturity. The semi-annual interest payments were in the amount of approximately \$342,937.50 ($\$8,850,000 \times 0.0775 = \$685,875 / 2 = \$342,937.50$). The bonds matured on July 1, 2011, at which time the entire principal amount of \$8,850,000 plus all accrued interest became due.

At the time of the original issuance of the Bonds, Capitalized Interest Accounts were established within Debt Service Funds held by the bond trustee, Wells Fargo Bank. In the 2006 Bond Anticipation Bonds the Capitalized Interest Account was in the amount of \$1,627,500, and a Debt Service Reserve Account was established in the amount of \$700,000. 2006 Bond Transcript, § 401(i) and (ii). In the 2007 Bond Anticipation Bonds the Capitalized Interest Account was in the amount of \$324,585, and a Debt Service Reserve Account was established in the amount of \$185,000. *See* 2007 Bond Transcript, § 401(i) and (ii).

At the time the Bond Anticipation Bonds were issued, it was anticipated that there would not be sufficient development to generate revenue to enable the District to pay debt service on the Bond Anticipation Bonds for at least three years, but that by the maturity date of July 1, 2011 there would be sufficient development to generate revenue sufficient to permit the District to issue refunding bonds to pay off the Bond Anticipation Bonds and amortize the expense of constructing the wastewater treatment plant over 20 years at a market rate of interest.

Interest was paid on the bonds from their issuance through September 1, 2009 by drawing on Capitalized Interest Accounts, as authorized pursuant to District Board Resolutions 2006-13,

2007-10, 2008-02 and 2009-04. This was in accordance with the purpose for establishing the Capitalized Interest Accounts within the Debt Service Funds in the 2006 and 2007 Series Bond Anticipation Bonds, which were designed for the payment of principal and interest on the bonds. 2006 Bond Indenture § 402(a), and 2007 Bond Indenture § 402(a). This was also in accordance with the understanding of the bond purchaser at the outset.

Development within the District was slow, and not sufficient for the District's revenue sources, including sales and use taxes in the District, and, to the extent the Wastewater Treatment Plant benefitted property within the district, assessments on such property, to enable the District to pay the bond indebtedness. Development in the District has lagged far behind expectations, as a result of the collapse of the real estate and credit markets. For example, it was anticipated in 2006 that a large number of approximately 352 lots in the Foxberry Estates development owned by Lightfoot Development, LLC would be sold by the time the bonds matured. Only approximately 25 homes were sold and occupied by 2011. Total revenue derived by the District from sewer fees during 2010 was approximately \$26,592.79 (a monthly average of approximately \$2,216.06).

Funds remaining in the Capitalized Interest Accounts were insufficient to pay the interest payment that came due on March 1, 2010. Instead, the interest payment that came due on March 1, 2010 was paid, in part, by drawing on Debt Service Reserve Funds.

F. PRINCIPAL CAUSE OF THE FILING OF THE PREVIOUS CHAPTER 9 PROCEEDING IN 2010

The District filed its Previous Chapter 9 proceeding in the Western District of Missouri Bankruptcy Court (the "**Court**") on August 27, 2010 to avoid shutting down the Wastewater Treatment Plant, which would have presented a significant danger to the health and well-being of District residents, and environmental damage resulting from improper discharges into the waters

of the State of Missouri in violation of the Clean Water Act. The District was without sufficient funds to pay the bond interest that came due on September 1, 2010 and it is not able to pay additional interest of \$342,937.08 on March 1, 2011. Without adjustment of the bonds interest rate and extension of the maturity of the bond indebtedness, Debtor was not be able to make payment of the entire \$8,850,000 principal amount of the bonds at maturity on July 1, 2011.

Development Status at the Time of the Previous Bankruptcy. Of the properties in Summit Trails and Foxberry Estates, only twenty-five (25) residential lots had completed homes built and other than Lone Summit Bank and the Gibson General Store, there has been no commercial development. Construction was frustrated by the general collapse of the credit market, the severe downturn in the real estate market, and the failure of lenders to subordinate their loans to permit construction. While approximately 22 lots in Foxberry Estates sold in 2006 and 2007, no lots sold in 2008 and only two in 2009. The stalled progress in development resulted in the CID not having sufficient revenue from the 1% sales tax in the District, user fees and special assessments sufficient to pay principal and interest on its bond obligations.

Problems in Paying Bond Interest and Paying Bond Principal Upon Maturity. The biggest financial problem facing the District was the fact that the District's sources of revenue, including sales taxes and special assessments, were not sufficient to support the bond debt. People did not build homes as quickly as initially anticipated and little commercial development had occurred. Developers were unable to pay assessments that have been levied. Eventually, continued construction would increase the amount of sales tax revenues and user fees received by the District, and development and home sales would support payment of assessments. At least ninety-six percent (96%) of the homeowners in the District timely paid their 2010 assessments. The construction of more homes would permit the District either to attract commercial

development so that sales tax revenue would also support debt service on the bonds, or the District would increase its revenue from an increased number of residents paying assessments and sewer connection fees so as to permit the District to manage to pay principal and interest on the bonds.

G. EVENTS DURING THE PREVIOUS CHAPTER 9 PROCEEDING

Subsequent to filing the Previous Chapter 9 Proceeding, the Debtor continued operating the Wastewater Treatment Plant and otherwise conducted its operations in the ordinary course of business. At the outset of the Previous Chapter 9 Proceeding, the bond trustee on the Bonds, Wells Fargo Bank, and bondholder Midwest Independent Bank, filed objections to the District's Chapter 9 Petition, challenging the District's eligibility to be a Debtor under Chapter 9, and sought relief from the automatic stay or a determination that the stay was not applicable, so as to permit the payment to bondholders from Debt Service Reserve Funds held by Wells Fargo Bank of the interest amounts that came due on September 1, 2010. The District successfully negotiated an agreement whereby Wells Fargo Bank and Midwest Independent Bank withdrew objections to the Chapter 9 proceeding and the District withdrew opposition to the motion for payment of the September 1, 2010 interest payment from Debt Service Reserve Funds, as set forth in the Order Granting Joint Motion and Stipulation for Withdrawal of Debtor's Opposition to Wells Fargo Bank and MIB's Motion relating to Relief from Stay and for Withdrawal of Opposition of Wells Fargo Bank and MIB to Debtor's Chapter 9 Petition entered November 19, 2010 (Previous Proceeding, Docket No. 54).

On August 17, 2011, the District proposed its Amended Disclosure Statement and Amended Plan of Adjustment (Previous Proceeding, Docket Nos. 86 and 87). That Plan generally proposed that the Debtor will satisfy its secured bond indebtedness using proceeds of sales tax and special assessment collections, with payment of interest only for a five year period

at low graduated interest rates. The maturity of the bonds was extended to July 1, 2016. The Debtor continued in possession of its property, and continued operating the Wastewater Treatment Plant, as necessary to foster continued development in the District. On October 11, 2011 the Bankruptcy Court confirmed the District's Plan of Adjustment, as amended. (Previous Proceeding, Docket No. 117). The Plan became effective and the District emerged from Chapter 9 bankruptcy proceedings, but the case remained open.

H. 2012 MISSOURI STATE AUDIT OF THE DISTRICT

In October 2012, the Missouri State Auditor released a report regarding the District. The State Auditor reported that the financial condition of the District was poor. The Audit Report also criticized the District for approval of loans to the Lone Summit Development Group and Lightfoot Development and for only partially collecting all monies that were due from several landowners. The Auditor also criticized some of the minute keeping practices of the District and that the budget and financial reporting of the District did not contain all elements required by statute. Two former members of the District Board (the owners of Lightfoot and Lone Summit Development) were noted for conflicts of interest in regard to their loans with the District.

The District accepted the findings of the State Auditor and has complied with its requirements and adopted and implemented its recommendations since the issuance of the report. The District has entirely new board members today from the board members that were the subject of the 2012 state audit.

I. STATE COURT LITIGATION AND SETTLEMENT THEREOF

In November 2012, MI Bank, at the time the super-majority bondholder, petitioned for judicial review of a Special Assessment Resolution passed on August 28, 2012. A state court lawsuit was filed in the Missouri State Court for Jackson County as Case Number 1216-CV30411 (the "**Lawsuit**"). MI Bank also filed a motion in the bankruptcy court to prevent the

District from using its funds to pay for counsel to defend this Lawsuit. That motion was denied by the bankruptcy court. The Lawsuit challenged the District's assessment resolution that excluded the property owned by Gibson Family Limited Partnership from the special assessments passed by the District because the land was zoned as agricultural and was not connected to the Waste Water Treatment Plant.

The Lawsuit was ultimately settled between MI Bank and the District in June 2013. As part of the settlement with MI Bank regarding the lawsuit, the bylaws of the District as well as the formation petition were amended as follows:

- The Board Composition was changed from five members to seven members based on regions represented within the District, including the addition of three homeowners to board of the District.
- A schedule of amounts of assessments between 2011 and 2016 were agreed to, including those for the undeveloped land (which was the subject of great controversy).

The amendment to the bylaws and settlement agreement were approved by MI Bank and by the majority of landowners and homeowners in the District.

J. TRANSFER OF THE BONDS TO THE BONDHOLDER

MI Bank and Lone Summit Bank were the two original bondholders, with MI Bank holding a majority of the interest, and Lone Summit Bank holding a minority interest. Later, Lone Summit Bank's interest was modified to a participation interest in the Bonds. Lone Summit Bank's participation interest was eventually purchased by Mortgage Investment Trust Corporation in December 2014. In April, 2015, MI Bondholder, LLC acquired MI Bank interest in the Bonds. Subsequently Mortgage Investment Trust Corporation transferred its interest to MI Bondholder, LLC (the "**Bondholder**") who is now the sole holder of the Bonds.

K. SETTLEMENT NEGOTIATIONS WITH THE BONDHOLDER

In the fall of 2015, the District began negotiations with MI Bondholder on extending the maturity date of the Bonds set to mature in July 2016. There were several offers and counter-offers back and forth, with the Bondholder ultimately not countering the District's offer.

Polsinelli was retained in late April 2016 to assist with negotiations. The Bondholder agreed to a temporary waiver of a maturity default in July to allow negotiations to continue, with a provision that the Bondholder could cancel that waiver on fourteen days' notice. The District and the Bondholder mediated their dispute in early July, 2016. No agreement was reached during that mediation. Several offers were exchanged, but ultimately the Bondholder did not accept the District's proposal and stated there would be no further counter-offer. The Bondholder exercised its termination of temporary waiver of the maturity default, which meant the Bonds would mature August 27, 2016.

L. THE DISTRICT'S DECISION TO FILE FOR BANKRUPTCY

In analyzing its ability to pay its debts, the District has considered a number of options. Although the District is not in a position to directly control development, it has considered likely future development and its impact on the District's sources of revenue, including sales and use tax revenue, sewer connection fees and special assessments. The District has no power to impose real property taxes. The City of Lake Lotawana would not approve granting the District the power to impose real property taxes at the time of the District's creation. The District's power to impose special assessments is limited to the extent properties within the District to be assessed received benefit from the improvement project that equals or exceeds the dollar amount of any special assessment. Accordingly, the District determined, after careful consideration, that it did not have the present ability to raise sufficient funds to pay the existing bond obligations as they came due on August 27, 2016. The District, through its Board, came to the difficult conclusion

that a restructuring of the District's debt through a Chapter 9 bankruptcy provided the best opportunity to continue its operations and pay its obligations. With an extension of the maturity and adjustment of the interest rate to levels closer to market rates, the Board of the District believed it would provide for payment of the bond obligations, and therefore authorized the current August 26, 2016 bankruptcy filing.

II. THE CURRENT CHAPTER 9 CASE

A. POST-PETITION ADMINISTRATION

On August 26, 2016, to adjust its debts and extend the maturity date of the Bonds, the District filed the present bankruptcy case. On October 3, 2016, the Bondholder and Bond Trustee filed their Motion for Stay Relief and Adequate Protection (Docket # 32) (the "**Stay Relief Motion**"). On October 21, 2016 the District filed its objection to the Stay Relief Motion (Docket # 44) and filed a Motion for Determination of Availability of All District Revenues for Payment of Certain Vital Expenses (Docket # 43), which Motion was later converted into an adversary proceeding against the Bondholder as case number 16-04145 (the "**Adversary Proceeding**"). The Adversary Proceeding sought the determination by the Court of the right of the District to use the revenues of the District for certain disputed expenses and to establish that the lien securing the Bonds did not attach to certain revenues of the District. The Stay Relief Motion chiefly challenged the Debtor's good faith in filing the Current Chapter 9 case mainly regarding the District's continued use of the previously agreed assessment rates past 2016.

The Bondholder and Trustee requested numerous documents from the District, including its confidential mediation statement. The Debtor objected to this request and the Bondholder and Trustee filed a motion to compel its production. (Docket # 52) The Court ultimately denied its production.

The Bondholder and Trustee also sought to impound assessments and funds from the Jackson County, Missouri County Collections office. (Docket # 74) The District objected to this, but the parties were ultimately able to reach a resolution regarding a compromise order whereby the District agreed to abide by a certain budget, pending the outcome of the Stay Relief Motion and the Adversary Proceeding. (Docket # 84)

On March 3, 2017, the Bondholder and Trustee also filed their Motion to Dismiss Case (Docket # 121), (the “**Motion to Dismiss**”) asserting mainly that the District’s previous bankruptcy filing and confirmation of its previous plan prevented the District from proposing a new plan that would alter or amend the previous plan without changed circumstances, as it does in Chapter 11 proceedings. The Debtor responded to the Motion to Dismiss arguing that the standard did not apply in Chapter 9, and even if it did, the District met the standard.

In June 2017, the Bondholder, Trustee and the District met for an all-day mediation, which culminated in a resolution of all outstanding issues in the bankruptcy and an agreed extension of the Bonds and execution of the Term Sheet attached as Exhibit F. The modification of the Bond Documents (as defined in the Plan) is documented in Exhibit G.

The District desired for the City of Lake Lotawana, Missouri (the “**City**”) to take over future maintenance of the roads as part of those negotiations. The City and the District have engaged in negotiations relating to the acceptance by the City of the ownership and maintenance obligations for the road and storm sewer infrastructure within the boundaries of the District.

Negotiations between the City and the District have been centered around four primary points: (1) the District’s willingness to apply to the Missouri Department of Natural Resources (“**MDNR**”) to be the “continuing authority” for the District’s sewer treatment facility (and replacing the City in that capacity); (2) that the roads within the District would be repaired and

reconstructed in such a fashion that the roads comply with the City's applicable building codes; (3) the availability of District revenue to offset costs incurred by the City in connection with road maintenance; and (4) the City's ownership and maintenance obligations with respect to future roads within the District.

Ultimately, the City and the District have agreed as follows. The District will cause the existing road infrastructure within the District to be repaired or reconstructed such that the existing roads comply with the City's applicable standards. At such time, the City will accept ownership of and maintenance responsibilities for such roads. While the City desires to maintain a degree of flexibility with respect to maintenance funding alternatives for future roads within the District (e.g., maintenance agreements or alternate funding arrangement with the developer of such future roads), the City will not look to the District to own or maintain such future roads. The District will pay over any monies constituting its 15% Reserve (as defined below) fund for road maintenance to the City and the City will maintain those funds on account to cover road maintenance costs incurred by the City within the District; provided, however, the District will not be responsible for any maintenance costs incurred by the City in excess of revenue available from such 15% Reserve. The District has also agreed to submit a new permit application to MDNR identifying the District as the owner of and continuing authority for the sewer treatment facility. The terms of such arrangement will be embodied in a Cooperative Agreement between the District and the City that will be filed on the docket as Exhibit H to this Disclosure Statement once completed. That Cooperative Agreement will be placed on the November 21, 2017 Board of Alderman Meeting for the first reading for the City of Lake Lotawana's approval. The Second Reading would occur on December 5, 2017, for approval of the ordinance. The terms of the Cooperative Agreement will include the points referenced above.

III. THE REORGANIZED DEBTOR

On the Effective Date of the Plan, the Reorganized District will assume and continue to own and operate the properties and assets, specifically the Wastewater Treatment Plant presently being operated by the District. Subsequent to the Confirmation Date, the affairs of the Debtor shall be managed by the Debtor in accordance with §§ 67.1402-1571, RSMo, and shall be conducted in the ordinary course. Board members serve without compensation.

The cash flow projections set forth below in Exhibit B-3 are the best representations of the Debtor of the future financial performance for the Debtor's operations. The Plan is expected to be in effect from 2018 to 2058, approximately forty years. The projected cash flow statements are unaudited and are not consistent with generally accepted accounting principles. The cash flow projections were prepared by the Debtor.

MUCH EFFORT HAS BEEN MADE TO ENSURE THAT THE CASH FLOW PROJECTIONS AND THE ASSUMPTIONS ON WHICH THEY ARE BASED ARE ACCURATE AND REASONABLE. HOWEVER, NO REPRESENTATION CAN BE MADE WITH RESPECT TO THE ACCURACY OF THE CASH FLOW PROJECTIONS OR THE ABILITY OF THE REORGANIZED DEBTOR TO ACHIEVE THE PROJECTED RESULTS. MANY OF THE ASSUMPTIONS UPON WHICH THE CASH FLOW PROJECTIONS ARE BASED ARE SUBJECT TO UNCERTAINTIES. SOME OR ALL OF THE ASSUMPTIONS MAY NOT MATERIALIZE, AND UNANTICIPATED EVENTS AND CIRCUMSTANCES MAY OCCUR THAT WILL AFFECT THE CASH FLOW PROJECTIONS AND THE ASSUMPTIONS ON WHICH THEY ARE BASED. ACCORDINGLY, THE ACTUAL RESULTS ACHIEVED THROUGHOUT THE PROJECTION PERIOD MAY VARY FROM THE PROJECTED RESULTS SET FORTH IN THE CASH FLOW PROJECTIONS AND THE VARIATIONS MAY BE MATERIAL. ALL PARTIES ARE URGED TO CAREFULLY

REVIEW THE CASH FLOW PROJECTIONS AND THE ASSUMPTIONS ON WHICH THEY ARE BASED BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

IV. SUMMARY OF THE PLAN

The Debtor's Plan in its entirety is attached as Exhibit A to the Disclosure Statement. THE FOLLOWING DISCUSSION OF THE PLAN CONSTITUTES A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN ITSELF. YOU ARE URGED TO READ THE PLAN ITSELF BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. ANY CHANGES MADE TO THE PLAN WILL BE DESCRIBED AT THE HEARING ON THE CONFIRMATION OF THE PLAN.

A. GENERAL DESCRIPTION OF THE PLAN

i. Issuance of a New Bond and Payments Thereon

A new bond will be issued in the agreed principal amount of \$8,200,000 (the “**New Bond**”) on the Effective Date, which shall, upon issuance, fully release, remise and satisfy the previous Bonds. The costs of issuance of the New Bond shall be paid by the District.

The indebtedness under the New Bond shall be paid by an annual bond payment, calculated as total revenue of the District from all sources (“**Total Revenue**”) less: (i) an operating budget which shall be set at \$105,000 per year starting for the calendar year 2020 and increased by 1% for each year thereafter; and (ii) the 15% Reserve defined in Section 6.2.6 of the Plan, provided that payments shall be in at least the minimum amounts indicated in Section 4.2.3 below. Funds in the operating budget may be used for any purpose consistent with the duties of the District and the 15% Reserve funds shall be used as stated in Section 6.2.6 of the Plan.

The minimum payments and interest rates due under the New Bond (part principal and interest) are as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Minimum Payment</u>
1-5	2.75	\$243,375
6-10	3.25	\$287,625
11-15	3.75	\$331,875
16-20	4.25	\$376,125
21-40	4.75	\$420,375

Any excess total revenue payment in excess of the minimum payments, less the allowed operating budget and 15% Reserve, due under the New Bond shall be due 90 days after the end of the previous calendar year. Any excess total revenue payment, if any, is to be calculated starting January 1, 2020 for the year 2020.

The first New Bond payment will be due September 1, 2019 in the amount of \$121,687.50 (no excess revenue payment will be due for calendar year 2019) and the required

payments shall be made annually thereafter beginning March 1st, 2020 and each March 1st thereafter (or the next business day thereafter).

Minimum payments shall be applied first to any outstanding interest due, then to the Bondholder's capped expenses of \$350,000, and then applied to principal reduction. The excess revenue payments, if any, shall first be applied to Bondholder expenses up to the maximum amount of \$350,000, with any excess after that to be applied to principal due and outstanding under the New Bond.

If the principal amount of the New Bond is reduced by a minimum amount of \$1,500,000 on or before March 1, 2029, the principal due and outstanding under the New Bond will automatically be reduced by \$500,000.00. For example, if the principal amount of the New Bond is reduced to \$6.7 Million or less on or before March 1, 2029 the principal amount of the New Bond shall automatically be reduced by \$500,000.00.

Assuming there are no uncured events of defaults under the New Bond, any principal balance outstanding at the end of 40 years will be forgiven.

The New Bond may be called at any time at par with no pre-payment penalty.

The New Bond Documents shall provide a 30 day notice and opportunity to cure for any default. In addition to the customary consequences of an event of default, under the New Bond, that the District shall seek no further protection under chapter 9 of the Bankruptcy Code and hereby reconfirms the Bond Trustee's right to the appointment of a receiver. Additionally, if despite these provisions, the District (or a Receiver) seeks further bankruptcy protection, the automatic stay of 11 U.S.C. §§ 362(d) and 922, and the discharge injunction of 11 U.S.C. §§ 524 and 944, shall immediately, automatically, and irrevocably be terminated and lifted as to bondholder and the bond trustee, in which event, bondholder and the bond trustee shall be

entitled to enforce their rights and remedies in, and with respect to, the collateral securing the bond indebtedness, and to seek rights and remedies as set forth in the Indenture, under any bankruptcy court orders, and under applicable law. Further, in such events, neither the District nor its board (current and future), shall seek to reimpose the automatic stay, obtain an injunction, or otherwise take any steps or actions to impede the operation of this stay lift provision. The Confirmation Order shall specifically find and decree that these provisions are enforceable against the District and its board members (current and future).

Except for those obligations regarding the Trustee set forth in Section 802 of the current Bond Indenture, any claims, causes of action, offsets, waivers, equitable claims, arguments, shall be forever waived and released between the Parties upon the issuance of the New Bond Documents (as defined below) under the confirmed Plan. Bondholder represents there are no unpaid fees, compensation, charges, costs or expenses owing to Bond Trustee that have not or will not be paid by the Bondholder as of the Effective Date of the Plan.

The proposed New Bond Documents modifying the Bond Documents will be entered into between the Bondholder, the Trustee, and the District on the Effective Date (the “**New Bond Documents**”). Finalized copies of the New Bond Documents shall be filed on the Court’s docket prior to the confirmation of the Plan. The New Bond Documents shall be effective upon the Effective Date.

To the extent the Term Sheet and this Plan are inconsistent the Term Sheet shall govern. Upon the Effective Date the Motion to Dismiss and the Stay Relief Motion shall be deemed moot and withdrawn.

ii. Additional Terms

1. Financial Statements. District will provide financial statements to the Bondholder quarterly.

2. Operation of the Debtor. Following confirmation of the Plan, the Reorganized Debtor will retain all of the property of the Estate, and reorganized Debtor will continue to operate as a community improvement district and political subdivision of the State of Missouri and receive revenue and funds from operation of the Waste Water Treatment Plant, sales and use taxes and special assessments in order to continue its customary operations and earn funds sufficient to fund payments under the Plan. All property of the Debtor and the Estate shall be vested in the reorganized Debtor free and clear of all liens, claims, encumbrances or restrictions except as otherwise provided in the Plan for the Class 1 claimant. Except for the liens granted to Class 1 Claimant under the Plan, subject to the provisions of this Plan and the Term Sheet, Debtor may use, sell, acquire, lease or otherwise dispose of its property free of any restrictions imposed by the Court, the Bankruptcy Code or the Bankruptcy Rules, excepting only those contained in the Plan or Confirmation Order.

3. Deposit of Funds: Commencing after December 1, 2019, all special assessments received from Jackson County, Missouri and all sales and use tax received from the State of Missouri shall be directly deposited by each governmental entity in a bank account maintained by the Trustee. Upon receipt of amounts due to the Bondholder, the Trustee shall deliver remaining funds to the Debtor to be used consistent with this Plan. To the extent necessary, the Plan shall modify the existing Bond Documents, including any deposit agreements, to reflect these terms and shall be included in the New Bond Documents. Any previous deposit agreements entered into as part of the Bond Documents shall be released and canceled upon the Effective Date. In the event the Trustee does not distribute the remaining funds before March 30th of a given

year, the obligation to deliver the excess payment to the Trustee shall be delayed until the Trustee distributes funds to the Debtor, or the New Bond indebtedness is accelerated, whichever occurs first.

4. Assessments. The District may not reduce any assessment rates until the New Bond is retired. Bondholder understands that as undeveloped land is developed the assessment on that land is replaced by new assessments on the newly developed ground. Thus, the Debtor could vary assessments amongst the collective landowners, provided that the total amount collected is not decreased and the District could lower assessments on particular residents, provided that total amount collected from all residents is not decreased, *provided however*, assessments must be sufficient to pay the New Bond payments set forth herein, operating expenses of the District, and provide an adequate reserve fund for capital improvements and repairs.

Should the District need to make future capital improvements, pay operating costs, or to pay for extraordinary expenditures, including but not limited to professional fees, an increase in any rates may be retained to pay for capital improvements, operating costs and extraordinary expenses, including professional fees, and would not be required to service debt and such increase could be lowered after payment of the improvements, operating costs, or expenses were paid for; *provided however*, assessments must be sufficient to pay the New Bond payments set forth herein, operating expenses of the Debtor, and provide an adequate reserve fund for capital improvements and repairs.

5. Use of Existing Cash Prior to Initial Class 1 Plan Payment. Debtor will be allowed to expend up to \$300,000 out of existing cash for street repairs after confirmation of a Chapter 9 plan consistent with the Term Sheet. Existing cash on hand (including the

\$300,000 mentioned above) plus future income up until December 1, 2019, can also be used to pay Polsinelli's fees incurred in the bankruptcy in the maximum amount of \$550,000.00, claims to be paid under the Plan to unsecured and administrative creditors, and expenses to pay for costs of amending the bond documents. Excess cash on hand up to December 1, 2019, will be allowed to be used to pay the Debtor's professional fees and claims to be paid under the Plan. In the event Polsinelli's professionals fees and expenses, which shall be in the maximum amount of \$550,000.00, cannot be fully paid out of cash on hand, the District agrees and shall pass a special assessment solely to cover the cost of the Polsinelli fees and expenses such that Polsinelli will be fully paid within 2 years of confirmation. This additional assessment shall sunset after those fees have been paid and not go toward any other purpose or calculated in any excess total revenue payment, and Bondholder waives any argument to the contrary.

6. New Homes Road Maintenance Reserve. For all new homes built within the District after the Confirmation Date that are serviced by new roads not currently existing at the Confirmation Date (the "**New Homes**"), 15% of the assessments and monthly fees received from such New Homes will be paid to the District by the Trustee (the "**15% Reserve**") to be reserved by the District and used for repairs and maintenance of its roads, and shall not be counted in any excess total revenue. This 15% Reserve will be transferred to the City of Lake Lotawana, Missouri pursuant to the terms of the Cooperative Agreement. The District, the City, the Bondholder and Trustee shall agree prior to confirmation which lots are serviced by existing roads prior to the Confirmation Date.

7. Execution of the New Bond Documents and the Cooperative Agreement on the Effective Date. On the Effective Date, the Bondholder, Trustee, and District shall execute and deliver the New Bond Documents. On the Effective Date, the City and the District shall execute the Cooperative Agreement.

iii. Board Observer Seat and Quarterly Financial Statements

The Bondholder retains a board observer seat, provided, as per law, it would not have voting power, not counted for a quorum, and would not be entitled to attend executive sessions involving issues with the bondholder or the trustee but could attend all others, provided that any applicable attorney client interest must be maintained (e.g. execution of an enforceable joint interest agreement). The Bondholder also would be provided quarterly financial statements.

iv. General

The Debtor will continue in possession of its property, and continue operating the Wastewater Treatment Plant, as necessary to foster continued development in the District. Plan payments will come from the revenue the Debtor receives after confirmation.

B. UNCLASSIFIED ADMINISTRATIVE EXPENSES CLAIMS

Administrative expense Allowed Claims are treated under the Plan in the manner required by the Bankruptcy Code and, therefore, are unclassified. The Plan provides that all administrative expense Allowed Claims, which include the costs and expenses incurred in connection with the Chapter 9 Case subsequent to the filing date, will be paid in full in cash according to the ordinary terms under which they were incurred or, if due and not previously paid, on the Effective Date, or as otherwise indicated for Polsinelli. They include all fees and costs of the Debtor's attorneys, accountants, consultants and other professionals employed at the expense of the District subject to the Bankruptcy Court's determination that the same are reasonable under § 943(a)(3) of the Code. Such fees, costs and expenses will be paid at a time

and in an amount allowed by the Bankruptcy Court. The Bankruptcy Court may review all previously unreviewed fees paid and to be paid to the professionals for compensation and reimbursement of expenses in connection with the Case to determine if such amounts are reasonable. A list of the post-petition Professional Claims as of the date of filing is attached as Exhibit D.

During the case, the District has employed the law firm of Polsinelli P.C. as bankruptcy counsel, Collins and Jones P.C. for general District and state law matters, the accounting firm of Larry D. Sowers, CPA as its accountant, PA, Valbridge Property Advisors for certain expert services, Causey Demgent Moore P.C., for arbitration services, and Kutak Rock for preparation of the New Bond Documents. The amounts to be paid by the District or by any person for services or expenses in the case through October 31, 2017 or incident to the plan are attached as Exhibit D.

C. CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS

The Plan divides Allowed Claims against the Debtor into various Classes which the Debtor believes are in accordance with the classification requirements of the Bankruptcy Code. The term “Allowed Claim” is defined in § 1.1.3 of the Plan. Distributions to the holders of Allowed Claims under the Plan are in full satisfaction of those Allowed Claims (including any interest accrued and allowable thereon). All Claims against the Debtor arising prior to the Confirmation Date will be discharged under the Plan on the Effective Date, except to the extent otherwise provided in the Plan or the Confirmation Order.

1. Description of Classification and Treatment

A summary of the classification and treatment of Allowed Claims under the Plan is set forth below in subsection 3. The Debtor has made every effort to anticipate the amount of Allowed Claims in each Class. The resolution of any Disputed Claims may involve many factual

and legal issues which may or may not be resolved in the Debtor's favor. Accordingly, no assurances can be given that the anticipated amount of Allowed Claims in each Class will be achieved.

Only holders of Allowed Claims will receive distributions under the Plan. The distributions are in full settlement of all rights of the holders of such Allowed Claims. The Plan contemplates a series of events pursuant to which funds will be allocated and distributions will be made. Should certain of these events not take place, the Debtor may amend the Plan to adjust the timing of the payment streams to the various Classes of Claimants of the Debtor. Disputed claims will be resolved by the Bankruptcy Court, and any amount finally allowed by the Court will be dealt with under the Plan. The amount of Disputed Claims included in the Plan calculations set forth below represents Debtor's estimate of the likely range of the amount that will be finally allowed by the court.

2. **Unclaimed Distributions**

It is the responsibility of each holder of an Allowed Claim to notify the Debtor promptly of any change in such holder's address. Failure to (i) so notify the Debtor or (ii) cash a Distribution Check with six (6) months of issuance may result in a Distribution being an Unclaimed Distribution. In such an event, the holder will forfeit and irrevocable waive any rights with respect thereto.

3. **Treatment of Classes**

The Plan divides the creditors into distinct Classes depending on the type of Claim and what secures the Claim. The Classes into which the Plan divides Claims are as follows:

(1) **Class 1** is comprised of the claim of the Bond Trustee for the benefit of Bondholder under 2006 Series Bond Anticipation Bonds and 2007 Series Bond Anticipation Bonds issued by the District. Class 1 claims are in the total principal amount of \$8,850,000. The

2006 Series Bond Anticipation Bonds are in the total amount of \$7,000,000. The 2006 Series Bond Anticipation Bonds are in the total amount of \$1,850,000. Debtor asserts, subject to dispute by the Bondholder, the Bonds are currently secured by the grant to the Bond Trustee, Wells Fargo Bank, of a security interest in sales tax revenues and special assessments, as well as any funds held by the Bond Trustee under the terms and provisions of the bond indentures related to the bonds.

(2) **Class 2** consists of general unsecured claims and is in the aggregate amount of \$23,419.11 (see attached Exhibit C).

With respect to such classes, the Plan provides for the following:

(1) **Class 1.** The total amount of the Bonds (principal and interest) shall be reduced to \$8,200,000.00 in total. The Debtor shall pay for documentation amending the Bonds. The amended bond documents will be filed on the docket when finalized.

Class 1 is comprised of the claims of the Trustee for the benefit of Bondholder under the \$7,000,000 Lake Lotawana Community Improvement District Bond Anticipation Bonds, Series 2006 and the \$1,850,000 Lake Lotawana Community Improvement District Bond Anticipation Bonds Series 2007. Class 1 claims shall be an Allowed Claim in the agreed aggregate total principal amount of \$8,200,000, secured by the grant to the Trustee of a security interest in sales tax revenue, special assessments, monthly user fees and tap fees, as well as any funds held by the Trustee under the terms and provisions of the Bond Documents as modified by the New Bond Documents. Under the New Bond Documents, Wells Fargo Bank, N.A. will be replaced as Trustee by Security Bank with Mr. Pete Gardner acting on Security Bank's behalf. The Class 1 claims shall receive the treatment stated in the Term Sheet and described on pages 27 to 33 of this Disclosure Statement.

(2) **Class 2.** Debtor will to pay Class 2 Allowed Claims in full without interest, fees or expenses within ninety (90) days after the Effective Date of the Plan.

V. MEANS FOR EXECUTING THE PLAN

The Debtor will execute the Plan through a continuation of its operations as contemplated under the Plan.

A. REORGANIZED DEBTOR AND THE DESIGNATION OF ALLOWED CLAIMS AND DISPUTED CLAIMS

On and after the Effective Date, the Reorganized Debtor will make all distributions under the Plan required to be made by the Reorganized Debtor to or for the benefit of the holders of Allowed Claims. On or after the Effective Date, the District may retain (but does not anticipate it will) one or more agents to perform or assist it in making the Distributions to be made pursuant to the Plan, which agents may serve without bond. The District may provide reasonable compensation to any such agent(s) without further notice or Bankruptcy Court approval.

Pursuant to § 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor may investigate, file, enforce, exercise, abandon, prosecute, adjust, settle or compromise all Claims, proceedings, rights and causes of action of the Debtor and its Estate, other than Claims, proceedings, rights and causes of action that have been waived, released, compromised or settled under or in connection with the Plan or otherwise. After the Effective Date, the Reorganized Debtor reserves its right to pursue any avoidance actions under §§ 544, 545, 547, 548 and 549 of the Bankruptcy Code not otherwise released under the Plan. **Debtor hereby reserves and does not waive any rights or causes of action unless otherwise expressly stated in the Plan, Confirmation Order, or the Term Sheet.**

All proceedings relating to the allowance, disallowance, subordination or estimation of Claims will be diligently investigated, filed, enforced, exercised, abandoned, adjusted, settled or

compromised by the Reorganized Debtor at its sole cost and expense.

Each and every holder of an Allowed Claim that elects to participate in the distributions provided for under the Plan represents and warrants to the Debtor that such holder is authorized to accept in full and complete consideration of such Allowed Claims the distributions provided for under the Plan and that there are no outstanding commitments, agreements or understandings, express or implied, that may, or shall, in any way defeat or modify the rights conveyed or released or obligations undertaken under the Plan.

B. RETENTION OF PROPERTY AND DISCHARGE OF CLAIMS

1. Property of the Debtor and Assumption of Business: Substantial Consummation

On the Effective Date, all property of the Debtor shall be and remain property of the Reorganized Debtor free and clear of any and all liens, except liens of Trustee and Bondholder as modified by the Plan and the New Bond Documents, Claims, encumbrances or restrictions, and the Reorganized Debtor shall assume and continue the operations and business of the Debtor, except as otherwise provided in the Plan or the Confirmation Order. Except for the liens granted to the Class 1 Claimant under this Plan, subject to the provisions of the Plan and the Term Sheet, the Reorganized Debtor will thereafter continue its operations and may use, sell, acquire, lease or otherwise dispose of its property in accordance with the Plan and the Confirmation Order, but otherwise shall be free of any restrictions imposed by the Bankruptcy Court, the Bankruptcy Code, the Bankruptcy Rules or the Office of the United States Trustee, if any.

The Debtor may modify the Plan at any time before confirmation. Debtor may modify the Plan after confirmation provided that such modifications: (i) do not modify the terms of the repayment of the Bonds, without consent of the Bondholder and Trustee; and (ii) such modifications are approved by the Bankruptcy Court.

2. **Discharge of Claims and Debts**

Except as otherwise expressly provided in the Plan, the Confirmation Order or any Final Order with respect to any particular Allowed Claim made pursuant to an agreement or stipulation entered into by the Debtor and the holder of that Allowed Claim, the entry of the Confirmation Order shall, on the Effective Date, discharge and release the Debtor and its Estate from any and all Claims, debts and liens that arose before the Confirmation Date and any and all Claims and debts of the kind described in §§ 502(g), 502(h) or 502(I) of the Bankruptcy Code, including, but not limited to, any Claim or debt based on a deficiency, whether or not:

- a. A Proof of Claim based on such Claim or debt is filed or deemed filed under § 1111(b) of the Bankruptcy Code;
- b. Such Claim or debt is an Allowed Claim; or
- c. The holder of such Claim or debt has accepted the Plan.

Except as otherwise stated in the Plan, the Term Sheet or in the Confirmation Order, pursuant to Section 944 of the Bankruptcy Code, the entry of the Confirmation Order, as of the Effective Date, will act as a full and complete discharge of all Claims against the Debtor, its current board members, officers, and attorneys, the post-Effective Date Debtor, and the Debtor's property or interests in property, and the terms of the Plan of any nature whatsoever, including, without limitation, any liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, that arose or have been asserted against the Debtor, its current board members, officers, and attorneys, at any time before the entry of the Confirmation Order or that arise from any pre-Confirmation conduct of the Debtor, its current board members, officers, and attorneys, whether or not the Claim(s) are known to or knowable by the Claimant. Provided that, as to the District's current board members, officers, and attorneys only, the discharge provided herein is limited only

for any Claims occurring, arising or accruing between and including August 26, 2016 and the Confirmation Date, relating in anyway to their actions or services with the Debtor or its property. The discharge of the Debtor, its current board members, officers, and the attorneys, will become effective as to each Claim, whether or not the Claim constituted an Allowed Claim and whether or not the holder of the Claim voted to accept the Plan. In addition, the Confirmation Order will operate as a general resolution with prejudice, as of the Effective Date, of any and all pending legal proceedings against the Debtor, its current board members, officers, and attorneys, and the Debtor's respective assets and properties as well as any proceedings not yet instituted against the Debtor, its current board members, officers, and attorneys, or the Debtor's respective assets and properties, except as otherwise provided in this Plan. As provided in Section 524 of the Bankruptcy Code, the discharge provided in the Plan operates as an injunction against the prosecution of any Claim so discharged. The rights afforded in the Plan and the treatment of Claims will be in exchange for and in complete satisfaction, discharge and release of all Claims of any nature whatsoever arising on or before the Effective Date, known or unknown, including any interest accrued or expenses incurred thereon from and after the Petition Date, whether against the Debtor or any of its properties, assets, or interests in property. Except as otherwise provided in the Plan or in the Confirmation Order, on the Effective Date, all Claims against the Debtor will be deemed to be satisfied, discharged, and released in full.

3. **Effect of Discharge**

The discharge and release provided for under the Plan shall have the effects set forth in the Bankruptcy Code, including, but not limited to:

- a. Voiding any judgment obtained against the Debtor on any discharged Claim or debt;

- b. Operating as an injunction against the commencement or continuation of any action, employment of process or any act to collect, recover or offset any discharged Claim or debt;
- c. Creating, perfecting, or enforcing any lien or encumbrance of any kind against the Debtor or its Estate; and
- d. Operating as an injunction against the commencement or continuation of any action, the employment of process or any act to collect, recover or offset any Claim or debt against any property of the Debtor or its Estate, except as otherwise permitted by the Plan or the Confirmation Order.

C. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption

Other than the treatment of the Bond Documents and the New Bond Documents set forth in Article IV hereof, all executory contracts and unexpired leases of the Debtor which have not been previously rejected will be assumed on the Effective Date, the cure amount of any executory contract shall be zero unless otherwise ordered by the Court or agreed to in writing after filing of this Disclosure Statement Order by the Debtor.

D. JURISDICTION OF THE BANKRUPTCY COURT

Subject to the Term Sheet, Article XII of the Plan provides that, after the Confirmation Date and after the Effective Date, the Bankruptcy Court will retain the authority and jurisdiction as is allowed under Title 28 of the United States Code, the Bankruptcy Code or other applicable law. Article XII further describes a number of specific matters and proceedings with respect to which the Bankruptcy Court will continue to have jurisdiction, including, but not limited to, Except as set forth in the Term Sheet, Pursuant to Bankruptcy Code Section 945, following the Effective Date, the Bankruptcy Court shall retain sole and exclusive jurisdiction of the following:

(1) to resolve objections to Claims; (2) to resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear, determine and, if necessary, liquidated, any claims arising therefrom, including those matters related to the amendment after the Effective Date of this Plan; (3) to determination of all causes of action, controversies, disputes or conflicts, whether or not the subject of an action pending as of the Confirmation Date, between the Debtor and any other party, to the extent consistent with provisions of the Bankruptcy Code applicable to Chapter 9 cases; (4) the correction of any defect, the curing of any mistake or omission or the reconciling of any inconsistency in the Plan or the Confirmation Order as may be necessary or appropriate to carry out the purposes and intent of the Plan; (5) to enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan, and all other contracts, instruments, releases, and other agreements or document related to the Plan; (6) the enforcement, interpretation, or modification of the terms and conditions of the Plan, the Plan documents, and the Confirmation Order; (7) to determine any and all motions, adversary proceeding, applications, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to this Plan, may be instituted by the Debtor after the Effective Date or that are instituted by any holder of a Claim before or after the Effective Date concerning any matter based upon or arising out of, or relating to the Case, whether or not such action initially is filed in the Bankruptcy Court or any other court; (8) to ensure that distributions to holders of Allowed Claims are accomplished as provided herein; (9) to enforce any Cooperative Agreement, at the District's sole option, in the bankruptcy court; (10) to issue such orders in aid of execution of this Plan, to the extent authorized by section 1142(b) of the Bankruptcy Code; (11) to hear and determine all applications for awards

of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date; (12) to hear and determine all disputes or controversies arising in connection with or relating to this Plan or the Confirmation Order or the interpretation, implementation, or enforcement of this Plan or the Confirmation Order or to the extent of any entity's obligations incurred in connection with or released under this Plan or the Confirmation Order; (13) to hear and determine any rights of action retained by the Debtor hereunder; (14) the entry of any order, including injunctions, necessary to enforce any title, right and powers of the Debtor hereunder and to impose such limitations, restrictions and terms and conditions of such title, rights and powers as this Bankruptcy Court may deem necessary; (15) the entry of a temporary restraining order and/or a permanent injunction or other equitable relief against any party who, subsequent to the date of Confirmation, initiates a legal action, other than an appeal of the Confirmation Order, in any court wherein such party asserts that the Plan is unenforceable or invalid in any respect; (16) the entry of an order reopening this Case as may be necessary to the exercise of the exclusive jurisdiction set forth in this Article XII; (17) the entry of a Final Decree and order closing this Chapter 9 case; and (18) such other matters or proceedings as may be provided for under Title 28 or any other title of the United States Code, the Bankruptcy Code, the Bankruptcy Rules, other applicable law, the Plan or the Confirmation Order.

E. CONDITIONS TO THE EFFECTIVENESS OF THE PLAN

1. Conditions

The following conditions must occur and be satisfied on or before the Effective Date for the Plan to be effective on the Effective Date:

- a. The Confirmation Order shall have been signed by the Bankruptcy Court and duly entered on the docket for the Reorganization Case by the Clerk of the Bankruptcy Court in form and substance acceptable to the Debtor;

- b. There shall not be any stay in effect with respect to the Confirmation Order;
- c. The Confirmation Order shall be a Final Order; and
- d. The Plan shall have been approved by the Bankruptcy Court.

2. **Waiver of Conditions**

The conditions set forth above in paragraphs 1.b. and 1.c. may be waived or modified in whole or in part by the Debtor and the Bondholder. The conditions set forth above in paragraphs 1.a. and 1.d. may not be waived or modified in whole or in part by the Debtor.

E. MISCELLANEOUS PROVISIONS

1. **Dates on which Distributions are Made**

All distributions under the Plan to be made to or for the benefit of the holders of Allowed Claims shall be made by the Reorganized Debtor to or for the benefit of the holders of Allowed Claims as and when due in the manner set forth in the Plan, or as soon thereafter within 30 days as is practicable.

All distributions to be made by the Reorganized Debtor to the holders of Allowed Claims shall be made by checks.

2. **Modification of the Plan**

The Plan may be altered, amended or modified only by the Debtor before the Confirmation Date pursuant to § 942 of the Bankruptcy Code. The Plan may not be altered, amended or modified without the written consent of the Debtor, as the case may be.

3. **Addresses for Distributions to the Holders of Allowed Claims**

Unless otherwise provided in the Plan or a Final Order of the Bankruptcy Court, distributions to be made under the Plan by Debtor to the holders of Allowed Claims shall be made by first class United States mail, postage prepaid, to the latest mailing address set forth in a

Proof of Claim timely filed with the Bankruptcy Court by or on behalf of the holder of the Allowed Claim or, if no such Proof of Claim has been timely filed, the mailing address set forth in the Schedules of Assets and Liabilities filed by the Debtor in the Reorganization Case, as amended. It is the duty and responsibility of each holder of an Allowed Claim entitled to participate in distributions under the Plan to notify the Debtor of its most recent address. The Debtor is not required to make any other effort to locate or ascertain the address of the holder of any Allowed Claims.

4. **Cramdown**

If any impaired Class under the Plan fails to vote to accept the Plan, the Debtor has reserved the right to request that the Bankruptcy Court find that the Plan does not discriminate unfairly and is fair and equitable with respect to each such impaired Class, and confirm the Plan pursuant to §§ 943 and 1129(b) of the Bankruptcy Code.

5. **Appointment and Compensation of the Board and Officers**

Appointment of the Board is governed by the Third Amended Petition forming the District. No changes in the appointment process are envisioned by the Plan. The Board and Officers serve without compensation for their time.

F. RISK ANALYSIS

The following is intended to be a summary of certain material risks associated with the Plan and the Reorganized Debtor, but is not exclusive. Each creditor should analyze and evaluate the Plan and the risks and the other information set forth in this Disclosure Statement as a whole with its, his, or her advisors in determining whether to vote to accept or reject the Plan.

1. **Inherent Uncertainty in the Cash Flow Projections**

The projections set forth in Exhibit B to this Disclosure Statement represent the best possible prediction of future events based on certain assumptions set forth with such projections.

These future events may or may not occur, and the projections may not be relied upon as a guarantee, representation or other assurance of the actual results that will occur. Because of the numerous risks and inherent uncertainties that may affect the operations of the Reorganized Debtor, the actual results of the Reorganized Debtor may be different from those projected, and such differences may be material and may adversely affect the Reorganized Debtor and its operations.

2. **Tax Consequences**

Consummation of the Plan could have significant tax consequences that may adversely affect certain creditors. See Section VI below.

3. **Other Factors**

In addition, other issues unidentified or unquantified at the present may adversely affect the Reorganized Debtor.

VI. TAX CONSEQUENCES OF THE PLAN

A. INTRODUCTION

THE DEBTOR BELIEVES THAT EACH HOLDER OF A CLAIM SHOULD DISCUSS ANY POTENTIAL INCOME TAX CONSEQUENCES OF THE PLAN WITH COMPETENT TAX COUNSEL IN ORDER TO FULLY UNDERSTAND THE TAX IMPACT OR POTENTIAL IMPACT OF THE PLAN ON SUCH HOLDER OF A CLAIM OR INTEREST.

B. FEDERAL TAXES

The Plan may modify or affect the timing of the federal income tax treatment of Claims.

DEBTOR MAKES NO REPRESENTATION NOR RENDERS ANY OPINION AS TO WHAT THE INCOME TAX CONSEQUENCES WILL BE OR ARE LIKELY TO BE IN THE CASE OF CONFIRMATION OF THE PLAN TO ANY CREDITOR. EACH MEMBER OF

EACH CLASS IS SOLELY RESPONSIBLE FOR DETERMINING THE FEDERAL INCOME TAX CONSEQUENCES APPLICABLE TO ITS OWN CIRCUMSTANCES. CREDITORS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS CONCERNING THE INDIVIDUAL TAX CONSEQUENCES OF THE PLAN AS IT AFFECTS THEIR PARTICULAR CLAIM OR INTEREST, INCLUDING THE IMPACT OF STATE AND LOCAL TAXES. NO OPINION OF TAX COUNSEL HAS BEEN SOUGHT OR OBTAINED IN CONNECTION WITH THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED HEREIN ARE ONLY GENERAL OBSERVATIONS AND ARE NOT TO BE INTERPRETED OR CONSTRUED AS LEGAL ADVICE.

VII. ALTERNATIVES TO THE PLAN

The Debtor believes the Plan provides Claimants with the greatest possible value that can be realized on their Allowed Claims and recommends that you vote to accept the Plan. In the event that the Plan is not confirmed, the alternatives for creditors include the filing of another plan by Debtor or dismissal of the case. Each of the foregoing alternatives is discussed below.

A. DISMISSAL

Dismissal of the case would have the effect of restoring (or attempting to restore) all parties to their status prior to the filing of the Chapter 9 Case. The likely consequence of a dismissal is the institution of litigation by the Trustee at the request of the Bondholder and lawsuits by unsecured creditors who would then attempt to compel payment. The ability of the Bondholder to obtain any such relief is uncertain. Such actions would involve substantial expense for the District and the Bondholder, and would threaten and interfere with the District's ability to fund operations and virtually assure all other creditors other than bondholders of a zero distribution on their debts. Therefore, the Debtor believes that dismissal of the case is not a viable alternative to the Plan.

B. ALTERNATE PLAN

It is unknown what an alternate plan would entail and the Bondholder may seek to oppose that Plan if it did not comply with the Term Sheet. The District cannot be liquidated as a municipality.

VIII. CONFIRMATION REQUIREMENTS

At the hearing on the confirmation of the Plan, the Bankruptcy Court will confirm the Plan only if the requirements of the Bankruptcy Code, particularly those set forth in § 943 and applicable subparagraphs of § 1129, including § 1129(a)(2), (3), (5), (8), and (10) and 1129(b)(1) and 1129(b)(2)(A) and (B), have been satisfied.

A. ACCEPTANCES NECESSARY TO CONFIRM THE PLAN

At the hearing on the confirmation of the Plan, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by the requisite amount and number of Allowed Claims in each impaired Class. Under the Bankruptcy Code, a Class of creditors is impaired if their legal, equitable or contractual rights are altered by a proposed Plan of Adjustment. If a Class is not impaired, each creditor in such unimpaired Class is conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code. Classes 1 and 2 are impaired under the Plan and holders of Allowed Claims in such Classes are entitled to vote for or against the Plan by completing and returning the ballots mailed to them with the Disclosure Statement in the manner set forth in the ballots.

Under § 1126 of the Bankruptcy Code, an impaired Class of creditors and each holder of a Claim in such Class will be deemed to have accepted a Plan if the holder of at least two-thirds in amount and more than one-half in number of the Allowed Claims in such impaired Class for which completed ballots have been received have voted for acceptance of the Plan.

If not all impaired Classes under the Plan accept the Plan, the Debtor intends to request the Bankruptcy Court to confirm the Plan pursuant to §§ 943 and 1129(b) of the Bankruptcy Code. To confirm the Plan under § 1129(b) of the Bankruptcy Code, the Bankruptcy Court must determine, among other things, that the Plan does not discriminate unfairly and that it is fair and equitable with respect to each Class of impaired Allowed Claims that has not voted to accept the Plan.

B. BEST INTERESTS OF CREDITORS

To satisfy one of the requirements necessary for confirmation of the Plan, the Debtor must establish and the Bankruptcy Court must find that, with respect to each Class of Allowed Claims under the Plan, each holder of an Allowed Claim in that Class either has accepted the Plan or will receive or retain under the Plan on account of such Allowed Claims property of a value that is a better alternative than dismissal of the case AND is all that the creditors could reasonably expect under the circumstances. THE DEBTOR BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF THE HOLDERS OF ALL ALLOWED CLAIMS AND REPRESENTS A REASONABLE EFFORT BY THE DEBTOR THAT IS A BETTER ALTERNATIVE THAN DISMISSAL OF THE CASE AND PROVIDES VALUE TO ALL OF THEM THAT IS THE ALL THAT THEY COULD REASONABLY EXPECT UNDER THE CIRCUMSTANCES.

C. FEASIBILITY

As a condition to confirmation of the Plan, the Bankruptcy Code requires the Bankruptcy Court to determine that there is a reasonable probability that the debtor will be able to make the payments required under the plan and maintain its operations at the level that it selects as necessary to continued viability of the debtor. For purposes of determining whether the Plan meets this “feasibility” standard, the Debtor has projected the ability of the Reorganized Debtor

to meet its obligations under the Plan and to continue operations. Debtor's pro forma is set forth in Exhibit B-3. The Reorganized Debtor believes that it will be able to meet its obligations under the Plan.

The Debtor believes that the results set forth in the cash flow projections are reasonable and attainable by the Reorganized Debtor and that the Reorganized Debtor will have sufficient funds available to operate and meet the obligations under the Plan. Much effort has been made to ensure that the cash flow projections and the assumptions on which they are based are reasonable. The Debtor cautions, however, that no representations can be made by the Debtor with respect to the accuracy of the cash flow projections or the Reorganized Debtor's ability to achieve the projected results. Many of the assumptions on which the cash flow projections are based are subject to major uncertainties. Some assumptions inevitably may not materialize and unanticipated events may affect the actual financial results. Therefore, the actual results achieved throughout the projection period will vary from the projected results and the variations may be material.

HOLDERS OF CLAIMS AGAINST THE REORGANIZED DEBTOR SHOULD CAREFULLY READ AND CONSIDER THE FACTORS SET FORTH ABOVE AS WELL AS OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THE REORGANIZED DEBTOR'S ABILITY TO MAKE DISTRIBUTIONS IN ACCORDANCE WITH THE PLAN IS BASED ON THE REORGANIZED DEBTOR'S ABILITY TO RECEIVE REVENUE FROM ITS OPERATIONS INCLUDING SALES TAX REVENUE AND SPECIAL ASSESSMENTS THAT IS GREATER THAN HISTORICAL REVENUES. THE DEBTOR BELIEVES THAT

THE PLAN IS FEASIBLE, AND THE DEBTOR URGES THE HOLDERS OF ALL ALLOWED CLAIMS VOTING ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

Lake Lotawana Community Improvement District

By: /s/ Julie Jackson
Julie Jackson, President

POLSINELLI PC

/s/ Andrew J. Nazar
JAMES E. BIRD (MO #28833)
ANDREW J. NAZAR (MO #57928)
900 W. 48th Place, Suite 900
Kansas City, Missouri 64112
Telephone: (816) 753-1000
Facsimile: (816) 753-1536
jbird@polsinelli.com
anazar@polsinelli.com
ATTORNEYS FOR DEBTOR

EXHIBIT A
PLAN OF ADJUSTMENT OF DEBTS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION**

In re:)	
)	
LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT,¹)	Case No. 16-42357-can
)	
Debtor.)	Chapter 9
)	

**LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT'S
PLAN FOR ADJUSTMENT OF DEBTS**

Lake Lotawana Community Improvement District (the “**District**” or the “**Debtor**”) in furtherance of effecting an adjustment of its debts under the provisions of Chapter 9 of the Bankruptcy Code, files and proposes this Plan for Adjustment of Debts (the “**Plan**”). Reference is made to the Debtor’s Disclosure Statement, which discusses the Debtor’s operations, revenues, assets and liabilities and which contains a summary of the Plan.

Dated: November 14, 2017

¹ The last four digits of the District’s Tax ID Number are 0107.

TABLE OF CONTENTS

	Page
ARTICLE I – DEFINITIONS	4
1.1 Defined Terms	4
1.2 Undefined Terms	7
ARTICLE II – TREATMENT OF ADMINISTRATIVE CLAIMS	7
2.1 Treatment of Allowed Administrative Claims (other than Professional Claims)	7
2.2 Treatment of Professional Claims.....	7
2.3 Bar Date for Administrative Claims	8
2.4 Priority Claims in Chapter 9.....	8
ARTICLE III – DESIGNATION OF CLASSES OF CLAIMS	8
3.1 Class 1	8
3.2 Class 2	9
3.3 Impairment of Classes of Allowed Claims.....	9
ARTICLE IV – TREATMENT OF CLASSIFIED ALLOWED CLAIMS AND MEANS OF EXECUTING THE PLAN	9
4.1 Satisfaction of Allowed Claims	9
4.2 Class 1	9
4.3 Class 2	11
ARTICLE V – TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES	11
5.1 Assumption.....	11
ARTICLE VI – MEANS OF IMPLEMENTING THE PLAN	11
6.1 Governance of the Debtor	11
6.2 Requirements under the New Bond	12

6.2.1	Financial Statements.....	12
6.2.2	Operation of the Debtor.....	12
6.2.3	Deposit of Funds	12
6.2.4	Assessments	12
6.2.5	Use of Existing Cash Prior to Initial Class 1 Plan Payment	13
6.2.6	New Homes Road Maintenance Reserve	13
6.3	Funds to Carry Out the Plan	13
6.4	Rights of Action.....	14
ARTICLE VII – DISPUTED CLAIMS; CLAIMS OBJECTIONS; PROSECUTION OF OBJECTIONS		14
ARTICLE VIII – VOTING PROCEDURES		14
8.1	Ballots and Voting Deadline	14
8.2	Claimants Entitled to Vote to Accept or Reject the Plan	14
8.2.1	Allowance for Voting Purposes	14
8.2.2	Impaired Classes of Claims	15
8.2.3	Claimants Not Entitled to Vote.....	15
8.3	Vote Required for Class Acceptance	15
8.4	Possible Reclassification of Creditors.....	15
ARTICLE IX – CONFIRMATION OF THE PLAN.....		16
9.1	Confirmation Hearing	16
9.2	Requirements for Confirmation of the Plan	16
9.2.1	Best Interests Test	16
9.2.2	Acceptance by Impaired Classes.....	16
9.3	Effectiveness of the Plan	17
9.4	Waiver of Conditions to Effectiveness of Plan	18
9.5	Effect of Failure of Conditions	18

ARTICLE X – EFFECT OF CONFIRMATION	18
10.1 Discharge of the Debtor	18
10.2 Injunction.....	19
10.3 Term of Existing Injunctions and Stays	19
10.4 Compromise and Settlement of Claims, Interests and Controversies.....	19
ARTICLE XI – MISCELLANEOUS	19
11.1 Notices.....	19
11.2 Delivery of Instruments.....	20
11.3 Headings.....	20
11.4 Severability.....	20
11.5 Automatic Stay	20
11.6 Discharge.....	20
11.7 Disputed Claims.....	20
11.8 Limitation of Liability.....	20
11.9 Further Acts	21
11.10 Governing Law	21
11.11 Successors and Assigns.....	21
ARTICLE XII – RETENTION OF JURISDICTION OF THE COURT	21

ARTICLE I – DEFINITIONS

1.1 **Defined Terms.** The following terms used in the Plan shall, unless the context otherwise clearly requires, have the meanings specified below, and such meanings shall be equally applicable to both the singular and plural forms of such terms.

1.1.1 **“15% Reserve”** shall have the same meaning as defined in Section 6.2.6 of the Plan.

1.1.2 **“Allowed Administrative Claim”** shall mean any right to payment constituting a cost or expense of administration of the Case allowed under Sections 503(b) and 507(a)(2) of the Bankruptcy Code and as further defined under Section 8.2.3 of the Plan.

1.1.3 **“Allowed Claim”** shall mean any prepetition claim against the Debtor, proof of which was filed on or before the Bar Date, or any Claim that in the list of creditors scheduled by the Debtor and which is not listed by the Debtor as disputed, contingent, or unliquidated as to amount, and in either case, a Claim as to which no objection as to allowance thereof has been imposed by the Debtor on or before 60 days after the Effective Date or, if such objection has been interposed, on the date which there has been entered a Final Order allowing such Claim.

1.1.4 **“Bankruptcy Code”** shall mean Title 11 of the United States Code, as amended.

1.1.5 **“Bankruptcy Court”** or **“Court”** shall mean the unit of the United States District Court for the Western District of Missouri, Kansas City division, known as the Bankruptcy Court for that District, or such other court of competent jurisdiction exercising jurisdiction over the Chapter 9 Case.

1.1.6 **“Bankruptcy Rules”** shall mean the Federal Rules of Bankruptcy Procedure prescribed by the Supreme Court and reported to Congress pursuant to 28 U.S.C. Section 2075, as amended, together with the local rules of the Bankruptcy Court applicable to the Case.

1.1.7 **“Bar Date”** shall mean October 26, 2016, which was the last date set for filing of prepetition claims as provided in the Bankruptcy Court’s Commencement Order.

1.1.8 **“Bond Documents”** shall mean all documents executed by the District in favor of the Trustee under the Bonds, as amended or supplemented.

1.1.9 **“Bondholder”** shall mean MI Bondholder, LLC, and its successors and assigns.

1.1.10 **“Case”** shall mean the Debtor’s Chapter 9 bankruptcy case, captioned Lake Lotawana Community Improvement District, Chapter 9, Case No. 16-42357-can9.

1.1.11 **“Cash”** shall mean currency, check, draft, wire transfer and other similar forms of payment.

1.1.12 **“Causes of Action”** shall have the same meaning as defined in Section 6.4 of the Plan.

1.1.13 **“Claim”** shall mean a claim against the Debtor within the meaning of § 101(5) of the Bankruptcy Code.

1.1.14 **“Claimant”** means any person, entity or governmental unit asserting a Claim against the Debtor.

1.1.15 **“Class”** means one of the Classes of Allowed Claims classified in the Plan.

1.1.16 **“Confirmation Date”** shall mean the date of entry by the Bankruptcy Court of an order confirming the Plan.

1.1.17 **“Confirmation Order”** shall mean the order of the Bankruptcy Court confirming the plan pursuant to Sections 943 and 1129 of the Bankruptcy Code.

1.1.18 **“Cooperative Agreement”** means that certain agreement between the City of Lake Lotawana, Missouri and the District, transferring ownership and responsibility of the roads currently maintained by the District to the City of Lake Lotawana, Missouri pursuant to the terms of that agreement. A copy of the Cooperative Agreement will be filed on the docket once the Agreement is drafted and approved by the City pursuant to their procedures.

1.1.19 **“Debtor”** shall mean Lake Lotawana Community Improvement District in its capacity as debtor and debtor in possession under Chapter 9 of the Bankruptcy Code.

1.1.20 **“Disclosure Statement”** shall mean the disclosure statement, and all exhibits and schedules incorporated therein, as modified, supplemented, and amended, which is the disclosure document describing the Plan which was filed by the Debtor, approved by the Bankruptcy Court, and distributed to the various Classes under the Plan as provided in Sections 901 and 1125 of the Bankruptcy Code.

1.1.21 **“Disputed Claim”** shall mean any Claim which has been scheduled by the Debtor as disputed, contested, contingent, or unliquidated, or any Claim as to which an objection to the allowance thereof has been interposed and allowance or disallowance of such Claim has not been determined by Final Order.

1.1.22 **“District”** shall mean shall mean Lake Lotawana Community Improvement District in its capacity as Debtor and Debtor in Possession under Chapter 9 of the Bankruptcy Code.

1.1.23 **“Effective Date”** shall mean the first business day following the fourteenth day after the Confirmation Date, computed in accordance with Bankruptcy

Rule 9006(a), or on the first day after which the conditions set forth in Section 9.3, are satisfied or waived.

1.1.24 “**Estate**” shall mean the property of the Debtor upon the commencement of the Debtor’s Chapter 9 case pursuant to the Bankruptcy Code.

1.1.25 “**Final Decree**” shall mean the order of the Bankruptcy Court entered after the Effective Date and after administration of the case has been completed, closing the Case.

1.1.26 “**Final Order**” shall mean an order of the Bankruptcy Court as to which (a) the time for appeal has expired and no notice of appeal has been filed; (b) no stay, as provided by Rule 8005 of the Bankruptcy Rules, has been issued with respect to any timely appeal; and (c) any timely filed appeal in which a stay has been issued has been finally determined or dismissed by a court of final jurisdiction.

1.1.27 “**Impaired**” shall mean a Claim that is impaired within the meaning of § 1125 of the Bankruptcy Code.

1.1.28 “**Lien**” shall mean an indenture, as defined in § 101(28) of the Bankruptcy Code; a judicial lien, as defined in Section 101(36) of the Bankruptcy Code; a lien as defined in Section 101(37) of the Bankruptcy Code; a security interest, as defined in § 101(51) of the Bankruptcy Code; a statutory lien, as defined in Section 101(53) of the Bankruptcy Code; and any other lien, interest, charge or encumbrance as determined under applicable law.

1.1.29 “**New Bond**” shall have the same meaning as defined in Section 4.2.1 of the Plan.

1.1.30 “**New Bond Documents**” shall have the same meaning as defined in Section 4.2.13 of the Plan.

1.1.31 “**New Homes**” shall have the same meaning as defined in Section 6.2.6 of the Plan.

1.1.32 “**Petition Date**” means August 26, 2016 on which date Debtor filed its Petition under Chapter 9.

1.1.33 “**Plan**” means this Plan for Adjustment of Debts, together with all exhibits, as may be altered, amended or modified by the Debtor from time to time in accordance with the Plan, the Confirmation Order, the Bankruptcy Code or the Bankruptcy Rules.

1.1.34 “**Professional Claim**” means an Allowed Administrative held by an attorney, accountant, expert or other professional hired by the Debtor for services rendered during the case.

1.1.35 “**Resolved**” means with reference to a Disputed Claim, the withdrawal of such Disputed Claim, the estimation of such Disputed Claim for purposes of distribution under the Plan pursuant to a Final Order or the Plan, or the allowance of such Disputed Claim pursuant to a Final Order or the Plan, or the disallowance of such Disputed Claim pursuant to a Final Order or the Plan.

1.1.36 “**Term Sheet**” means the term sheet executed by the Bondholder, District and Trustee dated June 8, 2017.

1.1.37 “**Total Revenue**” shall have the same meaning as defined in Section 4.2.2 of the Plan.

1.1.38 “**Trustee**” shall mean Wells Fargo Bank, N.A., not in its individual capacity but solely as Trustee of the Bonds, including its successors and assigns.

1.1.39 “**Unimpaired**” shall mean a Claim that is not Impaired within the meaning of Section 1124 of the Bankruptcy Code.

1.1.40 “**Voting Deadline**” shall have the same meaning as defined in Section 8.1 of the Plan.

1.2 Undefined Terms. A term used in the Plan, whether or not capitalized, that is not defined in the Plan but that is used or defined in the Bankruptcy Code or the Bankruptcy Rules and has the meaning used or defined in the Bankruptcy Code or the Bankruptcy Rules.

ARTICLE II – TREATMENT OF ADMINISTRATIVE CLAIMS

Allowed Administrative Claims are claims of the kind described in Sections 503(b) and 507(a)(2) of the Bankruptcy Code are unclassified under the Plan and are treated in the manner set forth below.

2.1 Treatment of Allowed Administrative Claims (other than Professional Claims). Throughout the course of the Case, the Debtor has endeavored to satisfy administrative expenses as they became due with the exception of some claims that were subject to a dispute with the Bondholder and Trustee. Accordingly, the Debtor believes that most Claims that otherwise would constitute Allowed Administrative Claims, other than Professional Claims, previously have been or will be satisfied in the ordinary course of business prior to or within ten (10) days after the Effective Date unless due later under the terms with that creditor, unless such Claim or Claims are not yet an Allowed Claim(s) by order of the Bankruptcy Court where required. The Debtor expects to pay unpaid Allowed Administrative Claims from cash on hand on the Effective Date.

2.2 Treatment of Professional Claims. Professional Claims are claims of attorneys, accountants, experts and other professionals for services rendered or expenses incurred in rendering such services in the Case or incident to the Plan. Except as set forth in the second paragraph of this Section 2.2, pursuant to Section 943(a)(3) of the Bankruptcy Code, all Professional Claims must be disclosed and be reasonable and that, upon being deemed reasonable after notice and hearing by the Court, the Debtor will pay to each holder of a

Professional Claim, in full satisfaction, release and discharge of such claim, cash on the Effective Date or as soon thereafter as is practical based on cash availability in an amount equal to that portion of such claim that is approved by the Court in a Final Order, except to the extent such claim previously has been paid or satisfied.

Existing cash on hand plus future income up until December 1, 2019, can be used to make street repairs up to \$300,000 as further stated in the Plan and also used to pay Polsinelli's fees and expenses incurred in the case up to the maximum amount of \$550,000, claims to be paid under the Plan to unsecured and administrative creditors, including other Professional Claims, and legal fees and expenses to pay for amending of the Bond Documents to conform to the Plan's terms, subject to approval by the Court. In the event Polsinelli's professional fees and expenses cannot be fully paid by the District from such funds, the District agrees to pass a special assessment solely earmarked to cover the cost of Polsinelli's fees and expenses such that Polsinelli will be fully paid within 2 years of confirmation of the Plan. This additional assessment shall sunset after Polsinelli's fees have been paid, shall not go toward any other purpose or calculated in any excess total revenue payment and Bondholder waives any argument to the contrary. Any professional fees occurring after the Effective Date shall be paid by the Debtor in the ordinary course of business without further order of this Court, subject to the terms between that professional and the District.

2.3 Bar Date for Administrative Claims. A list of the Debtor's asserted amounts for Professional Fees and Administrative Fees is attached to the Disclosure Statement as Exhibit D. If any person, entity or Claimant seeks an Administrative Claim or Professional Fee in an amount other than as listed in that Exhibit D, they must file an application with the Bankruptcy Court within 20 days of the date the Disclosure Statement is approved by the Court and by doing so consent to jurisdiction of the dispute in the bankruptcy court. Once approved in a Final Order or as indicated in Exhibit D on the Effective Date, the District shall pay such Allowed Administrative Claims in the ordinary course of business or as agreed between the applicable parties. Except as otherwise stated in the Plan or the Confirmation Order, any claim not timely allowed by the Court or indicated on Exhibit D shall be forever discharged, barred, waived, and released pursuant to the provisions of this Plan, and the District shall have no liability to any such Claimant.

2.4 Priority Claims in Chapter 9. The only kind of priority claims incorporated into Chapter 9 via Section 901 of the Bankruptcy Code are Administrative Claims allowed under Section 507(a)(2) of the Bankruptcy Code. The treatment of all such Allowed Administrative Claims is set forth above in Article II, Sections 2.1, 2.2, and 2.3. No other kinds of priority claims set forth in Section 507 of the Bankruptcy Code are recognized in Chapter 9 cases.

ARTICLE III – DESIGNATION OF CLASSES OF CLAIMS

Pursuant to Section 1122 of the Bankruptcy Code as incorporated by Section 901 of the Bankruptcy Code, all Claims other than Allowed Administrative Claims are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan as follows:

3.1 Class 1 consists of the claim of the Trustee for the benefit of Bondholder under the 2006 Series Bond Anticipation Bond and the 2007 Series Bond Anticipation Bonds issued by

the District. Class 1 claims shall be an Allowed Claim in the agreed aggregate total principal amount of \$8,200,000, secured by the grant to the Trustee of a security interest in sales tax revenues, special assessments, monthly user fees and tap fees, as well as any funds held by the Trustee under the terms and provisions of the Bond Documents as amended New Bond Documents. Although the Bondholder and Trustee filed separate proofs of claims for the debt represented by the Bonds, the claims represented by both those claims will both be treated as a single claim as stated in Section 4.2 in this Plan.

3.2 **Class 2** consists of general unsecured claims and is in the aggregate amount of approximately \$23,419.11.

3.3 Impairment of Classes of Allowed Claims. Classes 1 and 2 are impaired under the Plan and entitled to vote on the Plan.

ARTICLE IV – TREATMENT OF CLASSIFIED ALLOWED CLAIMS AND MEANS OF EXECUTING THE PLAN

4.1 Satisfaction of Allowed Claims. In full and complete satisfaction of the Allowed Claims classified under Article 3 of the Plan, the holders of such Allowed Claims shall receive the treatment set forth below:

4.2 **Class 1** is comprised of the claims of the Trustee for the benefit of Bondholder under the \$7,000,000 Lake Lotawana Community Improvement District Bond Anticipation Bonds, Series 2006 and the \$1,850,000 Lake Lotawana Community Improvement District Bond Anticipation Bonds Series 2007. Class 1 claims will be allowed in the agreed aggregate total principal amount of \$8,200,000. The New Bonds are secured by the grant to the Trustee for the benefit of the Bondholder of a security interest in sales tax revenue, special assessments, monthly user fees and tap fees, as well as any funds held by the Trustee under the terms and provisions of the Bond Documents as modified by the New Bond Documents. Under the New Bond Documents, Wells Fargo Bank, N.A. will be replaced as Trustee as of the Effective Date by Security Bank with Mr. Pete Gardner acting on Security Bank's behalf. The Class 1 claims shall receive the following treatment, pursuant to the agreement between the Debtor, the Trustee and the Bondholder:

4.2.1 A new bond will be issued in the agreed principal amount of \$8,200,000 (the "**New Bond**") on the Effective Date, which shall, upon issuance, fully release, remise and satisfy the previous Bonds. The costs of issuance of the New Bond shall be paid by the District.

4.2.2 The indebtedness under the New Bond shall be paid by an annual bond payment, calculated as total revenue of the District from all sources ("**Total Revenue**") less: (i) an operating budget which shall be set at \$105,000 per year starting for the calendar year 2020 and increased by 1% for each year thereafter; and (ii) the 15% Reserve defined in Section 6.2.6 of the Plan, provided that payments shall be in at least the minimum amounts indicated in Section 4.2.3 below. Funds in the operating budget may be used for any purpose consistent with the duties of the District and the 15% Reserve funds shall be used as stated in Section 6.2.6 of the Plan.

4.2.3 The minimum payments and interest rates due under the New Bond (part principal and interest) are as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Minimum Payment</u>
1-5	2.75	\$243,375
6-10	3.25	\$287,625
11-15	3.75	\$331,875
16-20	4.25	\$376,125
21-40	4.75	\$420,375

4.2.4 Any excess total revenue payment in excess of the minimum payments, less the allowed operating budget and 15% Reserve, due under the New Bond shall be due 90 days after the end of the previous calendar year. Any excess total revenue payment, if any, is to be calculated starting January 1, 2020 for the year 2020.

4.2.5 The first New Bond payment will be due September 1, 2019 in the amount of \$121,687.50 (no excess revenue payment will be due for calendar year 2019) and the required payments shall be made annually thereafter beginning March 1st, 2020 and each March 1st thereafter (or the next business day thereafter).

4.2.6 Minimum payments shall be applied first to any outstanding interest due, then to the Bondholder's capped expenses of \$350,000, and then applied to principal reduction. The excess revenue payments, if any, shall first be applied to Bondholder expenses up to the maximum amount of \$350,000, with any excess after that to be applied to principal due and outstanding under the New Bond.

4.2.7 If the principal amount of the New Bond is reduced by a minimum amount of \$1,500,000 on or before March 1, 2029, the principal due and outstanding under the New Bond will automatically be reduced by \$500,000.00. For example, if the principal amount of the New Bond is reduced to \$6.7 Million or less on or before March 1, 2029 the principal amount of the New Bond shall automatically be reduced by \$500,000.00.

4.2.8 Assuming there are no uncured events of defaults under the New Bond, any principal balance outstanding at the end of 40 years will be forgiven.

4.2.9 The New Bond may be called at any time at par with no pre-payment penalty.

4.2.10 The New Bond Documents shall provide a 30 day notice and opportunity to cure for any default.

4.2.11 In addition to the customary consequences of an event of default, under the New Bond, that the District shall seek no further protection under chapter 9 of the Bankruptcy Code and hereby reconfirms the Bond Trustee's right to the appointment of a receiver. Additionally, if despite these provisions, the District (or a Receiver) seeks further bankruptcy protection, the automatic stay of 11 U.S.C. §§ 362(d) and 922, and the discharge injunction of 11 U.S.C. §§ 524 and 944, shall immediately, automatically, and irrevocably be terminated and lifted as to bondholder and the bond trustee, in which event, bondholder and the

bond trustee shall be entitled to enforce their rights and remedies in, and with respect to, the collateral securing the bond indebtedness, and to seek rights and remedies as set forth in the Indenture, under any bankruptcy court orders, and under applicable law. Further, in such events, neither the District nor its board (current and future), shall seek to reimpose the automatic stay, obtain an injunction, or otherwise take any steps or actions to impede the operation of this stay lift provision. The Confirmation Order shall specifically find and decree that these provisions are enforceable against the District and its board members (current and future).

4.2.12 Except for those obligations regarding the Trustee set forth in Section 802 of the current Bond Indenture, any claims, causes of action, offsets, waivers, equitable claims, arguments, shall be forever waived and released between the Parties upon the issuance of the New Bond Documents (as defined below) under the confirmed Plan. Bondholder represents there are no unpaid fees, compensation, charges, costs or expenses owing to Bond Trustee that have not or will not be paid by the Bondholder as of the Effective Date of the Plan.

4.2.13 The proposed New Bond Documents modifying the Bond Documents will be entered into between the Bondholder, the Trustee, and the District on the Effective Date (the “**New Bond Documents**”). Finalized copies of the New Bond Documents shall be filed on the Court’s docket prior to the confirmation of the Plan. The New Bond Documents shall be effective upon the Effective Date.

4.2.14 The Term Sheet is incorporated herein. To the extent the Term Sheet and this Plan are inconsistent the Term Sheet shall govern.

4.3 **Class 2** consists of general unsecured claims and is in the approximate aggregate amount of \$23,419.11. The District will to pay Class 2 Allowed Claims in full amount without interest within ninety (90) days after the Effective Date of the Plan.

ARTICLE V – TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 Assumption. Other than the treatment of the Bond Documents and New Bond Documents set forth in Article IV hereof, all executory contracts and unexpired leases (if any) of the Debtor which have not been previously rejected shall be assumed on the Effective Date. The Bankruptcy Court will resolve any disputes regarding (a) the amount of any cure payments to be made in connection with the assumption of a contract or lease; (b) the ability of the Debtor to provide “adequate assurance” of future performance” within the meaning of § 365 of the Bankruptcy Code under the contract or lease to be assumed; and (c) any other matter pertaining to such assumption. Unless otherwise agreed in a filed stipulation between the District and the applicable counter-party to an executory contract, or allowed by a Final Order of the Bankruptcy Court, the cure amount shall be zero dollars.

ARTICLE VI – MEANS OF IMPLEMENTING THE PLAN

6.1 Governance of the Debtor. Subsequent to the Confirmation Date, the affairs of the Debtor shall be managed by the Debtor in accordance with §§ 67.1402-1571, R.S.Mo. and shall be conducted in the ordinary course, subject to the provisions of applicable law, and in compliance with other provisions of Section 4.2 with respect to special assessments securing

payment of the Class 1 claims. The Bondholder shall retain a board observer seat, provided, as per law, it would not have voting power, not counted for a quorum, and would not be entitled to attend executive sessions involving issues with the Bondholder or the Trustee but could attend all others, provided that any applicable attorney client interest must be maintained (e.g. execution of an enforceable joint interest agreement).

6.2 Requirements under the New Bond.

6.2.1 Financial Statements. District will provide financial statements to the Bondholder quarterly.

6.2.2 Operation of the Debtor. Following confirmation of the Plan, the District will retain all of the property of the Estate, and District will continue to operate as a community improvement district and political subdivision of the State of Missouri and receive revenue and funds from operation of the Waste Water Treatment Plant, sales and use taxes and special assessments in order to continue its customary operations and earn funds sufficient to fund payments under the Plan. All property of the Debtor and the Estate shall be vested in the District free and clear of all liens, claims, encumbrances or restrictions except as otherwise provided in the Plan for the Class 1 claimant. Except for the liens granted to Class 1 Claimant under the Plan, subject to the provisions of this Plan and the Term Sheet, Debtor may use, sell, acquire, lease or otherwise dispose of its property free of any restrictions imposed by the Court, the Bankruptcy Code or the Bankruptcy Rules, excepting only those contained in the Plan or Confirmation Order.

6.2.3 Deposit of Funds. Commencing after December 1, 2019, all special assessments received from Jackson County, Missouri and all sales and use tax received from the State of Missouri shall be directly deposited by each governmental entity in a bank account maintained by the Trustee. Upon receipt of amounts due to the Bondholder, the Trustee shall deliver remaining funds to the Debtor to be used consistent with this Plan. To the extent necessary, the Plan shall modify the existing Bond Documents, including any deposit agreements, to reflect these terms and shall be included in the New Bond Documents. Any previous deposit agreements entered into as part of the Bond Documents shall be released and canceled upon the Effective Date. In the event the Trustee does not distribute the remaining funds before March 30th of a given year, the obligation to deliver the excess payment to the Trustee shall be delayed until the Trustee distributes funds to the Debtor, or the New Bond indebtedness is accelerated, whichever occurs first.

6.2.4 Assessments. The District may not reduce any assessment rates until the New Bond is retired. Bondholder understands that as undeveloped land is developed the assessment on that land is replaced by new assessments on the newly developed ground. Thus, the Debtor could vary assessments amongst the collective landowners, provided that the total amount collected is not decreased and the District could lower assessments on particular residents, provided that total amount collected from all residents is not decreased, *provided however*, assessments must be sufficient to pay the New Bond payments set forth herein, operating expenses of the District, and provide an adequate reserve fund for capital improvements and repairs.

Should the District need to make future capital improvements, pay operating costs, or to pay for extraordinary expenditures, including but not limited to professional fees, an increase in any rates may be retained to pay for capital improvements, operating costs and extraordinary expenses, including professional fees, and would not be required to service debt and such increase could be lowered after payment of the improvements, operating costs, or expenses were paid for; *provided however*, assessments must be sufficient to pay the New Bond payments set forth herein, operating expenses of the Debtor, and provide an adequate reserve fund for capital improvements and repairs.

6.2.5 Use of Existing Cash Prior to Initial Class 1 Plan Payment. Debtor will be allowed to expend up to \$300,000 out of existing cash for street repairs after confirmation of a Chapter 9 plan consistent with the Term Sheet. Existing cash on hand (including the \$300,000 mentioned above) plus future income up until December 1, 2019, can also be used to pay Polsinelli's fees incurred in the bankruptcy in the maximum amount of \$550,000.00, claims to be paid under the Plan to unsecured and administrative creditors, and expenses to pay for costs of amending the bond documents. Excess cash on hand up to December 1, 2019, will be allowed to be used to pay the Debtor's professional fees and claims to be paid under the Plan. In the event Polsinelli's professional fees and expenses, which shall be in the maximum amount of \$550,000.00, cannot be fully paid out of cash on hand, the District agrees and shall pass a special assessment solely to cover the cost of the Polsinelli fees and expenses such that Polsinelli will be fully paid within 2 years of confirmation. This additional assessment shall sunset after those fees have been paid and not go toward any other purpose or calculated in any excess total revenue payment, and Bondholder waives any argument to the contrary.

6.2.6 New Homes Road Maintenance Reserve. For all new homes built within the District after the Confirmation Date that are serviced by new roads not currently existing at the Confirmation Date (the "**New Homes**"), 15% of the assessments and monthly fees received from such New Homes will be paid to the District by the Trustee (the "**15% Reserve**") to be reserved by the District and used for repairs and maintenance of its roads, and shall not be counted in any excess total revenue. This 15% Reserve will be transferred to the City of Lake Lotawana, Missouri pursuant to the terms of the Cooperative Agreement. Prior to the Confirmation Date, the District, the City, the Bondholder and Trustee shall agree which lots are currently serviced by existing roads.

6.2.7 Execution of the New Bond Documents and the Cooperative Agreement on the Effective Date. On the Effective Date, the Bondholder, Trustee, and District shall execute and deliver the New Bond Documents. Also on the Effective Date, the City of Lake Lotawana and District shall execute the Cooperative Agreement.

6.3 Funds to Carry Out the Plan. In order to carry out the terms of this Plan, Debtor intends to use the operating budget described in Section 4.2.2 in the ordinary course and for any purpose consistent with the duties of the Debtor. In addition, the Debtor may borrow funds from time to time as may be necessary to conduct its operations or to make payments under the Plan. Any such loans shall not subordinate the interests of existing secured creditors in their respective collateral.

6.4 Rights of Action. Except as stated in Section 4.2.12 of the Plan or in the Confirmation Order, the Debtor retains all of the Debtor's claims, causes of action, rights of recovery, rights of offset, and recoupment rights (the "**Causes of Action**"). The failure to list in the Disclosure Statement any potential or existing Causes of Action retained by the Debtor is not intended to and shall not limit the rights of the Debtor to pursue any such action. Unless a Cause of Action is expressly waived, relinquished, released, compromised or settled in this Plan, the Debtor expressly reserves all Causes of Action for later adjudication and, as a result, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon or after the confirmation or consummation of this Plan or the Effective Date. In addition, the Debtor expressly reserves the right to pursue or adopt against any other entity any claims alleged in any lawsuit in which the Debtor is a defendant or an interested party.

ARTICLE VII – DISPUTED CLAIMS; CLAIMS OBJECTIONS; PROSECUTION OF OBJECTIONS

7.1 Except, with respect to the treatment of the Class 1 Claim set forth in the Term Sheet, the Debtor will have the right to object to the allowance of Claims filed with the Bankruptcy Court with respect to which liability or allowance is disputed in whole or in part. Unless otherwise ordered by the Bankruptcy Court, the Debtor must file and serve any such objections to claims by not later than ninety (90) days after the Effective Date.

ARTICLE VIII – VOTING PROCEDURES

8.1 Ballots and Voting Deadline. If a claim is entitled to vote, a ballot to be used to accept or reject the Plan for creditors whose Claims are Impaired under the Plan accompanies the Disclosure Statement and Plan. Holders of claims in Class 1 and Class 2 are instructed to complete all required information on the ballot, execute the ballot, and return the completed ballot to Debtor's counsel at Polsinelli PC, Attn: Andrew Nazar, 900 West 48th Place, Suite 900, Kansas City, Missouri 64112-1895, such that the ballot is actually received by counsel for Debtor by 5:00 p.m., prevailing Central Time, on or before _____, 2017 (the "**Voting Deadline**"). Except to the extent allowed by the Bankruptcy Court, ballots received after the Voting Deadline may not be accepted or used by or against the Debtor in connection with the Debtor's request for Confirmation of the Plan or any modification thereof. Any failure to follow the voting instructions included with the relevant ballot may disqualify that ballot and the corresponding vote.

8.2 Claimants Entitled to Vote to Accept or Reject the Plan.

8.2.1 Allowance for Voting Purposes. All creditors holding Allowed Claims in an Impaired Class may vote to accept or reject the Plan. Generally, a Claim is deemed "allowed" for voting purposes if a proof of claim was timely filed, and no objection to the Claim has been filed that has not been resolved. If such an objection has been filed, the claimant cannot vote on the Plan unless the Bankruptcy Court, after notice and hearing, either overrules the objection or temporarily allows the Claim for voting purposes pursuant to Bankruptcy Rule 3018(a).

8.2.2 Impaired Classes of Claims. As noted above, the holder of a Claim has the right to vote on the Plan if that Claim is allowed and classified into a class that is Impaired under the Plan. A class is Impaired if the Plan alters the legal, equitable, or contractual rights of the members of that Class with respect to their claims or interests. The Debtor believes that classes 1 and 2 are Impaired under the Plan.

8.2.3 Claimants Not Entitled to Vote. The holders of the following types of Claims are not entitled to vote on the Plan: (a) Claims that have been disallowed; (b) Claims that are subject to a pending objection and which have not been allowed for voting purposes pursuant to Bankruptcy Rule 3018(a); (c) Claims that are not Impaired; and (d) Claims entitled to priority pursuant to Section 507(a)(2) of the Bankruptcy Code pursuant to a Final Order of the Court (defined as “**Allowed Administrative Claims**” in this Plan). Holders of Allowed Administrative Claims are not entitled to vote because such Claims are not classified and are required to receive certain treatment specified by the Bankruptcy Code. Any party that disputes the characterization of its claim as Unimpaired, however, may file a motion requesting that the Bankruptcy Court find that its Claim is Impaired in order to obtain the right to vote on the Plan.

8.3 Vote Required for Class Acceptance. As part of the Confirmation Hearing, the Bankruptcy Court will determine whether the Impaired voting classes have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims in such Classes. An Impaired Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in the Class casting votes in favor of the Plan (i) hold at least two-thirds of the allowed amount of the Allowed Claims of the holders in such Class who vote, and (ii) constitute more than one-half in number of holders of the Allowed Claims in such Class voting on the Plan. Ballots of holders of Impaired Claims that are signed and returned, but not expressly voted for either acceptance or for rejection of the Plan, may be disqualified or counted as ballots for the acceptance of the Plan if permitted by the Bankruptcy Court. Except as may be allowed by the Bankruptcy Court, a ballot accepting the Plan may not be revoked.

8.4 Possible Reclassification of Creditors. The Debtor is required pursuant to Section 1122 of the Bankruptcy Code, as made applicable pursuant to Section 901 of the Bankruptcy Code, to place Claims in Classes that contain Claims substantially similar to each other. While the Debtor believes it has classified all Claims in compliance with Section 1122, it is possible a creditor may challenge the Debtor’s classification of such creditor’s Claim. If the Debtor is required to reclassify any Claims under the Plan, the Debtor, to the extent permitted by the Bankruptcy Court, intends to continue to use the acceptances received from any creditor pursuant to the solicitation of acceptance using the Disclosure Statement for the purpose of obtaining the approval of the Class or Classes of which such creditor is ultimately deemed a member. Any reclassification of Claims could adversely affect the Class in which such claims were initially a member, or any other Class under the Plan, by changing the composition of such Class and the required vote thereof on acceptance of the Plan. Further, a reclassification of Claims could necessitate the re-solicitation of votes.

ARTICLE IX – CONFIRMATION OF THE PLAN

Sections 9.1 and 9.2 are offered for informational purposes only and the statements made in those Sections are not given res judicata effect upon entry of the Confirmation Order.

9.1 Confirmation Hearing. The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a Confirmation hearing. The Confirmation hearing will be separately noticed. The Bankruptcy Court may adjourn the Confirmation hearing from time to time without further notice except for an announcement made at the Confirmation hearing.

9.2 Requirements for Confirmation of the Plan. At the Confirmation hearing, the Bankruptcy Court will determine whether the requirements of Section 943 of the Bankruptcy Code have been satisfied in which event the Bankruptcy Court will enter an order confirming the Plan. Some of the principal requirements include:

9.2.1 Best Interests Test. One of the determinations that the Bankruptcy Court must make before confirming the Plan is whether the Plan is in the best interest of creditors and is feasible. There are very few authorities on what constitutes the best interests of creditors under Chapter 9 of the Bankruptcy Code. One leading commentator notes that the proposed plan must be better than the alternative available to creditors:

In the chapter 9 context, the alternative is dismissal of the case, permitting every creditor to fend for itself in the race to obtain the mandamus remedy and to collect the proceeds. Clearly, such a result is chaos, especially in those cases where the debt burden of the municipality is too high to support the taxes that the lands of the municipality will bear or the taxes or fees that the inhabitants or the users of municipal services will pay.

See 6 Collier on Bankruptcy § 943.03 [a] (15th ed. Rev. 2002), This test does not contemplate the Bankruptcy Court considering the liquidation test commonly used in Chapter 11 proceedings. The Debtor believes that the Plan is in the best interests of creditors because the Plan maximizes the economic return to the Debtor's creditors in the most practicable way given the complex nature of this Case and give the long term solution for development to take place in the District.

9.2.2 Acceptance by Impaired Classes. Section 1129(a)(8) of the Bankruptcy Code requires that, unless the Plan satisfies the "cramdown" provisions of Section 1129(b) as discussed below, each impaired Class must accept the Plan by their requisite vote for Confirmation to occur. As more fully described herein, a class of Claims will have accepted the Plan if holders of at least two-thirds in amount and more than one-half in number of Allowed Claims in such class voting to accept or reject the Plan have voted in favor or acceptance.

The majorities required by Section 1126(b) of the Bankruptcy Code are calculated based on those creditors in a class that actually vote on a plan. Thus, for example, if there were 100 creditors, and only five creditors voted to accept or reject the plan, such creditors could determine the acceptance or rejection of the plan for the entire class of creditors. Thus it is important that each holder of Claims in Classes 1 and 2, votes on the Plan.

The Bankruptcy Code provides that the Bankruptcy Court may confirm a plan of adjustment that is not accepted by all impaired classes if at least one impaired class of Claims accepts the Plan and the “cramdown” provisions set forth in Section 1129(b)(1) and 1129(b)(2) are satisfied. The Plan may be confirmed under the cramdown provisions if, in addition to satisfying the other requirements of Section 943(b) of the Bankruptcy Code, the Plan is (i) fair and equitable; and (ii) does not discriminate unfairly with respect to each class of claims that is impaired under and has not accepted the Plan.

Among other things, the “fair and equitable” standard requires that unless a dissenting unsecured class of claims receives payment in full for its allowed claims, no holder of allowed claims in any class junior to that class may receive or retain any property on account of such claims. Additionally, the “fair and equitable” standard has been interpreted to prohibit any class senior to a dissenting class from receiving under a plan more than 100% of its allowed claims. Under the Plan no class senior to a dissenting unsecured class will receive more than 100% payment of its allowed claims, and therefore, the Debtor believes the Plan satisfies the “fair and equitable” standard.

The requirement that the plan not “discriminate unfairly” means that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Debtor does not believe that the Plan unfairly discriminates against any class that may not accept or otherwise consent to the Plan.

At the Confirmation hearing, the Bankruptcy Court will determine whether the Plan meets all of the requirements of Section 943 of the Bankruptcy Code governing the confirmation of a plan of adjustment. Among the conditions precedent to the Bankruptcy Court’s Confirmation of the Plan are: (i) a finding that the Plan was solicited upon disclosure of adequate information as defined in Section 1125(a) of the Bankruptcy Code; and (ii) a finding that at least one of the impaired Classes of Claims that is voting in the Chapter 9 Case has accepted the Plan by the affirmative vote of Claimants that hold at least two-thirds in amount and not less than one-half in number of the Allowed Claims of such Classes that have voted on such Plan, but excluding any Claimants designated under Section 1126(e) of the Bankruptcy Code.

9.3 Effectiveness of the Plan. The “Effective Date” shall occur on the first day after which the conditions set forth in Article 9.3 are satisfied or waived:

1. The Confirmation Order shall have been entered in form and substance reasonably satisfactory to the Debtor.
2. The Confirmation Order shall be a Final Order and no request for revocation, stayed, vacation or reversal of the Confirmation Order shall have been made or, if made, remain pending.
3. All agreements and instruments contemplated by, or to be entered into pursuant to, this Plan shall be in form and substance acceptable to the Debtor and shall have been duly and validly executed and delivered, or deemed executed by the parties thereto, and all conditions to their effectiveness shall have been satisfied or waived.

9.4 Waiver of Conditions to Effectiveness of Plan. Each of the conditions set forth in Section 9.3 of the Plan may be waived in whole or in part by the Debtor and the Bondholder without notice to the parties in interest or the Bankruptcy Court and without a hearing.

9.5 Effect of Failure of Conditions. In the event that the conditions to effectiveness of the Plan have not been timely satisfied or waived, and upon notification submitted by the Debtor to the Bankruptcy Court: (1) the Confirmation Order shall be vacated; (2) no distributions under this Plan shall be made; (3) the Debtor and all holders of Claims shall be restored to the *status quo* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred; and (4) all of the Debtor's obligations with respect to the claims shall remain unchanged and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtor or any other entity or to prejudice in any manner the rights of the Debtor or any entity in any further proceeding involving the Debtor.

ARTICLE X – EFFECT OF CONFIRMATION

10.1 Discharge of the Debtor. Except as otherwise stated in the Plan, the Term Sheet or in the Confirmation Order, pursuant to Section 944 of the Bankruptcy Code, the entry of the Confirmation Order, as of the Effective Date, will act as a full and complete discharge of all Claims against the Debtor, its current board members, officers, and attorneys, the post-Effective Date Debtor, and the Debtor's property or interests in property, and the terms of the Plan of any nature whatsoever, including, without limitation, any liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, that arose or have been asserted against the Debtor, its current board members, officers, and attorneys, at any time before the entry of the Confirmation Order or that arise from any pre-Confirmation conduct of the Debtor, its current board members, officers, and attorneys, whether or not the Claim(s) are known to or knowable by the Claimant. Provided that, as to the District's current board members, officers, and attorneys only, the discharge provided herein is limited only for any Claims occurring, arising or accruing between and including August 26, 2016, and the Confirmation Date, relating in any way to their actions or services with the Debtor or its property. The discharge of the Debtor, its current board members, officers, and the attorneys, will become effective as to each Claim, whether or not the Claim constituted an Allowed Claim and whether or not the holder of the Claim voted to accept the Plan. In addition, the Confirmation Order will operate as a general resolution with prejudice, as of the Effective Date, of any and all pending legal proceedings against the Debtor, its current board members, officers, and attorneys, and the Debtor's respective assets and properties as well as any proceedings not yet instituted against the Debtor, its current board members, officers, and attorneys, or the Debtor's respective assets and properties, except as otherwise provided in this Plan. As provided in Section 524 of the Bankruptcy Code, the discharge provided in the Plan operates as an injunction against the prosecution of any Claim so discharged.

The rights afforded in this Plan and the treatment of Claims will be in exchange for and in complete satisfaction, discharge and release of all Claims of any nature whatsoever arising on or before the Effective Date, known or unknown, including any interest accrued or expenses incurred thereon from and after the Petition Date, whether against the Debtor

or any of its properties, assets, or interests in property. Except as otherwise provided in the Plan or in the Confirmation Order, on the Effective Date, all Claims against the Debtor will be deemed to be satisfied, discharged, and released in full.

10.2 **Injunction.** Except as otherwise expressly provided in this Plan, all entities who have held, hold or may hold pre-Effective Date claims will be permanently enjoined, from 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 pre-Effective Date claim against the Debtor or its Estate; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree or order against the Debtor, or its Estate; (c) creating, perfecting, or enforcing any lien or encumbrance of any kind against the Debtor or its Estate; and (d) asserting any right of setoff, offset, subrogation or recoupment of any kind against any obligation due to the Debtor or its Estate.

10.3 **Term of Existing Injunctions and Stays.** Unless otherwise provided, all injunctions or stays provided for in the Case pursuant to sections 105, 362, or 922 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date.

10.4 **Compromise and Settlement of Claims, Interests and Controversies.** Pursuant to the applicable sections of 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and controversies relating to the contractual, legal, and subordinations rights that a Holder of a Claim may have with respect to any Allowed Claim, or an distribution to be made on account of such Allowed Claim, including the settlement with the Bondholder and Trustee. The entry of the Confirmation Order, shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interest of the District, the holders of the Claims, and is fair and equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, with any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the District may compromise and settle Claims against the District or its property, or any causes of action against other entities without any further notice or approval from the Bankruptcy Court.

ARTICLE XI – MISCELLANEOUS

11.1 **Notices.** All notices required to be made in or under this Plan shall be in writing and if by email or facsimile, shall be deemed to have been given when sent and, if mailed, shall be deemed to have been given five (5) days after the date when mailed by registered or certified mail, postage prepaid, and addressed as follows:

If to the Debtor:

Lake Lotawana Community Improvement District
c/o Collins & Jones PC
Attn: Mr. Eric Collins
1010 W. Foxwood Dr.
Raymore, Missouri 64083

with a copy to:

Polsinelli PC
Attn: Mr. Andrew Nazar
900 W. 48th Place
Suite 900
Kansas City, Missouri 64112

or at such other address as a party may have designated as its address for such purpose, or at any address of such party appearing in the records of the party giving notice.

11.2 Delivery of Instruments. All parties bound by this Plan shall execute or deliver all instruments required to be executed by the Plan.

11.3 Headings. The headings used in this Plan are solely for the convenience and reference only and do not in any way limit, expand, modify or affect the terms, provisions or interpretations of this Plan.

11.4 Severability. Should any term or provision in this Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any other term or provision of this Plan.

11.5 Automatic Stay. Nothing herein shall be deemed to modify or vacate the automatic stay of actions against the Debtor; provided however that the automatic stay shall terminate upon the Effective Date.

11.6 **Discharge.** Upon the Effective Date and accept as otherwise provided in the Plan, the Debtor shall be discharged of all pre-Effective Date debts. Upon the Effective Date, the Bondholder and Trustee's Motion to Dismiss (Docket # 121) and Motion for Relief from Stay and Adequate Protection (Docket # 32) will deemed moot and withdrawn. Also upon the Effective Date, the Consent Order Regarding Adequate Protection of Special Assessments (Docket # 84) will no longer be in effect and shall be deemed vacated.

11.7 Disputed Claims. Notwithstanding any other provisions of this Plan, a Disputed Claim shall be paid in accordance with the Plan only after the Bankruptcy Court enters its Order on the Disputed Claim as an Allowed Claim and such Order has become a Final Order.

11.8 Limitation of Liability. Except as otherwise provided in the Plan, none of the Plan participants, acting in such capacity, shall either have or incur any liability to any entity for

any violation of any applicable law, rule or regulation governing solicitation of acceptance or rejection of a plan for adjustment of debts or the offer, issuance, sale or purchase of securities arising from or relating to any act taken or omitted to be taken in connection with or related to the Debtor's Case, including any act taken or omitted to be taken in connection with or related to the formulation, negotiation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken in connection with the Plan, the Disclosure Statement, the Confirmation Order or any act taken or omitted to be taken in connection with any estimation, projection, evaluation or investigation undertaken or prepared in connection with the formulation of the Plan, the Disclosure Statement, or the Confirmation Order; provided, however, that the provisions of this section shall have no effect on the liability of any Plan Participant that would otherwise result from any such act or omission to the extent that such act or omission is determined to have been unauthorized or to have constituted gross negligence or willful misconduct.

11.9 Further Acts. The Debtor is authorized and directed to do and perform or cause to be done and performed, all such further acts and things and shall execute and deliver all such other agreements, instruments or documents as may be reasonably necessary to satisfy its obligations under the Plan. After the Effective Date, the Debtor may extend deadlines in the Plan (except those relating to the New Bond Documents of payments to creditors) without further notice or order from the Court.

11.10 Governing Law. Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under this Plan and any documents, agreements and instruments executed in connection with this Plan (except to the extent such documents, agreements and instruments designate otherwise) shall be governed by, and construed and enforced in accordance with, the internal laws of the state of Missouri, without regard to its applicable choice of law rules, as applicable.

11.11 Successors and Assigns. The rights and obligations of any entity named or referred to in this Plan shall be binding upon and shall inure to the benefit of the successors and assigns of such entity.

ARTICLE XII – RETENTION OF JURISDICTION OF THE COURT

Except as set forth in the Term Sheet, Pursuant to Bankruptcy Code Section 945, following the Effective Date, the Bankruptcy Court shall retain sole and exclusive jurisdiction of the following:

12.1 To resolve objections to Claims;

12.2 To resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear, determine and, if necessary, liquidated, any claims arising therefrom, including those matters related to the amendment after the Effective Date of this Plan;

12.3 Determination of all causes of action, controversies, disputes or conflicts, whether or not the subject of an action pending as of the Confirmation Date, between the Debtor and any other party, to the extent consistent with provisions of the Bankruptcy Code applicable to Chapter 9 cases;

12.4 The correction of any defect, the curing of any mistake or omission or the reconciling of any inconsistency in the Plan or the Confirmation Order as may be necessary or appropriate to carry out the purposes and intent of the Plan;

12.5 To enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan, and all other contracts, instruments, releases, and other agreements or document related to the Plan;

12.6 The enforcement, interpretation, or modification of the terms and conditions of the Plan, the Plan documents, and the Confirmation Order;

12.7 To determine any and all motions, adversary proceeding, applications, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to this Plan, may be instituted by the Debtor after the Effective Date or that are instituted by any holder of a Claim before or after the Effective Date concerning any matter based upon or arising out of, or relating to the Case, whether or not such action initially is filed in the Bankruptcy Court or any other court;

12.8 To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

12.9 To enforce any Cooperative Agreement, at the District's sole option, in the bankruptcy court;

12.10 To issue such orders in aid of execution of this Plan, to the extent authorized by section 1142(b) of the Bankruptcy Code;

12.11 To hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;

12.12 To hear and determine all disputes or controversies arising in connection with or relating to this Plan or the Confirmation Order or the interpretation, implementation, or enforcement of this Plan or the Confirmation Order or to the extent of any entity's obligations incurred in connection with or released under this Plan or the Confirmation Order;

12.13 To hear and determine any rights of action retained by the Debtor hereunder;

12.14 The entry of any order, including injunctions, necessary to enforce any title, right and powers of the Debtor hereunder and to impose such limitations, restrictions and terms and conditions of such title, rights and powers as this Bankruptcy Court may deem necessary;

12.15 The entry of a temporary restraining order and/or a permanent injunction or other equitable relief against any party who, subsequent to the date of Confirmation, initiates a legal

action, other than an appeal of the Confirmation Order, in any court wherein such party asserts that the Plan is unenforceable or invalid in any respect;

12.16 The entry of an order reopening this Case as may be necessary to the exercise of the exclusive jurisdiction set forth in this Article XII; and

12.17 The entry of a Final Decree and order closing this Chapter 9 case; and

12.18 Such other matters or proceedings as may be provided for under Title 28 or any other title of the United States Code, the Bankruptcy Code, the Bankruptcy Rules, other applicable law, the Plan or the Confirmation Order.

Lake Lotawana Community Improvement District

By: /s/ Julie Jackson, President

POLSINELLI PC

By: /s/ Andrew J. Nazar

JAMES E. BIRD (MO #28833)
ANDREW J. NAZAR (MO #57928)
900 W. 48th Place, Suite 900
Kansas City, Missouri 64112
(816) 753-1000
Fax No. (816) 753-1536
jbird@polsinelli.com
anazar@polsinelli.com

ATTORNEYS FOR DEBTOR

EXHIBIT B
FINANCIAL EXHIBITS

EXHIBIT B-1
DISTRICT'S FINANCIAL STATEMENTS 2014-2016

LARRY D. SOWERS, CPA, PA

Certified Public Accountant

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Lake Lotawana Community Improvement District (a nonprofit organization)
Lee's Summit, MO

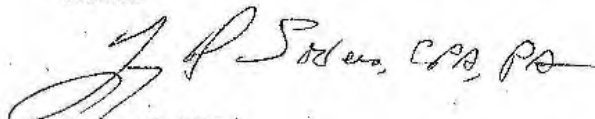
We have compiled the accompanying statement of financial position – cash basis of Lake Lotawana Community Improvement District (a nonprofit organization) as of December 31, 2014, and the related statements of activities – cash basis for the one month and the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Lake Lotawana Community Improvement District.


January 12, 2015

LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION - CASH BASIS
DECEMBER 31, 2014

ASSETS

Current assets:	
Lone Summit Bank	
300705 Special Assessment Fund	130,864.27
300802 Operations Fund	8,287.78
Total Lone Summit Bank	<u>139,152.05</u>
Wells Fargo-Series 2006	
20255401 Debt Serv Reserve Fund	673.83
Total Wells Fargo-Series 2006	<u>673.83</u>
Wells Fargo-Series 2007	
22242601 Debt Serv Reserve Fund	3,249.79
22242603 Capitalized Interest Acct	0.12
Total Wells Fargo-Series 2007	<u>3,249.91</u>
Total Current Assets	<u>143,075.79</u>
Fixed Assets	
Comm Improv District Assets	4,617,218.24
Less: Accumulated Depreciation	<u>(713,749.85)</u>
Total Fixed Assets	<u>3,903,468.39</u>
Other Assets	
Due from Lone Summit Development Group	140,678.70
Due from Lightfoot Development	<u>64,620.47</u>
Total Other Assets	<u>205,299.17</u>
TOTAL ASSETS	<u>4,251,843.35</u>

LIABILITIES & NET ASSETS

Long Term Liabilities	
Bond Payable 2006	\$ 7,000,000.00
Bond Payable 2007	<u>1,850,000.00</u>
Total Long Term Liabilities	<u>8,850,000.00</u>
Total liabilities	<u>8,850,000.00</u>
Unrestricted Net Assets	<u>(4,578,156.65)</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 4,271,843.35</u>

See accountant's compilation report.

LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES - CASH BASIS
FOR ONE MONTH AND YEAR ENDED DECEMBER 31, 2014

UNRESTRICTED NET ASSETS	DEC 2014	JAN-DEC 2014
Revenues		
Comm Dev Dist MO DOR-Sales Tax	\$ 0.00	\$ 8.32
DOR Local Option -Use Tax	268.33	4,159.87
Jackson County Distribution	67,335.69	286,807.14
Sewer Tap Fees	4,564.21	52,886.44
Interest Income		
Jackson County	0.00	8.83
Wells Fargo Bank	0.04	0.57
Great American Bank	15.11	391.62
Total Revenues	<u>72,183.38</u>	<u>344,262.79</u>
Expenses		
Accounting Fees	990.00	2,915.00
Bank Service Charges	1.35	86.36
Depreciation Expense	7,695.37	92,344.36
Guarantee Bond Expense	0.00	7,956.00
Interest Expense-Bonds	0.00	177,000.00
Legal Fees	0.00	23,318.15
Office Supplies & Expense	97.64	147.28
Operation & Maintenance	4,995.56	62,376.67
State Audit Fee	0.00	21,097.50
Trustee Fees	1,200.00	2,750.00
Utilities Expense	1,302.42	15,709.46
Total Expenses	<u>16,282.34</u>	<u>405,700.78</u>
INCREASE (DECREASE) BEFORE EXTRAORDINARY ITEMS	<u>55,901.04</u>	<u>(61,437.99)</u>
Extraordinary Items		
Prior Year Adjustment-Depreciation	0.00	13,500.00
Prior Year Adjustment-Lono Summit Dev Group	0.00	37,926.14
Prior Year Adjustment-Lightfood Development	0.00	78,900.19
Interest Income-Loans	706.07	8,472.84
Total Extraordinary Items	<u>706.07</u>	<u>138,799.17</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>56,607.11</u>	<u>77,361.18</u>

See accountant's compilation report.

Lake Lotawana Community Improvement District
General Ledger
December 2014

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Great American Bank								
300691 Money Market Account								
Total 300691 Money Market Account								75,595.88
								0.00
300705 Spec Assess & Sales Tax								
Deposit	12/01/2014		efi			1,746.25	46.82	69,889.53
Transfer	12/06/2014		Deluxe Checks				1,000.00	71,747.78
Transfer	12/06/2014			Funds Transfer			70,688.96	14,058.82
Transfer	12/18/2014			Funds Transfer			114,728.83	104,729.95
Deposit	12/22/2014			Deposit		1,093.96	105,823.90	107,545.89
Deposit	12/22/2014			Deposit		1,722.40	107,545.89	109,268.29
General Journal	12/28/2014			Interest Income		13.06		109,281.35
								130,050.61
Total 300705 Spec Assess & Sales Tax						71,513.66	11,048.82	130,894.27
								0.00
300713 Sewer Tap Fee Fund								
Total 300713 Sewer Tap Fee Fund								0.00
300802 Operations Fund								
Deposit	12/06/2014		Larry D Sowers, CPA, PA			269.33	960.00	6,566.15
Check	12/08/2014		Public Water Supply District #15				22.80	6,543.35
Check	12/08/2014		Tammy and Jim Services LLC				668.00	5,875.35
Check	12/09/2014		Tammy and Jim Services LLC				3,000.00	2,875.35
Transfer	12/18/2014			Funds Transfer		1,000.00	1,242.56	1,872.89
Check	12/18/2014		WFA Propane				1,200.00	672.89
Check	12/18/2014		Wells Fargo Bank				46.82	626.07
Transfer	12/19/2014		Deluxe Checks					626.07
Check	12/24/2014			Funds Transfer		14,000.00		586.07
General Journal	12/31/2014			Interest Income		1.45	1.35	587.52
Check	12/31/2014		Great American Bank				85.00	502.52
Check	12/31/2014		Big Creek Outdoors				1,278.62	373.90
Check	12/31/2014		KCP&L				1,278.62	2,462.28
Total 300802 Operations Fund						11,268.78	8,598.15	8,287.76
								0.00
301574 Sewer Operations Funds								
Total 301574 Sewer Operations Funds								0.00
Great American Bank - Other								
Total Great American Bank - Other								0.00
Total Great American Bank								
Wells Fargo - Series 2006								
Total 2025400 Debt Service Fund						83,183.34	19,596.97	139,152.05
								873.82
								0.00
								0.00
2025401 Debt Serv Reserve Fund								
General Journal	12/01/2014			Interest Income		0.01		673.82
Total 2025401 Debt Serv Reserve Fund						0.01	0.00	673.83
								0.00
								0.00
2025402 Project Fund								
Total 2025402 Project Fund								0.00

Lake Lotawana Community Improvement District
General Ledger
 December 2014

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
20255403 Capitalized Int Acct								0.00
Total 20255403 Capitalized Int Acct								0.00
20255404 Cost of Issuance Acct								0.00
Total 20255404 Cost of Issuance Acct								0.00
Wells Fargo - Series 2006 - Other								0.00
Total Wells Fargo - Series 2006 - Other								0.00
Wells Fargo - Series 2007								673.83
22242600 Debt Service Fund						0.01	0.00	3,249.88
Total 22242600 Debt Service Fund								0.00
22242601 Debt Serv Reserve Fund								3,249.76
General Journal 12/01/2014 W/F Int-12						0.03		3,249.79
Total 22242601 Debt Serv Reserve Fund						0.03	0.00	3,249.79
22242602 Project Fund								0.00
Total 22242602 Project Fund								0.00
22242603 Capitalized Int Acct								0.12
Total 22242603 Capitalized Int Acct								0.00
22242604 Cost of Issuance Acct								0.00
Total 22242604 Cost of Issuance Acct								0.00
Wells Fargo - Series 2007 - Other								0.00
Total Wells Fargo - Series 2007 - Other								0.00
Prepaid Expenses						0.03	0.00	3,249.91
Legal Fees								0.00
Total Legal Fees								0.00
Prepaid Expenses - Other								0.00
Total Prepaid Expenses - Other								0.00
Total Prepaid Expenses								0.00
Note Payable-Lone Summit Bank								0.00
Total Note Payable-Lone Summit Bank								0.00
Comm Improv District Assets								4,617,218.24
Total Comm Improv District Assets								4,617,218.24
Accumulated Depreciation							7,695.37	-703,054.48
General Journal 12/31/2014 Dep						0.00	7,695.37	-713,749.85
Total Accumulated Depreciation						0.00	7,695.37	-713,749.85

**Lake Lotawana Community Improvement District
General Ledger
December 2014**

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Due from Lone Summit Development								140,408.32
General Journal	12/31/2014	In-Loans		Interest on Loans		229.38		140,637.70
Total Due from Lone Summit Development						229.38	0.00	140,637.70
Due from Lightfoot Development								84,143.78
General Journal	12/31/2014	In-Loans		Interest on Loans	SPL LT-	476.80		84,620.47
Total Due from Lightfoot Development						476.80	0.00	84,620.47
Bond Issuance Cost								394,075.00
Total Bond Issuance Cost								394,075.00
Accum Amortization-Bond Cost								-394,075.00
Total Accum Amortization-Bond Cost								-394,075.00
Loan Origination Fees								88,500.00
Total Loan Origination Fees								88,500.00
Accum Amortization-Loan Fees								-88,500.00
Total Accum Amortization-Loan Fees								-88,500.00
Due to Lightfoot Dev LLC								-88,500.00
Total Due to Lightfoot Dev LLC								-88,500.00
Bond Payable 2006								0.00
Total Bond Payable 2006								0.00
Bond Payable 2007								-7,000,000.00
Total Bond Payable 2007								-7,000,000.00
Unrestricted Net Assets								-1,850,000.00
Total Unrestricted Net Assets								-1,850,000.00
Opening Balance Equity								4,055,517.83
Total Opening Balance Equity								4,055,517.83
Monthly Sewer Fees								0.00
Total Monthly Sewer Fees								0.00
Comm Dev Dist MO DOR-Sales Tax								0.00
Total Comm Dev Dist MO DOR-Sales Tax								0.00
DOR Local Option-Use Tax								-8.32
Deposit	12/05/2014						285.33	-3,991.54
Total DOR Local Option-Use Tax						0.00	285.33	-4,769.87
Jackson County Distribution	12/19/2014						44,030.67	-219,471.45
Deposit	12/29/2014						23,304.72	-253,502.42
Total Jackson County Distribution						0.00	67,335.69	-286,807.14

LARRY D. SOWERS, CPA, PA
CERTIFIED PUBLIC ACCOUNTANT

ACCOUNTANT'S COMPILATION REPORT

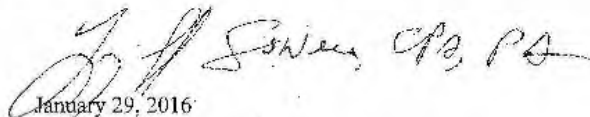
To the Board of Directors
Lake Lotawana Community Improvement District (a nonprofit organization)
Lee's Summit, MO

Management is responsible for the accompanying financial statements of Lake Lotawana Community Improvement District (a nonprofit organization), which comprise the statement of financial position – cash basis as of December 31, 2015, and the related statements of activities – cash basis for the one month and the year then ended, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Lake Lotawana Community Improvement District.


January 29, 2016

LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION - CASH BASIS
DECEMBER 31, 2015

ASSETS

Current assets:	
Lone Summit Bank	
300705 Special Assessment Fund	277,062.31
300802 Operations Fund	13,071.42
Total Lone Summit Bank	<u>290,133.73</u>
Wells Fargo-Series 2006	
20255400 Debt Service Fund	0.43
20255401 Debt Serv Reserve Fund	673.95
Total Wells Fargo-Series 2006	<u>674.38</u>
Wells Fargo-Series 2007	
22242600 Debt Service Fund	0.11
22242601 Debt Serv Reserve Fund	3,250.14
22242603 Capitalized Interest Acct	0.12
Total Wells Fargo-Series 2007	<u>3,250.37</u>
Total Current Assets	<u>294,058.48</u>
Fixed Assets	
Comm Improv District Assets	4,617,218.24
Less: Accumulated Depreciation	<u>(806,094.21)</u>
Total Fixed Assets	<u>3,811,124.03</u>
Other Assets	
Due from Lone Summit Development Group	144,077.47
Due from Lightfoot Development	<u>90,755.43</u>
Total Other Assets	<u>234,832.90</u>
TOTAL ASSETS	<u>4,340,015.41</u>

LIABILITIES & NET ASSETS

Long Term Liabilities	
Bond Payable 2006	\$ 7,000,000.00
Bond Payable 2007	<u>1,850,000.00</u>
Total Long Term Liabilities	<u>8,850,000.00</u>
Total liabilities	<u>8,850,000.00</u>
Unrestricted Net Assets	<u>(4,509,984.59)</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 4,340,015.41</u>

See accountant's compilation report.

FOR ONE MONTH AND YEAR ENDED DECEMBER 31, 2015

UNRESTRICTED NET ASSETS	DEC 2015	JAN-DEC 2015
Revenues		
Comm Dev Dist MO DOR-Sales Tax	\$ 2,511.54	\$ 34,312.08
DOR Local Option -Use Tax	517.86	3,153.70
Jackson County Distribution	196,985.14	355,451.74
Sewer Tap Fees	5,089.91	88,416.22
Interest Income		
Jackson County	0.00	13.11
Wells Fargo Bank	0.04	1.01
Great American Bank	22.89	405.39
Total Revenues	205,127.38	481,753.25
Expenses		
Accounting Fees	0.00	3,405.00
Bank Service Charges	0.00	42.45
Depreciation Expense	7,695.40	92,344.36
Guarantee Bond Expense	0.00	8,241.00
Interest Expense	0.00	210,187.50
Legal Fees	3,785.00	32,183.28
Office Supplies & Expense	0.00	47.94
Operation & Maintenance	4,530.33	49,796.41
Road Expense	5,500.00	5,500.00
Trustee Fees	1,250.00	5,600.00
Utilities Expense	1,523.81	15,766.98
Total Expenses	24,284.54	423,114.92
INCREASE (DECREASE)		
BEFORE EXTRAORDINARY ITEMS	180,842.84	58,638.33
Extraordinary Items		
Interest Income-Loans	834.02	9,533.73
Total Extraordinary Items	834.02	9,533.73
INCREASE (DECREASE)		
IN UNRESTRICTED NET ASSETS	181,676.86	68,172.06

See accountant's compilation report.

Lake Lotawana Community Improvement District
General Ledger
December 2015

Type	Date	Num	Adj	Mem	Memo	Split	Debit	Credit	Balance
Great American Bank									
300591 Money Market Account									101,555.53
Total 300591 Money Market Account									0.00
300705 Spec Assess & Sales Tax									0.00
Deposit	12/02/2015						435.97		80,095.39
Deposit	12/01/2015						333.97		80,429.36
Deposit	12/1/2015						22,981.50		103,410.86
Deposit	12/2/2015						17.79		103,428.65
General Journal	12/31/2015						143,753.89		247,182.54
Deposit	12/31/2015							0.00	247,182.54
Total 300705 Spec Assess & Sales Tax							167,609.32	0.00	0.00
300713 Sewer Tap Fee Fund									0.00
Total 300713 Sewer Tap Fee Fund									0.00
300802 Operations Fund									91,598.75
Check	12/02/2015	1670		Tammy and Jim Services LLC					18,298.75
Check	12/02/2015	1670		Great American Bank	Deposit	Operations & Maintenance	16,089.91	3,300.00	21,608.66
Check	12/02/2015	1671		Blue Water Sproy Lubricants		Sewer Tap Fees		10,000.00	31,608.66
Check	12/02/2015	1672		Blue Water Sproy Lubricants		Utilities Expense		60.00	31,668.66
Check	12/02/2015	1673		Blue Water Sproy Lubricants		Operations & Maintenance		635.00	32,303.66
Check	12/02/2015	1678		Carroll's Auto Pros		Operations & Maintenance		1,700.00	34,003.66
Deposit	12/07/2015						377.26		34,380.92
Check	12/07/2015	1674		City of Lake Lotawana	Deposit	Operations & Maintenance		153.00	34,533.92
Check	12/07/2015	1675		Wells Fargo Bank		Operations & Maintenance		1,250.00	35,783.92
Check	12/07/2015	1676		Wells Fargo Bank		Operations & Maintenance		1,482.12	37,266.04
Check	12/07/2015	1677		Wells Fargo Bank		Operations & Maintenance		2,032.00	39,298.04
Check	12/07/2015	1678		Wells Fargo Bank		Operations & Maintenance		2,032.00	41,330.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	43,362.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	45,394.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	47,426.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	49,458.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	51,490.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	53,522.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	55,554.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	57,586.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	59,618.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	61,650.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	63,682.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	65,714.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	67,746.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	69,778.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	71,810.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	73,842.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	75,874.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	77,906.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	79,938.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	81,970.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	84,002.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	86,034.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	88,066.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	90,098.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	92,130.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	94,162.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	96,194.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	98,226.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	100,258.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	102,290.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	104,322.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	106,354.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	108,386.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	110,418.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	112,450.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	114,482.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	116,514.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	118,546.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	120,578.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	122,610.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	124,642.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	126,674.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	128,706.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	130,738.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	132,770.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	134,802.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	136,834.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	138,866.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	140,898.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	142,930.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	144,962.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	147,000.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	149,032.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	151,064.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	153,096.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	155,128.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	157,160.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	159,192.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	161,224.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	163,256.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	165,288.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	167,320.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	169,352.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	171,384.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	173,416.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	175,448.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	177,480.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	179,512.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	181,544.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	183,576.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	185,608.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	187,640.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	189,672.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	191,704.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	193,736.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	195,768.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	197,800.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	199,832.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	201,864.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	203,896.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	205,928.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	207,960.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	210,000.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	212,032.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	214,064.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	216,096.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	218,128.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	220,160.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	222,192.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	224,224.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	226,256.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	228,288.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	230,320.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	232,352.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	234,384.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	236,416.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	238,448.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	240,480.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	242,512.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	244,544.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	246,576.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	248,608.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	250,640.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	252,672.04
Check	12/07/2015	1679		Wells Fargo Bank		Operations & Maintenance		2,032.00	254,704.04
Check	12/07/2015	1679		Wells Fargo					

Lake Lotawana Community Improvement District
General Ledger
December 2015

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
Wells Fargo - Series 2006 - Other									0.00
Total Wells Fargo - Series 2006 - Other									0.00
Wells Fargo - Series 2007									671.35
22242600 Debt Service Fund							0.01	0.00	671.35
Total 22242600 Debt Service Fund									671.35
Wells Fargo - Series 2007									0.11
22242601 Debt Service Fund							0.02	0.00	0.11
General Journal	12/01/2015								0.11
Total 22242601 Debt Service Fund									0.11
Wells Fargo - Series 2007 - Other									0.00
Total Wells Fargo - Series 2007 - Other									0.00
Wells Fargo - Series 2007 - Other									0.00
22242601 Capitalized Int Acct									0.12
Total 22242601 Capitalized Int Acct									0.12
22242604 Cost of Insurance Acct									0.00
Total 22242604 Cost of Insurance Acct									0.00
Wells Fargo - Series 2007 - Other									0.00
Total Wells Fargo - Series 2007 - Other									0.00
Prepaid Expenses									0.00
22242601 Prepaid Expenses									0.00
Total Prepaid Expenses									0.00
Prepaid Expenses - Other									0.00
Total Prepaid Expenses - Other									0.00
Prepaid Expenses									0.00
Total Prepaid Expenses									0.00
Note Payable-Lane Summit Bank									0.00
Total Note Payable-Lane Summit Bank									0.00
County Improv District Assets									0.00
Total County Improv District Assets									0.00
Accumulated Depreciation									0.00
General Journal	12/31/2015								0.00
Total Accumulated Depreciation									0.00
Due from Lane Summit Development									0.00
General Journal	12/31/2015								0.00
Total Due from Lane Summit Development									0.00
Due from Lightfoot Development									0.00
General Journal	12/31/2015								0.00
Total Due from Lightfoot Development									0.00
Board Insurance Cost									0.00
Total Board Insurance Cost									0.00
Accum Amortization-Bond Cost									0.00
Total Accum Amortization-Bond Cost									0.00
Loan Origination Fees									0.00
Total Loan Origination Fees									0.00

Lake Lotawana Community Improvement District
General Ledger
 December 2015

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
Account Association-Lawn Fees									-8,500.00
Total Account Association-Lawn Fees									-8,500.00
Due to Lightfoot Dev LLC									0.00
Total Due to Lightfoot Dev LLC									0.00
Bond Payable 2006									-7,050,000.00
Total Bond Payable 2006									-7,050,000.00
Bond Payable 2007									4,572,158.65
Total Bond Payable 2007									4,572,158.65
Unrestricted Net Assets									0.00
Total Unrestricted Net Assets									0.00
Operating Balance Equity									0.00
Total Operating Balance Equity									0.00
Monthly Sewer Fees									0.00
Total Monthly Sewer Fees									0.00
Comm Dev Dist MO DOR-Sales Tax									-31,400.54
Deposit	12/07/2015								-31,400.54
Total Comm Dev Dist MO DOR-Sales Tax									-31,400.54
DOR Local Option-Use Tax									-2,553.87
Deposit	12/07/2015								-2,553.87
Total DOR Local Option-Use Tax									-2,553.87
Jackson County Distribution									-3,153.70
Deposit	12/07/2015								-3,153.70
Total Jackson County Distribution									-3,153.70
Sewer Tap Fees									-156,466.60
Deposit	12/07/2015								-156,466.60
Total Sewer Tap Fees									-156,466.60
Interest Income-Jackson County									1,064,000.00
Total Interest Income-Jackson County									1,064,000.00
Interest Income-Wells Fargo Bk									-108,816.32
General Journal	12/07/2015								-108,816.32
Total Interest Income-Wells Fargo Bk									-108,816.32
Interest Income-Gr Amer Bank									22,889.00
General Journal	12/07/2015								22,889.00
Total Interest Income-Gr Amer Bank									22,889.00
Chartering									-403,369.00
Total Chartering									-403,369.00
Ask Accountant									0.00
Total Ask Accountant									0.00

**Lake Lotawana Community Improvement District
General Ledger
December 2015**

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
Accounting Fees									\$ 405.00
Total Accounting Fees									\$ 405.00
Advertising & Promotion									0.00
Total Advertising & Promotion									0.00
Amortization Expense									0.00
Total Amortization Expense									0.00
Bank Service Charges									42.45
Total Bank Service Charges									42.45
Depreciation Expense									\$4,646.06
General Journal	12/31/2015	1579					7,695.40	0.00	95,294.56
Total Depreciation Expense							7,695.40	0.00	95,294.56
Equipment Rental									0.00
Total Equipment Rental									0.00
Quaranty Bond Expense									0.00
Total Quaranty Bond Expense									0.00
Insurance Expense									0.00
Total Insurance Expense									0.00
Interest Expense									210,187.50
Bond Interest Expense									210,187.50
Total Bond Interest Expense									210,187.50
Other Related Expense									0.00
Total Other Related Expense									0.00
Interest Expense - Other									0.00
Total Interest Expense - Other									0.00
Total Interest Expense									210,187.50
Legal Fees									23,369.29
Check	12/01/2015	1573		Collins & Jones PC			1,700.00		32,159.29
Check	12/24/2015	1578		Collins & Jones PC			2,028.00		32,181.29
Total Legal Fees							3,728.00	0.00	32,181.29
Office Supplies & Expense									47.24
Total Office Supplies & Expense									47.24
Operations & Maintenance									45,268.09
Check	12/02/2015	1570		Tammy and Art Services LLC			3,300.00		46,268.09
Check	12/01/2015	1572		Big Creek Outdoors	Mowing		395.00		49,163.09
Check	12/01/2015	1574		Big Creek Outdoors			153.00		49,316.09
Check	12/01/2015	1576		MR A Triggare			482.33		49,798.41
Total Operations & Maintenance							4,330.33	0.00	49,798.41
Road Expense									0.00
Check	12/31/2015	1579		City of Lake Lotawana	Road Study		5,560.00	0.00	5,560.00
Total Road Expense							5,560.00	0.00	5,560.00
State Audit Fee									0.00
Total State Audit Fee									0.00
Telephone Expense									0.00
Total Telephone Expense									0.00

Lake Lotawana Community Improvement District
General Ledger
December 2015

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
Trustee Fees									
Check	12/18/2015	1675		Wells Fargo Bank		200802 Operations Fund	1,250.00	0.00	4,680.00
Total Trustee Fees							1,250.00	0.00	5,680.00
Utilities Expense									
Check	12/07/2015	1671		Public Works Supply District #10		200802 Operations Fund	60.89		14,246.17
Check	12/24/2015	1677		KCP&L		200802 Operations Fund	1,468.12		15,786.88
Total Utilities Expense							1,529.01	0.00	16,776.98
Uncategorized Expense									
Total Uncategorized Expense									0.00
Interest Income-Loans									
General Journal	12/31/2015	1674			Interest Income on Loans	Due from Lightfoot Development	0.00	884.02	-9,899.17
Total Interest Income-Loans								884.02	-9,015.15
Prior Year Adjustment-Deposit									0.00
Total Prior Year Adjustment-Deposit									0.00
Prior Year Adjustment-Loans Surplus									0.00
Total Prior Year Adjustment-Loans Surplus									0.00
Prior Year Adjustment-Lightfoot									0.00
Total Prior Year Adjustment-Lightfoot									0.00
No acount									0.00
Total no acount									0.00
TOTAL							280,246.94	280,246.94	0.00

**Lake Lotawana Community Improvement District
Journal
December 2015**

Trans #	Type	Date	Num	Name	Memo	Account	Debit	Credit
1807	Check	12/02/2015	1670	Tammy and Jim Services LLC Tammy and Jim Services LLC		300902 Operations Fund Operations & Maintenance	3,300.00	3,300.00
1808	Check	12/03/2015	1671	Public Water Supply District #15 Public Water Supply District #15		300902 Operations Fund Utilities Expense	3,300.00	3,300.00
1809	Check	12/07/2015	1672	Big Creek Outdoors Big Creek Outdoors	Mowing	300902 Operations Fund Operations & Maintenance	60.69	60.69
1810	Check	12/07/2015	1673	Collins & Jones PC Collins & Jones PC		300902 Operations Fund Legal Fees	595.00	595.00
1811	Check	12/10/2015	1674	City of Lake Lotawana City of Lake Lotawana	Sewer Billing	300902 Operations Fund Operations & Maintenance	585.00	585.00
1812	Check	12/16/2015	1675	Wells Fargo Bank Wells Fargo Bank		300902 Operations Fund Trustee Fees	1,760.00	1,760.00
1813	Check	12/16/2015	1676	NIFA Proulx NIFA Proulx		300902 Operations Fund Operations & Maintenance	1,760.00	1,760.00
1814	Check	12/24/2015	1677	KCP&L KCP&L		300902 Operations Fund Utilities Expense	150.00	150.00
1815	Check	12/24/2015	1678	Collins & Jones PC Collins & Jones PC		300902 Operations Fund Legal Fees	482.33	482.33
1816	Check	12/24/2015	1679	City of Lake Lotawana City of Lake Lotawana	Road Study	300902 Operations Fund Road Expense	1,463.12	1,463.12
1817	General Journal	12/31/2015	CA Int-12		Interest Income Interest Income Interest Income Interest Income	300706 Spec Assess & Sales Tax 300902 Operations Fund Interest Income-Gr Amer Bank	5,500.00 17.79 5.10	5,500.00 27.89
							22.89	22.89

**Lake Lotawana Community Improvement District
Journal
December 2015**

Trans #	Type	Date	Num	Name	Memo	Account	Debit	Credit
1818	Deposit	12/03/2015			Deposit	300802 Operations Fund Sewer Tap Fees	15,089.91	15,089.91
1819	Deposit	12/07/2015			Deposit	300802 Operations Fund DOR Local Option Use Tax	15,089.91 517.86	15,089.91 517.86
1820	Deposit	12/07/2015			Deposit	300802 Operations Fund Currn Dev Dist MD DOR-Sales Tax	517.86 2,511.54	517.86 2,511.54
1821	Check	12/04/2015	efi	Great American Bank Great American Bank	Deposit connection	300802 Operations Fund Sewer Tap Fees	2,511.54 10,000.00	2,511.54 10,000.00
1822	Deposit	12/04/2015			Deposit	300705 Spec Assess & Sales Tax Jackson County Distribution	10,000.00 625.97	10,000.00 625.97
1823	Deposit	12/11/2015			Deposit	300705 Spec Assess & Sales Tax Jackson County Distribution	625.97 625.97	625.97 625.97
1824	Deposit	12/18/2015			Deposit	300705 Spec Assess & Sales Tax Jackson County Distribution	625.97 29,097.78	625.97 29,097.78
1825	Deposit	12/24/2015			Deposit	300705 Spec Assess & Sales Tax Jackson County Distribution	29,097.78 22,901.53	29,097.78 22,901.53
1826	Deposit	12/31/2015			Deposit	300705 Spec Assess & Sales Tax Jackson County Distribution	22,901.53 143,753.89	22,901.53 143,753.89
1827	General Journal	12/01/2015	WIF Int-12		Interest Income Interest Income Interest Income	2005441 Debt Svcy Reserve Fund 22242901 1Yrly Svcy Reserve Fund Interest Income-Wells Fargo Bk	0.01 0.03 0.04	0.01 0.01 0.04
1828	General Journal	12/31/2015	Diapr		Depreciation Depreciation	Depreciation Expense Accumulated Depreciation	7,865.40 7,865.40	7,865.40 7,865.40

LARRY D. SOWERS, CPA, PA
Certified Public Accountant

ACCOUNTANT'S COMPILATION REPORT

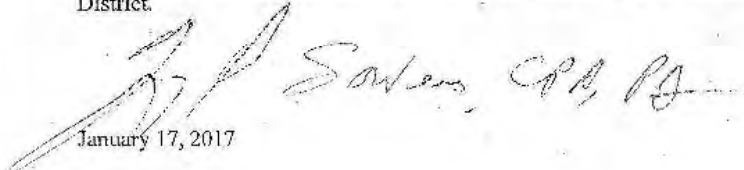
To the Board of Directors
Lake Lotawana Community Improvement District (a nonprofit organization)
Lee's Summit, MO

Management is responsible for the accompanying financial statements of Lake Lotawana Community Improvement District (a nonprofit organization), which comprise the statement of financial position – cash basis as of December 31, 2016, and the related statements of activities – cash basis for the one month and the year then ended, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Lake Lotawana Community Improvement District.


January 17, 2017

LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION - CASH BASIS
DECEMBER 31, 2016

ASSETS

Current assets:		
Lone Summit Bank		
300705 Special Assessment Fund	\$	121,260.05
300802 Operatious Fund		14,525.21
70007950 Sewer Tap Fee		28,227.89
70007984 Sals & Use Tax		29.18
Total Lone Summit Bank		<u>164,042.33</u>
Wells Fargo-Series 2006		
20255400 Debt Service Fund		0.21
20255401 Debt Serv Reserve Fund		674.33
Total Wells Fargo-Series 2006		<u>674.54</u>
Wells Fargo-Series 2007		
22242600 Debt Service Fund		0.18
22242601 Debt Serv Reserve Fund		3,251.82
Total Wells Fargo-Series 2007		<u>3,252.00</u>
Total Current Assets		<u>167,968.87</u>
Fixed Assets		
Comm Improv District Assets		4,625,218.24
Less: Accumulated Depreciation		<u>(898,530.74)</u>
Total Fixed Assets		<u>3,726,687.50</u>
Other Assets		
Due from Lone Summit Development Group		148,039.60
Due from Lightfoot Development		<u>97,335.20</u>
Total Other Assets		<u>245,374.80</u>
TOTAL ASSETS	\$	<u>4,140,031.17</u>

LIABILITIES & NET ASSETS

Long Term Liabilities		
Bond Payable 2006		7,000,000.00
Bond Payable 2007		<u>1,850,000.00</u>
Total Long Term Liabilities		<u>8,850,000.00</u>
Total liabilities		<u>8,850,000.00</u>
Unrestricted Net Assets		<u>(4,709,968.83)</u>
TOTAL LIABILITIES & NET ASSETS	\$	<u>4,140,031.17</u>

See accountant's compilation report.

LAKE LOTAWANA COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES - CASH BASIS
FOR ONE AND YEAR ENDED DECEMBER 31, 2016

UNRESTRICTED NET ASSETS	DEC 2016	JAN-DEC 2016
Revenues		
Comm Day Dist MO DOR-Sales Tax	\$ 2,135.88	\$ 12,417.07
DOR Local Option -Use Tax	387.44	2,592.67
Jackson County Distribution	119,749.43	163,062.14
Sewer Tap Fees	14,176.32	82,076.66
Interest Income		
Jackson County	0.00	14.45
Wells Fargo Bank	0.72	2.33
Great American Bank	7.33	302.78
Total Revenues	136,457.12	260,468.10
Expenses		
Accounting Fees	263.50	3,550.50
Bank Service Charges	2.00	87.00
Depreciation Expense	7,707.97	92,496.53
Guarantee Bond Expense	0.00	8,275.00
Interest Expense	0.00	121,687.50
Legal Fees	500.00	151,910.96
Office Supplies & Expense	0.00	267.41
Operation & Maintenance	3,639.67	44,528.04
Professional Fees	0.00	32,019.62
Trustee Fees	0.00	2,520.00
Utilities Expense	1,359.24	13,751.68
Total Expenses	13,472.38	470,994.24
INCREASE (DECREASE) BEFORE EXTRAORDINARY ITEMS	122,984.74	(210,526.14)
Extraordinary Items		
Interest Income Loans	152.18	10,541.90
Total Extraordinary Items	152.18	10,541.90
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	123,136.92	(199,984.24)

See accountant's compilation report.

Lake Lotawana Community Improvement District
General Ledger New
December 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Great American Bank								
300705 Spec Assessment	12/08/2016					652.57		35,038.54
Deposit	12/16/2016					2,683.00		1,507.23
Deposit	12/23/2016					12,103.30		2,103.30
Deposit	12/31/2016					4,686.10		4,686.10
General Journal	12/31/2016					84,324.33		84,324.33
General Journal	12/31/2016					121,901.20		121,901.20
Total 300705 Spec Assessment						110,703.92		121,901.20
300802 Operations Fund								
Check	12/08/2016	1186	Tammy and Jrt Services LLC				5,239.67	15,440.56
Check	12/08/2016	1187	Laurel County Electric				263.40	14,727.89
Check	12/08/2016	1188	Laurel County Electric				500.00	13,557.39
Check	12/08/2016	1189	Public Water Supply District #15				61.25	13,457.39
Deposit	12/07/2016					387.44		13,457.39
Deposit	12/07/2016					2,736.68		13,782.38
General Journal	12/31/2016					3.74		13,782.38
Check	12/31/2016	1190	KCP&L				1,307.86	12,474.52
Check	12/31/2016	1191	300705 Spec Assessment				100.00	12,374.52
Total 300802 Operations Fund						2,827.58	7,462.41	14,554.35
7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee						16,176.32		28,227.65
7000784 Sales & Use Tax								
Check	12/31/2016						2.00	28,225.65
Total 7000784 Sales & Use Tax							2.00	28,225.65
Total 7000888 Sewer Tap Fee								
Deposit	12/07/2016					8,176.32		19,227.65
Deposit	12/19/2016					8,000.00		28,227.65
Total 7000888 Sewer Tap Fee								

Lake Lotawana Community Improvement District
General Ledger New
December 31, 2016

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
General Journal	12/31/2016							
Total Due from Love Survival Development				Contract Loan Interest	Due from Love Survival Development		399.18	-148,038.62
Due from Lightfoot Development						2.50	386.18	148,039.02
General Journal	12/31/2016							
1.05 Due from Lightfoot Development				Interest Income on Loan	-SPLIT-	644.26		56,768.64
Bond Reserve Cost						540.30	0.00	57,355.22
Total Bond Reserve Cost								57,355.22
Account Amortization-Bond Cost								33,071.02
Total Account Amortization-Bond Cost								33,071.02
Loan Origination Fees								-33,071.02
Total Loan Origination Fees								-33,071.02
Account Amortization-Loan Fees								84,500.02
Total Account Amortization-Loan Fees								84,500.02
Due to Julie Jackson								-84,500.02
Check	12/31/2016		Julie Jackson			102.20		-100.02
1.791 Due to Julie Jackson						102.20	0.00	0.00
Bond Payable 2005								7,000,000.00
Total Bond Payable 2005								-1,000,000.00
Bond Payable 2007								-1,852,200.00
Total Bond Payable 2007								-1,852,200.00
Unrestricted Net Assets								4,503,234.59
Total Unrestricted Net Assets								4,503,234.59
Current Due from MO DOR-Sales Tax								-1,228.18
Deposit	12/27/2016							-1,228.18
Total Current Due from MO DOR-Sales Tax								-1,228.18
DOR Local Option-Use Tax								-12,417.07
Deposit	2/27/2016							2,158.88
Total DOR Local Option-Use Tax								2,158.88
Jackson County Distribution								387.44
Deposit	12/09/2016							387.44
Deposit	12/16/2016							2,465.72
Deposit	12/23/2016							84,374.30
Deposit	12/23/2016							103,292.12
Total Jackson County Distribution								119,775.43
Sewer Tap Fees								-67,802.34
Deposit	12/27/2016							2,176.32
Deposit	12/27/2016							6,200.02
Total Sewer Tap Fees								14,376.32
Interest Income-Interest on Loan								-1,445
Total Interest Income-Interest on Loan								-1,445
Interest Income-Wells Fargo Bk								-1.61
General Journal	12/31/2016							-2.33
Total Interest Income-Wells Fargo Bk								-2.33
Interest Income-First Amer Bank								-208.45

Lake Lotawana Community Improvement District
Journal
December 2016

Trans #	Type	Date	Num	Name	Memo	Account	Debit	Credit
2011	General Journal	12/31/2016				Depreciation Expense Accumulated Depreciation	7,727.37	7,707.57
2012	Deposit	12/12/2016			Deposit	7007785 Sewer Tap Fee	7,727.37	7,707.57
2013	Deposit	12/19/2016			Deposit	7007785 Sewer Tap Fee	8,176.32	8,176.32
2014	Check	12/31/2016	61	Great American Bank	Deposit	7007785 Sewer Tap Fee	8,176.32	8,176.32
2015	General Journal	12/31/2016	WFL-12		Interest Income	2025661 Debt Serv Reserve Fund	9,000.00	9,000.00
2016	General Journal	12/31/2016	WFL-0015		Interest Income	2224201 Debt Serv Reserve Fund	2.00	2.00
TOTAL							182,177.86	182,177.86

EXHIBIT B-2
CASH FLOW ANALYSIS 2014-2016

Revenues 2014 to July 2017
(Excluding Interest)

	2014	2015	2016	January-July 2017
Monthly Sewer Fees				
Sales Taxes	\$8.32	\$34,312.08	\$12,417.07	\$5,368.17
Use Taxes	\$4,159.87	\$3,153.70	\$2,592.67	\$894.40
Jackson County Assessments	\$286,807.14	\$355,451.74	\$163,062.14	\$121,640.77
Sewer Tap Fees	\$52,886.44	\$88,416.22	\$82,076.66	\$38,221.58
Totals	\$343,861.77	\$481,333.74	\$260,148.54	\$166,124.92

Expenses 2014 to July 2017
(Before Amortization and Depreciation)
(Excluding Interest Expense)

	2014	2015	2016	January-July 2017
Accounting Fees	\$2,915.00	\$3,405.00	\$3,550.50	\$2,902.95
Bank Service Charges	\$85.36	\$42.45	\$87.00	\$145.00
Insurance	\$7,596.00	\$8,241.00	\$8,235.00	\$8,290.00
Legal Fees	\$23,318.15	\$32,183.28	\$151,910.96	\$357,216.36.
Operation and Maintenance	\$55,042.46	\$43,774.98	\$40,908.33	\$22,748.85
Trustee Fees	\$2,750.00	\$5,600.00	\$2,520.00	\$20.25
Electric	\$15,181.27	\$15,163.31	\$13,185.02	\$11,403.78
Water	\$528.19	\$603.67	\$566.66	\$418.30
Propane	\$3,134.21	\$2,757.43	\$976.23	\$1,731.80
Snow Plowing	\$2,500.00			\$0
Mowing	\$510.00	\$2,805.00	\$1,275.00	\$0
City of Lake Lotawana		\$459.00	\$1,368.48	\$1,947.00
Office Supplies	\$147.28	\$47.94	\$267.41	\$132.49
Professional Fees			\$32,019.62	\$10,140.00
(Financial valuation, real estate appraisal, inspections)				
Road Expenses		\$5,500.00		
State Audit Fee	\$21,097.50			
Totals	\$134,805.42	\$120,583.06	\$256,870.21	\$417,096.78

EXHIBIT B-3
REORGANIZED CASH FLOW PROJECTION

			Revenue							Expenses				Debt											
			Sewer Revenue			Assessment Revenue				Total Revenue			Operations Expenses	Alloted Ops Expense	15% Road Fund	Bond Payment	Legal Payment	Unsecured Claims	Misc	Road Maintenance	Estimated Debt	REV/EXP/DBT Variance	Running Total		
Pay Year	Year	# Lots	Tax Revenue	Usage	Taps	Lots	Land	Commercial	Utilities		Operations														
	2017	81	\$22,080.00	\$76,901.76	\$18,000.00	\$263,909.62	\$540,898.28	\$6,510.00	\$365,875.50	\$26,630.64	\$75,335.24	\$101,965.88	\$105,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$263,909.62	\$540,898.28			
	2018	87	\$22,080.00	\$84,889.28	\$18,000.00	(\$361,965.67)	\$178,932.61	\$6,510.00	\$379,382.03	\$26,896.95	\$76,088.59	\$102,985.54	\$106,050.00	\$0.00	\$0.00	\$275,000.00	\$23,419.11	\$39,943.05	\$300,000.00	\$638,362.16	(\$361,965.67)	\$178,932.61			
1	2019	93	\$22,080.00	\$90,529.92	\$18,000.00	(\$113,849.42)	\$65,083.19	\$6,510.00	\$388,264.67	\$27,165.92	\$76,849.48	\$104,015.39	\$107,110.50	\$1,411.20	\$121,687.50	\$275,000.00	\$0.00	\$0.00	\$0.00	\$398,098.70	(\$113,849.42)	\$65,083.19			
2	2020	99	\$22,080.00	\$96,370.56	\$18,000.00	\$45,894.36	\$110,977.55	\$6,510.00	\$397,147.31	\$27,437.58	\$77,617.97	\$105,055.55	\$108,181.61	\$2,822.40	\$243,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$246,197.40	\$45,894.36	\$110,977.55			
3	2021	105	\$22,080.00	\$102,211.20	\$18,000.00	\$52,315.25	\$163,292.80	\$6,510.00	\$406,029.95	\$27,711.95	\$78,394.15	\$106,106.10	\$109,263.42	\$4,233.60	\$243,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$247,608.60	\$52,315.25	\$163,292.80			
4	2022	111	\$22,080.00	\$108,051.84	\$18,000.00	\$58,725.63	\$222,018.42	\$6,510.00	\$414,912.59	\$27,989.07	\$79,178.09	\$107,167.16	\$110,356.06	\$5,644.80	\$243,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$249,019.80	\$58,725.63	\$222,018.42			
5	2023	117	\$22,080.00	\$113,892.48	\$18,000.00	\$65,125.39	\$287,143.81	\$6,510.00	\$423,795.23	\$28,268.96	\$79,969.88	\$108,238.84	\$111,459.62	\$7,056.00	\$243,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250,431.00	\$65,125.39	\$287,143.81			
6	2024	123	\$22,080.00	\$119,733.12	\$18,000.00	\$27,264.45	\$314,408.26	\$6,510.00	\$432,677.87	\$28,551.65	\$80,769.57	\$109,321.22	\$112,574.21	\$8,467.20	\$287,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$296,092.20	\$27,264.45	\$314,408.26			
7	2025	129	\$22,080.00	\$125,573.76	\$18,000.00	\$33,642.67	\$348,050.93	\$6,510.00	\$441,560.51	\$28,837.17	\$81,577.27	\$110,414.44	\$113,699.95	\$9,878.40	\$287,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$297,503.40	\$33,642.67	\$348,050.93			
8	2026	135	\$22,080.00	\$131,414.40	\$18,000.00	\$40,009.97	\$388,060.90	\$6,510.00	\$450,443.15	\$29,125.54	\$82,393.04	\$111,518.58	\$114,836.95	\$11,289.60	\$287,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$298,914.60	\$40,009.97	\$388,060.90			
9	2027	141	\$22,080.00	\$137,255.04	\$18,000.00	\$46,366.22	\$434,427.12	\$6,510.00	\$459,325.79	\$29,416.79	\$83,216.97	\$112,633.77	\$115,985.32	\$12,700.80	\$287,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300,325.80	\$46,366.22	\$434,427.12			
10	2028	147	\$22,080.00	\$143,095.68	\$18,000.00	\$52,711.33	\$487,138.45	\$6,510.00	\$468,208.43	\$29,710.96	\$84,049.14	\$113,760.10	\$117,145.18	\$14,112.00	\$287,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$301,737.00	\$52,711.33	\$487,138.45			
11	2029	153	\$22,080.00	\$148,936.32	\$18,000.00	\$14,795.16	\$501,933.61	\$6,510.00	\$477,091.07	\$30,008.07	\$84,889.63	\$114,897.71	\$118,316.63	\$15,523.20	\$331,875.00	\$0.00	\$0.00	\$0.00	\$0.00	\$347,398.20	\$14,795.16	\$501,933.61			
12	2030	159	\$22,080.00	\$154,776.96	\$18,000.00	\$21,117.63	\$523,051.24	\$6,510.00	\$485,973.71	\$30,308.15	\$85,738.53	\$116,046.68	\$119,499.79	\$16,934.40	\$331,875.00	\$0.00	\$0.00	\$0.00	\$0.00	\$348,809.40	\$21,117.63	\$523,051.24			
13	2031	165	\$22,080.00	\$160,617.60	\$18,000.00	\$27,428.60	\$550,479.84	\$6,510.00	\$494,856.35	\$30,611.23	\$86,595.92	\$117,207.15	\$120,694.79	\$18,345.60	\$331,875.00	\$0.00	\$0.00	\$0.00	\$0.00	\$350,220.60	\$27,428.60	\$550,479.84			
14	2032	171	\$22,080.00	\$166,458.24	\$18,000.00	\$33,727.97	\$584,207.81	\$6,510.00	\$503,738.99	\$30,917.35	\$87,461.87	\$118,379.22	\$121,901.74	\$19,756.80	\$331,875.00	\$0.00	\$0.00	\$0.00	\$0.00	\$351,631.80	\$33,727.97	\$584,207.81			
15	2033	177	\$22,080.00	\$172,298.88	\$18,000.00	\$40,015.62	\$624,223.43	\$6,510.00	\$512,621.63	\$31,226.52	\$88,336.49	\$119,563.01	\$123,120.76	\$21,168.00	\$331,875.00	\$0.00	\$0.00	\$0.00	\$0.00	\$353,043.00	\$40,015.62	\$624,223.43			
16	2034	183	\$22,080.00	\$178,139.52	\$18,000.00	\$2,041.43	\$626,264.85	\$6,510.00	\$521,504.27	\$31,538.78	\$89,219.86	\$120,758.64	\$124,351.97	\$22,579.20	\$376,125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$398,704.20	\$2,041.43	\$626,264.85			
17	2035	189	\$22,080.00	\$183,980.16	\$18,000.00	\$8,305.28	\$634,570.13	\$6,510.00	\$530,386.91	\$31,854.17	\$90,112.06	\$121,966.23	\$125,595.48	\$23,990.40	\$376,125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$400,115.40	\$8,305.28	\$634,570.13			
18	2036	195	\$22,080.00	\$189,820.80	\$18,000.00	\$14,557.06	\$649,127.19	\$6,510.00	\$539,269.55	\$32,172.71	\$91,013.18	\$123,185.89	\$126,851.44	\$25,401.60	\$376,125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$401,526.60	\$14,557.06	\$649,127.19			
19	2037	201	\$22,080.00	\$195,661.44	\$18,000.00	\$20,796.64	\$669,923.83	\$6,510.00	\$548,152.19	\$32,494.44	\$91,923.31	\$124,417.75	\$128,119.95	\$26,812.80	\$376,125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$402,937.80	\$20,796.64	\$669,923.83			
20	2038	207	\$22,080.00	\$201,502.08	\$18,000.00	\$27,023.90	\$696,947.73	\$6,510.00	\$557,034.83	\$32,819.39	\$92,842.54	\$125,661.93	\$129,401.15	\$28,224.00	\$376,125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$404,349.00	\$27,023.90	\$696,947.73			
21	2039	213	\$22,080.00	\$207,342.72	\$18,000.00	(\$11,011.28)	\$685,936.45	\$6,510.00	\$565,917.47	\$33,147.58	\$93,770.97	\$126,918.55	\$130,695.17	\$29,635.20	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450,010.20	(\$11,011.28)	\$685,936.45			
22	2040	219	\$22,080.00	\$213,183.36	\$18,000.00	(\$4,809.02)	\$681,127.43	\$6,510.00	\$574,800.11	\$33,479.06	\$94,708.68	\$128,187.73	\$132,002.12	\$31,046.40	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$451,421.40	(\$4,809.02)	\$681,127.43			
23	2041	225	\$22,080.00	\$219,024.00	\$18,000.00	\$1,380.54	\$682,507.97	\$6,510.00	\$583,682.75	\$33,813.85	\$95,655.76	\$129,469.61	\$133,322.14	\$32,457.60	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$452,832.60	\$1,380.54	\$682,507.97			
24	2042	231	\$22,080.00	\$224,864.64	\$18,000.00	\$7,557.28	\$690,065.25	\$6,510.00	\$592,565.39	\$34,151.98	\$96,612.32	\$130,764.31	\$134,655.36	\$33,868.80	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$454,243.80	\$7,557.28	\$690,065.25			
25	2043	237	\$22,080.00	\$230,705.28	\$18,000.00	\$13,721.08	\$703,786.33	\$6,510.00	\$601,448.03	\$34,493.50	\$97,578.45	\$132,071.95	\$136,001.91	\$35,280.00	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$455,655.00	\$13,721.08	\$703,786.33			
26	2044	243	\$22,080.00	\$236,545.92	\$18,000.00	\$19,871.80	\$723,658.13	\$6,510.00	\$610,330.67	\$34,838.44	\$98,554.23	\$133,392.67	\$137,361.93	\$36,691.20	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$457,066.20	\$19,871.80	\$723,658.13			
27	2045	249	\$22,080.00	\$242,386.56	\$18,000.00	\$26,009.31	\$749,667.45	\$6,510.00	\$619,213.31	\$35,186.82	\$99,539.77	\$134,726.60	\$138,735.55	\$38,102.40	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$458,477.40	\$26,009.31	\$749,667.45			
28	2046	255	\$22,080.00	\$248,227.20	\$18,000.00	\$32,133.49	\$781,800.93	\$6,510.00	\$628,095.95	\$35,538.69	\$100,535.17	\$136,073.86	\$140,122.91	\$39,513.60	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$459,888.60	\$32,133.49	\$781,800.93			
29	2047	261	\$22,080.00	\$254,067.84	\$18,000.00	\$38,244.19	\$820,045.12	\$6,510.00	\$636,978.59	\$35,894.08	\$101,540.52	\$137,434.60	\$141,524.14	\$40,924.80	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$461,299.80	\$38,244.19	\$820,045.12			
30	2048	267	\$22,080.00	\$259,908.48	\$18,000.00	\$44,341.28	\$864,386.41	\$6,510.00	\$645,861.23	\$36,253.02	\$102,555.93	\$138,808.95	\$142,939.38	\$42,336.00	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$462,711.00	\$44,341.28	\$864,386.41			
31	2049	273	\$22,080.00	\$265,749.12	\$18,000.00	\$50,424.63	\$914,811.04	\$6,510.00	\$654,743.87	\$36,615.55	\$103,581.49	\$140,197.04	\$144,368.77	\$43,747.20	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$464,122.20	\$50,424.63	\$914,811.04			
32	2050	279	\$22,080.00	\$271,589.76	\$18,000.00	\$56,494.10	\$971,305.14	\$6,510.00	\$663,626.51	\$36,981.71	\$104,617.30	\$141,599.01	\$145,812.46	\$45,158.40	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$465,533.40	\$56,494.10	\$971,305.14			
33	2051	285	\$22,080.00	\$277,430.40	\$18,000.00	\$62,549.55	\$1,033,854.70	\$6,510.00	\$672,509.15	\$37,351.52	\$105,663.47	\$143,015.00	\$147,270.58	\$46,569.60	\$420,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$466,944.60	\$62,549.55	\$1,033,854.70			
34	2052	291	\$22,080.00	\$283,271.04	\$18,000.00	\$68,590.84	\$1,102,445.54	\$6,510.00	\$681,391.79	\$37,725.04	\$106,720.11	\$144,445.15	\$148,743.29												

EXHIBIT C
TABLE OF UNSECURED CLAIMS

Big Creek Outdoors P.O. Box 2401 Lee's Summit, MO 64063	\$340.00
City of Lake Lotawana 100 Lake Lotawana Road Lake Lotawana, MO 64086	\$540.00
Collins & Jones, P.C. c/o Eric W. Collins 1010 W. Foxwood Drive Raymore, MO 64086	\$7,775.00
KCP&L P.O. Box 11739 Kansas City, MO 64138	\$3,376.35
MFA Oil Company P.O. Box 843784 Kansas City, MO 64184	\$0
Public Water Supply District #15 13213 Lone Jack Lee's Summit, MO 64086	\$101.01
Shaffer Lombardo Shurin c/o Leland M. Shurin 2001 Wyandotte Street Kansas City, MO 64108	\$2,087.25
Larry D. Sowers, CPA PA 4747 W. 135 th Street, Suite 200 Leawood, KS 66224	\$1,620.00
Stern Brothers Valuation Advisors c/o John C. Korschot 1044 Main Street, Suite 501 Kansas City, MO 64105	\$5,400.00
Tammy and Jim Services, LLC 853 NW 1661 Road Bates City, MO 64011	\$2,179.50
Total:	<u>\$23,419.11</u>

EXHIBIT D
ADMINISTRATIVE AND PROFESSIONAL CLAIMS

Collins & Jones, P.C. ¹ c/o Eric W. Collins 1010 W. Foxwood Drive Raymore, Missouri 64086 State law compliance and non-bankruptcy services	\$18,911.50.	Professional Claim
Larry D. Sowers, CPA PA ² 4747 W. 135 th Street, Suite 200 Leawood, Kansas 66224 Accounting Services	\$171.55	Professional Claim
Foxberry Homeowners Association c/o Registered Agent S & B Corporate Services, Inc. 27901 Foxberry Trail Lee's Summit, Missouri 64086 Reimbursement of Mowing Costs	\$720.00	Administrative Claim
Polsinelli PC Attn: Mr. Andrew Nazar 900 W. 48 th Place, Suite 900 Kansas City, Missouri 64112-1895 Counsel for the Debtor	\$550,000.00	Professional Claim
Causey Demgen & Moore P.C. Attn: Amy L. Yowell 1125 Seventeenth Street – Suite 1450 Denver, Colorado 80202 Arbitrage Services for Bond Calculation	\$1,500.00 ³	Professional Claim
Valbridge Property Advisors/Shaner Appraisals, Inc. 10990 Quivira, Suite 100, Overland Park, Kansas 66210 Expert Witness Costs	\$10,140.00	Professional Claim
Kutak Rock LLP Two Pershing Square 2300 Main Street Kansas City, Missouri 64108-2416 Attn: Jacob Lowery Bond Counsel for the District	\$8,500.00 ⁴	Professional Claim
Total:	<u>\$589,943.05</u>	

¹ As of October 31, 2017.

² As of October 31, 2017

³ Flat Rate agreed to.

⁴ Flat Rate agreed to.

EXHIBIT E

BALLOT

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI
KANSAS CITY DIVISION**

In re:)	
)	Case No. 16-42357-can
LAKE LOTAWANA COMMUNITY)	
IMPROVEMENT DISTRICT,¹)	Chapter 9
)	
Debtor.)	

**CLASS [] BALLOT FOR ACCEPTING OR REJECTING
PLAN OF ADJUSTMENT**

The Lake Lotawana Community Improvement District (the “**District**”) filed a plan of adjustment dated November 10, 2017 (the “**Plan**”) in this case. The Court has [conditionally] approved a disclosure statement with respect to the Plan (the “**Disclosure Statement**”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from Polsinelli PC Attn: Andrew Nazar 900 W. 48th Place, Suite 900 Kansas City MO 64112-1895, anazar@polsinelli.com. Court approval of the disclosure statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in class [] under the Plan. If you hold claims in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If your ballot is not received by Polsinelli PC Attn: Andrew Nazar 900 W. 48th Place, Suite 900 Kansas City Missouri 64112-1895 on or before [], and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

Item 1. Amount of Claim. The undersigned is a holder of a Class _____ Claim in the unpaid principal amount of Dollars: (\$_____).

Item 2. Vote. The owner of the Claim set forth in Item 1 votes (**please check one**):

☐ To Accept the Plan

☐ To Reject the Plan

¹ The last four digits of the District’s Tax ID Number are 0107.

Item 3. Certifications. By signing this Ballot, the undersigned certifies: (a) that no other Ballots have been cast with respect to the Claim identified in Item 1, and that to the extent any such Ballots have been cast, such earlier Ballots are hereby revoked; (b) that a copy of the Disclosure Statement relating to the Plan has been provided to and reviewed by the undersigned; (c) **the undersigned has read the release provisions in the Plan**; (d) that as the Record Holder of the Claim set forth in Item 1, the undersigned has full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that this solicitation is subject to all the terms and conditions set forth in the Disclosure Statement relating to the Plan; and (e) that all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned hereunder shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

Dated _____

Print or type Name of Voter:

Signature: _____

By: _____
(If Appropriate)

Title: _____
(If Appropriate)

Street Address: _____

City, State and Zip Code: _____

Telephone No.: _____

RETURN THIS BALLOT TO:

Polsinelli PC
Attn: Andrew Nazar
900 W. 48th Place, Suite 900
Kansas City MO 64112-1895
anazar@polsinelli.com

EXHIBIT F
TERM SHEET

June 8, 2017

To: The Board of Lake Lotawana Community Improvement District (the "CID" or the "District")
From: MI Bondholder, LLC ("MIB" or the "Bondholder"), which shall also bind Wells Fargo Bank, N.A. in its sole capacity as Trustee of the Bonds
Re: Bond Restructure

New Bond will be issued in the total amount due based on the agreed principal amount of the bonds, \$8.2 million (the "New Bond"). Cost of the issuance of the New Bond will be borne by Debtor. The structure of the New Bond indebtedness will be a required annual bond payment which is calculated as the Total Revenue, (TR) of the CID from all sources LESS an operating budget which shall be set at \$105,000 per year and increased by 1% for each year thereafter. Funds in the operating budget may be used for any purpose consistent with the duties of the CID. At the Bondholder's election, a new trustee will be appointed who will be acceptable to both parties.

For all new homes built within the CID after the date of Confirmation of the Plan (defined below) that are serviced by new roads not currently existing at that time of Confirmation of the Plan (the "New Homes"), 15% of the assessments and monthly fees received from such New Homes will be paid to the CID by the bond trustee (the "15% Reserve") to be reserved by the CID and used for repairs and maintenance of its roads, and shall not be counted in any excess total revenue.

Payments will be made first to any outstanding interest due, then to the Bondholder's \$350,000 of capped expenses, and then applied to principal reduction.

Assuming no defaults under the New Bond, any principal balance outstanding at the end of 40 years will be forgiven.

New Bond may be called at any time at par. No pre-payment penalty.

Minimum payments below would be part principal and interest.

Years:	Interest Rate:	Minimum Payment:
1-5	2.75	\$ 243,375
6-10	3.25	\$ 287,625
10-15	3.75	\$ 331,875
16-20	4.25	\$ 376,125
21-40	4.75	\$ 420,375

Any excess total revenue payment would be due 90 days after the end of the previous calendar year. Subject to the terms herein, excess revenue would be calculated by any excess over the

combined minimum payment and allowed operating expenses. Any excess total revenue payment, if any, to be calculated starting January 1, 2020 for the year 2020.

The first payment will be due September 1, 2019 in the amount of \$121,687.50 (no excess revenue payment would be due for 2019) and the required payment shall be made annually thereafter beginning March 1, 2020 and each March 1 thereafter. The excess over any minimum payments, the 15% Reserve and operating costs will first be applied to Bondholder expenses up to the total amount of \$350,000, with any excess after that being applied to principal.

Notes:

CID will provide financial statements to MIB quarterly.

CID may not reduce any assessment rates until New Bond is retired. MIB understands that as undeveloped land is developed the assessment on that land is replaced by new assessments on the newly developed ground. Thus, the CID could vary assessments amongst the collective landowners, provided that the total amount collected would not be decreased and the CID could lower assessments on particular residents, provided that total amount collected from all residents would not be decreased, *provided however*, assessments must be sufficient to pay the New Bond payments set forth herein, operating expenses of the CID, and provide an adequate reserve fund for capital improvements and repairs.

Should the CID need to make future capital improvements, operating costs, or to pay for extraordinary expenditures, including but not limited to professional fees, an increase in rates may be retained to pay for improvements, operating expenses and extraordinary expenses, including professional fees, and would not be required to service debt and such increase could be lowered after payment of the improvements or expenses were paid for; *provided however*, assessments must be sufficient to pay the New Bond payments set forth herein, operating expenses of the CID, and provide an adequate reserve fund for capital improvements and repairs.

MIB retains a board observer seat, provided, as per law, it would not have voting power, not counted for a quorum, and would not be entitled to attend executive sessions involving issues with the bondholder or the trustee but could attend all others, provided that any applicable attorney client interest must be maintained (e.g. execution of an enforceable joint interest agreement).

CID will be allowed to expend up to \$300,000 out of existing cash for street repairs after confirmation of a Chapter 9 plan consistent with this term sheet. Existing cash on hand (including the \$300,000 mentioned above) plus future income up until December 1, 2019, can also be used to pay Polsinelli's fees incurred in the bankruptcy in the maximum amount of \$550,000.00, claims to be paid under the Plan to unsecured and administrative creditors, and expenses to pay for costs of amending the bond documents. Excess cash on hand up to December 1, 2019, will be allowed to be used to pay the CID's professional fees and claims to be paid under the Plan. In the event Polsinelli's professionals fees and expenses, which shall be in the maximum amount of \$550,000.00 cannot be fully paid, the District agrees to pass a special assessment solely to cover the cost of the Polsinelli fees such that Polsinelli will be fully paid

within 2 years of confirmation. This additional assessment shall sunset after those fees have been paid and not go toward any other purpose or calculated in any excess total revenue payment, and Bondholder waives any argument to the contrary.

If the principal amount of the bond is reduced by a minimum of \$1,500,000 on or before March 1, 2029, MIB will credit the bonds with an additional \$500,000 principal amount on that date.

The agreement outlined herein will be documented in revised bond documents, memorialized in a chapter 9 plan (the "Plan"), and approved in a court order (the "Confirmation Order"), all in form and substance satisfactory to MIB.

Deposit of Funds: Commencing after December 1, 2019, all special assessments received from Jackson County, Missouri and all sales and use tax received from the State of Missouri must be directly deposited by each governmental entity in a bank account maintained by the Bond Trustee. Upon receipt and payment of amounts due to the bondholder under this term sheet, the Bond Trustee shall deliver remaining funds to the CID to be used consistent with this Term Sheet. To the extent necessary, the Plan shall modify the existing bond documents, including any deposit agreements, to reflect these terms. In the event the Trustee does not distribute the remaining funds before March 30 of a given year, the obligation to deliver the excess payment to the Trustee shall be delayed until the Trustee distributes funds to the District, or the bond indebtedness is accelerated, whichever occurs first.

Consequences of a Default Under the New Bond. The documents shall provide a 30 day notice and opportunity to cure for any default. In addition to the customary consequences of an event of default, the Plan and Confirmation Order shall expressly provide that if there is a default under the New Bond, that the CID shall seek no further protection under chapter 9 of the Bankruptcy Code and shall reconfirm the Bond Trustee's right to the appointment of a receiver. Additionally, if despite these provisions, the CID (or a Receiver) seeks further bankruptcy protection, the automatic stay of 11 U.S.C. §§ 362(d) and 922, and the discharge injunction of 11 U.S.C. §§ 524 and 944, shall immediately, automatically, and irrevocably be terminated and lifted as to MIB and the bond trustee, in which event, MIB and the bond trustee shall be entitled to enforce their rights and remedies in, and with respect to, the collateral securing the bond indebtedness, and to seek rights and remedies as set forth in the Indenture, under any bankruptcy court orders, and under applicable law. Further, in such events, neither the CID nor its board (current and future), shall seek to reimpose the automatic stay, obtain an injunction, or otherwise take any steps or actions to impede the operation of this stay lift provision. The Confirmation Order shall specifically find and decree that these provisions are enforceable against the CID and its board members (current and future).

This term sheet is conditioned on the CID reaching an agreement with the City of Lake Lotawana regarding ownership of the roads (now or hereafter) within the CID on or before November 10, 2017.

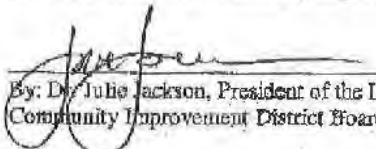
The CID shall obtain board approval of this terms by June 15, 2017.

Upon execution of this term sheet, and after a status conference with the bankruptcy judge presiding over the bankruptcy, the litigation between the parties will be stayed for a period ending November 10, 2017, and the trial date of September 11, 2017 for various matters being litigated by the parties in the bankruptcy shall be rescheduled thereafter if necessary.

Except for those obligations regarding the Trustee set forth in Section 802 of the Indenture, any claims, causes of action, offsets, waivers, equitable claims, arguments, shall be forever waived and released between the Parties upon the issuance of the new bond documents under the confirmed Plan. Bondholder represents there are no unpaid fees, compensation, charges, costs or expenses owing to Trustee that have not or will not be paid by the Bondholder as of the effective date of the Plan

AGREED TO BY:

The Lake Lotawana Community Improvement District


By: Dr. Julie Jackson, President of the Lake Lotawana,
Community Improvement District Board

MI BONDHOLDER LLC

By: Lindsay Olsen
President of Mortgage Investment Trust Corporation,
the sole member of MI Bondholder LLC

Wells Fargo Bank, N.A. in its sole capacity as Trustee

By: _____

Upon execution of this term sheet, and after a status conference with the bankruptcy judge presiding over the bankruptcy, the litigation between the parties will be stayed for a period ending November 10, 2017, and the trial date of September 11, 2017 for various matters being litigated by the parties in the bankruptcy shall be rescheduled thereafter if necessary.

Except for those obligations regarding the Trustee set forth in Section 802 of the Indenture, any claims, causes of action, offsets, waivers, equitable claims, arguments, shall be forever waived and released between the Parties upon the issuance of the new bond documents under the confirmed Plan. Bondholder represents there are no unpaid fees, compensation, charges, costs or expenses owing to Trustee that have not or will not be paid by the Bondholder as of the effective date of the Plan

AGREED TO BY:

The Lake Lotawana Community Improvement District

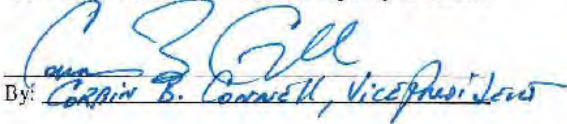
By: Dr. Julie Jackson, President of the Lake Lotawana
Community Improvement District Board

MI BONDHOLDER LLC



By: Lindsay Olsen
President of Mortgage Investment Trust Corporation,
the sole member of MI Bondholder LLC

Wells Fargo Bank, N.A. in its sole capacity as Trustee



By: Corbin B. Corwell, Vice President

EXHIBIT G
NEW BOND DOCUMENTS

(to be filed on the docket once finalized)

EXHIBIT H
COOPERATIVE AGREEMENT

(to be filed on the docket once finalized)