

**DICKINSON WRIGHT PLLC**  
Michael N. Feder (NSB No. 7332)  
Email: [MFeder@dickinsonwright.com](mailto:MFeder@dickinsonwright.com)  
8363 West Sunset Road, Suite 200  
Las Vegas, Nevada 89113  
Telephone: (702) 550-4400  
Facsimile: (844) 670-6009

**NUTI HART LLP**  
Christopher H. Hart (CA Bar No. 184117)  
(By Pro Hac Vice)  
Email: [chart@nutihart.com](mailto:chart@nutihart.com)  
411 30<sup>th</sup> Street, Suite 408  
Oakland, CA 94609-3311  
Telephone: (510) 506-7154

*Attorneys for Interested Party  
Northlight Capital Partners, LLC*

**DAWN M. CICA, ESQ.**  
Nevada Bar 4565  
**MUSHKIN•CICA•COPPEDGE**  
4475 S. Pecos Rd.  
Las Vegas, Nevada 89121d  
(702) 869-8801  
(Fax) (702) 869-2669  
Email: [dcica@mccnvlaw.com](mailto:dcica@mccnvlaw.com)

*Counsel for The Penta Building Group, LLC.*

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

In re:  
  
NEW CAL-NEVA LODGE, LLC,  
  
Debtor.

Bankruptcy No. 16-51282-gwz  
Chapter 11

**THE PENTA BUILDING GROUP, LLC'S  
AND NORTHLIGHT CAPITAL PARTNERS,  
LLC'S JOINT PROPOSED DISCLOSURE  
STATEMENT IN SUPPORT OF AMENDED  
PLAN OF LIQUIDATION FOR NEW CAL-  
NEVA LODGE, LLC DATED JULY 14, 2017**

Date: July 25, 2017  
Time: 1:00 p.m.  
Place: US Bankruptcy Court  
C. Clifton Young Federal Building  
300 Booth St., 5<sup>th</sup> Flr., Crtrm. 1  
Reno, NV 89509  
Judge: Honorable Gregg W. Zive

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT, A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN WILL COMMENCE ONLY IF THIS OR ANY AMENDED DISCLOSURE STATEMENT AND SOLICITATION PROCEDURES IN CONNECTION THEREWITH ARE APPROVED BY THE BANKRUPTCY COURT. THE DEBTOR MAY AMEND OR RESTATE THE PROPOSED DISCLOSURE STATEMENT AT OR PRIOR TO THE HEARING TO APPROVE IT.

DICKINSON WRIGHT PLLC  
8363 West Sunset Road, Suite 200  
Las Vegas, Nevada 89113-2210

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**IMPORTANT**

THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS AND INTEREST HOLDERS OF NEW CAL-NEVA LODGE, LLC ENTITLED TO VOTE ON THE PLAN OF REORGANIZATION LIQUIDATION HEREIN DESCRIBED, AND CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF LIQUIDATION. THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE AS TO THE PLAN OF LIQUIDATION. ALL CREDITORS AND INTEREST HOLDERS ARE URGED TO READ THE DISCLOSURE STATEMENT AND ATTACHMENTS, INCLUDING THE PLAN, WITH CARE AND IN THEIR ENTIRETY.

ON [JULY \_\_, 2017], THE BANKRUPTCY COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE. SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN OF LIQUIDATION HEREIN DESCRIBED ATTACHED AS EXHIBIT A, IS BEING SOUGHT FROM CREDITORS AND INTEREST HOLDERS WHOSE CLAIMS AGAINST AND INTERESTS IN THE DEBTOR ARE IMPAIRED UNDER THE PLAN OF LIQUIDATION. CREDITORS AND INTEREST HOLDERS ENTITLED TO VOTE ON THE PLAN OF LIQUIDATION ARE URGED TO VOTE IN FAVOR OF THE PLAN AND TO RETURN THE BALLOT INCLUDED WITH THIS DISCLOSURE STATEMENT UPON COMPLETION IN THE ENVELOPE PROVIDED.

**GENERAL INFORMATION AND THE PLAN PROPONENT<sup>1</sup>**

New Cal-Neva Lodge, LLC (“Debtor” or “New Cal-Neva”) the debtor and debtor-in-possession in the above-captioned chapter 11 case filed its petition for relief under Chapter 11 of the Bankruptcy Code on July 28, 2016 and is the debtor and debtor-in-possession in the chapter 11 case number BK-N-16-51282.

---

<sup>1</sup> A capitalized term used in this Disclosure Statement that is not defined in this Disclosure Statement, but is defined in the Plan, has the meaning assigned to that term in the Plan. A capitalized term used in this Disclosure Statement that is defined neither in this Disclosure Statement nor in the Plan has the meaning, if any, assigned to that term by the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure or, if none, by common usage.

DICKINSON WRIGHT PLLC  
8363 West Sunset Road, Suite 200  
Las Vegas, Nevada 89113-2210

1 Penta Building Group, LLC (“Penta”), a secured creditor of Debtor and Northlight Capital  
2 Partners (together with Penta “Proponents” or “Proponent”) as the proponents of the Plan filed  
3 July 5, 2017 (as amended, supplemented, or modified, the “Plan”), submit this Disclosure  
4 Statement (as amended, supplemented, or modified, the “Disclosure Statement”) under section  
5 1125 of the Bankruptcy Code and Bankruptcy Rule 3016. The proposed Plan contemplates the  
6 sale of substantially all Debtor’s assets, free and clear, to Northlight and the creation of a  
7 Creditors’ Trust to liquidate any remaining assets for distribution to the Debtor’s general  
8 unsecured creditors.

9 The purpose of this Disclosure Statement is to disclose information adequate to enable  
10 voting holders of Claims of Debtor to arrive at a reasonably informed decision in exercising their  
11 rights to vote on the Plan. A copy of the Plan is attached as Exhibit A hereto. All section  
12 references in this Disclosure Statement are to the Bankruptcy Code unless otherwise indicated.

### 13 **GENERAL SUMMARY OF THE PLAN**

14 The Plan sets forth a proposal for the resolution of all Claims and Interests against the  
15 Debtor and the Estate. Under the Plan, substantially all property of the Debtor other than  
16 Creditors’ Trust Assets and as otherwise specifically described herein will be transferred to  
17 Northlight or an entity created for this purpose, and Northlight will assume only the obligations  
18 specifically assumed or created under the Plan. The Creditors’ Trust Assets shall be transferred to  
19 the Creditors’ Trust to be liquidated for the benefit of the Debtor’s general unsecured creditors.  
20 Upon the Effective Date, all equity Interests in the Debtor will be extinguished.

21 Northlight will invest no more than \$40,000,000 to satisfy the Debtor’s existing claims.  
22 Northlight will make a \$32 million “Plan Payment” for the following purposes: (a) pay the  
23 Debtor’s unsecured priority tax claims, priority non-tax claims, and general administrative  
24 expenses claims and in full in cash on the Effective Date; (b) satisfy Allowed fees of Estate  
25 Professionals in the maximum aggregate amount up to \$1,000,0000 as agreed by such  
26 professionals; (c) create a \$30 million fund to be disbursed on the Effective Date in full  
27 satisfaction of the secured claims of Hall CA-NV, LLC, Ladera Development, LLC, and Penta  
28 (inclusive of its subcontractors), which disbursements to each such creditor will be based on the

DICKINSON WRIGHT PLLC  
 8363 West Sunset Road, Suite 200  
 Las Vegas, Nevada 89113-2210

1 outcome of the Secured Creditors’ Adversary Actions Litigation; (d) pay Allowed amounts of the  
 2 advances with respect to the super priority lien; (e) pay \$30,000 to establish the Creditors’ Trust,  
 3 for benefit of the Debtor’s General Unsecured Claims; and (f) pay the Architect its claim as  
 4 agreed to obtain the copyright, or otherwise right, to use the design plans for the Resort. In  
 5 addition to the Plan Payment, on the Effective Date Northlight will pay Penta and its  
 6 subcontractors \$2 million (the “Transfer Fee”) and will guaranty an additional \$6 million in  
 7 payments to Penta and its Subcontractors to transfer all designs, permits and approvals held by  
 8 Penta and its subcontractors and to agree to enter into a new Construction Contract with  
 9 Northlight (the “Guaranty”). Northlight’s agreement to provide the Guaranty is not contingent on  
 10 the resolution of the Lien Litigation (as defined herein). Northlight will thereafter pay the costs  
 11 to complete the renovation of the Resort.

12 The Plan going Effective is conditioned upon, among other things, Northlight and Penta  
 13 reaching agreement on the Construction Contract and upon Northlight securing financing to  
 14 complete construction of the project once the Plan is confirmed (“Effective Date Conditions”).  
 15 Plan Confirmation is expressly conditioned upon the Proponents reaching agreements with the  
 16 Estate Professionals as to the payment of their fees, reaching agreement with the Architect to the  
 17 payment of its claim, and that the Plan Payment, Transfer Fee and Guaranty do not exceed \$40  
 18 million (“Confirmation Conditions”).

19 Northlight has provided evidence to satisfy Penta and the Official Committee of  
 20 Unsecured Creditors (the “UCC”) that Northlight has immediate cash on hand, and commitment  
 21 to fund, to meet the requirements of the Plan, including the ability to fund the Plan Payment,  
 22 Transfer Fee and Guaranty.

23 The Creditors’ Trustee will be authorized to liquidate and distribute all Creditors’ Trust  
 24 Assets assigned to the Creditors’ Trust for the benefit of General Unsecured Claims.

25 The treatment under the Plan of allowed Claims and Interests in each class is summarized  
 26 as follows:

Class	Type of Allowed Claim or Equity Interest	Status
1	Hall Super Priority Lien	Unimpaired Deemed to accept

2	Priority Non-Tax Claims	Unimpaired Deemed to accept
3	Secured Claim of Hall CA-NV, LLC	Impaired <sup>2</sup>
4	Secured Claim of Ladera Development	Impaired
5	Secured Claim of The Penta Building Group, Inc. and other Mechanic's Lien Claims	Impaired <sup>3</sup>
6	General Unsecured Claims	Impaired
7	Equity Interests	Impaired Deemed to reject
8	Architect Claim	Impaired

In addition, the Plan provides for the resolution of Disputed Claims through a series of mechanisms more fully described in the Plan. As set forth in the Liquidation Analysis set forth below, the Proponent believes approval of the Plan will result in a higher recovery for Holders of Claims and Interests than if the Debtor's estate was liquidated in a Chapter 7.

This Disclosure Statement is not intended to replace a careful review and analysis of the Plan, which should include a careful review of the specific treatment of your Claims under the Plan. It is submitted as an aid and supplement to your review of the Plan to explain the terms of the Plan. Every effort has been made to explain fully various aspects of the Plan as they affect holders of Claims and Interests. If any questions arise, the Proponent urges you to consult with your own counsel to understand the import and effect of the Plan.

#### **EFFECTIVE DATE OF THE PLAN**

The Effective Date of the Plan will occur on the first Business Day after the Confirmation Date on which no stay of the Confirmation Order is in effect and all conditions to the occurrence of the Effective Date set forth in the Plan have been satisfied or waived in accordance with the Plan.

#### **RECOMMENDATION OF THE PLAN PROPONENT**

**[The Proponents are not soliciting ballots at this time. This language is included to reflect the language to be used *if and when* a final disclosure statement is approved.]** The

<sup>2</sup> Subject to the discussion below in Article III Section H.9

<sup>3</sup> Subject to the discussion below in Article III Section H.9

1 Proponent urges and recommends that all Creditors and Interest Holders entitled to vote on the  
2 Plan vote in favor of the Plan.

3 The Proponent believes that (1) the Plan provides the best possible result for the Holders  
4 of Claims against the Debtor, (2) with respect to each Impaired class of Claims, the Distributions  
5 under the Plan are greater than the amounts that would be received if the Debtor was to liquidate  
6 under Chapter 7 of the Bankruptcy Code, and (3) acceptance of the Plan is in the best interest of  
7 Holders of Claims and Interests.

8 In arriving at its conclusions, the Proponent considered (1) the limited alternatives  
9 available to the Debtor to restructure their debts, (2) the Debtor's liquidation value, (3) the  
10 appraised value of the property, and (4) the rights, in both payment and security position, of the  
11 Debtor's creditors and Interest Holders.

### 12 **BALLOTING AND OTHER INFORMATION**

13 Ballots, which are included in the enclosed Plan materials, should be properly completed,  
14 executed and received by the offices of Nuti Hart LLP, 411 30th Street, Suite 408, Oakland,  
15 California, 94609-3311, Attn: Christopher H. Hart, no later than 5:00 p.m. prevailing Pacific  
16 Time on August \_\_, 2017. A hearing to consider Confirmation of the Plan will be held  
17 commencing at 10:00 a.m., on August 16, 2017, before the Honorable United States Bankruptcy  
18 Judge Gregg W. Zive, at the C. Clifton Young Federal Building located at 300 Booth Street,  
19 Reno, Nevada. The Confirmation Hearing may be adjourned from time to time without further  
20 notice. Any objections to confirmation of the Plan must be in writing and must be filed with the  
21 Clerk of the Bankruptcy Court and served as set forth in a separate notice of hearing provided.

### 22 **QUESTIONS**

23 All inquiries regarding the Plan or the Disclosure Statement may be directed to counsel  
24 for Northlight as follows:

25 Christopher H. Hart  
26 **NUTI HART LLP**  
27 411 30th Street, Suite 408  
28 Oakland, CA 94609-3311  
510-506-7154  
chart@nutihart.com

**ARTICLE I. – INTRODUCTION**

1  
2 On June 10, 2016, Cal Neva commenced a bankruptcy case by filing a voluntary petition  
3 for relief under chapter 11 of the Bankruptcy Code. On July 28, 2016, New Cal-Neva  
4 commenced the Case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy  
5 Code. Both bankruptcy cases are pending before the Bankruptcy Court for the District of  
6 Nevada, Reno Division, the Honorable Gregg W. Zive, United States Bankruptcy Judge,  
7 presiding. Since New Cal-Neva filed its bankruptcy case, New Cal-Neva has continued in  
8 possession of the Real Property and assets and has continued to manage such Real Property and  
9 assets as debtor in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No  
10 request has been made for the appointment of a trustee or an examiner in this Case. An official  
11 Committee of unsecured creditors was appointed in the Case on September 13, 2016. The  
12 Proponent filed the Amended Plan on July 14, 2017 and filed this Disclosure Statement, on July  
13 14, 2017. A copy of the Plan accompanies this Disclosure Statement.

14 The Proponent has prepared this Disclosure Statement in connection with the solicitation  
15 of acceptances of the Plan. The purpose of this Disclosure Statement is to set forth information  
16 regarding the Debtor and the Plan to assist Creditors and Interest Holders in making an informed  
17 judgment as to whether they should accept or reject the Plan. This Disclosure Statement does not  
18 reflect any events which may occur subsequent to July 14, 2017, and, except as otherwise set  
19 forth herein, it is not anticipated that any amendments or supplements to the Disclosure  
20 Statement will be distributed to reflect changes subsequent to that date.

21 Although the terms of the Plan are summarized in this Disclosure Statement, parties in  
22 interest should refer to the Plan itself with regard to each specific term or provision. *ALL*  
23 *SUMMARIES OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT ARE*  
24 *QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH ITSELF IS CONTROLLING.*

25 No statements concerning the Debtor, the value of its assets, or the value of any benefit  
26 offered to any holder of any Claim or Interests in connection with the Plan should be relied on  
27 other than as set forth in this Disclosure Statement. In arriving at a decision, parties should not  
28 rely on any representation or inducement made to secure their acceptance or rejection that is

DICKINSON WRIGHT PLLC  
8363 West Sunset Road, Suite 200  
Las Vegas, Nevada 89113-2210



1 contrary to information contained in this Disclosure Statement. Any such additional  
2 representations or inducements should be reported immediately to undersigned counsel for the  
3 Proponent.

4 **A. Disclaimers**

5 *PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY BEFORE YOU VOTE*  
6 *ON THE PLAN. ALL PREVIOUS STATEMENTS AND REPRESENTATIONS MADE BY OR ON*  
7 *BEHALF OF THE DEBTOR OR THE PROPONENTS ARE EXPRESSLY SUPERSEDED BY*  
8 *THIS DISCLOSURE STATEMENT. ALL OF THE STATEMENTS AND REPRESENTATIONS*  
9 *RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA HEREIN ARE THOSE OF*  
10 *THE DEBTOR, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES.*  
11 *PROFESSIONALS EMPLOYED BY THE PROPONENT HAVE ASSISTED IN THE*  
12 *PREPARATION OF THIS DISCLOSURE STATEMENT BASED ON FACTUAL INFORMATION*  
13 *AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA*  
14 *PROVIDED BY THE DEBTOR’S MANAGEMENT OR REFLECTED IN PLEADINGS FILED*  
15 *WITH THE BANKRUPTCY COURT, NOT PERSONAL KNOWLEDGE OR ASSUMPTIONS.*

16 *WHILE THE INFORMATION PROVIDED HEREIN IS BELIEVED RELIABLE, THE*  
17 *PROPONENT HAS NOT UNDERTAKEN TO VERIFY OR INVESTIGATE SUCH*  
18 *INFORMATION, AND MAKES NO REPRESENTATION AS TO THE ACCURACY OR*  
19 *COMPLETENESS OF THE INFORMATION. THE STATEMENTS MADE IN THIS*  
20 *DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO*  
21 *THE PLAN, THE APPENDICES ATTACHED HERETO, AND OTHER DOCUMENTS*  
22 *REFERENCED AS FILED WITH THE BANKRUPTCY COURT BEFORE OR*  
23 *CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT.*  
24 *FURTHERMORE, THE PROJECTED FINANCIAL INFORMATION CONTAINED HEREIN*  
25 *HAS NOT BEEN THE SUBJECT OF AN AUDIT.*

26 *DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE*  
27 *CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER EXPRESS OR*  
28 *IMPLIED, BY THE PROPONENT OR ITS PROFESSIONAL CONSULTANTS THAT THE PLAN*



1 *IS FREE FROM RISK, THAT THE ACCEPTANCE OF THE PLAN WILL RESULT IN A RISK-*  
2 *FREE RESTRUCTURING OF THE DEBTOR'S OBLIGATIONS OR THAT THE OBLIGATIONS*  
3 *OF THE DEBTOR AS RESTRUCTURED BY THE PLAN WILL BE FULLY PERFORMED IN*  
4 *THE FUTURE WITHOUT RISK OF FURTHER DEFAULT.*

5 *ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CONSIDER*  
6 *CAREFULLY THE MATTERS DESCRIBED IN THE PLAN AND DISCLOSURE STATEMENT*  
7 *AS A WHOLE, INCLUDING THE "RISK FACTORS" DESCRIBED IN BELOW IN THIS*  
8 *DISCLOSURE STATEMENT, PRIOR TO VOTING ON THE PLAN. IN MAKING A DECISION*  
9 *TO ACCEPT OR REJECT THE PLAN, EACH CREDITOR AND INTEREST HOLDER*  
10 *ENTITLED TO VOTE THEREON MUST RELY ON ITS OWN EXAMINATION OF THE*  
11 *DEBTOR AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE*  
12 *PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. IN ADDITION, CONFIRMATION*  
13 *AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS PRECEDENT*  
14 *THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN. THERE CAN BE NO*  
15 *ASSURANCE THAT EACH OF THESE CONDITIONS PRECEDENT WILL BE SATISFIED OR*  
16 *WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE CONSUMMATED.*

17 *WITH THE EXCEPTION OF HISTORICAL INFORMATION, SOME MATTERS*  
18 *DISCUSSED HEREIN, INCLUDING THE PROJECTIONS AND VALUATION ANALYSIS*  
19 *DESCRIBED HEREIN ARE "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING*  
20 *OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-*  
21 *LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER*  
22 *FACTORS WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM*  
23 *FUTURE RESULTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING*  
24 *STATEMENTS.*

25 *THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH*  
26 *11 U.S.C. § 1125 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES*  
27 *LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. ENTITIES HOLDING OR*  
28 *TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS*

1 *AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN*  
2 *LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.*

3 **ARTICLE II. - DESCRIPTION OF THE DEBTOR, THE BANKRUPTCY FILINGS,**  
4 **AND DEBTOR’S BUSINESS AND ASSETS**

5 **A. General Background of the Debtor**

6 1. Formation of New Cal-Neva and Acquisition of the Property.

7 Debtor New Cal-Neva is a Nevada limited liability company. On April 8, 2013, Canyon  
8 Partners Realty Holding Company IV Cal-Neva LLC (“Canyon”) (the prior owner of the Real  
9 Property) formed New Cal-Neva by filing its Articles of Organization with the Secretary of State  
10 of Nevada pursuant to the limited liability company laws of the State of Nevada and by entering  
11 into an operating agreement for New Cal-Neva. Cal Neva became a member in New Cal-Neva  
12 pursuant to that certain Amended and Restated Limited Liability Company Agreement dated  
13 April 19, 2013, and Cal Neva subsequently purchased the interest of Canyon in New Cal-Neva.

14 2. Management of New Cal-Neva.

15 Since New Cal-Neva’s acquisition of the Real Property, Cal Neva has been the sole  
16 member of New Cal-Neva. Cal Neva is the managing member of New Cal-Neva and Robert  
17 Radovan serves as its President and Secretary and William Criswell is the Chief Executive  
18 Officer. By order of the Bankruptcy Court entered September 19, 2016, Robert Radovan was  
19 designated as New Cal-Neva’s Responsible Individual.

20 **B. Description of the Resort and Related Assets**

21 1. The Resort

22 New Cal-Neva’s principal asset is an iconic hotel, spa & casino known as the Cal-Neva  
23 Resort Hotel & Casino (the “Resort”). The Resort is comprised of approximately 13.5 acres  
24 located along the North Shore of Lake Tahoe that straddles over two states in Crystal Bay,  
25 Nevada and Kings Beach, California. The Resort includes 191 hotel guestrooms, cabins and  
26 terrace rooms, a full-service spa, a gambling and casino floor, showrooms, restaurants, meeting  
27 space, and retail. In addition, as explained in more detail below. New Cal-Neva’s wholly owned  
28 subsidiary owns the Fairwinds Estate, a lakefront property adjacent to the Resort.

1 The Resort was originally developed in or about 1926, burned down in 1937, and was  
2 reconstructed. In 2013, Cal Neva purchased the equity in New Cal-Neva Lodge and began the  
3 renovation and closed the property. See Section 4 below.

4 In late 2014, New Cal-Neva obtained additional funds from Hall and Ladera. See Section  
5 4 below. In 2015, the renovation stalled and the existing financing was determined to be  
6 inadequate to pay the costs of completion based upon the remaining costs at that time. The  
7 renovation, which was approximately 60 percent complete, then ceased.

8 Facing foreclosure by Ladera, on June 10, 2016, Cal Neva filed a petition for relief under  
9 Chapter 11 in the United States Bankruptcy Court for the Northern District of California. On July  
10 28, 2016, Debtor New Cal-Neva filed its petition for relief under Chapter 11 in the United States  
11 Bankruptcy Court for the Northern District of California. Subsequently, on October 13, 2016,  
12 both Chapter 11 cases were transferred to the United States Bankruptcy Court for the District of  
13 Nevada.

14 Since 2015, the Real Property has been preserved and maintained pursuant to advances  
15 made by the senior lender Hall and work performed and/or paid for by Penta.

16 2. The Furniture, Fixtures and Equipment.

17 To date, New Cal-Neva estimates that it has purchased approximately 60-70% of the  
18 furniture, fixtures and equipment necessary to open and operate the Resort (the “FF&E”) and  
19 New Cal-Neva reports that the FF&E is stored off-site in Sparks, Nevada.

20 3. The Fairwinds Estate.

21 The Fairwinds Estate is adjacent to the Resort at 9898 Lake Street, Kings Beach,  
22 California. The Fairwinds Estate is encumbered by a mortgage in favor of Capital One Bank with  
23 an outstanding balance of approximately \$4.1 million. Northlight is informed and believes that  
24 Capital One has recorded a notice of default with respect to that mortgage asserting past due  
25 payments of approximately \$500,000.

26 In October 2014, the Fairwinds Estate was owned by 9898 Lake, LLC (“9898 Lake”).  
27 Paul and Evy Paye, LLC (“Paye”) owned 100% of the membership interests in 9898 Lake. In  
28 October 2014, pursuant to an Exchange Agreement entered into by Paye and Cal Neva, Paye

1 transferred all of its interests in 9898 Lake to New Cal-Neva's wholly-owned subsidiary CR  
2 Lake Tahoe, LLC ("CR Lake Tahoe") in exchange for Paye's receipt of certain equity interests  
3 in Cal Neva. The sole member of CR Lake Tahoe is New Cal-Neva. Cal Neva, New Cal-Neva  
4 and Paye valued the equity in the property at \$2 million. Paye received an equity interest in Cal  
5 Neva of 6.19% and Paye's broker, Marriner Real Estate, LLC ("Marriner") received an equity  
6 interest in Cal Neva of 0.65%. Since that date and at all times relevant hereto, Paye and  
7 Marriner have held themselves out as members of Cal Neva, and 9898 Lake, which retained title  
8 to the Fairwinds Estate, has been wholly owned by CR Lake Tahoe. CR Lake Tahoe is the sole  
9 member of 9898 Lake and controls 9898 Lake.

10 Under the Plan, Northlight is obtaining 100% of New Cal Neva's ownership interest in  
11 CR Lake Tahoe, which includes 100% ownership interest in 9898 Lake and, thus, ultimate  
12 ownership of the Fairwinds Estate, including all claims related thereto.

13 4. The Secured Creditors' Adversary Actions.

14 In July 2013, Penta entered into a pre-construction contract (the "Preconstruction  
15 Contract") with New Cal Neva whereby Penta agreed to act as the construction manager for  
16 certain construction renovations (the "Renovation") to the Resort.

17 Based on the June 26, 2013 budget for the Renovation, New Cal Neva anticipated  
18 spending \$16,747,000 for construction costs. That budget itemized the various scopes of work  
19 comprising the total renovation, including scopes for "Tower Roof" and "Low Building Roof"  
20 renovations and "Abatement/Demolition" work. Under the Preconstruction Contract, Penta and  
21 New Cal Neva anticipated preconstruction services to commence July 1, 2013 and run through  
22 September 13, 2013, at which point the parties anticipated entering into a Gross Maximum Price  
23 Contract (the "GMP Contract").

24 Because New Cal Neva wanted to keep the Resort open to the public for as long as  
25 possible during construction, the renovation was to be performed in multiple phases, some of  
26 which Penta would handle as the general contractor and some of which would be handled by  
27 non-union contractors, but all of which would be managed and/or coordinated by Penta.

28 During the first phase of the Renovation, Penta entered into another contract in August

1 2013 to remove and replace the roof of the tower so the rest of the renovations to the interior of  
2 the tower could be performed in a waterproof building (the “Tower Roof Renovations”) and that  
3 scope of work came out of the GMP Contract. Once the Tower Roof Renovations were  
4 completed, Penta entered into another separate contract to renovate the model room so New Cal  
5 Neva could see what the rest of the rooms would look like upon completion of the Renovation.  
6 The Property remained open to the public while the Roof Renovations were performed and the  
7 Model Room was renovated.

8 After that phase of the Renovation, in September 2013, the Property was closed to the  
9 public and Penta installed a construction fence around the entire Property. On October 15, 2013,  
10 Penta entered into another agreement with New Cal Neva to install a new roof at the lower retail  
11 space area, and that work also came out of the GMP Contract scope of work.

12 Certain portions of the Renovation, such as asbestos removal and the boiler work, were  
13 initially excluded from the GMP Contract scope of work and were performed by nonunion  
14 contractors although Penta was responsible for bidding the work and supervising and managing  
15 the work under the Preconstruction Agreement.

16 While the roof work was ongoing, also in early October 2013, American Chiller Services,  
17 Inc. (“ACSI”) entered into an agreement with New Cal Neva to replace the boiler to maintain  
18 heat throughout the low-rise building (the “Boiler Work”) under Penta’s supervision. The Boiler  
19 Work was extensive and required ACSI to remove the old boiler and pipes and install new pipes  
20 and conduit throughout the Property. ACSI started the Boiler Work in early October 2013 and it  
21 was not completed until April 2014.

22 In early November 2013, Cal-Neva hired LVI to perform asbestos abatement work for the  
23 renovation in the main tower. The abatement work began in November of 2013. That work was  
24 extensive throughout the Property; however, it had to be performed very strategically as to only  
25 remove certain necessary walls, but leaving all demising walls and other areas of the building  
26 that would not be disturbed by the renovation.

27 In December of 2013, New Cal Neva owner notified Penta and the other contractors that  
28 it was having financial difficulties so Penta and its workforce ceased work in January 2014. The

1 boiler work was still ongoing and the asbestos work was only partially complete. Because LVI  
2 anticipated a relatively speedy resolution of the financial issues, LVI left all its asbestos  
3 abatement equipment (including containment barriers and negative air machines) at the Resort  
4 through the summer of 2014. While a portion of the roof had been renovated, the GMP Contract  
5 contemplated additional roof work, so the screening around the roof was left in place and the  
6 membranes around the sides were left open.

7 In February 2014 Hall hired its agent, Marx Okubo, as a construction representative to  
8 provide a report regarding the status of the Renovation, the remaining cost to complete and the  
9 schedule as set forth in the GMP Contract. Starting in February 2014 Marx Okubo was on site  
10 inspecting the renovation work that had been done (a portion of which was still ongoing) and  
11 doing due diligence with respect to the remaining work and cost and the schedule. The report  
12 detailed the Renovation work that had been completed. The GMP Contract had to be revised to  
13 include the completion of the asbestos remediation. Penta and the Owner executed the revised,  
14 agreed upon GMP Contract on July 30, 2014, which Hall had approved pursuant to its financing  
15 condition.

16 In mid-September 2014, as part of the loan closing, Penta signed a Contractor's  
17 Agreement and Consent to Assignment of Construction Documents (the "Consent to  
18 Assignment"). The Consent to Assignment assigned certain rights to Hall, included a  
19 representation by Penta that the work, to be completed under the GMP Contract, had not  
20 commenced and which purportedly subordinated Penta's mechanics' liens to the lien to be filed  
21 by Hall. Hall also required Penta to sign a separate subordination agreement (the "Subordination  
22 Agreement") as part of the loan documents, which was signed on September 30, which also  
23 purported to subordinate Penta's mechanics' liens to the lien to be filed by Hall.

24 On October 2, 2014, Hall and Ladera both recorded Construction Deeds of Trust,  
25 Security Agreement and Fixture Filing with Assignment of Rents and Leases, in Washoe  
26 County, Nevada and Placer County, California (collectively, the "Deeds of Trust.").

27 In October 2015, Hall stopped funding the Project and New Cal Neva was unable to pay  
28 Penta for the unpaid labor, materials and equipment it and its subcontractors furnished to the

1 Project (the “Work”). In the Winter of 2015, once Penta realized that Hall had discontinued  
2 disbursements to New Cal-Neva, Penta notified New Cal-Neva and Hall that it was stopping  
3 work and leaving the site.

4 In January of 2016, Hall sent a default notice to the Debtor and began its foreclosure  
5 proceedings in Nevada and California in March 2016.

6 Penta recorded its Notices of Lien in Nevada and California in February 2016. Following  
7 the Notices of Lien, in April 2016 Penta proceeded to foreclose its mechanics liens. Penta also  
8 terminated the GMP Contract.

9 In its state court foreclosure proceedings Penta asserted a claim of priority over the Deeds  
10 of Trust based on the fact that the Renovation (or work of improvement under Nevada law)  
11 started in the Summer of 2013 and Hall had knowledge of the Renovation work.

12 Hall asserts that the various Renovation work done prior to the GMP Contract notice to  
13 proceed (the fencing around the Property, the tower and low-rise roof replacement, the model  
14 room, the abatement work and the replacement of the boiler) was not part of the Renovation  
15 (work of improvement) and thus the Renovation (work of improvement) did not start until the  
16 notice to proceed was given under the GMP Contract.

17 Once the bankruptcy case had been transferred to the District of Nevada, Hall removed  
18 Penta’s state court foreclosure proceedings to the Bankruptcy Court given that resolution of the  
19 lien priority was a central issue in the bankruptcy case.

20 Penta filed a Partial Motion for Summary Judgment in the Secured Creditors’ Adversary  
21 Actions scheduled to be heard on August 16, 2017. Hall and Ladera have tendered the defense  
22 of the lien priority litigation to the title company under their title policies, and have commenced  
23 global discovery of all issues.

24 **C. The Liabilities of the Debtor**

25 1. Secured Claims

26 Hall. Hall is the senior consensually secured creditor of the Debtor, with an asserted  
27 Secured Claim of approximately \$29 million secured by substantially all the Debtor’s assets,  
28 including all of the Debtor’s real property.



1 Ladera. Ladera is a junior consensually secured creditor of the Debtor, with an asserted  
2 Secured Claim of approximately \$8.8 million secured by substantially all the Debtor’s assets,  
3 including all the Debtor’s real property. In addition, Cal Neva pledged its 100% membership  
4 interest in New Cal Neva to Ladera as additional Collateral.

5 Penta Secured Claim, Subcontractors’ Secured Claims and Other Mechanic’s Lien  
6 Claims. Penta is the general contractor who performed work on the Debtor’s renovation of the  
7 Resort and is owed approximately \$10.6 million secured by statutory liens on the Debtor’s real  
8 property. Holders of Mechanic’s Lien Claims and Other Secured Claims who are primarily  
9 contractors and sub-contractors with statutory liens against the Debtor’s real property, assert that  
10 they are owed approximately \$680,000. The relative priority of Penta’s Secured Claims, Hall  
11 Secured Claims, Ladera Secured Claims, and the amounts of Mechanic's Lien Claims are  
12 subjects in dispute, which will be resolved as part of the Secured Creditors’ Adversary Actions  
13 described here.

14 Real Property Tax Claims. Placer County Tax Collector and Washoe County Treasurer  
15 assert secured claims in the aggregate amount of approximately \$167,215 for unpaid real  
16 property taxes owed by the Debtor.

17 2. Unsecured Claims

18 As of the filing date hereof, the Proponent estimates that unpaid Administrative Expense  
19 Claims against the Debtor as of the Effective Date will be approximately \$1,142,325.

20 There are Priority Tax Claims total approximately \$1,700. Non-Tax Priority Claims total  
21 \$2,666.

22 Scheduled and filed General Unsecured Claims in the New Cal Neva Case total  
23 approximately \$2.1 million.

24 The Debtor’s liabilities can be approximately summarized as follows, with total payoffs  
25 subject to additional accruals after the respective payoff dates:

26 **SECURED**

27 Hall 29,046,005

28

1	Ladera	8,765,945	
2	Penta	9,151,534	
3	Capital One	4,140,000	
4	<u>Other Secured</u>	<u>847,347</u>	
5		<b>Total Secured</b>	<b>\$51,950,831</b>
6	<b><u>UNSECURED</u></b>		
7	Admin Expense	1,142,325	
8	Priority	4,365	
9	<u>General Unsecured</u>	<u>2,100,000</u>	
10		<b>Total Unsecured</b>	<b>3,246,690</b>
11			

#### 12 **D. Litigation**

13 New Cal Neva is a party to that certain litigation commenced by plaintiff Xavier Moulin  
14 against defendants Criswell Radovan, LLC, New Cal-Neva Lodge, and others filed in the Second  
15 Judicial District Court of the State of Nevada in and for the County of Washoe. The plaintiff  
16 alleges causes of action for damages of approximately \$103,000 allegedly arising out of a breach  
17 of an employment agreement. The litigation remains stayed by the automatic stay of section  
18 362(a) of the Bankruptcy Code as to Debtor New Cal Neva.

#### 19 **E. Significant Events During the Cases**

20 Both the Cal Neva and New Cal Neva cases were originally filed in the United States  
21 Bankruptcy Court for the Northern District of California. An order transferring venue of the both  
22 bankruptcy cases from Santa Rosa to Reno was entered September 28, 2016, with the effective  
23 date of the transfer being October 13, 2016. Upon the transfer of the cases to Reno, they were  
24 initially assigned to Bankruptcy Judge Bruce Beasley, but were later reassigned to Bankruptcy  
25 Judge Gregg W. Zive.

26 The deadline to file proofs of claim was December 1, 2016.

27 On September 13, 2016, the U.S. Trustee appointed the Official Committee of Unsecured  
28 Creditors (the "Committee").

1 By orders entered September 19, 2016, and January 4, 2017, the Bankruptcy Court  
2 approved the Debtor’s use of cash collateral and post-petition financing from Hall, both of which  
3 are needed to maintain and preserve the Resort, pending completion of the Renovation,  
4 particularly during the winter season. To date, Hall has advanced approximately \$627,500 since  
5 the filing of the Case. Advances for expenses to preserve the Resort are both secured advances  
6 and entitled to treatment as super-priority claims.

7 In January 2017, the Bankruptcy Court approved proposed bidding, auction, and sale  
8 procedures for a sale of the assets of both the Debtor and Cal Neva under section 363 of the  
9 Bankruptcy Code. No interested party submitted a “Qualified Bid” sufficient to redeem the  
10 outstanding secured debt, and the auction was cancelled. There is no indication at this time that  
11 there is a prospect for a sale in excess of the Secured Claims or in an amount greater than the \$30  
12 million paid under the Plan.

13 On February 23, 2017, Hall filed a motion for relief from the automatic stay of section  
14 362(a) of the Bankruptcy Code to foreclose on its liens. Confirmation of the Plan would resolve  
15 the issues raised in Hall’s motion.

16 On March 1, 2017, Ladera filed a motion for relief from the automatic stay of section  
17 362(a) of the Bankruptcy Code to foreclose on Cal Neva’s membership interests in New Cal  
18 Neva. The Plan contemplates extinguishing all Interests in the Debtor, and if Confirmed would  
19 make that motion moot.

20 On January 6, 2017, certain members of Cal Neva filed a chapter 11 plan and disclosure  
21 statement in the Cal Neva bankruptcy case. A hearing to consider approval of the disclosure  
22 statement took place on February 21, 2017. Numerous objections to the disclosure statement  
23 were filed with the Bankruptcy Court. The plan and disclosure statement were amended on  
24 March 22, 2017. At hearings held on February 21, 2017, May 2, 2017, and June 1, 2017, the  
25 Bankruptcy Court denied approval of the disclosure statement and the plan and disclosure  
26 statement were withdrawn by the Plan proponents.

27 On February 27, 2017, Cal Neva filed a Chapter 11 plan and disclosure statement in both  
28 the Cal Neva bankruptcy case and the New Cal Neva Case, which were amended on March 22,

1 2017. At hearings held May 2, 2017, and June 1, 2017, the Bankruptcy Court denied approval of  
 2 the disclosure statement and the plan and disclosure Statement were withdrawn by the  
 3 proponents of that plan.

4 At the June 1, 2017, hearing the Court denied the U.S. Trustee's Motion to Dismiss.

5 The Court set July 5, 2017, as the deadline to file new plans and disclosure statements  
 6 prompting the Plan Proponents filed their Plan, Amended Plan and this Disclosure Statement.

### 7 **SECTION III. - DESCRIPTION AND SUMMARY OF THE PLAN**

#### 8 **A. Description and Treatment of Unclassified Claims**

9 In accordance with Bankruptcy Code section 1123(a)(1), Administrative Expense Claims  
 10 and Priority Tax Claims have not been classified in the Plan and, therefore, are excluded from  
 11 the Classes of Claims and Interests set forth in the Plan. The Plan provides the following  
 12 treatment of Administrative Expense Claims and Priority Tax Claims:

#### 13 **B. Administrative Expense Claims**

14 Administrative Expense Claims consist of Claims that accrued or were incurred by the  
 15 Debtor following the filing of the Case, including, but not limited to fees and costs incurred by  
 16 Estate Professionals, costs incurred to maintain and preserve the Property of the Estate, and  
 17 obligations incurred in the ordinary course of business of the Debtor. Pursuant to Bankruptcy  
 18 Code section 1129(a)(9)(A), for Administrative Expense Claims, except related to Estate  
 19 Professionals, the Plan provides that except as otherwise agreed to by the Proponent and the  
 20 Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full in  
 21 Cash on the later of (i) as soon as practicable after the date such Allowed Administrative  
 22 Expense Claim becomes due in accordance with its terms, and (ii) the Effective Date. If  
 23 Northlight or the Debtor Dispute any portion of an Administrative Expense Claim, the Debtor or  
 24 Northlight, as applicable, shall pay the Allowed portion of such Claim in full in Cash within 30  
 25 days after the entry of a Final Order Allowing such Disputed Administrative Expense Claim.

26 Confirmation of the Plan is conditioned upon the Estate Professionals and Proponents  
 27 reaching an agreement on payment of the Estate Professional's Administrative Expense Claims.

#### 28 **C. Administrative Claims Bar Date**

1 The Plan provides that all requests for payment of administrative costs and expenses  
 2 incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1) and 503(b),  
 3 except for Administrative Claims asserted by Estate Professionals, must be served and filed with  
 4 the Bankruptcy Court no later than thirty (30) days after the Effective Date (“Administrative  
 5 Claims Bar Date”). Holders of Administrative Claims that are required to, but do not, file and  
 6 serve a request for payment of such Claims by the Administrative Claims Bar Date shall be  
 7 forever barred, estopped, and enjoined from asserting such Claims against the Debtor or the  
 8 Northlight or from sharing in any distribution under the Plan. Northlight or the Creditors’  
 9 Trustee must file any Objections to such requests, if any, no later than ninety (90) days after the  
 10 Administrative Claims Bar Date. Notwithstanding the foregoing, no request for payment of an  
 11 Administrative Claim need be filed with respect to an Administrative Claim previously Allowed  
 12 by a Final Order, including any and all Administrative Claims expressly Allowed under the Plan.

13 **D. Professional Fees and Expenses**

14 Prior to the first day of the hearing on Plan Confirmation, each Estate Professional shall  
 15 submit a Fee Application for the allowance of compensation for services rendered and  
 16 reimbursement of expenses incurred through that date, with an estimate for fees and costs  
 17 incurred through the Effective Date. Estate Professionals that do not submit a claim consistent  
 18 with this provision, shall be forever barred, estopped, and enjoined from asserting such claims  
 19 against the Debtor or the Creditors’ Trust or sharing in any distributions under the Plan.

20 On or after the Effective Date, Northlight will pay up to an aggregate of \$1,000,000 for  
 21 Estate Professionals on a pro rata basis, or other agreement with Northlight.

22 An express condition of Plan Confirmation is agreement amongst the Estate Professionals  
 23 to how this pool shall be allocated.

24 **E. Priority Tax Claims**

25 Priority Tax Claims are those Claims entitled to priority pursuant to Bankruptcy Code  
 26 section 507(a)(8). The Plan provides that each holder of an Allowed Priority Tax Claim shall be  
 27 paid in full and final satisfaction, settlement, and release of and in exchange for each Allowed  
 28 Priority Tax Claim either (i) upon such terms as may be agreed to between Northlight and such

holder of an Allowed Priority Tax Claim or (ii) in full in Cash from the Plan Payment on the later of the Effective Date or the date that such Allowed Priority Tax Claim would have been due if the chapter 11 case had not been commenced. The Proponent is aware of only one asserted Priority Tax Claim in the Case in the amount of \$1,698.32.

**F. U.S. Trustee Fees**

The Plan provides that the Debtor before the Effective Date or, on or after the Effective Date, the Creditors' Trust will pay all U.S. Trustee's Fees in full without prior approval under 8 U.S.C. § 1930 and will continue to pay all U.S. Trustee's Fees until the Case is closed, dismissed, or converted to another chapter of the Bankruptcy Code.

**G. Description and Treatment of Classified Claims and Interests**

As required by the Bankruptcy Code, the Plan places Claims and Interests into various Classes according to their right to priority and other relative rights. The Plan specified whether each Class of Claims or Interests is Impaired, Unimpaired, and the Plan sets forth the treatment each Class will receive. The table below lists the Classes of Claims and Interests established under the Plan.

Class	Type of Allowed Claim or Equity Interest	Status
1	Hall Super Priority Lien	Unimpaired
2	Priority Non-Tax Claims	Unimpaired
3	Secured Claim of Hall CA-NV, LLC	Impaired
4	Secured Claim of Ladera Development	Impaired
5	Secured Claim of The Penta Building Group, Inc. and other Mechanic's Lien Claims	Impaired
6	General Unsecured Claims	Impaired
7	Equity Interests	Impaired
8	Architect Claim	Impaired

**H. Treatment of Claims and Interests**

The following summarizes the treatment of each Class of Claims and Interests in the

1 Plan:

2 1. Class 1 – Hall Super Priority Lien Claim

3 i. Classification: Class 1 consists of the Super Priority Lien Claim.

4 ii. Treatment: In full and final satisfaction, settlement, release, and discharge  
5 of and in exchange for the Super Priority Lien Claim, on the later of (a) the Effective Date and  
6 (b) the date on which the Super Priority Lien Claim becomes Allowed, or as soon thereafter,  
7 each Holder of such Super Priority Lien Claim shall be paid in full in Cash.

8 iii. Voting: Class 1 is Unimpaired. Pursuant to Bankruptcy Code section  
9 1126(f), the Holder of the Super Priority Lien Claim is conclusively presumed to accept the Plan.

10 2. Class 2 – Priority Non-Tax Claims

11 i. Classification: Class 2 consists of all Priority Non-Tax Claims, which  
12 consist of all Allowed Claims entitled to priority under section 507(a) of the Bankruptcy Code  
13 other than Administrative Expense Claims and Priority Tax Claims.

14 ii. Treatment: In full and final satisfaction, settlement, and release of and in  
15 exchange for each Allowed Priority Non-Tax Claim, on the later of (a) the Effective Date and (b)  
16 the date on which such Priority Non-Tax Claim becomes Allowed, or as soon thereafter, each  
17 Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash from the Plan  
18 Payment.

19 iii. Voting: Class 2 is Unimpaired. Pursuant to Bankruptcy Code section  
20 1126(f), Holders of Allowed Priority Non-Tax Claims are conclusively presumed to accept the  
21 Plan and, therefore, are not entitled to vote on the Plan.

22 3. Class 3 – Hall Secured Claim

23 i. Classification: Class 3 consists of the Allowed Amount of the Secured  
24 Claim of Hall to the extent Secured by a valid, enforceable lien against Collateral.

25 ii. Treatment: Except to the extent that Hall agrees to a less favorable  
26 treatment in writing, as of the Effective Date, Hall’s lien against the Collateral shall be  
27 extinguished and attached to the Secured Creditor Fund in the same amount and priority as of the  
28 Petition Date. Payment on Hall’s Allowed Secured Claim shall be made pursuant to section 9,



1 below.

2           iii.           Voting: If as a result of the Lien Litigation, Hall has the senior secured  
3 lien, Class 3 is Unimpaired. The Holder of the Class 3 Claim is conclusively presumed to accept  
4 or reject the Plan. If as a result of the Lien Litigation, Penta's lien is senior to Hall's lien, Class 3  
5 is Impaired. The Holder of the Class 3 Claim is entitled to vote on the Plan.

6           4.           Class 4 – Ladera Secured Claim

7           i.           Classification: Class 4 consists of the Allowed Amount of the Secured  
8 Claim of Ladera Secured by a valid, enforceable lien against Collateral.

9           ii.           Treatment: Except to the extent that Ladera agrees to a less favorable  
10 treatment in writing, as of the Effective Date, Ladera's lien against the Colateral shall be  
11 extinguished and attached to the Secured Creditor Fund in the same amount and priority as of the  
12 Petition Date. Payment on Ladera's Allowed Secured Claim shall be made pursuant to section 9,  
13 below.

14           iii.           Voting: Class 4 is Impaired. The Holder of the Class 4 Claim is entitled  
15 to vote to accept or reject the Plan.

16           5.           Class 5 – Penta Secured Claim, Subcontractors' Secured Claims and Other  
17                           Mechanic's Lien Claims

18           i.           Classification: Class 5 consists of the Allowed Amount of the Secured  
19 Claim of Penta and any other Allowed Mechanic's Lien Claims to the extent Secured by a valid,  
20 enforceable lien against Resort.

21           ii.           Treatment: As of the Effective Date, the liens of Penta, the subcontractor,  
22 and the other mechanics lien claims against the Collateral shall be extinguished and attached to  
23 the Secured Creditor Fund in the same amount and priority as of the Petition Date. Payment on  
24 Secured Claims of Penta, the Allowed Secured Claims of the Subcontractors and any other  
25 Allowed Mechanic's Lien Claims shall be made pursuant to section 9, below.

26           iii.           Voting: Class 5 is Impaired. The Holders of the Class 5 Claims are  
27 entitled to vote to accept or reject the Plan.

28           6.           Class 6 – General Unsecured Claims

1           i.           Classification: Class 6 consists of General Unsecured Claims.  
2           ii.          Treatment: Unless otherwise agreed by the holder of a General Unsecured  
3 Claim and Northlight, each Holder of an Allowed General Unsecured Claim shall receive  
4 prorated beneficial interest in the Creditors' Trust until such Holders receives 100% of such  
5 Holder's Allowed General Unsecured Claim with interest.

6           iii.        Voting: Class 6 is Impaired. The Holders of the Class 6 Claims are  
7 entitled to vote to accept or reject the Plan.

8           7.          Class 7 – Equity Interests in New Cal-Neva Case

9           i.           Classification: Class 6 consists of any and all Equity Interests in Debtor,  
10 including, without limitation, any and all options, warrants and rights, contractual or otherwise,  
11 to acquire any Equity Security in Debtor, as such interest existed immediately prior to the  
12 Petition Date.

13          ii.         Treatment: On the Effective Date, all Equity Interests are extinguished.

14          iii.        Voting: Class 7 is Impaired. The Holders of the Class 7 Interests are  
15 conclusively determined to have rejected the Plan.

16          8.          Class 8 – Architect Claim

17          i.           Classification: Class 8 consists of the Architect Claim.

18          ii.         Treatment: On the Effective Date, the Architect Claim shall be paid the  
19 amount as agreed with Northlight.

20          iii.        Voting: Class 8 is Unimpaired. The Holder of the Class 8 Claim is  
21 conclusively determined to have accepted the Plan.

22          9.          Treatment of Classes 3, 4 and 5 Claims.

23                On or before the Effective Date, Northlight shall deposit \$30 million of the Plan Payment  
24 into a segregated escrow account (the "Secured Creditor Fund"). The liens of, Hall, Ladera,  
25 Penta, and Subcontractors (to the extent not duplicative of the Penta claim by the Property), as  
26 well as the holders of Allowed Mechanics Liens (to the extent not duplicative of the Penta  
27 claim), shall attach to the proceeds of the Secured Creditor Fund, and shall share in and be  
28 limited by the Secured Creditor Fund based upon the later of: (i) the final order of priority as

determined by the outcome of the Secured Creditors’ Adversary Actions, whether by litigation or settlement, and (ii) the final order determining any claim objections filed against any of the Secured Creditors. The Secured Creditor Fund will be interplead in the Bankruptcy Court.

Any of the Secured Creditors may be entitled to a deficiency claim (the “Deficiency Claims”) against the Debtor, based upon: i) the amount by which the Allowed Claim exceeds the Secured Creditors’ Fund; ii) the final outcome of the Secured Creditors’ Adversary Proceedings; and iii) the final outcome of any objections to any claims of the Secured Creditors. In full and final satisfaction of any Deficiency Claim, the Holder of the Deficiency Claim shall have a Class 6 Claim in the amount of the Deficiency and shall be treated as a Class 6 Claim Holder.

10. Confirmation Pursuant to Bankruptcy Code Section 1129(b) – Cramdown

In the event any Class votes to reject the Plan, the Proponent intends to request confirmation of the Plan pursuant to Bankruptcy Code section 1129(b). The Proponent reserves the right to alter, amend, modify, revoke or withdraw the Plan or any related documents, in order to satisfy the requirements of Bankruptcy Code section 1129(b), if necessary.

11. Controversy Concerning Impairment

If a controversy arises as to whether any Class of Claims or Interests is Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

**ARTICLE IV. - TREATMENT EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**A. Assumed Executory Contracts and Unexpired Leases**

The Debtor will assume and assign to Northlight only the following executory contracts or unexpired leases effective as of the Effective Date of the Plan, with the following cure amounts payable on the Effective Date of the Plan:

Name of Contract Counterparty(ies)	Executory Contract or Unexpired Lease and cure amount.	Cure Amount

Northlight will be fully obligated on such assumed contracts from and after the Effective Date, and all counterparties shall be likewise obligated on such assumed contracts under section

1 365 of the Bankruptcy Code. Northlight is financially stable and fully capable to operate as a  
2 going concern, as reflected by the Plan Payment, and as set forth in this Disclosure Statement  
3 and as will be proven to the extent any party with standing seeks such a demonstration with  
4 evidence at the Confirmation Hearing, constitutes adequate assurance of future performance  
5 within the meaning of section 365(b) and (f) of the Bankruptcy Code.

6 **ANY NON-DEBTOR PARTY TO ANY EXECUTORY CONTRACT OBJECTING**  
7 **TO THE ABOVE CURE AMOUNTS OR ADEQUATE ASSURANCE OF FUTURE**  
8 **PERFORMANCE AND THE ASSUMPTION AND ASSIGNMENT OF SUCH**  
9 **EXECUTORY CONTRACT OR UNEXPIRED LEASE MUST FILE AN OBJECTION IN**  
10 **THE BANKRUPTCY COURT AND SERVE IT ON THE DEBTOR AND THE**  
11 **PROPONENT AT LEAST FOURTEEN (14) DAYS BEFORE THE CONFIRMATION**  
12 **HEARING.**

13 Any counterparty to the above executory contracts or unexpired leases who fails to file an  
14 objection to the proposed cure amounts, adequate assurance, assumption or assignment as set  
15 forth above will be deemed to have accepted such cure amount in full satisfaction and cure of all  
16 defaults and other amounts due through and including the Effective Date, and will have no  
17 further claim against the Debtor or Northlight therefor; further such counterparties are deemed to  
18 accept the assumption and have adequate assurance of future performance of their executory  
19 contract or unexpired lease by the Debtor and Northlight.

20 In the event of a dispute regarding (i) the amount of any payments to cure such a default,  
21 (ii) the ability of Northlight to provide “adequate assurance of future performance,” within the  
22 meaning of Bankruptcy Code section 365, under the executory contract or unexpired lease to be  
23 assumed, or (iii) any other matter pertaining to assumption, the cure payments required by  
24 Bankruptcy Code section 365(b)(1) shall be made following the entry of a Final Order or orders  
25 resolving the dispute and approving the assumption. Assumption of any executory contract or  
26 unexpired lease pursuant to the Plan or otherwise shall result in the full release and satisfaction  
27 of any Claims or defaults, whether monetary or nonmonetary, arising under any assumed  
28 executory contract or unexpired lease at any time before the effective date of the assumption.

1 If any executory contract has been inadvertently omitted from the above list of executory  
2 contracts to be assumed, the Proponents reserves their rights to modify the Plan to cause Debtor  
3 to assume and assign to Northlight any such executory contract on appropriate notice to the  
4 counterparty to such contract, by filing an amended list of assumed executory contracts at any  
5 time up to and including the Effective Date.

6 **B. Rejected Executory Contracts and Unexpired Leases**

7 The Debtor will be conclusively deemed to have rejected all executory contracts and  
8 unexpired leases not expressly assumed, herein, upon the Effective Date. This includes all  
9 executory contracts and unexpired leases regardless of whether the Debtor contends that it is a  
10 party to the agreement, without admitting any liability or obligations under such agreements. A  
11 proof of a claim arising from the rejection of an executory contract or unexpired lease under this  
12 section must be filed no later than the Claims Bar Date, which is thirty (30) days after the  
13 Effective Date. Any Claims arising from the rejection of an executory contract or unexpired  
14 lease not filed within such time will be automatically disallowed, forever barred from assertion,  
15 and shall not be enforceable against the Debtor, Northlight, Creditors' Trust, or their assets or  
16 properties without the need for any objection by the Debtor, Northlight, Creditors' Trust or  
17 further notice to, or action, order, or approval of the Bankruptcy Court. All Allowed Claims  
18 arising from the rejection of the Debtor's executory contracts or unexpired leases shall be  
19 classified as a Class 6 General Unsecured Claim and treated accordingly. The deadline to object  
20 to Claims arising from the rejection of executory contracts or unexpired leases, if any, shall be  
21 ninety (90) days following the Claims Bar Date.

22 **SECTION V. - MEANS FOR IMPLEMENTATION OF THE PLAN**

23 Northlight will implement the Plan as follows:

24 **A. Plan Payment**

25 On or before the Effective Date, the Northlight will make the Plan Payment, and  
26 Northlight will expend the Plan Payment as provided in the Plan. All consideration necessary to  
27 make all monetary payments in accordance with the Plan shall be obtained from the Plan  
28 Payment and the Cash of the Debtor.

1 **B. Creditors' Trust**

2 1. Formation of the Creditors' Trust

3 On the Effective Date, the Creditors' Trust shall be established for the purpose of  
4 investigating and prosecuting the Trust Causes of Action (as determined by the Creditors'  
5 Trustee) and making distributions (if any) to holders of Allowed General Unsecured Claims in  
6 accordance with the terms of the Plan. The Creditors' Trust shall have a separate existence from  
7 Northlight. The Creditors' Trust's prosecution of any of the Trust Causes of Action will be on  
8 behalf of and for the benefit of the Allowed Class 6 Claims.

9 a) On the Effective Date, the Creditors' Trust Assets will be transferred or  
10 issued to, and vest in, the Creditors' Trust. The Creditors' Trust Funds shall be used by the  
11 Creditors' Trustee to operate the Creditors' Trust.

12 b) On the Effective Date, standing to commence, prosecute and compromise  
13 all Trust Causes of Action shall transfer to the Creditors' Trust; provided, however, that the  
14 Retained Causes of Action, if any, shall be retained by Northlight and shall not be transferred to  
15 the Creditors' Trust.

16 c) Subject to, and to the extent set forth in the Plan, the Confirmation Order,  
17 the Creditors' Trust Agreement or other agreement (or any other order of the Bankruptcy Court  
18 entered pursuant to, or in furtherance of, the Plan), the Creditors' Trust and the Creditors'  
19 Trustee will be empowered to take the following actions, and any other actions, as the Creditors'  
20 Trustee determines to be necessary or appropriate to implement the Creditors' Trust, all without  
21 further order of the Bankruptcy Court:

- 22 i. adopt, execute, deliver or file all plans, agreements, certificates and other documents and instruments necessary
- 23 or appropriate to implement the Creditors' Trust;
- 24 ii. accept, preserve, receive, collect, manage, invest, supervise, prosecute, settle and protect the Creditors' Trust
- 25 Causes of Action;
- 26 iii. calculate and make distributions to Holders of the Allowed
- 27 Class 6 Claims;
- 28 iv. retain Third Party Disbursing Agents and professionals and other entities;
- v. file appropriate tax returns and other reports on behalf of the Creditors' Trust and pay taxes or other obligations

1                                   owed by the Creditors' Trust; and  
2                                   vi.                               dissolve the Creditors' Trust.

3                               d)           The Creditors' Trust has no objective to, and will not, engage in a trade or  
4 business and will conduct its activities consistent with the Plan and the Creditors' Trust  
5 Agreement.

6                               e)           On the Effective Date, the Debtor will transfer, and will be deemed to have  
7 irrevocably transferred, the Trust Causes of Action to the Creditors' Trust and Northlight will  
8 transfer the Creditors' Trust Funds to the Creditors' Trust.

9                               f)           The Creditors' Trust and the Creditors' Trustee will each be a "representative" of  
10 the Estate under section 1123(b)(3)(B) of the Bankruptcy Code, and the Creditors' Trustee will  
11 be the trustee of the Creditors' Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. §  
12 6012(b)(3), and, as such, the Creditors' Trustee succeeds to all of the rights, powers and  
13 obligations of a trustee in bankruptcy with respect to collecting, maintaining, administering and  
14 liquidating the Creditors' Trust Assets. In pursuing the Trust Causes of Action, the Creditors'  
15 Trustee shall be entitled to the tolling provisions provided under section 108 of the Bankruptcy  
16 Code, and shall succeed to the Debtor' rights with respect to the time periods in which any of the  
17 Trust Causes of Action may be brought under section 546 of the Bankruptcy Code.

18                              g)           To the extent that any Creditors' Trust Assets cannot be transferred to the  
19 Creditors' Trust because of a restriction on transferability under applicable non-bankruptcy law  
20 that is not superseded or preempted by section 1123 of the Bankruptcy Code or any other  
21 provision of the Bankruptcy Code, such Creditors' Trust Assets shall be deemed to have been  
22 retained by Northlight, as the case may be, and the Creditors' Trustee shall be deemed to have  
23 been designated as a representative of Northlight pursuant to section 1123(b)(3)(B) of the  
24 Bankruptcy Code to enforce and pursue such Creditors' Trust Assets on behalf of Northlight.

25                              2.           Creditors' Trustee

26                              The Creditors' Trustee will be the exclusive trustee of the Creditors' Trust Assets for  
27 purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3) and, solely with respect to the  
28 Creditors' Trust Assets, the representative of the Estate of each of the Debtor appointed pursuant



1 to section 1123(b)(3)(B) of the Bankruptcy Code. The powers, rights and responsibilities of the  
2 Creditors' Trustee will be specified in the Creditors' Trust Agreement. The Creditors' Trustee  
3 will distribute the Creditors' Trust Assets (or the proceeds thereof) in accordance with the  
4 provisions of the Plan and the Creditors' Trust Agreement. Other rights and duties of the  
5 Creditors' Trustee and the beneficiaries of the Creditors' Trust will be as set forth in the  
6 Creditors' Trust Agreement. The Creditor Trustee shall be determined and disclosed to interested  
7 parties at least two (2) weeks prior to the Confirmation Hearing.

8 3. Fees and Expenses of the Creditors' Trust

9 The expenses of the Creditors' Trust will be paid from the Creditors' Trust Assets in  
10 accordance with the Plan and the Creditors' Trust Agreement. Northlight shall have no  
11 obligations to satisfy or have liability for any Creditors' Trust Expenses.

12 4. Provisions Governing Distributions

13 The Creditors' Trust will reserve for and make objections to disputed claims as set forth  
14 in Article VII of the Plan. The Creditors' Trust will make distributions to Holders of Allowed  
15 Claims pursuant to Article VII of the Plan. Claimants are encouraged to review those provisions  
16 in considering whether to accept or reject the Plan.

17 5. Indemnification

18 The Creditors' Trust Agreement may include reasonable and customary indemnification  
19 provisions in favor of the Creditors' Trustee. Any such indemnification will be the sole  
20 responsibility of the Creditors' Trust.

21 6. Tax Treatment

22 The Creditors' Trust is intended to be treated, for federal income tax purposes, as a  
23 grantor trust that is a liquidating trust within the meaning of Treasury Regulations section  
24 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. For  
25 U.S. federal income tax purposes, the transfer of the Creditors' Trust Assets to the Creditors'  
26 Trust will be treated as a transfer of the Creditors' Trust Assets from the Debtor to the Creditors'  
27 Trust Beneficiaries, followed by the Creditors' Trust Beneficiaries' transfer of the Creditors'  
28 Trust Assets to the Creditors' Trust. The Creditors' Trust Beneficiaries will thereafter be treated

1 for U.S. federal income tax purposes as the grantors and deemed owners of their respective  
2 shares of the Creditors' Trust Assets. The Creditors' Trust Beneficiaries shall include in their  
3 annual taxable incomes, and pay tax to the extent due on, their allocable shares of each item of  
4 income, gain, deduction, loss and credit, and all other such items shall be allocated by the  
5 Creditors' Trustee to the Creditors' Trust Beneficiaries using any reasonable allocation method.  
6 The Creditors' Trustee will be required by the Creditors' Trust Agreement to file income tax  
7 returns for the Creditors' Trust as a grantor trust of the Creditors' Trust Beneficiaries. In  
8 addition, the Creditors' Trust Agreement will require consistent valuation by the Creditors'  
9 Trustee and the Creditors' Trust Beneficiaries, for all federal income tax and reporting purposes,  
10 of any property held by the Creditors' Trust. The Creditors' Trust Agreement will provide that  
11 termination of the trust will occur no later than five years after the Effective Date, unless the  
12 Bankruptcy Court approves an extension based upon a finding that such an extension is  
13 necessary for the Creditors' Trust to complete its liquidating purpose. The Creditors' Trust  
14 Agreement also will limit the investment powers of the Creditors' Trustee in accordance with  
15 IRS Rev. Proc. 94-45 and will require the Creditors' Trust to distribute at least annually to the  
16 Creditors' Trust Beneficiaries (as such may have been determined at such time) its net income  
17 (net of any payment of or provision for Taxes), except for amounts retained as reasonably  
18 necessary to maintain the value of the Creditors' Trust Assets.

19 **C. Vesting of Assets of the Estate**

20 On the Effective Date, except as otherwise provided in the Plan, all Debtor's assets  
21 except for the Creditors' Trust Assets shall vest in Northlight free and clear of all Liens and  
22 Claims, including, without limitation, all real and personal Property, all Retained Causes of  
23 Action purchased by Northlight, interests, claims, choses in action, and all rights under any  
24 contracts assumed hereunder (executory or otherwise), against any Person. On and after the  
25 Effective Date, Northlight may operate its business and use, acquire, or dispose of Property and  
26 compromise or settle any Claims without supervision or approval by the Bankruptcy Court and  
27 free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. On the Effective Date,  
28 except as otherwise provided in the Plan, all Creditors' Trust Assets shall vest in the Creditors'

1 Trust free and clear of all Liens and Claims.

2 **D. Specific Post-Confirmation Preservation of Causes of Action**

3 1. Retained Causes of Action

4 The Bankruptcy Court’s Confirmation Order will be deemed to authorize, Northlight to  
 5 pursue all rights in and to all Retained Causes of Action and defenses whenever arising, whether  
 6 arising from the pre-Petition Date or post-Petition Date periods, including, without limitation, all  
 7 Causes of Action or defenses that arose in the ordinary course of business from the operation of  
 8 the Debtor’s business including but not limited to Causes of Action and defenses related to (a)  
 9 accounts receivable and accounts payable, (b) construction or renovation of the Real Property,  
 10 (c) violations of any confidentiality provision, non-compete provision, non-solicitation provision,  
 11 or any similar restrictive covenant, (d) insurance contracts, (e) security deposits or any other type  
 12 of deposit or collateral, (f) assumed Executory Contracts or Unexpired Leases, (g) Claims arising  
 13 out of that certain Exchange Agreement concerning the Fairwinds Estate, and (h) claims for  
 14 setoff or recoupment. If there is a dispute between the Northlight and the Creditors’ Trustee as to  
 15 what is a Retained Cause of Action and what is a Creditors’ Trust Asset, such dispute shall be  
 16 decided by the Court upon notice and motion.

17 After the Effective Date, the proceeds of all such Retained Causes of Action shall belong  
 18 solely to Northlight. Further, Northlight hereby declares it to be Northlight’s intent to prosecute  
 19 all such Retained Causes of Action. All such Retained Causes of Action shall include, without  
 20 limitation, the following:

Claim	Potential Counterparty (if known)
Claims that arose in the ordinary course of business from the operation of the Debtor’ businesses including Causes of Action and defenses related to accounts receivable and accounts payable	
Claims that arose in the ordinary course of business from the operation of the Debtor’ businesses including Causes of Action and defenses related to the financing, construction or renovation of the Real Property	

DICKINSON WRIGHT PLLC  
 8363 West Sunset Road, Suite 200  
 Las Vegas, Nevada 89113-2210

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Claims that arose in the ordinary course of business from the operation of the Debtor’ businesses including Causes of Action and defenses related to violations of any confidentiality provision, non- compete provision, non-solicitation provision, or any similar restrictive covenant	
Claims that arose in the ordinary course of business from the operation of the Debtor’ businesses including Causes of Action and defenses related to insurance contracts	
Claims that arose in the ordinary course of business from the operation of the Debtor’ businesses including Causes of Action and defenses related to security deposits or any other type of deposit or collateral	
Claims that arose in the ordinary course of business from the operation of the Debtor’ businesses including Causes of Action and defenses related to assumed Executory Contracts or Unexpired Leases	
Claims arising out of that certain Exchange Agreement concerning the property generally described as the Fairwinds Lodge or Fairwinds Estate, 9898 Lake Street, Kings Beach, California	Paul and Evy Paye, LLC or their successors or assigns
Claims for setoff or recoupment	
Claims for avoidance of liens and security interests	

Northlight, in its sole and absolute discretion, shall determine whether to bring, settle, release, compromise, or enforce such Retained Causes of Action (or decline to do any of the foregoing), and shall not be required to seek further approval of the Bankruptcy Court for such action. No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Retained Cause of Action against them as any indication that Northlight will not pursue any and all available Retained Causes of Action against them. Northlight expressly reserves all rights to prosecute any and all Retained Causes of Action against any Person except at otherwise provided in the Plan. Unless any Retained Cause of Action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or an order of the Bankruptcy Court, Northlight expressly reserves all Retained Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise),

1 or laches, shall apply to such Retained Causes of Action upon, after, or as a consequence of  
 2 Confirmation or the Effective Date of the Plan.

3 2. Trust Causes of Action

4 The Debtor reserves and conveys to the Creditors' Trust, and the Bankruptcy Court's  
 5 Confirmation Order will be deemed to authorize, the Creditors' Trustee to pursue all rights in  
 6 and to all Trust Causes of Action and defenses whenever arising, whether arising from the pre-  
 7 Petition Date or post-Petition Date periods, including, without limitation, all claims for lender  
 8 liability or similar claims, unfair or deceptive business practice, fraud, fraud in the inducement,  
 9 tort, theft of trade secrets, misappropriation, duress, fraudulent transfer, avoidance,  
 10 recharacterization, subordination, avoidance of liens and security interests, unjust enrichment,  
 11 breach of contract, setoff, or otherwise against all Persons against whom the Debtor have any  
 12 such Causes of Action and includes all Avoidance Actions. After the Effective Date, the  
 13 proceeds of all such Trust Causes of Action shall belong solely to the Creditors' Trust. Further,  
 14 the Proponent believes it will be the Creditors' Trustee's intent to prosecute all such Trust  
 15 Causes of Action. All such Trust Causes of Action shall include, without limitation, the  
 16 following:

Claim	Potential Counterparty (if known)
Avoidance Actions under Chapter 5 of the United States Bankruptcy Code, 11 U.S.C. 101, <i>et seq.</i>	

17  
 18  
 19  
 20 The Creditors' Trustee, in his/her/its sole and absolute discretion, shall determine  
 21 whether to bring, settle, release, compromise, or enforce such Trust Causes of Action (or decline  
 22 to do any of the foregoing), and shall not be required to seek further approval of the Bankruptcy  
 23 Court for such action. No Person may rely on the absence of a specific reference in the Plan or  
 24 the Disclosure Statement to any Trust Cause of Action against them as any indication that the  
 25 Creditors' Trustee will not pursue any and all available Trust Causes of Action against them. The  
 26 Creditors' Trustee expressly reserves all rights to prosecute any and all Trust Causes of Action  
 27 against any Person except at otherwise provided in the Plan. Unless any Trust Cause of Action  
 28 against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled

1 in the Plan or an order of the Bankruptcy Court, the Creditors' Trustee expressly reserves all  
2 Trust Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the  
3 doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel  
4 (judicial, equitable, or otherwise), or laches, shall apply to such Trust Causes of Action upon,  
5 after, or as a consequence of Confirmation or the Effective Date of the Plan.

6 **E. Continuation of Bankruptcy Code Anti-Discrimination Provisions**

7 No governmental unit may deny, revoke, suspend, or refuse to renew a license, permit,  
8 charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect  
9 to such a grant against, the Debtor or Northlight another Person with whom the Debtor or  
10 Northlight have been or are associated or affiliated, solely because of the commencement,  
11 continuation, or termination of the Debtor' bankruptcy case or because of any provision of the  
12 Plan or the legal effect of the Plan. The Confirmation Order will constitute an express injunction  
13 against any such discriminatory treatment by a governmental unit.

14 **F. Exemption from Transfer Taxes**

15 Under sections 106, 1141 and 1146(a) of the Bankruptcy Code, the issuance, transfer, or  
16 exchange of notes or equity securities under or in connection with the Plan, the creation of any  
17 mortgage, deed of trust, or other security interest, the making or assignment of any lease or  
18 sublease, or the making or delivery of any deed or other instrument of transfer under, in  
19 furtherance of, or in connection with, the Plan, including, without limitation, any merger  
20 agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in  
21 connection with any of the transactions contemplated under the Plan (including the creation of  
22 the Creditors' Trust) shall not be subject to any stamp, real estate transfer, mortgage recording,  
23 sales, use or other similar tax. The Confirmation Order shall direct all state and local government  
24 officials and agents to forego the collection of any such tax or governmental assessment and to  
25 accept for filing and recordation any instrument or other document issued or transferred pursuant  
26 to the Plan, without the payment of any such tax or government assessment.

27 **G. Section 1145 Exemption**

28 The issuance of new ownership Interests, if any, in accordance with the Plan shall be

1 authorized under Bankruptcy Code section 1145 without further act or action by any Person. The  
2 offering, issuance, and distribution of any Securities pursuant to the Plan, if any, and any and all  
3 settlement agreements incorporated therein are expected to be exempt from applicable federal  
4 and state securities laws (including blue sky laws), registration, and other requirements,  
5 including, the registration and prospectus delivery requirements of section 5 of the Securities  
6 Act, pursuant to section 4(2) of the Securities Act, or another available exemption from  
7 registration under the Securities Act, as applicable.

#### 8 **H. Cancellation of Interests**

9 On the Effective Date, except as otherwise provided in the Plan or Confirmation Order,  
10 any and all existing instruments, certificates and other documents or agreements evidencing the  
11 prepetition Interests in New Cal Neva, shall be deemed automatically cancelled and shall be of  
12 no further force or effect, whether surrendered for cancellation or otherwise, and the obligations  
13 of the Debtor thereunder or in any way related thereto shall be discharged.

#### 14 **I. Corporate Actions**

15 Except as otherwise provided in the Plan, each of the matters provided for by the Plan  
16 involving corporate or related actions to be taken or required of the Debtor or Northlight to  
17 effectuate the Plan shall, as of the Effective Date, be deemed to have occurred and be effective as  
18 provided in the Plan, and shall be authorized, approved, and, to the extent taken prior to the  
19 Effective Date, ratified in all respects without any requirement of further action by Northlight,  
20 Holders of Claims or Interests, management of the Debtor, or any other Person. On the Effective  
21 Date, the appropriate officers of Northlight or its agents shall be authorized and directed to issue,  
22 execute, and deliver the agreements, instruments or other documents contemplated by the Plan,  
23 or necessary or desirable to affect the transactions contemplated by the Plan, in the name of and  
24 on behalf of Northlight, including a new operating agreement and any all agreements or other  
25 documentation relating thereto. Notwithstanding any requirements under non-bankruptcy law,  
26 the authorizations and approvals contemplated by this provision shall be effective.

#### 27 **J. Permanent Satisfaction**

28 The rights afforded in the Plan, and the treatment of all Claims and Interests set forth



1 therein, shall be in full exchange for, and in complete satisfaction of, all Claims and Interests of  
2 any kind or nature whatsoever, whether known or unknown, matured or contingent, liquidated or  
3 unliquidated, existing, arising or accruing, whether or not yet due, prior to the Effective Date,  
4 including without limitation any Claims, or interest on Claims, accruing on or after the Petition  
5 Date, against the Debtor or any of the assets or property thereof, provided that such satisfaction  
6 does not affect any party's rights under the Plan.

7 **SECTION VIII. - EFFECTS OF CONFIRMATION**

8 **A. Binding Effect of Plan**

9 The provisions of the confirmed Plan shall bind the Debtor, Northlight, the Committee, and  
10 any Creditor or Interest Holder, whether or not such Creditor or Interest Holder has filed a proof  
11 of Claim or Interest in the Chapter 11 Case, whether or not the Claim of such Creditor or the  
12 Interest of such Interest Holder is impaired under the Plan, and whether or not such Creditor or  
13 Interest Holder has accepted or rejected the Plan. All Claims and Debts shall be as fixed and  
14 adjusted pursuant to the Plan.

15 **B. Vesting of Property Free and Clear**

16 Upon the Effective Date, title to all Estate Assets, except for the Creditors' Trust Assets,  
17 shall vest in the Northlight for the purposes contemplated under the Plan and section 1123(b)(3)  
18 shall be deemed satisfied in all respects. All Unsecured Claims against the Debtor or the Estate  
19 shall be of no further force or effect except with respect to the rights of holders of Allowed  
20 Claims to receive payments or distributions as set forth herein. Following the Effective Date,  
21 Northlight may use, acquire or dispose of any such property free of any restrictions imposed by  
22 the Bankruptcy Court, the Bankruptcy Code or the Bankruptcy Rules and without further  
23 approval of the Bankruptcy Court or notice to Creditors, except as may otherwise be required  
24 under the Plan or the Confirmation Order. Except as otherwise expressly provided in the Plan or  
25 Confirmation Order, all rights or causes of action are hereby preserved and retained for  
26 enforcement solely and exclusively by and at the discretion of the Northlight.

27 **C. Injunction**

28 Until all Estate Assets, whether vested in Northlight, the Creditors' Trust, or the Debtor,

1 are fully administered, and except as otherwise provided by the Plan, all entities who have held,  
2 hold or may hold Claims against or Interests in the Debtor or the Debtor's estate that arose prior  
3 to the Effective Date are enjoined from taking legal action against the Debtor, Creditors' Trust or  
4 Northlight for the purpose of directly or indirectly collecting, recovering, or receiving payment  
5 or recovery with respect to any Claim or demand against the Debtor, Northlight or Creditors'  
6 Trust.

7 **D. Release**

8 In consideration of the Proponent's prosecution of the Plan, and as part of the  
9 compromises among the Debtor, the Estate and Proponents as implemented through the Plan, on  
10 the Effective Date the Debtor and the Estate will be permanently deemed to have released  
11 Proponents and all of their attorneys, stockholders, principals, partners, employees, directors,  
12 officers, subsidiaries, parent companies, affiliates, members, agents, representatives,  
13 predecessors and successors, and each of them, in all capacities from any and all claims and  
14 causes of action, known or unknown, arising through the Effective Date.

15 **E. No Discharge**

16 Pursuant to 11 U.S.C. § 1141(d)(3), confirmation of the Plan shall not operate as a  
17 discharge of the Debtor.

18 **F. Limitation of Liability**

19 The Debtor, the Proponents, the Committee, their officers and directors or other  
20 representatives, each of the respective professionals of the foregoing and, effective upon  
21 approval of such Professional's final fee applications in this Bankruptcy Case (collectively, the  
22 "Exculpated Parties"), will neither have nor incur any liability to any entity for any Official  
23 Actions in good faith taken or omitted to be taken in connection with or related to the Case, the  
24 investigations of potential claims or the formulation, preparation, dissemination, implementation,  
25 Confirmation or consummation of the Plan, the Disclosure Statement, or any agreement created  
26 or entered into in connection with the Plan or incident to the Case, provided that, the foregoing  
27 shall not exonerate any of the Exculpated Parties from any liability that results from an act or  
28 omission to the extent such act or omission is determined by Final Order to have constituted

1 gross negligence or willful misconduct. In addition, notwithstanding any other provision of the  
2 Plan, no holder of a Claim or Interest, no other party in interest, none of their respective agents,  
3 employees, representatives, financial advisors, attorneys or affiliates, and no successors or  
4 assigns of the foregoing, shall have any right of action against any Exculpated Party for any  
5 Official Actions made in good faith from and after the Petition Date through the Confirmation  
6 Date in connection with, relating to or arising out of the Case or the consideration, formulation,  
7 preparation, dissemination, implementation, Confirmation or consummation of the Plan, the  
8 Disclosure Statement, or any transaction or document created or entered into, or any other act  
9 taken or omitted to be taken, in connection therewith, except for: (a) the liability of any  
10 Exculpated Party that would otherwise result from the failure to perform or pay any obligation or  
11 liability under the Plan or any contract, instrument, release or other agreement or document to be  
12 entered into or delivered in connection with the Plan, (b) the liability of any Exculpated Party  
13 that would otherwise result from any such act or omission to the extent that such act or omission  
14 is determined in a Final Order to have constituted gross negligence or willful misconduct, and (c)  
15 actions taken by Exculpated Parties who are holders of a Claim and are taking actions in pursuit  
16 of the allowance or payment of such Claim.

17 **ARTICLE IX. - SETTLEMENT, RELEASE, INJUNCTION,**  
18 **AND RELATED PROVISIONS**

19 **A. Injunction**

20 Except as otherwise provided in the Plan, from and after the Effective Date, all Persons  
21 that have held, hold, or may hold Claims against the Debtor, or Claims that may result in  
22 reimbursement, contribution, or indemnification by the Debtor on account of such Claims, or  
23 Interests in the Debtor or the Estate are permanently enjoined from taking any of the following  
24 actions against the Debtor, Northlight, or the Creditors' Trust: (i) commencing or continuing in  
25 any manner any action or other proceeding of any kind on account of or in connection with or  
26 with respect to any such Claims or Interests; (ii) enforcing, attaching, collecting, or recovering  
27 by any manner or means any judgment, award, decree, or order against such Persons on account  
28 of or in connection with or with respect to any such Claims or Interests; (iii) creating, perfecting,

1 or enforcing any Lien of any kind against such Persons or the property or Estate of such Persons  
2 on account of or in connection with or with respect to any such Claims or Interests; (iv) asserting  
3 any right of setoff, subrogation, or recoupment of any kind against any obligation due from such  
4 Persons or against the property of such Persons on account of or in connection with or with  
5 respect to any such Claims or Interests, unless such Holder has filed a motion requesting the  
6 right to perform such setoff, subrogation, or recoupment on or before the Confirmation Date, and  
7 notwithstanding an indication in a Proof of Claim or otherwise that such Holder asserts, has, or  
8 intends to preserve any right of setoff, subrogation, or recoupment pursuant to Bankruptcy Code  
9 section 553 or otherwise.

10 **B. Exculpation**

11 The Proponents, and each of the respective professionals of the foregoing shall not have  
12 or incur any liability to any Holder of any Claim or Interest for any act or omission in connection  
13 with or arising out of the Debtor's restructuring, including, without limitation, the formulation,  
14 preparation, dissemination, implementation, confirmation, or approval of the Plan, the Disclosure  
15 Statement, the solicitation of votes for and the pursuit of the Plan, the Consummation of the Plan,  
16 or the administration of the Plan or the Cash, Northlight Membership Interests, if issued, to be  
17 distributed under the Plan, and further including, without limitation, all documents ancillary  
18 thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto,  
19 and all prepetition activities leading to the promulgation and confirmation of the Plan; provided,  
20 however, that the foregoing shall not apply to (i) any act which constitutes a bankruptcy crime  
21 under title 18 of the United States Code, or (ii) the liability of any person or entity that otherwise  
22 would result from any such act or omission to the extent that such act or omission is determined  
23 in a Final Order to have constituted gross negligence or willful misconduct. Any of the  
24 foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect  
25 to their duties and responsibilities under the Plan.

26 **C. Release of Liens**

27 Except as otherwise provided in the Plan, on the Effective Date and concurrently with the  
28 applicable distributions made pursuant to the Plan, all mortgages, deeds, trusts, Liens, pledges, or

1 other security interests against any property of the Estate shall be fully released and discharged,  
2 and all of the right, title, and interest of any Holder of such mortgages, deeds, trusts, Liens,  
3 pledges, or other security interests shall revert to Northlight.

4 **ARTICLE X. - CONDITIONS PRECEDENT TO CONFIRMATION**  
5 **AND EFFECTIVE DATE OF THE PLAN**

6 **A. Conditions Precedent to Confirmation**

7 It shall be a condition to Confirmation of the Plan that the following conditions shall have  
8 been satisfied or waived pursuant to the Plan:

9 1. Required Orders. The Clerk of the Bankruptcy Court shall have entered all  
10 necessary orders (including, without limitation, the Disclosure Statement Order and the  
11 Confirmation Order).

12 2. Vote Tabulation. The Bankruptcy Court shall have determined that all votes are  
13 binding and have been properly tabulated as acceptances or rejections of the Plan.

14 3. Confirmation Requirements. The Bankruptcy Court shall have determined that all  
15 applicable tests, standards and burdens in connection with the Plan, including those in section  
16 1129 of the Bankruptcy Code and the Confirmation Conditions, have been duly satisfied and met  
17 by the Debtor and the Proponent.

18 4. Form of Confirmation Order. The Confirmation Order and the Plan each shall be  
19 in a form and substance satisfactory to the Proponent.

20 **B. Conditions Precedent to Effective Date**

21 It shall be a condition to the Plan going effective, i.e., the Effective Date that the  
22 following conditions shall have been satisfied or waived: (i) the Confirmation Order shall have  
23 become a Final Order; (ii) the Effective Date Conditions shall have been fulfilled or waived by  
24 Northlight; and (iii) all other actions, documents, certificates, and agreements necessary to  
25 implement the Plan shall have been effected or executed and delivered to the required parties  
26 and, to the extent required, filed with the applicable governmental units in accordance with  
27 applicable laws.

28 **C. Waiver of Conditions**

1 To the extent practicable and legally permissible, each of the conditions precedent in this  
2 Section may be waived, in whole or in part, by Northlight. Any such waiver of a condition  
3 precedent may be effected at any time by filing a notice thereof with the Bankruptcy Court  
4 executed by the Proponent.

5 **ARTICLE XI. - MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN**

6 **A. Modification and Amendments**

7 The Proponent may amend, modify, or supplement the Plan pursuant to Bankruptcy Code  
8 section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date, but  
9 prior to the Effective Date of the Plan, the Proponent may amend, modify, or supplement the  
10 Plan without further order of the Bankruptcy Court to remedy any defect or omission or  
11 reconcile any inconsistencies in the Plan or the Confirmation Order.

12 **B. Effect of Confirmation on Modifications**

13 Pursuant to Bankruptcy Code section 1127(a), entry of a Confirmation Order shall mean  
14 that all modifications or amendments to the Plan since the solicitation thereof are approved and  
15 do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

16 **C. Revocation or Withdrawal of the Plan**

17 The Proponents each reserve the right to revoke or withdraw the Plan prior to the  
18 Confirmation Date and to file subsequent chapter 11 plans. If either Proponent revokes or  
19 withdraws the Plan, or if Confirmation or the Effective Date does not occur, then: (i) the Plan  
20 shall be null and void in all respects; (ii) any settlement or compromise embodied in the Plan,  
21 assumption or rejection of executory contracts or unexpired leases effected by the Plan, and any  
22 document or agreement executed pursuant to the Plan shall be deemed null and void except as  
23 may be set forth in a separate order entered by the Bankruptcy Court; and (iii) nothing contained  
24 in the Plan shall constitute a waiver or release of any Claims by or against, or any Interests in,  
25 the Debtor, or any other Person, prejudice in any manner the rights of the Debtor, or any other  
26 Person, or constitute an admission, acknowledgement, offer, or undertaking of any sort by the  
27 Debtor, or any other Person.  
28

**SECTION XII. - RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Case and all Persons with respect to all matters related to the Case, the Debtor, and the Plan as legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured, or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, including Claims of a Professional for services rendered to the Debtor or any Committee, and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;
2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
3. resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is party or with respect to which the Debtor may be liable, and the hearing, determination, and, if necessary, liquidation of any Claims arising therefrom, including cure claims pursuant to Bankruptcy Code section 365; (ii) any potential contractual obligation under any executory contract or unexpired lease that is assumed; and (iii) any dispute regarding whether a contract or lease is or was executory or expired;
4. ensure that distributions to Holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;
5. adjudicate, decide, or resolve any motions, adversary proceedings, Causes of Action, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or brought thereafter, including but not limited to the litigation of any Cause of Action by the Creditors' Trust or Northlight after the Effective Date of the Plan;
6. adjudicate, decide, or resolve any and all matters related to Bankruptcy Code sections 1141 and 1145;
7. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
8. implement, interpret, or enforce any and all matters relating to the Confirmation Order;



DICKINSON WRIGHT PLLC  
8363 West Sunset Road, Suite 200  
Las Vegas, Nevada 89113-2210

- 1 9. enter and enforce any order pursuant to Bankruptcy Code sections
- 2 363, 1123, or 1146(a) for the sale of property;
- 3 10. resolve any cases, controversies, suits, disputes, or Causes of
- 4 Action that may arise in connection with the Effective Date,
- 5 interpretation, or enforcement of the Plan or any Person's
- 6 obligations in connection with the Plan;
- 7 11. issue injunctions, enter and implement other orders, or take such
- 8 other actions as may be necessary or appropriate to restrain
- 9 interference by any Person with the Effective Date or enforcement
- 10 of the Plan;
- 11 12. resolve any cases, controversies, suits, disputes, or Causes of
- 12 Action with respect to the releases, injunctions, and other
- 13 provisions contained in Article IX of the Plan and enter such
- 14 orders as may be necessary or appropriate to implement such
- 15 releases, injunctions, and other provisions;
- 16 13. enter and implement such orders as are necessary or appropriate if
- 17 the Confirmation Order is for any reason modified, stayed,
- 18 reversed, revoked, or vacated;
- 19 14. enter an order or final decree concluding or closing the Case;
- 20 15. adjudicate any and all disputes arising from or relating to
- 21 distributions under the Plan;
- 22 16. consider any modifications of the Plan, to cure any defect or
- 23 omission, or reconcile any inconsistency in any Bankruptcy Court
- 24 order, including the Confirmation Order;
- 25 17. determine requests for the payment of Administrative Claims or
- 26 Claims entitled to priority pursuant to Bankruptcy Code section
- 27 507;
- 28 18. hear and determine disputes arising in connection with the
- interpretation, implementation, or enforcement of the Plan, or the
- Confirmation Order including disputes arising under agreements,
- securities, instruments, or other documents;
- 19. hear and determine matters in accordance with Bankruptcy Code
- sections 346, 505, and 1146;
- 20. hear and determine all disputes involving the existence, nature, or
- scope of the Debtor's discharge, including any dispute relating to
- any liability arising out of the termination of employment or the
- termination of any employee or retiree benefit program, regardless
- of whether such termination occurred prior to or after the Effective
- Date;
- 21. enforce all orders previously entered by the Bankruptcy Court; and
- 22. hear any other matter not inconsistent with the Bankruptcy Code.

**SECTION XIII. - MISCELLANEOUS PLAN PROVISIONS**

**A. Immediate Binding Effect**

Subject to the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(g), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Plan shall be immediately

1 effective and enforceable and deemed binding upon the Debtor, the Committee, Estate  
2 Professionals, Northlight, and any and all Holders of Claims or Interests (irrespective of whether  
3 such Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or  
4 are subject to the settlements, compromises, releases, discharges, and injunctions described in the  
5 Plan, each Person acquiring property under the Plan, and any and all non-Debtor parties to  
6 executory contracts and unexpired leases with the Debtor.

7 **B. Additional Documents**

8 On or before the Effective Date, the Proponent may file with the Bankruptcy Court any  
9 and all agreements and other documents that may be necessary or appropriate in order to  
10 effectuate and further evidence the terms and conditions of the Plan.

11 **C. Payment of Statutory Fees**

12 All fees payable pursuant to 28 U.S.C. § 1930 and, if applicable, 28 U.S.C. § 3717, as  
13 determined by the Bankruptcy Court at a hearing pursuant to Bankruptcy Code section 1128,  
14 shall be paid for each quarter (including any fraction thereof) until the Cases are converted,  
15 dismissed, or closed, whichever occurs first.

16 **D. Dissolution of Committee**

17 On the first Business Day after the Effective Date, the Committee shall be dissolved and  
18 the members thereof shall be released and discharged of and from all further authority, duties,  
19 responsibilities, and obligations related to and arising from and in connection with the Chapter  
20 11 Case. The retention or employment of any and all attorneys, financial advisors, and other  
21 agents or professions, if any, of all statutory committees shall terminate other than for purposes  
22 of filing and prosecuting applications for final allowances of compensation for professional  
23 services rendered and reimbursement of expenses incurred in connection therewith.

24 **E. Reservation of Rights**

25 Except as otherwise provided in the Plan, the Plan shall have no force or effect unless the  
26 Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or  
27 provision contained in the Plan, or the taking of any action by the Proponent or the Debtor with  
28 respect to the Plan or the Disclosure Statement shall be or shall be deemed to be an admission or

1 waiver of any rights of the Debtor with respect to the Holders of Claims or Interests prior to the  
2 Effective Date.

3 **F. Successors and Assigns**

4 The rights, benefits, and obligations of any Person named or referred to in the Plan shall  
5 be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or  
6 assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if  
7 any, of each Person.

8 **G. Further Assurances**

9 The Debtor or Northlight, as applicable, all Holders of Claims receiving distributions  
10 pursuant to the Plan, and all other Persons shall, from time to time, prepare, execute, and deliver  
11 any agreements or documents and take any other actions as may be necessary or advisable to  
12 effectuate the provisions and intent of the Plan or the Confirmation Order.

13 **H. Term of Injunctions or Stays**

14 Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or  
15 stays in effect in the Case pursuant to Bankruptcy Code sections 105 or 362 or any order of the  
16 Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays  
17 contained in the Plan or the Confirmation Order) shall remain in full force and effect until the  
18 Effective Date. All injunctions or stays contained in the Plan and the Confirmation Order shall  
19 remain in full force and effect in accordance with their terms.

20 **I. Entire Agreement**

21 Except as otherwise indicated, the Plan supersedes all previous and contemporaneous  
22 negotiations, promises, covenants, agreements, understandings, and representations on such  
23 subjects, all of which have become merged and integrated into the Plan.

24 **J. Exhibits and Related Documents**

25 All exhibits and documents filed in relation to the Plan are incorporated into and are a  
26 part of the Plan as if set forth in full in the Plan. After any exhibits and documents are filed,  
27 copies of such exhibits and documents shall be available upon written request to the Proponent's  
28 counsel at the address above or the Bankruptcy Court's website, <http://www.nvb.uscourts.gov> (a

1 PACER login and password are required to access documents on the Bankruptcy Court's  
2 website).

3 **K. Severability of Plan Provisions**

4 If, before Confirmation of the Plan, any term or provision of the Plan is held by the  
5 Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the  
6 power to alter and interpret such term or provision to make it valid or enforceable to the  
7 maximum extent practicable, consistent with the original purpose of the term or provision held to  
8 be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered  
9 or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of  
10 the terms and provisions of the Plan shall remain in full force and effect and shall in no way be  
11 affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation  
12 Order shall constitute a judicial determination and shall provide that each term and provision of  
13 the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and  
14 enforceable.

15 **L. Waiver or Estoppel Conflicts**

16 Each Holder of a Claim or Interest shall be deemed to have waived any right to assert any  
17 argument, including the right to argue that its Claim or Interest should be Allowed in a certain  
18 amount, in a certain priority, secured, or not subordinated, by virtue of an agreement made with  
19 the Debtor or its counsel, the Committee or its counsel, Proponents, or any other Person, if such  
20 agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed with the  
21 Bankruptcy Court prior to the Confirmation Date.

22 **M. Conflicts**

23 Except as set forth in the Plan or unless otherwise ordered by the Bankruptcy Court, to  
24 the extent that the Disclosure Statement, any order of the Bankruptcy Court (other than the  
25 Confirmation Order), or any exhibit to the Plan or document executed or delivered in connection  
26 with the Plan is inconsistent with the terms of the Plan, the terms of the Plan shall control.

27 **SECTION XIV. - RISK FACTORS**

28 Holders of Claims should read and consider carefully the factors set forth below, as well

1 as the other information set forth in this Disclosure Statement (and the documents delivered  
2 together herewith and/or incorporated by reference herein), prior to voting to accept or reject the  
3 Plan.

4 **A. Risk of Non-Confirmation of the Plan**

5 Even if all classes of Claims that are entitled to vote accept the Plan, the Plan might not  
6 be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code sets forth the  
7 requirements for confirmation and requires, among other things, that the confirmation of the Plan  
8 is not likely to be followed by the liquidation or the need for further financial reorganization  
9 (feasibility), and that the value of distributions to dissenting creditors be not less than the value  
10 of distributions such creditors would receive if the debtor were liquidated under Chapter 7 of the  
11 Bankruptcy Code (the “best interest of creditors” test), and other tests as set forth elsewhere in  
12 this Disclosure Statement and as required by applicable law. The Proponent believes that the  
13 Plan satisfies all requirements for confirmation under the Bankruptcy Code. There can be no  
14 assurance, however, that the Bankruptcy Court will also conclude that the requirements for  
15 Confirmation of the Plan have been satisfied.

16 **B. Nonoccurrence of Effective Date of the Plan**

17 Even if all classes of Claims that are entitled to vote accept the Plan, the Effective Date  
18 for the Plan may not occur. The Plan sets forth conditions to the occurrence of the Effective Date  
19 of the Plan, which may not be satisfied by the Effective Date. The Proponent believes that it will  
20 satisfy all requirements for consummation required under the Plan. There can be no assurance,  
21 however, that the Bankruptcy Court will also conclude that the requirements for consummation  
22 of the Plan have been satisfied.

23 **SECTION XIV. - ALTERNATIVES TO CONFIRMATION OF THE PLAN**

24 If the Plan is not confirmed by the Bankruptcy Court and consummated, the alternatives  
25 to the Plan include (a) the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, (b)  
26 an alternative Plan under Chapter 11 of the Bankruptcy Code, or (c) relief from the automatic  
27 stay to secured creditors and the loss of the Debtor’s assets through to foreclosure.

28 **A. Liquidation Under Chapter 7**

1 As the Plan is a liquidation plan, the Proponent is of the opinion it is unnecessary to  
2 prepare an additional analysis of the result that should occur through a liquidation under Chapter  
3 7 of the Bankruptcy Code. The Plan functionally provides Creditors with the same protections as  
4 would be granted in a Chapter 7, with a better recovery and reduced cost.

5 But for the Plan, the Debtor's estate is administratively insolvent, i.e. the estate does not  
6 have any unencumbered assets available to satisfy the administrative costs already accrued by  
7 the Debtor during these proceedings. The history of the Debtor's bankruptcy proceedings has  
8 established that no one is willing to buy the Resort for an amount sufficient to pay Secured  
9 Creditors in full, let alone for an amount sufficient to pay the Secured Creditors *and*  
10 administrative expenses *and* provide a distribution to General Unsecured Creditors. Conversion  
11 to Chapter 7 will most likely result in the foreclosure of the Resort and no distribution to  
12 creditors beyond the senior secured creditor.

13 In addition, in conversion to Chapter 7, a new Claims bar date would be set, permitting  
14 the filing of timely Claims by Creditors whose Claims may be time barred under the Plan and  
15 which may significantly increase the costs of a claims reconciliation process. Even if no  
16 Creditors file otherwise time-barred Claims upon a conversion to Chapter 7, some Creditors will  
17 file second or third Claims in the Chapter 7 case.

18 Further, it is extremely rare for a Chapter 7 trustee to make interim distributions to  
19 Creditors, in the unlikely event sufficient recoveries were achieved, meaning that unsecured  
20 Creditors will receive no distributions in a Chapter 7 until the case is fully administered and  
21 ready to be closed, which would likely be much longer than it will take for Creditors to receive at  
22 least a partial interim distribution under the Plan.

23 Accordingly, the Proponent believes that the Plan provides for a greater and significantly  
24 more expeditious administration of this Chapter 11 Case, will result in a higher percentage return  
25 to the Allowed Claims of the general unsecured Creditors, and will allow for a prompt  
26 completion of this case in a manner consistent with the desires of Creditors and parties in  
27 interest.

28 **[Proponent is not soliciting ballots at this time. This language is included to reflect**

1 **the language to be used if the Disclosure Statement is approved.]** Accordingly, the Proponent  
 2 recommends that all holders of Claims and Interests vote to accept the Plan.

3 **B. Alternative Plan**

4 If the Plan is not confirmed, any other party in interest may be entitled to file and seek  
 5 confirmation of a different plan. In this case, the Debtor has a plan on file that the Proponent  
 6 believes does not provide as great a recovery for the Debtor's stakeholders. The Proponent  
 7 believes that the Plan provides holders of Claims and Interests with the greatest value possible  
 8 under the circumstances. The Proponent believes that any subsequently proposed plan would  
 9 also likely provide less favorable treatment than that to be afforded by the Plan and would further  
 10 delay the payment of distributions.

11 **C. Relief from the Automatic Stay and Foreclosure**

12 Failure to confirm a plan also would increase the risk that the Bankruptcy Court could  
 13 grant the motion filed by Hall for relief from the automatic stay to foreclose on the Debtor's real  
 14 property and/or grant the motion filed by Ladera for relief from the automatic stay to foreclose  
 15 on the 100% membership interests in New Cal Neva.

16 **D. Feasibility**

17 In order to confirm a plan, the Bankruptcy Code requires the Bankruptcy Court to find  
 18 that confirmation of the Plan is not likely to be followed by liquidation or the need for further  
 19 financial reorganization of the debtor, unless that liquidation is contemplated by the plan  
 20 ("Feasibility Test"). Since a form of liquidation is proposed under the Plan and no further  
 21 reorganization of the Debtor is contemplated, the Plan proponents believe that the Plan meets the  
 22 Feasibility Test. Further, Penta and the Committee have been satisfied that Northlight has the  
 23 financial resources to make the Plan Payments and other financial obligations required under the  
 24 Plan.

25 **SECTION XV. - GENERAL OVERVIEW OF CHAPTER 11**

26 Chapter 11 of the Bankruptcy Code is the principal business reorganization chapter of the  
 27 Bankruptcy Code. Under Chapter 11, a debtor may be reorganized or liquidated for the benefit of  
 28 its stakeholders. Formulation of a plan is the principal objective of Chapter 11. In general, a plan



1 (1) divides claims and interests into separate classes, (2) specifies the property or consideration  
2 that each class is to receive under the plan, and (3) contains other provisions necessary to the  
3 reorganization or administration of the debtor and its estate. Alternatively, the Bankruptcy Code  
4 allows a debtor to file a plan of liquidation that provides for the orderly liquidation of the assets  
5 of the debtor.

6 Chapter 11 does not require each holder of a claim or interest to vote in favor of the plan  
7 in order for the Bankruptcy Court to confirm the plan. However, the plan must be accepted by  
8 the holders of at least one class of claims that is impaired without considering the votes of  
9 “insiders” within the meaning of the Bankruptcy Code.

10 **A. Classification and Treatment of Claims and Equity Interests Generally**

11 Section 1123(a)(1) of the Bankruptcy Code requires that the plan must classify all claims  
12 (other than administrative expenses, administrative operating expenses, and priority tax claims)  
13 and interests.

14 In this case, the Proponent believes it has classified all Claims and Interests in  
15 compliance with the provisions of the Bankruptcy Code. If a holder of a Claim or Interest  
16 challenges such classification of the Claims or Interests, and the Bankruptcy Court finds that a  
17 different classification is required for the Plan to be confirmed, the Proponent, to the extent  
18 permitted by the Bankruptcy Court, intends to make such reasonable modifications to the  
19 classification of Claims or Interests under the Plan to provide for whatever classification might  
20 be required by the Bankruptcy Court for confirmation.

21 Except to the extent that such modification of classification adversely affects the  
22 treatment of a holder of a Claim or Interest and requires re-solicitation, acceptance of the Plan by  
23 any holder of a Claim or Interest pursuant to this solicitation will be deemed to be a consent to  
24 the Plan’s treatment of such holder of a Claim or Interest regardless of the class to which such  
25 holder of a Claim or Interest is ultimately deemed to belong.

26 The Bankruptcy Code also requires that the Plan provide the same treatment for each  
27 Claim or Interest in a particular Class unless the holder of a particular Claim or Interest agrees to  
28 a less favorable treatment of its Claim or Interest. The Proponent believes that the Plan complies

1 with this standard. If the Bankruptcy Court finds that the Plan does not comply with this  
2 standard, it could deny confirmation of the Plan if the holders of Claims or Interests affected do  
3 not consent to the treatment afforded them under the Plan.

4 In accordance with the Bankruptcy Code, Administrative Expense Claims, U.S. Trustee's  
5 Fees, and Priority Tax Claims are not classified into classes. The Plan also specifies the  
6 treatment proposed for the Claims and Interests in each class.

7 **B. Good Faith Solicitation Under Section 1125**

8 The Plan provides that the Proponent, upon Confirmation of the Plan, shall be deemed to  
9 have solicited acceptances of the Plan in good faith and in compliance with the applicable  
10 provisions of the Bankruptcy Code.

11 The Proponent believes that the Plan treats the respective classes of Claims and Interests  
12 fairly and equitably in compliance with the absolute priority rule and fair and equitable standard  
13 of section 1129(b)(2) of the Bankruptcy Code. Because the Proponent has crafted the Plan to  
14 follow the Bankruptcy Code Distribution Priorities, the Proponent believes that the Plan provides  
15 each Creditor and Interest holder with at least as much, if not more, as it would receive if the  
16 Debtor was liquidated under Chapter 7 of the Bankruptcy Code as required by section  
17 1129(a)(7).

18 Set forth in detail below is a description of the technical aspects of confirmation of a  
19 Chapter 11 plan, the risks inherent in the Plan, and the applicable bankruptcy and tax  
20 consequences of the liquidation, as applicable, of the Debtor. The Plan is the product of lengthy  
21 discussions and negotiations between parties in interest and is based upon the Proponent's  
22 analysis of all Claims asserted or known as of the date hereof and an evaluation of the relative  
23 merits of potential conflicting Claims, including potential conflicting claims to priority of the  
24 Debtor's Secured Claims. The Proponent believes that the following overview of what holders of  
25 Claims and Interest holders will receive under the Plan will be helpful in your consideration of  
26 whether you wish to accept or reject the Plan.

27 Please do not return any other documentation with your ballot. For further information  
28 on casting a ballot to vote on the Plan, please see the General Information Section of this

1 Disclosure Statement.

2 **C. “Yes” Votes Required for Acceptance; Voting Procedures**

3 Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an impaired  
4 class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than  
5 one-half in number, of the claims of that class that actually cast ballots. An impaired class of  
6 holders of equity securities shall have accepted the plan if the plan is accepted by at least two-  
7 thirds in amount of the allowed equity securities of such class held by holders of such equity  
8 securities. 11 U.S.C. § 1126(d).

9 The vote of a creditor may be disregarded if the Bankruptcy Court determines, after  
10 notice and hearing, that the acceptance or rejection was not solicited or procured in good faith. A  
11 “Yes” vote will indicate your acceptance of the Plan, while a “No” vote will indicate your  
12 rejection of the Plan. The Proponent urges all parties-in-interest entitled to vote on the Plan to  
13 vote “Yes” to accept the Plan.

14 Some creditors may hold Impaired Claims or Interests in more than one class and must  
15 vote separately in each class. If you hold Claims or Interests in more than one class, or multiple  
16 Claims in the same class, you must cast a separate vote based on each individual Claim.

17 The following voting procedures (the “Voting Procedures”) have been established with  
18 respect to the amount and classification of Claims and Interests, and the determination of the  
19 validity of ballots submitted, for voting purposes:

20 1. Unless otherwise provided in the Tabulation Rules (described below), a Claim  
21 will be deemed temporarily allowed for voting purposes in an amount equal to (a) if a proof of  
22 Claim has not been timely filed, the amount of such Claim as set forth in the Schedules or (b) the  
23 amount of such Claim as set forth in a timely filed proof of Claim.

24 2. If a Claim is deemed Allowed in accordance with the Plan, such Claim will be  
25 temporarily allowed for voting purposes in the deemed Allowed amount set forth in the Plan.

26 3. If a Claim for which a proof of Claim has been timely filed is marked in whole or  
27 in part in the Schedules as contingent, unliquidated, and/or disputed, such portion of the Claim  
28 that is marked as contingent, unliquidated, or disputed will be temporarily allowed for voting

1 purposes in the amount of \$1.00.

2 4. If a Claim has been estimated or otherwise allowed for voting purposes by order  
3 of the Court, such Claim will be temporarily allowed for voting purposes in the amount so  
4 estimated or allowed by the Court.

5 5. If a Creditor casts more than one ballot voting the same Claim before the Voting  
6 Deadline, the last dated Ballot received before the Voting Deadline will be deemed to reflect the  
7 voter's intent and thus will supersede any prior Ballots.

8 6. Creditors will be required to vote all of their Claims within a particular class  
9 under the Plan either to accept or reject the Plan and may not split their vote. A ballot (or a group  
10 of ballots within a class received from a single creditor) that partially rejects and partially accepts  
11 the Plan will not be counted.

12 In addition, the following tabulation rules (the "Tabulation Rules") will be used for the  
13 tabulation of Ballots:

14 1. If a holder of a Claim identifies a claim amount on its ballot that is less than the  
15 amount otherwise calculated in accordance with these Tabulation Rules, the Voting Procedures,  
16 and/or the Schedules, the Claim will be temporarily allowed for voting purposes in the lesser  
17 amount identified on such ballot.

18 2. Ballots that are otherwise validly executed but do not indicate either acceptance or  
19 rejection of the Plan will not be counted.

20 3. The Proponent will not accept ballots by e-mail or facsimile transmission.

21 4. Only ballots that are timely received with signatures will be counted. Unsigned  
22 ballots will not be counted.

23 5. Ballots postmarked prior to the Voting Deadline, but received after the Voting  
24 Deadline, will not be counted.

25 6. Ballots that are illegible, or contain insufficient information to permit the  
26 identification of the creditor, will not be counted.

27 7. If a creditor simultaneously casts inconsistent duplicate ballots with respect to the  
28 same Claim, no ballots from such creditor with respect to that Claim will be counted.

1 8. Unless otherwise ordered by the Court, questions as to the validity, form,  
2 eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots shall  
3 be determined by the Proponent, which determination shall be final and binding.

4 **IN ORDER TO BE COUNTED, EXCEPT TO THE EXTENT THE PROPONENT**  
5 **SO DETERMINES OR AS PERMITTED BY THE BANKRUPTCY COURT PURSUANT**  
6 **TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 3018, BALLOTS MUST BE**  
7 **SIGNED AND RETURNED SO THAT THEY ARE ACTUALLY RECEIVED NO**  
8 **LATER THAN 5:00 P.M. (PREVAILING CALIFORNIA TIME) ON AUGUST \_\_, 2017,**  
9 **AT THE FOLLOWING ADDRESS:**

10 Christopher H. Hart  
11 **NUTI HART LLP**  
12 411 30th Street, Suite 408  
13 Oakland, CA 94609-3311  
14 510-506-7154

14 Please follow the directions contained on the ballot carefully. As mentioned above, if  
15 your ballot is not signed and returned as described, it will not be counted. If your ballot is  
16 damaged or lost, or if you do not receive a ballot, you may request a replacement by addressing a  
17 written request to the foregoing counsel for the Proponent at the address set forth above or by e-  
18 mailing Proponent’s counsel at: [chart@nutihart.com](mailto:chart@nutihart.com).

19 The process of soliciting acceptance of the Plan must be fair and open without outside  
20 influence in the form of representations, inducements, or duress of any kind. To the extent that  
21 you believe solicitation of your vote from any party is being sought outside of the judicially-  
22 approved and statutorily-defined disclosure requirements and Voting Procedures, please contact  
23 Proponent’s counsel.

24 **SECTION XVI. - CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

25 *(i) Tax Consequences to Debtor*

26 With respect to the tax consequences of the Plan to the Debtor, Proponent does not expect  
27 confirmation of the Plan to have a material impact. The Plan does not seek to avoid payment of  
28

1 any valid claims, and therefore, the Plan will not affect Debtor's net operating loss carry  
2 forwards, which will remain available to offset any post-bankruptcy income.

3 *(ii) Potential Tax Consequences to Creditors*

4 A few generalizations can be made as to the basic tax consequences, although none of the  
5 following statements can be treated as advice on the tax treatment to a specific creditor.

6 The Plan contemplates repayment in full to all holders of unclassified, priority "allowed"  
7 claims, and the Architect Claim. Therefore, Proponent is not of the view that any holder of these  
8 types of claims would be permitted to deduct the amount owed by the Debtor from the creditor's  
9 gross income on the basis that it constitutes an uncollectable debt.

10 The Plan contemplates less than full payment to other Classes. The extent to which a  
11 creditor must recognize loss on repayment of principal amounts owed by the Debtor depends  
12 upon the creditor's tax basis in the debt and overall financial situation. For example, if a creditor  
13 provided credit of \$10,000 to the Debtor and had a tax basis of \$10,000 in the credit advanced,  
14 repayment of 25% the principal amount would trigger a 75% loss. In general, such a loss may be  
15 credited against income. Each Holder of an Allowed Claim is urged, however, to consult its own  
16 tax advisors as to the consequences and treatment of any such loss.

17 *(iii) Potential Tax Consequences to Equity Holders*

18 The Plan provides for the elimination Interests and no payment on account of Equity  
19 Holder's investment in the Debtor. As a general matter, amounts invested may be considered an  
20 investment loss. Each Interest Holder is urged to consult its own tax advisors as to the  
21 consequences and treatment of the investment loss.

22 *The foregoing discussion is intended to give general information, but each creditor and*  
23 *equity holder must be advised that the tax consequences of the Plan will vary based on the*  
24 *individual circumstances of each holder of a Claim. Accordingly, each creditor is strongly*  
25 *urged to consult with its own tax advisor regarding the federal, state, local and foreign tax*  
26 *consequences of the Plan.*

27 **SECTION XVII. - ABSOLUTE PRIORITY RULE AND CRAM DOWN**

28 The Proponent has crafted the Plan to follow the Bankruptcy Code Distribution Priorities.

1 As such, the Proponent believes that the Plan does not violate the “absolute priority rule” and if a  
2 Class of Creditors does not vote to accept the Plan, it may be “crammed down” and confirmed  
3 notwithstanding such rejection.

4 **SECTION XVIII. - CONCLUSION AND RECOMMENDATION**

5 **Northlight is not soliciting ballots at this time. This language is included to reflect**  
6 **the language to be used if the Disclosure Statement is approved.]** The Proponent believes  
7 that confirmation of the Plan, by providing for a maximum return to Creditors. The Proponents  
8 therefore urges you to vote “Yes” to accept the Plan.

9 **Date: July 14, 2017**

10 **NUTI HART LLP**

11  
12 /s/ Christopher H. Hart  
13 Christopher H. Hart (CA SBN 184117)  
14 (By Pro Hac Vice)  
15 411 30<sup>th</sup> Street, Suite 408  
16 Oakland, CA 94609

17 Attorneys for Northlight Capital Partners, LLC

18 **Date: July 14, 2017**

19 **MUSHKIN•CICA•COPPEDGE**

20  
21 /s/ Dawn Cica  
22 Dawn Sica (NSB 4565)  
23 4475 S. Pecos Rd.  
24 Las Vegas, Nevada 89121d  
25 411 30<sup>th</sup> Street, Suite 408  
26 Attorneys for The Penta Building Group, LLC  
27  
28

DICKINSON WRIGHT PLLC  
8363 West Sunset Road, Suite 200  
Las Vegas, Nevada 89113-2210