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5 Attorney for Creditors/Plan Proponents,
6 Leslie P. Busick, David Marriner,
Charles and Judith Munnerlyn,
7 John Paye, Trustee of Paul and Evy Paye, LLC

8
9 UNITED STATES BANKRUPTCY COURT
10 DISTRICT OF NEVADA

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12 In Re:
13 NEW CAL-NEVA LODGE, LLC,
14 Debtor.

Case No. BK-N-16-51282-GWZ
Chapter 11

**AMENDMENT TO CREDITORS'
THIRD AMENDED JOINT
DISCLOSURE STATEMENT**

Hearing Date: August 16, 2017
Hearing Time: 1:00 p.m.

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18 Creditors/Plan Proponents, Leslie P. Busick, David Marriner, Charles and Judith
19 Munnerlyn, and John Paye, Trustee of Paul and Evy Paye, LLC, by and through their
20 counsel, Holly E. Estes, Esq., of ESTES LAW, hereby amend Creditors' Third Amended
21 Joint Disclosure Statement as follows:

22 1. The **Introduction** shall be amended to reflect that the proponents of the
23 Creditors' Third Amended Joint Disclosure Statement are Leslie P. Busick, David Marriner,
24 Charles and Judith Munnerlyn, and John Paye, Trustee of Paul and Evy Paye, LLC, (the
25 "Proponents").

26 2. **Section 1.1 Summary of Modifications to Disclosure Statement and to**
27 **Creditors' Second Amended Disclosure Statement** shall be deleted and replaced with the
28 following:

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1 **1.1 Summary of Modifications to Creditors' Second Amended Disclosure**
2 **Statement**

3 The Plan Proponents have made numerous revisions to their previous Disclosure
4 Statement [DE 610] in response to various objections, which revisions are itemized as
5 follows:

6 A) Section 2.3(C) has been revised to describe the dispute concerning the
7 Fairwinds Property. Section 2.3(D) has been added to describe the agreement between the
8 Plan Proponents and Paye.

9 B) Section 5 has been modified, and sections 5.2, 5.3, and 5.4 have been added,
10 to more accurately identify the assets of each Debtor, including a description of the
11 Reorganized Debtor's intent regarding the pursuit of any litigation. Section 5.3 has also been
12 modified to identify the appraisal commissioned by the Plan Proponents, and its estimated
13 completion date.

14 C) Section 6.3 has been modified to accurately list the secured claims scheduled
15 against each Debtor, and the proofs of claim for secured debt filed against each Debtor.

16 D) Section 6.4 has been modified to identify the unsecured claims scheduled
17 against each Debtor, and the proofs of claim for unsecured debt filed against each Debtor.

18 E) The Post-Confirmation Financial Statement and Liquidation Analysis have
19 been revised as set forth in **Exhibit "F"** and **Exhibit "G."**

20 F) Section 8.6.1 has been modified to explain in more detail the source of the New
21 Financing to be used to fund the Plan.

22 G) Section 8.6.2 has been modified to provide that all property of both Debtors
23 shall be transferred to an entity to be formed between Sherman Financial Group, LLC and
24 Terramar Capital, LLC ("Newco") upon the Effective Date.

25 H) Section 8.6.3 has been modified to provide that a licensed CPA shall act as
26 Disbursing Agent, and that all disbursements shall be made after Notice and Hearing, and
27 approval of the Bankruptcy Court.

28 I) Section 8.6.4 has been amended to include an estimate of the cost to complete

1 the improvements to the Property (**Exhibit "J"**), and a summary of the costs to complete as
2 well as the pre-opening costs is attached as **Exhibit "K."**

3 J) Section 8.6.5 has been modified to add Viceroy Hotel Group, LLC as manager
4 of the Property post-confirmation. Attached as **Exhibit "I"** is a letter and term sheet with
5 Viceroy.

6 K) An appraisal of the Property was completed by Johnson Perkins & Associates
7 (**Exhibit "H"**).

8 F) The language in Section 8.6.6 has been modified slightly based upon the filing
9 of §1111(b) elections by various creditors.

10 3. **Section 2.2 Ownership of Debtor and Its Management** shall be amended to
11 replace the current reference from **Exhibit "I"** to **Exhibit "L"** as follows:

12 **2.2 Ownership of Debtor and Its Management**

13 The sole member of New Cal-Neva is Cal Neva. The manager of New Cal-Neva is
14 CR Hospitality, LLC. The members of Cal Neva are identified in **Exhibit "L"** hereto.

15 4. **Section 8.6.1 New Financing to Fund Plan** shall be amended as follows:

16 **8.6.1 New Financing to Fund Plan**

17 The Plan will be funded by an entity to be formed between Sherman Financial
18 Group, LLC and Terramar Capital, LLC ("Newco"). Newco will provide all cash necessary
19 to fund the plan.

20 Sherman Financial Group LLC ("Sherman") is a highly experienced and active global
21 investment company with a 15-year track record of unparalleled success during a period of
22 vast market fluctuation. Sherman specializes in the development of innovative solutions that
23 optimize long term value. Sherman's track record of successful diversification, risk
24 management, growth and performance has earned it the confidence of regulators, lenders
25 and investors. Sherman defines the standard for the consumer finance industry and
26 endeavors to exceed the expectations of its stakeholders.

27 The collective infrastructure of Sherman's portfolio companies provide the unique
28 advantage of being a strong operating partner with the ability to transact in all consumer

1 finance, corporate and real estate asset classes. The combination of Sherman's operational
2 expertise and specialized servicing platforms has made it a one-stop choice for companies
3 seeking an investor for traditionally hard to service deep value assets. This unique
4 organizational structure has provided Sherman with a solid foundation for consistent
5 investment success.

6 Sherman, through its affiliated companies, has invested \$7 billion to date and arranged
7 in excess of \$3 billion in financing for portfolio companies. As a privately-held company,
8 Sherman employs a streamlined decision making process and is not constrained by
9 investment timelines and structural restrictions faced by traditional investment funds. While
10 the ability to act quickly can often be crucial to successful investing, Sherman believes that
11 patience and careful due diligence is an even more important element to success.

12 5. **Section 8.6.2 Vesting of Assets of the Estates** shall be amended as follows:

13 **8.6.2 Vesting of Assets of the Estates**

14 On the Effective Date, except as otherwise provided in the Plan, all Property
15 of both of the Debtors' estates shall vest in Newco free and clear of all liens and Claims,
16 including, without limitation, all real and personal Property, all Retained Causes of Action,
17 interests, claims, chose in action, and all rights under any contracts assumed hereunder
18 (executory or otherwise), against any Person. On and after the Effective Date, Newco may
19 operate its business and use, acquire, or dispose of Property and compromise or settle any
20 Claims without supervision or approval by the Bankruptcy Court and free of any restrictions
21 of the Bankruptcy Code or Bankruptcy Rules. On the Effective Date, except as otherwise
22 provided in the Plan, all causes of action of both of the Debtors' estates shall vest in Newco
23 free and clear of all Liens and Claims. The operating agreement of Newco shall comply with
24 §1123(a) of the Bankruptcy Code.

25 6. **Section 8.6.4 Completion of Improvements** shall be amended as follows:

26 **8.6.4 Completion of Improvements**

27 Following confirmation of the Plan, Newco will complete all improvements
28 necessary to bring the Property to full operation. Newco is negotiating with Penta to

1 complete the project, and anticipates a fully executed construction agreement prior to Plan
2 confirmation. The Plan Proponents anticipate a fully executed construction agreement with
3 Penta prior to the Confirmation Hearing on the Plan. The projections of the cost of
4 completion are attached hereto as **Exhibit "J."** A summary of the cost to complete the
5 project, and the pre-opening costs is attached hereto as **Exhibit "K."**

6 7. **Section 8.6.5 Post-Confirmation Management of the Debtor** shall be
7 amended to replace TNCR with Newco.

8 8. **Section 9 POST-CONFIRMATION FINANCIAL CONDITION OF THE**
9 **DEBTOR** shall be amended to replace the reference from Northwind with Newco as
10 follows:

11 **9. POST-CONFIRMATION FINANCIAL CONDITION OF THE DEBTOR**

12 Following confirmation of the Creditors' Plan, but prior to the funding by Newco, the
13 Proponents believe that the Debtors' post-confirmation financial condition shall be as set
14 forth in **Exhibit "F"** attached hereto.

15 9. **Exhibit "G-1"** shall be deleted.

16 11. **Exhibit "H"** shall be deleted and replaced with **Exhibit "H"** attached hereto
17 which is an appraisal report of the Property completed by Johnson Perkins & Associates.

18 11. All **Exhibit "I"**s shall be deleted and replaced with **Exhibit "I"** attached
19 hereto.

20 12. **Exhibit "L"** attached hereto shall be added to identify the members of Cal
21 Neva.

22 **DATED** this 7th day of August, 2017.

23 ESTES LAW

24 By: /s/ Holly E. Estes
25 HOLLY E. ESTES, ESQ.
26 Attorney for Plan Proponents
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