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Attorneys for the Debtor

**UNITED STATES BANKRUPTCY COURT FOR THE  
EASTERN DISTRICT OF PENNSYLVANIA**

IN RE: \_\_\_\_\_ :  
: CHAPTER 11  
SPECTRUM ALLIANCE, LP, :  
: BANKRUPTCY NO. 17-14250(JKF)  
: \_\_\_\_\_ :  
Debtor. :  
\_\_\_\_\_ :

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY  
CODE DESCRIBING THE PLAN OF REORGANIZATION PROPOSED BY  
SPECTRUM ALLIANCE, LP THE DEBTOR AND DEBTOR -IN-POSSESSION**

**PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE  
STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR  
DECISION TO ACCEPT OR REJECT THIS PLAN OF REORGANIZATION. THE  
DEBTOR BELIEVES THAT THIS PLAN OF REORGANIZATION IS IN THE BEST  
INTEREST OF THE CREDITORS AND INTEREST HOLDERS AND THAT THE PLAN  
IS FAIR AND EQUITABLE. THE DEBTOR URGES THAT THE VOTER ACCEPT THIS  
PLAN.**

Dated: August 4, 2017

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**I. INTRODUCTION**

Spectrum Alliance, LP (the “Debtor”), provides this disclosure statement (the “Disclosure Statement”) to all of its known Creditors and “Interest Holders” entitled to same pursuant to section 1125 of the United States Code, as amended (the “Bankruptcy Code”) in connection with the plan of reorganization (the “Plan”) filed by the Debtor. A copy of the Plan accompanies the Disclosure Statement. The purpose of the Disclosure Statement is to provide Creditors and Interest Holders of the Debtor with such information as may be deemed material, important and necessary in order to make a reasonably informed decision in exercising the right to vote on the Plan. The capitalized items used in this Disclosure Statement, if not defined herein, shall have the same meaning as indicated in the Plan.

**NO REPRESENTATION CONCERNING THE DEBTOR-IN-POSSESSION (INCLUDING THOSE RELATING TO FUTURE OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY, OR CREDITORS, INTEREST HOLDERS AND OTHER CLAIMS) INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED.**

On June 20, 2017 (the “Filing Date”), the Debtor commenced a bankruptcy case by filing a voluntary petition under chapter 11 of title 11 of the United States Code, as amended (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of Pennsylvania under Case No.17-14250. Since the Filing Date, the Debtor has continued in the operation of its business as a Debtor-in-possession pursuant to §§1107(a) and 1108 of the Bankruptcy Code.

**A. Purpose of this Document.**

This Disclosure Statement summarizes what is in the Plan and tells you certain information relating to the Plan by describing the process that the Court follows in determining whether or not to confirm the Plan.

**READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:**

- (1) WHO CAN VOTE OR OBJECT;**
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION;**
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY;**
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN;**
- (5) THE EFFECT OF CONFIRMATION; AND**
- (6) THE FEASIBILITY OF THE PLAN.**

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own attorney to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. Capitalized terms not otherwise defined in this Disclosure Statement shall have the meaning ascribed to them in the Plan. The Plan is the legally operative document regarding the treatment of Claims and Interests and the

terms and conditions of the Debtor's reorganization. Accordingly, to the extent that there are any inconsistencies between the Plan and Disclosure Statement, the Plan provisions govern.

Bankruptcy Code Section 1125 requires a disclosure statement to contain "adequate information" concerning the Plan. The term "adequate information" is defined in Bankruptcy Code section 1125(a) as "information of a kind, and in sufficient detail, about a debtor and its operations that would enable a hypothetical reasonable investor typical of holders of claims or interests" of the debtor to make an informed judgment about accepting or rejecting the Plan. The Bankruptcy Court has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code section 1124.

This Disclosure Statement is provided to each Creditor whose Claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor and to each interest holder of record as of the date of approval of this Disclosure Statement. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

**B. Brief Explanation of Chapter 11**

Chapter 11 is the principal business reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, a Debtor is permitted to reorganize its business affairs for its own benefit and that of its creditors and other interest holders.

The objective of a Chapter 11 case is the formulation of a plan of reorganization of the Debtor and its affairs. Creditors and Interest Holders are given an opportunity to vote on any proposed plan, and the plan must be confirmed by the Bankruptcy Court to be valid and binding on all parties. Once the plan is confirmed, all Claims against the Debtor which arose before the

Filing Date are extinguished, unless specifically preserved in the Plan.

C. Disclaimers

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PLAN OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND THE STATEMENTS AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF PLAN PROPONENT.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED BY THE PLAN PROPONENT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

CERTAIN OF THE INFORMATION PROVIDED, BY ITS NATURE, IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH ESTIMATES, ASSUMPTIONS, AND PROJECTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY. PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON

THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

**II. VOTING PROCEDURE**

The Bankruptcy Court reviewed this Disclosure Statement and entered an Order determining that these documents contained “adequate information” such that creditors and interest holders can meaningfully evaluate the Plan. A copy of the Order approving the Disclosure Statement is attached. Only after creditors have had an opportunity to vote on the Plan will the Court consider the Plan and determine whether it should be approved or confirmed.

All creditors and interest holders are entitled to vote on the Plan may cast its vote for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be returned to the following address in the enclosed envelope:

ALBERT A. CIARDI, III, ESQUIRE  
JENNIFER C. MCENTEE, ESQUIRE  
Ciardi Ciardi & Astin  
One Commerce Square  
2005 Market Street, Suite 3500  
Philadelphia, PA 19103

BALLOTS MUST BE RECEIVED ON OR BEFORE 5:00 P.M. ON \_\_\_\_\_,  
2017 TO BE COUNTED IN THE VOTING. BALLOTS RECEIVED AFTER THIS TIME WILL  
NOT BE COUNTED IN THE VOTING UNLESS THE COURT SO ORDERS. THE DEBTOR  
RECOMMENDS A VOTE “FOR ACCEPTANCE” OF THE PLAN.

**A. Persons Entitled to Vote on Plan**

Only the votes of classes of Claimants and Interest Holders which are impaired by the Plan are counted in connection with confirmation of the Plan. Generally, and subject to the specific provisions of Section 1124 of the Bankruptcy Code, this includes creditors who, under the Plan, will receive less than payment in full of its Claims.

In determining the acceptance of the Plan, a vote will only be counted if submitted by a creditor whose claim is duly scheduled by either of the Debtor as undisputed, non-contingent and unliquidated, or by a creditor who has timely filed with the Court a proof of claim which has not been objected to or disallowed prior to computation of the votes on the Plan. The Ballot Form does not constitute a proof of claim. If you are in any way uncertain if your Claim has been correctly scheduled, you may check the Debtor's Schedules which are on file in the Bankruptcy Court, but it is suggested that you file a proof of claim. The Clerk of the Bankruptcy Court will not provide this information by telephone.

**B. Hearing on Confirmation**

The Bankruptcy Court will set a hearing to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied. Each creditor will receive, either with this Disclosure Statement or separately, the Bankruptcy Court's Notice of Hearing on Confirmation of the Plan.

**C. Acceptances Necessary to Confirm Plan**

At the scheduled confirmation hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each impaired class. Under Section 1126 of the Bankruptcy Code, an impaired class is deemed to have accepted the Plan if at least 2/3 in amount

and more than 1/2 in number of the Allowed Claims of class members who have voted to accept or reject the Plan have voted for acceptance of the Plan. Further, unless there is acceptance of the Plan by all members of an impaired class, the Bankruptcy Court must also determine that under the Plan class members will receive property of a value, as of the Effective Date of the Plan, that is not less than the amount that such class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

**D. Confirmation of the Plan without the Necessary Acceptances**

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Bankruptcy Court finds (1) the Plan does not discriminate unfairly against such class or classes, (2) such class or classes will receive or retain under the Plan not less than the amount the Claimant would receive if the Debtor were liquidated under Chapter 7; and (3) the Plan is fair and equitable as to such class or classes as set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that, among other things, the Claimants must either receive the full value of its Claims or, if they receive less, no class with junior priority may receive anything. If the class of Unsecured Claims does not accept the Plan and the Plan does not propose to pay the class its Allowed Claims in full, no junior class may retain its equity interest, unless the shareholders contribute new money related to its participation in equity. In short, this provision provides that creditors are entitled to priority over stock or other holders against the property of an insolvent entity, to the extent of its debts. The equity holder's interest in the property is subordinate to the rights of the creditors; first of secured and then of unsecured creditors.

The Debtor-in-Possession may, at its option, choose to rely upon this provision to seek confirmation of the Plan if it is not accepted by an impaired class or classes of Creditors.



### **III. BACKGROUND OF THE DEBTOR**

#### **A. History of the Debtor and Cause of Bankruptcy**

Formed in 2001, Spectrum is a private, open-ended investment fund comprising both stabilized and developmental real estate assets located in New Jersey, Pennsylvania, and Delaware. Spectrum focuses on two property types: Class A suburban office and suburban retail. Spectrum is a Pennsylvania limited partnership, with each of its properties separately owned by a limited liability company or limited partnership in accordance with institutional financing requirements. Ownership interests in Spectrum are structured as limited partnership interests, denominated in “Units”. The Debtor has no employees of its own but is managed through its general partner, Spectrum Alliance Services, GP, LLC (“Spectrum GP”) which is in turn managed by Trefoil Properties, LP (“Trefoil”), its Manager. The general partner of Trefoil is Trefoil Properties GP, LLC (“TPGP”). Robert T. Wrigley is the Manager of Trefoil and James R. Wrigley is the sole member of Trefoil. Trefoil is also a Class B limited partner of the Debtor. There are approximately 68 Class A limited partners of the Debtor. Robert T. Wrigley has been a principal involved with large-scale commercial real estate development for nearly 50 years. Throughout his career, Mr. Wrigley has developed more than 10 million square feet of office, retail, residential, senior life-care and mixed-use assets. James R. Wrigley has worked with Trefoil for 20 years, spending the last ten as Trefoil’s Executive Vice President and then President, his current position. James R. Wrigley oversees all company operations, and has been intimately involved in the full development cycle of projects, and relationship building and negotiations with lenders, tenants and other constituents.

The Debtor owns all or a portion of various subsidiary entities that hold real estate. The

income-producing entities owned by Debtor are set forth below:

(a) **Cedar Hill Shopping Center:** VSC-EE, LLC owns Units 2A, 2B, 3 and 4 and VSC-5, LLC owns Unit 5 in the Cedar Hill Shopping Center Condominium in Voorhees Township, Camden County, New Jersey. The property is a retail power center comprised of nearly 400,000 rentable square feet (approximately 360,000 constructed, with additional development pending). Shem Creek Cedar Hill, LLC has a first lien on Units 2A, 2B, 3 and 4. Mid-Atlantic Real Estate Investment Fund ("MAREIF") has a first lien on Unit 5.

(b) **Hillcrest Shopping Center:** HC Spectrum Partners, LP owns a 78.38% tenant-in-common interest in this approximately 133,797 square foot community shopping center located in the Borough of Lansdale, Montgomery County, Pennsylvania. Malvern Federal Savings Bank has a first lien on the property.

(c) **Towamencin Corporate Center:** CB Spectrum Partners, LP ("CB") owns this approximately 77,000 square foot, three-story office building and a 550 car parking garage located at 1690 Sumneytown Pike, Kulpsville, Montgomery County, Pennsylvania, also known as Unit 4 in the Kulpsville Business Campus, a Condominium. The Debtor owns a 51.1% limited partnership interest in CB and 1690 Partners, LLC owns a 48.9% limited partnership interest in CB.

(d) **Mount Laurel Corporate Center:** ML Spectrum Partners DE, LLC owns a 33.39% tenant-in-common interest in an approximately 87,011 square foot office building located at the intersection of Route 73 and Howard Boulevard in Mount Laurel, Burlington County, New Jersey. Wells Fargo Commercial Mortgage Servicing services the first lien CMBS loan on this property.

(e) **Gwynedd Corporate Center:** GCC Building Associates, LP owns a 75.03% tenant-in-common interest in Buildings 1 and 2, and 100% of Building 3, in this three-building, approximately 122,803 square foot office complex located on PA Route 63 (Welsh Road) in North Wales, Montgomery County, Pennsylvania. The property is formed as a condominium known as the Gwynedd Corporate Center, a Condominium. Shem Creek GCC, LLC has a first lien on each of the condominium units comprising the property.

The Debtor also owns all or a portion of four (4) entities that own title to undeveloped land assets as follows:

(a) **Lehighton.** Spectrum 209 Partners, LP owns approximately 9.3 acres of undeveloped land in Carbon County, Pennsylvania. Harleysville National Bank has a first mortgage on this property.

(b) **Hawthorne Court.** Hawthorne Court Associates, LP owns two condominium units on this approximately 13-acre parcel of undeveloped land in North Wales, Montgomery County, Pennsylvania. Wohlsen Construction holds a first lien on the condominium units and appurtenances owned by the Debtor.

(c) **Cedar Lake.** MVI Spectrum Partners, LLC owns approximately 10 acres of undeveloped land in Voorhees, Camden County, New Jersey. MAREIF holds a first mortgage on this land. Luciano DiVentura has a preferred equity interest in MVI Spectrum Partners, LLC.

(d) **Pond Building.** PB Spectrum Partners, LP owns an approximately 2.23 acre tract (also known as Unit 6 of the Kulpsville Business Campus, a Condominium) in Kulpsville, Montgomery County, Pennsylvania. The International Union of Operating Engineers of Eastern Pennsylvania and Delaware Pension Fund holds a \$10,000,000 preferred equity position

in PB Spectrum Partners, LP and, in June 2017, executed on a pledge of and now owns, the Debtor's former Limited Partnership interest in PB Spectrum Partners, LP.

The original goal of the management of the Debtor was to grow the Debtor to a \$300-500 million property fund. As of 2007, the Debtor had grown to \$200+ million, including land that (if fully developed) would have added approximately \$150 million more to the portfolio. When the economic crisis hit in 2008, the Debtor moved to a defensive position with respect to all existing properties eventually became defensive and the development of land was frozen for at least 8 years. From 2008 – 2010, the Debtor was able to maintain high rates of occupancy at its stabilized assets. However, the Debtor expected a much shorter duration of the economic downturn; the economic downturn, however, lasted much longer than anyone could have predicted.

From 2010-2014, the Debtor, through its management team, achieved first mortgage loan restructurings across the entire portfolio including the following assets:

1. Towamencin Corporate Center
2. Hillcrest Shopping Center
3. Gwynedd Corporate Center
4. Mt Laurel Corporate Center
5. Cedar Hill Shopping Center
6. Commons at Little Falls
7. Tollgate Commons
8. Allen Forge Shopping Center
9. Hawthorne Court
10. Fairway
11. Cedar Lake
12. Towamencin Pond Site
13. Spectrum 209 (Pocono)
14. Frankfurt, Germany (Westsite)

Restructurings were required as: 1) values had dropped by 25-40% across all property sectors, 2) cash flow had declined due to very poor leasing fundamentals and 3) the financing markets (finally exhibiting a modest recovery) offered very conservative terms, making refinancing impractical or even impossible in many cases. Nonetheless, the Debtor continued its efforts to maintain and enhance occupancy and to market its development properties to prospective occupants and lenders. The Debtor prides itself on the fact that it was able to successfully negotiate loan workouts and restructurings with all of its secured lenders at the time, without having to relinquish any of its properties to its secured lenders. The Debtor achieved write-offs of approximately \$20 million through many of these restructurings and worked on continuing positive leasing to improve operations.

The Debtor also sold several assets with net proceeds of approximately \$70 million as cash was needed to deal with deleveraging, operating shortfalls and negative cash drag from the undeveloped land assets. Many of the assets sold were amongst the premier assets of the portfolio as those were the ones commanding the best values, including:

- a. Cedar Hill – BJ’s Wholesale Club - \$15,000,000
- b. Cedar Hill – Lowe’s Home Improvements - \$17,200,000
- c. Allen Forge Shopping Center - \$9,333,000
- d. Commons at Little Falls – Phase I - \$13,200,000
- e. Tollgate Commons - \$7,200,000
- f. Fairway - \$1,850,000

**B. Historical Sales.**

Attached as EXHIBIT “A” is a summary of the Debtor’s sale proceeds from nine separate property transactions occurring between October 2011 and January 2017. The Debtor elected to sell assets to fund various cash flow needs during this timeframe. For obvious reasons, the assets that were easiest to market were those that were highly leased, with strong tenant rent

rolls. The Debtor disposed of completed stabilized projects consisting of approximately 555,000 square feet in the aggregate (these properties were essentially 100% leased at the time of sale) along with the sale of approximately 27 acres of pre-development property (1. Fairway, 2. Hawthorne Court - Hotel Unit 1 of Condo, and 3. The Commons at Little Falls - CSC Headquarters ground).

These sales generated gross proceeds of approximately \$70,000,000. From the gross proceeds, the Debtor had property-level obligations to pay off, including mortgages of approximately \$47,000,000, as well as transaction closing costs of approximately \$7,500,000.

These closing costs included various items such as:

1. Real Estate transfer taxes (general rule = 1% of gross figures) = \$1,400,000
2. Sales commissions (general rule = 3% of gross figures) = \$2,100,000
3. Loan defeasance / prepayment premiums or yield maintenance fees on certain mortgage loans
4. Title, property cost allocations, and legal and other professional costs of sale
5. Payments to other property-level owners such as TiCs

After deducting the above mortgage and closing costs and allocations, the Debtor was left with net sale proceeds from the nine sales of approximately \$15,760,000. These net proceeds were used for various applications as follows:

1. Project-level payments to vendors and service providers throughout the portfolio (e.g. landscaping, snow, janitorial), and other property-level obligations required for upkeep of real estate assets owned: approximately \$4.1M.
2. Payments to unsecured Spectrum Creditors for interest, principal, and/or extension fees: approximately \$4.7M.

3. Payments reserved from proceeds for near-term unsecured lender payments. (interest payments were running at more than \$110K per month): approximately \$2.8M.
4. Payments to the Debtor's consultants and professionals: approximately \$760K.
5. Payments to Trefoil for fees owed or to cover overhead obligations for managing the Debtor's properties and portfolio: approximately \$1.07M.
6. The balance of approximately \$2.3M was reserved for general working capital for the Debtor.

**EXHIBIT "A"** describes the allocation of the net proceeds from these sales. In total, at least \$7.5M (50%) was used for unsecured creditors, and it is likely that the majority of the working capital (\$2.3M / 15%) was also used for unsecured creditors for a total of approximately 65%. The biggest non-creditor application was for necessary real estate upkeep/maintenance costs at approximately \$4.7M, representing another 30% of the proceeds.

In 2015 – 2016, the Debtor worked on several large capital-raising transactions to replenish operating cash. Ultimately, the Debtor hired Griffin Financial in August 2016 as an investment banker to identify strategic alternatives. The Debtor worked with Griffin Financial from September 2016 – March 2017 with expectations of finding a new capital source, but those efforts were ultimately unsuccessful. The Debtor then met with its limited partners in March 2017 to report failure of strategic alternatives and the need to consider other possibilities, including a possible Chapter 11 reorganization. The Debtor obtained the requisite consent of 75% of the limited partners and filed the Petition on June 20, 2017.

**C. Recent Leasing Activity.**

The Debtor's Plan is focused on adding value to its existing properties by continuing to actively lease existing vacancies, enhance the rent rolls in its portfolio, and develop the few

remaining pad sites and other units within its five stabilized projects. The Debtor's Plan is supported by its success since the beginning of 2017 in completing 13 leases totaling more than 76,000 square feet. A schedule detailing existing leases is attached hereto as **Exhibit "B"**. These leases are with tenants that are a combination of retail and office uses, aggregating approximately \$1,650,000 of gross annual revenues for the Spectrum portfolio. As each lease has various requirements (municipal approvals, permitting and / or construction and design) several of these are not yet in occupancy, and their rent commencements are scheduled to occur during the next several quarters. In addition to the signed leases noted in the above paragraph, Debtor's pipeline of leasing prospects includes more than six other leases (3 of which have already signed letters of intent) representing more than \$425,000 of additional gross annual revenues.

Also during this timeframe, Debtor has succeeded in gaining approvals for two new pad sites at its Hillcrest Shopping Center, representing the potential to add as much as \$2,500,000 of value to this existing property. Debtor has also guided the approval of an Aldi Markets lease at its Cedar Hill Shopping Center property, culminating in approval from Voorhees Township in early July. The Aldi lease (one of the 13 leases noted above) adds approximately \$4,500,000 in value on its own to the Cedar Hill Shopping Center property, as evidenced by an offer made to Debtor for the purchase of the Aldi unit during the second quarter of 2017.

### **LIQUIDATION ANALYSIS**

See Liquidation Analysis prepared by Debtor attached hereto as **EXHIBIT "C"**.

#### **C. Management of the Debtor**

The Reorganized Debtor will be managed as indicated in Section (IV)(D)(i)(C) of



this Disclosure Statement.

**D. Significant Events during the Bankruptcy**

**a. Bankruptcy Proceedings**

- i. The Debtor's Voluntary Chapter 11 Petition was filed on June 20, 2017.
- ii. The Debtor filed its Schedules of Assets and Liabilities and its Statement of Financial Affairs on July 17, 2017.<sup>1</sup>
- iii. The Debtor's Section 341 Meeting of Creditors was held and concluded on July 18, 2017.
- iv. The Debtor filed a Motion for the Authority to Continue to Perform under a Real Estate Services Agreement and Amended and Restated Limited Partnership Agreement with Trefoil Properties, LP and Trefoil Management, LLC on June 27, 2017 (the "Trefoil Motion").<sup>2</sup> The Trefoil Motion describes the relationship between the Debtor, Trefoil Properties, LP, and Trefoil Management, LLC. A hearing on the Trefoil Motion is scheduled for August 2, 2017.

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<sup>1</sup> At the request of the Office of the United States Trustee, the Debtor Amended Schedule F to include greater detail with regard to the nature and time period each debt was incurred.

<sup>2</sup> The Debtor has no employees of its own but is managed through its general partner, Spectrum Alliance Services, GP, LLC ("Spectrum GP"), which is in turn managed by Trefoil Properties, LP ("Trefoil"), its Manager. Trefoil, through its general partner, TPGP, and Trefoil Management, LLC ("TMLLC"), a Pennsylvania limited liability company, are parties to a Real Estate Services Agreement dated March 6, 2007 ("RE Services Agreement"), pursuant to which TMLLC provides to Trefoil all of the services which Trefoil is required to provide to the Debtor. TMLLC also employs all of the employees providing services to Trefoil and, in turn, by Trefoil to the Debtor. TMLLC is reimbursed for its overhead, payroll and expenses pursuant to the terms of the RE Services Agreement. Trefoil is also entitled to certain fees under the terms of Schedule 2.9(b) to the Amended and Restated Limited Partnership Agreement of Spectrum Alliance, LP and First Amendment thereto dated January 1, 2006 and January 1, 2008, respectively ("Partnership Agreement" and together with the RE Services Agreement, the "Agreements"). The Agreements are attached to the Trefoil Motion as Exhibits.

- v. On August 2, 2017, the Debtor filed a Motion for an order (I) pursuant to 11 U.S.C. § 364(c), authorizing the Debtor to obtain secured post-petition financing consisting of a \$1,150,000 loan from QuickLiquidity XXIV, LLC (the “Lender”) to the Debtor under and pursuant to the DIP Agreement, (II) an Expedited Hearing, Reduced Notice Period and Limited Notice Pursuant to Federal Rule of Bankruptcy Procedure 9006(c)(1) and E.D. Pa. L.B.R. 5070(f), and for (III) related Relief (the “DIP Motion”). A hearing on the DIP Motion is scheduled for August 14, 2017.

**b. Actual and Projected Recovery of Preferential or Fraudulent Transfers.**

To be supplied.

**E. Post Bankruptcy Operations**

Since the Filing Date, the Debtor has filed all operating reports and provided all other information requested by the Office of the United States Trustee and has paid all required fees to the United States Trustee. The Debtor will continue to file all reports and pay all fees as they become due. The Debtor has also taken significant steps to increase its profitability and efficiency. These actions are discussed, *infra*, at section IV(E)(5).

**F. Projections and Assumptions**

Attached hereto as **EXHIBIT “D”** is the Debtor’s Plan Budget and accompanying Assumptions.

**IV. SUMMARY OF PLAN OF REORGANIZATION**

**A. What Creditors and Interest Holders Will Receive Under the Proposed Plan.**

The Plan classifies Claims and Interests in various classes. The Plan states whether each class of Claims or Interests is impaired or unimpaired. The Plan provides the treatment each class will receive. The following is a brief summary of the Plan and is qualified in its entirety by the full text of the Plan itself. The Plan, if confirmed, will be binding upon the Debtor, its creditors, interest holders and partners. All creditors, partners, and interest holders are urged to carefully read the Plan in its entirety.

**B. Unclassified Claims.**

Certain types of Claims are not placed into voting classes. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following Claims in a class:

**1. Administrative Expenses and Fees**

Administrative expenses are Claims for fees, costs or expenses of administering the Debtor's chapter 11 case which are allowed under the Bankruptcy Code section 507(a)(1), including all professional compensation requests pursuant to section 330 and 331 of the Bankruptcy Code.

**i. Time for Filing Administrative Claims**

The holder of an Administrative Claim, other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Claim within (30) days after the Confirmation Date. Such notice must include at minimum (i) the name of the holder of the Claim, (ii) the amount of the Claim and (iii) the basis of the Claim. Failure to file this notice timely and

properly shall result in the Administrative Claim being forever barred and discharged. Subcontractors and suppliers providing work on Debtor property are deemed to hold Administrative Claims incurred in the ordinary course of business.

**ii. Time for Filing Fee Claims**

Professional fees are estimated at \$500,000 for the Debtor. Each professional person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court a fee application within sixty (60) days after the Effective Date. Failure to timely and properly file the fee application shall result in the Fee Claim being forever barred and discharged.

**iii. Allowance of Administrative Claims**

An Administrative Claim with respect to which notice has been properly and timely filed pursuant to Section 5.1 (a) the Plan shall become an Allowed Administrative Claim if no objection is filed after thirty (30) days lapses from the filing and service of notice of such Administrative Claim. If an objection is filed within such (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

**iv. Payment of Allowed Administrative Claim**

Administrative claims are estimated at \$0.00 for the Debtor. Each holder of an Allowed Administrative Claim shall receive (i) the amount of such holder's Allowed Administrative Claim upon the Effective Date, (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder as long as no payment is made thereon prior to the Effective Date so long as such modification of treatment made by the Debtor and any holder of an Allowed Administrative Claim does not impair any other class, or (iii) as may be otherwise ordered by the Court, provided that

an Allowed Administrative Claim representing a liability incurred in the ordinary course of business by the Debtor may be paid in the ordinary course of business.

v. **Professionals Fees Incurred After the Effective Date**

Any professional fees incurred by the Debtor after the Effective Date must be approved by the Debtor and, thereafter, paid. Neither Bankruptcy Court approval, nor consent of creditors whose claims may be impaired by the payment of post-confirmation Professional Fees, is required. Any dispute which may arise with regard to professional fees after the Effective Date shall be submitted to the Bankruptcy Court, which shall retain jurisdiction to settle these types of disputes.

2. **Priority Tax Claims.** Priority Tax Claims are claims for certain unsecured income, employment and other taxes described by Bankruptcy Code section 507(a)(8). The Bankruptcy Code requires that each holder of such a section 507(a)(8) Priority Tax Claim receive the present value of such Claim in one lump sum if the claim is ultimately allowed after any objection by the Debtor is litigated to conclusion or settled. Therefore, the Reorganized Debtor will pay to the holders of such claims the full amount due and owing, in equal monthly installments, for five years, with interest accruing at the statutory rate as of the Petition Date. As of the time of the filing of this Disclosure Statement, Priority Tax Claims are believed to be approximately \$0.00.

C. **Treatment of Classes of Claim**

The Plan divides Claims and Interests into two separate classes. Under the Plan, there is one class of unsecured creditors broken down into two sub-classes and one class of equity holders. All classes are impaired under the Plan.

**Class 1. Unsecured Claims.** Class 1 consists of Allowed Unsecured Claims,

as set forth in Section 3.1 hereof.

**A. Class 1A Claims.** Class 1A creditors shall include only those Creditors on Schedule 1A attached to the Plan. Class 1A creditors shall be paid by each respective SPE which has a direct obligation to a Class 1A creditor. Class 1A creditors shall not be paid from the proceeds distributed to Class 1B creditors unless the Class 1A creditor has declared a default, foreclosed on any collateral and liquidated the same and established a Deficiency Claim.

**B. Class 1B Claims.** Class 1B creditors shall consist of all Claims against the Debtor other than Class 1A Claims. Class 1B Claims shall be capped at \$34,000,000, inclusive of all interest, late fees, penalties, premiums, costs, expenses, damages, charges or attorneys' fees. To the extent the Class 1B Claims total less than \$34,000,000, the Post-Confirmation Class 1B Claims shall equal the Class 1B Claim. To the extent the Class 1B Claims exceed \$34,000,000, each Post-Confirmation Class 1B Claim shall be determined by multiplying the Class 1B Claim by a fraction determined by dividing \$34,000,000 by the total Class 1B Claims.

Post-Confirmation Class 1B Claims shall be paid as follows:

1. Interest will begin to accrue at the annual rate of 5% upon the earlier of (i) January 1, 2020, or (ii) the day when Post-Confirmation Class 1B Claims are reduced to an amount less than \$24,000,000.
2. Simple interest only will accrue on the Post-Confirmation Class 1B Claim. There shall be no compounding or the accrual of interest on unpaid interest.

3. Each Class 1B creditor will receive a pro-rata distribution on the Effective Date of “Units” in the Debtor equivalent in the aggregate to a 12.5% Limited Partner Interest. Such Units will be *pari passu* to any other Limited Partner Interest.
4. Principal on Post-Confirmation Class 1B Claims shall be paid from funds, if any, available to the Debtor in excess of the MFR, as defined in Section 6.1(b), after payments set forth in 6.1(b).
5. Class 1B Claims shall have the option, in lieu of the options set forth in Items B.1, B.2 and B.3 above, and to the extent cash is available in the Debtor, to receive a 5% cash distribution on the Effective Date in full and final satisfaction of its Class 1B Claim.

**Class 2. Interest Holders.** The Class 2 Claims are Impaired. Class 2 Claims consists of the holders of units of limited partnership interests in the Debtor. Holders of Class 2 Claims will retain their interests in the Debtor subject to the modification of rights contained in Article VI. Class 2 shall be diluted by the 12.5% limited partnership interest distributed to Class 1B creditors as set forth in Item B.3 above.

**D. Provisions for Execution of the Plan**

(i) **Implementation of the Plan**

(A) **Debtor’s Interest(s) in Undeveloped Land Assets and Stabilized Portfolio.**

The Debtor currently owns or owned (see, *infra*, regarding PB Spectrum Partners, LP) limited partnership or membership interests, as applicable, in the SPEs that own the following undeveloped parcels of land: (1) an approximately 10 acre parcel owned by MVI Spectrum

Partners, LP in Voorhees, Camden County, New Jersey (“Cedar Lake”); (2) an approximately 2.23 acre parcel (also known as Unit 6 of the Kulpsville Business Campus, a Condominium) in Kulpsville, Montgomery County, Pennsylvania (“Pond Building”), owned by PB Spectrum Partners, LP; (3) two condominium units (out of a total of 3 condominium units) on a parcel consisting of approximately 13 acres total in North Wales, Montgomery County, Pennsylvania (“Hawthorne Court”), owned by Hawthorne Court Associates, LP as a 74.97% tenant-in-common; and (4) an approximately 9.3 acre parcel in Lehighton, Carbon County, Pennsylvania (“Poconos”), owned by Spectrum 209 Partners, LP.

Upon Confirmation of the Plan, and provided the Debtor receives full and final releases and discharges from any guaranty or other credit support (and any Deficiency Claim associated therewith) issued by the Debtor in connection with the financing of the following properties, the Debtor will use commercially reasonable efforts to reach agreements with the first-lien mortgage holders on the following properties to either convey (by deed in lieu of foreclosure) to, or permit an uncontested foreclosure of the liens held by, the respective lienholders on: (1) Hawthorne Court; and (2) Poconos.

The Debtor, prior to the Filing Date, assigned its Limited Partnership Interest in PB Spectrum Partners, LP, to the International Union of Operating Engineers of Eastern Pennsylvania and Delaware Pension Fund (“IUOE 542”), which held a pledge of that interest on account of a \$10,000,000 preferred equity investment by IUOE 542 in PB Spectrum Partners, LP. IUOE 542 retains a pledge of the general partner interest (SAS-PB, LLC) in PB Spectrum Partners, LP, but has not yet exercised its rights with respect thereto.

The Debtor is further marketing the Cedar Lake property for sale and/or lease.



The Debtor will retain its interest in and continue to operate, maintain and manage the respective entities which own stabilized assets, identified as follows:

- (i) **Cedar Hill Shopping Center:** VSC-EE, LLC owns Units 2A, 2B, 3 and 4, and VSC-5, LLC owns Unit 5, in the Cedar Hill Shopping Center Condominium in Voorhees Township, Camden County, New Jersey, the property is a retail power center comprised of nearly 400,000 rentable square feet (approximately 360,000 constructed, with additional development pending). The Debtor has entered into a letter of intent to sell Unit 5 (together with the lease encumbering Unit 5) at Cedar Hill for \$4,590,000 and is presently negotiating the purchase and sale agreement for that proposed transaction. If, for any reason, the sale of Unit 5 is not consummated, the Debtor will continue to market Unit 5 for sale. Shem Creek Cedar Hill, LLC has a first lien on Units 2A, 2B, 3 and 4. MAREIF has a first lien on Unit 5.
- (ii) **Hillcrest Shopping Center:** HC Spectrum Partners, LP owns a 78.38% tenant-in-common interest in this approximately 133,797 square foot community shopping center located in the Borough of Lansdale, Montgomery County, Pennsylvania. Malvern Federal Savings Bank has a first lien on the property.
- (iii) **Towamencin Corporate Center:** CB Spectrum Partners, LP ("CB") owns this approximately 77,000 square foot, three-story office building and a 550 car parking garage located at 1690 Sumneytown Pike, Kulpsville, Montgomery County, Pennsylvania, also known as Unit 4 in the Kulpsville Business Campus, a Condominium. The Debtor owns a 51.1% limited partnership interest in CB and 1690 Partners, LLC owns a 48.9% limited partnership interest in CB.
- (iv) **Mount Laurel Corporate Center:** ML Spectrum Partners DE, LLC owns a 33.39% tenant-in-common interest in an approximately 87,011 square foot office building located at the intersection of Route 73 and Howard Boulevard in Mount Laurel, Burlington County, New Jersey. Wells Fargo Commercial Mortgage Servicing services the first lien CMBS loan on this property. The Debtor is a member of

ML Spectrum Partners, LLC, the sole member of ML Spectrum Partners DE, LLC.

- (v) **Gwynedd Corporate Center:** GCC Building Associates, LP owns a 75.03% tenant-in-common interest in Buildings 1 and 2 and 100% of Building 3 in this three-building, approximately 122,803 square foot office complex located on PA Route 63 (Welsh Road) in North Wales, Montgomery County, Pennsylvania. The property is formed as a condominium known as the Gwynedd Corporate Center, a Condominium. Shem Creek GCC, LLC has a first lien on each of the condominium units comprising the property.

(B) Establishment of a Minimum Reserve Fund for the Portfolio.

The Debtor will establish a reserve fund of \$2,500,000 (“Minimum Reserve Fund” or “MRF”) for its operational and capital expenditures. This will not be funded as of the Effective Date. Rather, the MRF will be funded out of cash flow received by the Debtor after the Effective Date from all sources and replenished to the extent it is drawn down. Any excess available cash above the MRF as determined on the 45<sup>th</sup> day following the end of the Debtor’s fiscal year will be used to pay: (i) Post-Confirmation Class 1B interest (if any); (ii) payments of outstanding Net Credit Event fees to management (if any); (iii) any Post-Confirmation Class 1B Principal outstanding, *pro rata*; and then (iv) distributions to Class 2 Claims.

(C) The Debtor will amend its Limited Partnership Agreement to Establish an Oversight Committee.

An oversight committee (“Oversight Committee” or “OC”) will be established and led by two representatives (the “Oversight Representatives”), one representing the Creditors and one representing the Limited Partners. The Committee of Unsecured Creditors (“Creditor Committee”) and the Ad Hoc Committee of Limited Partners (“LP Committee”) will each elect one member of the Oversight Committee to represent the interests of their respective

constituencies. The Oversight Representative elected by the Creditors will be designated as the Lead Oversight Representative who will be the sole party to communicate directly with the Debtor's management on behalf of both the Creditors and the Limited Partners. A new Lead Oversight Representative will be elected by the Creditors for a three-year term from among the Creditors, with the first vote to occur three years following the Effective Date. The Debtor will pay the Lead Oversight Representative an annual stipend of \$25,000 from the MRF. The LP-elected Oversight Representative will be subject to an identical term limit. No fees, compensation, stipend or other remuneration will be paid to any Oversight Representative other than to the Lead Oversight Representative as set forth above.

The management of the Debtor will regularly report to the OC and will timely prepare quarterly financial statements (balance sheet, income statement, and statement of cash flow) and tax reporting. The Oversight Committee will report quarterly to the Creditors and Limited Partners. The Oversight Committee will only remain in place so long as the Creditor Balance is outstanding and until the Limited Partners have received back 100% of their capital. Provided that, after the Creditor Balance is fully satisfied, the Oversight Committee will consist only of one Oversight Representative elected by the Limited Partners, which Oversight Representative will also become the Lead Oversight Representative.

The General Partner of the Debtor shall not take any of the following actions without the prior consent of the Oversight Committee, as communicated via email or other writing by the Lead Oversight Representative:

- (1) Any incurrence of additional secured or unsecured indebtedness other than borrowing/refinancing and extensions under existing facilities and normal trade payables incurred in the ordinary course of business.

- (2) Any decision to sell Debtor assets or underlying properties.
  - (3) Any decision related to the purchase of additional assets, except for the purchase of supplies, materials and trade fixtures and equipment used in the ordinary course of business.
  - (4) Any and all TIC-related transactions.
  - (5) Any refinancing of any existing first mortgage loan, provided the Oversight Committee shall not have the right to reasonably prevent management from refinancing existing loans that are maturing.
  - (6) The opening or closing of a Debtor-account at a financial institution.
  - (7) Any distribution of excess cash flow above the MRF not in accordance with the methodology set forth in 6.1(b) hereof.
  - (8) Any changes to the MRF cap.
  - (9) Any issuance of additional equity on par or senior to the Class 1 Claims.
  - (10) Any issuance of additional equity on par or senior to the Class 2 Claims.
  - (11) Any and all transactions with related parties, insiders or affiliates of the Debtor on terms not comparable to what could be obtained with an arm's-length third party transaction, except for those fees and reimbursements which may be approved as part of the Debtor's reorganization.
  - (12) Any changes to the Limited Partnership Agreement of the Debtor that materially affect the rights of the Oversight Committee other than as set forth herein and those changes expressly stated in the Debtor's Plan.
- (D) Other Considerations.

A Net Credit Event Fee will replace the Capital Events Fee under the existing Partnership Agreement of the Debtor and will equal 12.5% of net proceeds from the sale of properties (net of payoff of first mortgage debt and any other property-level obligations). The Net

Credit Event Fee will not be collected or accrued until the Creditor Interest Accrual Period begins. Thereafter, the Net Credit Event Fee will be accrued and paid, according to the MRF provisions in section 6.1(b), in equal amounts to (i) a newly-formed entity designated by the Debtor to substitute for Trefoil , and (ii) the Limited Partners, with the portion paid to the Limited Partners distributed in proportion to their outstanding limited partnership interest in the Debtor. The Net Credit Event Fees are only to be earned if Trefoil or its successor are in place at such time as the Net Credit Event Fee is defined as earned.

(E) Release and Waiver of Claims.

Confirmation of the Plan shall constitute an absolute, irrevocable and full and final release, satisfaction and discharge from any claims by Class 1B Creditors or Class 2 Interest holders against Trefoil, James R. Wrigley, Robert T. Wrigley, or any other member, shareholder, partner, officer, board member, trustee or employee of Trefoil.

(ii) Execution of Documents. Prior to the Effective Date, the Debtor is authorized and directed to execute and deliver all documents and to take and to cause to be taken all action necessary or appropriate to execute and implement the provisions of this Plan.

(iii) Alterations, Amendments or Modifications. This Plan may be altered, amended, or modified by the Plan Proponent before or after the Confirmation Date, as provided in §1127 of the Bankruptcy Code.

(iv) Disbursing Agent. None. The Debtor will make all payments under the Plan.

(v) Final Decree. After final distributions are made, the Debtor shall file a motion to close the case and request that a final decree be issued. The Debtor shall file all interim and final plan implementation reports and pay any fees to the Office of the United States Trustee.

(vi) Retention and Enforcement of Claims. Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any and all claims of the Debtor on behalf of, and as a representative of, the Debtor or its estate, including, without limitation, all Claims arising or assertable at any time under the Bankruptcy Code, including under 11 U.S.C. §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, 552 and 553 thereof.

(vii) Management of the Reorganized Debtor. Subject to the provisions of the plan with respect to the Oversight Committee, the day to day operational, business and financial affairs of the Reorganized Debtor shall be managed and controlled by the Reorganized Debtor and its Management who at all times shall act to implement the Plan with the sole goal of maximizing the Distributions to Claimants under the Plan upon Confirmation.

(viii) Treatment of Executory Contracts and Unexpired Leases.

**A. Assumption of Executory Contracts and Unexpired Leases.**

On the Effective Date, except as otherwise provided herein or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, executory contracts and unexpired leases shall be deemed rejected as of the Effective Date pursuant to sections 365 and 11213 of the Bankruptcy Code, regardless of whether such executory contract or unexpired lease is identified specifically herein, unless such executory contract or unexpired lease (1) was assumed or rejected previously by the Debtor; (2) previously expired or terminated pursuant to its own terms; (3) is the subject of a motion to reject filed on or before the Effective Date; or (4) is specifically identified as an Assumed Executory Contract or Assumed Lease in the Plan. Any motions to assume or reject executory contracts or unexpired leases

pending on the Effective Date shall be subject to approval of the Bankruptcy Court on or after the Effective Date by a Final Order.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions, assumption and assignment or rejections, as applicable, of such executory contracts or unexpired leases as set forth in the Plan pursuant to Sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, assumptions, assignments and rejections of executory contracts and unexpired leases, pursuant to the Plan, are effective as of the Effective Date. Each executory contract or unexpired lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall re-vest in and be fully enforceable by the contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

To the maximum extent permitted by law, to the extent any provision in any executory contract or unexpired lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such executory contract or unexpired lease (including any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such executory contract or unexpired lease or to exercise any other default-related rights or remedies with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtor or the Reorganized Debtor, as applicable, reserve the right to alter, amend, modify, or supplement the Plan with regard to specifically rejected

executory contracts or unexpired leases at any time through and including 45 days after the Effective Date.

The Debtor assumes the Guarantees on Schedule D. With specific regard to Guarantees to holders of Class 1A Claims as listed on Schedule 1A to the Plan, said Guarantees are assumed upon the Confirmation of the Plan.

**B. Preexisting Obligations to the Debtor under Executory Contracts and Unexpired Leases.**

Rejection of any executory contract or unexpired lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtor under such executory contract or unexpired lease.

**C. Rejection of Executory Contracts and Unexpired Leases.**

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases, pursuant to the Plan or the Confirmation Order, if any, must be filed and served on the Reorganized Debtor no later than thirty (30) days after the effective date of such rejection.

**Any Claims arising from the rejection of an executory contract or unexpired lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtor, the Reorganized Debtor, or its Assets or Property, without the need for any objection by the Debtor or Reorganized Debtor, or further notice to, action, order, or approval of the Bankruptcy Court or any other entity, and any Claim arising out of the rejection of the executory contract or unexpired lease shall be deemed fully satisfied, released, and**



**discharged, and be subject to the permanent injunction set forth in Article XIV of the Plan, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.**

All Claims arising from the rejection by the Debtor of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code shall be treated as a General Unsecured Claim pursuant to Article IV of the Plan and may be objected to in accordance with the provisions of Article IV of the Plan and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

**D. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.**

Any monetary defaults under each executory contract or unexpired lease to be assumed pursuant to the Plan shall be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, by payment of the default amount on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtor or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the executory contract or unexpired lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such executory contract or unexpired lease, the Reorganized Debtor reserves the right to reject any executory contract or unexpired lease which is subject to dispute.

At least fourteen (14) days prior to the deadline for filing objections to the Confirmation of the Debtor's Plan, the Debtor shall provide for notices of proposed assumption or assumption and assignment and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided that the Debtor reserves all rights with respect to any such proposed assumption or assumption and assignment and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an executory contract or unexpired lease to a proposed assumption or assumption and assignment or related cure amount must be filed, served, and actually received by the Debtor no later than thirty (30) days after service of the notice providing for such assumption or assumption and assignment and related cure amount. Any counterparty to an executory contract or unexpired lease that fails to timely object to the proposed assumption or assumption and assignment or cure amount will be deemed to have irrevocably assented to such assumption or assumption and assignment or cure amount.

Assumption or assumption and assignment of any executory contract or unexpired lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the effective date of assumption or assumption and assignment. **Any Proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed or assumed and assigned shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court.**

**E. Modifications, Amendments, Supplements, Restatements, or Other Agreements.**

Unless otherwise provided in the Plan, each assumed or assumed and assigned executory contract or unexpired lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such executory contract or unexpired lease, and all executory contracts or unexpired leases related thereto, if any, including all easements, licenses, rights-of-way, permits, rights, privileges, immunities, options, rights of first refusal, rights of first offer and any other interests, unless any of the foregoing agreements has been previously rejected or is rejected under the Plan.

Modifications, amendments, supplements, and restatements to prepetition executory contracts or unexpired leases that have been executed by the Debtor during the above-captioned Chapter 11 case shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

(ix) Plan Funding. The Debtor's Plan shall be funded by the Debtor's operations, Debtor-in-Possession Financing, its sale of any portion of its Property, and the Debtor's successful restructuring of debt.

**V. PROVISIONS GOVERNING DISTRIBUTIONS, DISCHARGE AND GENERAL PROVISIONS**

**A. Distributions**

The Debtor shall make all payments pursuant to the Plan and shall have the sole and exclusive right to make the distributions required by the Plan.

**1. Delivery of Distributions**

Distributions and deliveries to holders of Allowed Claims will be made at the addresses set forth on the proofs of claim filed by the holders (or at the last known address). If any holder's distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Reorganized Debtor is notified of the holder's then current address, at which time all missed or returned distribution will be made to the holder without interest. After one year from the payment date all unclaimed property will become property of the Reorganized Debtor, and the Claim of any holder with respect to such property will be discharged and forever barred.

**2. Means of Cash Payment**

Payments made pursuant to the Plan will be in United States funds, by check drawn on a domestic bank or by wire transfer from a domestic bank. All distributions will be made by Debtor.

**3. Time Bar to Cash Payments**

Checks issued by the Debtor in payment of Allowed Claims will be null and void if not cashed within ninety (90) days of the date of its issuance. Requests for re-issuance of any check shall be made to the Debtor by the holder of the Allowed Claim to which the check originally was issued. Any Claim relating to a voided check must be made on or before the later of (i) the first anniversary of issuance, or (ii) ninety (90) days after the date the check was voided. After that date, all Claims relating to a voided check will be discharged and forever barred and shall be re-vested in the Reorganized Debtor.

**4. Setoffs**

The Debtor may, but will not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of the Claim, any Claims of any nature whatsoever the

Debtor may have against the Claimant, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver of release by the Debtor of any such claim the Debtor may have against such Claimant.

**5. De Minimis Distributions**

No payment of less than twenty-five dollars (\$25.00) will be made by the Debtor to any creditor unless a request is made in writing to the Reorganized Debtor to make such a payment by the Effective Date of the Plan.

**6. Saturday, Sunday or Legal Holiday**

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

**B. Confirmation/Miscellaneous**

1. Except as may be otherwise provided herein, upon the Confirmation Date, all Claims against the Debtor and Debtor-in-Possession shall be satisfied, discharged and released in full; and all holders of Claims and Creditors shall be precluded from asserting against the Debtor, its assets, properties or interest held by it, any other future Claim based upon any transaction or occurrence of any nature that occurred prior to the Confirmation Date.

2. Upon confirmation, title to all assets and properties whatsoever of the Debtor and the Debtor-in-Possession shall be retained by and revested in the Reorganized Debtor free and clear of Claims, Liens, encumbrances, security and equitable interests, except as may be otherwise provided by this Plan. The order confirming the Plan shall be a judicial determination of

the discharge of the liabilities or obligations of a Claim against the Debtor and Debtor-in-Possession, except only as may be otherwise provided for this Plan. Confirmation of the Plan shall satisfy, release and discharge all Claims arising out of any Claim settled and satisfied under the terms of the Plan.

3. After the Effective Date, the Reorganized Debtor shall be entitled to operate its property without any restrictions of the Bankruptcy Code and without any supervision of the Bankruptcy Court.

4. No default shall be declared under this Confirmed Plan, unless any payment due under this Confirmed Plan shall not have been made within thirty (30) days after written notice to the Debtor and counsel for the Debtor of failure to make payment when due under the Confirmed Plan.

## **VI. EFFECTS OF CONFIRMATION**

### **A. Discharge of Claims; Injunction**

Except as otherwise expressly provided in the Plan, the entry of the Confirmation Order shall act to, among other things, permanently enjoin all Persons who have held, hold or may hold Claims of or Interests in the Debtor as of the Confirmation Date (a) from commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest against the Debtor, (b) from the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Debtor or the Property of the Debtor with respect to any such Claim or Interest, (c) from creating, perfecting or enforcing any encumbrance of any kind against the Debtor thereof, or against the property of the Debtor with respect to any such Claim or Interest, (d) from creating, perfecting or

enforcing any lien or encumbrance of any kind against the Debtor thereof, or against the property of the Debtor with respect to any such Claim or Interest, and (e) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due from the Debtor thereof, or against the property of the Debtor, with respect to any such Claim or Interest. To the extent, however, that the Debtor defaults under the terms of the Confirmed Plan and such default is not cured within ten (10) days after the Debtor and its counsel receive notice of the default as provided under Section 8.3 of the Plan, the injunction shall be void solely to allow plan enforcement.

**B. Term of Injunctions or Stays**

**Unless otherwise provided, all injunctions or stays provided for in Chapter 11 cases pursuant to section 362(a) of the Bankruptcy Code or otherwise, shall remain in full force and effect until the Effective Date at which time the injunction under section VIII shall be in force.**

**C. No Interference with Plan**

**No entity may commence or continue any action or proceeding, or perform any act to interfere with the implementation and consummation of the Plan and the payments to be made hereunder.**

**VII. CRAMDOWN PROVISIONS AND CONFIRMATION REQUEST**

In the event that sufficient votes to confirm said Plan are not received, the Debtor requests confirmation of the Plan pursuant to the provisions to the provisions of section 1129(b) of the Bankruptcy Code.

## **VIII. MODIFICATION OF THE PLAN**

**A. Modification and Amendments, Generally.** Except as otherwise specifically provided in the Plan, the Debtor reserves the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtor expressly reserves the right to alter, amend, or modify the Plan with respect to the Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article XI of the Plan.

**B. Pre-Confirmation Modification** At any time before the Confirmation Date, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. In the event that there is a modification of the Plan, then the Plan as modified shall become the Plan.

**C. Pre-consummation Modification.** At any time after the Confirmation Date of the Plan, but before substantial consummation of the Plan, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this section,



becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under section 1129 of the Bankruptcy Code.

**D. Non-Material Modifications.** At any time, the Proponent may, without the approval of the Court, so long as it does not materially or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent and effect of this Plan.

**E. Revocation or Withdrawal of the Plan.** The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtor revokes or withdraws the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption, assumption and assignment, or rejection of executory contracts or unexpired leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims, Interests, or Causes of Action held by the Debtor; (b) prejudice in any manner the rights of the Debtor or any other entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtor or any other entity.

#### **IX. RETENTION OF JURISDICTION**

The Court shall retain jurisdiction of the case after the Confirmation Date for the following purposes:

(a) to determine any and all objections in the allowance of claims and amendments to schedules;

(b) to classify the Claim of any Creditor and to re-examine Claims which have been allowed for purposes of voting, to determine such objections as may be filed to Claims;

(c) to determine any and all disputes arising under or in connection with the Plan, the sale of any of the Debtor's assets, or collection or recovery of any assets;

(d) to determine any and all applications for allowance of compensation and reimbursement of expenses herein;

(e) to determine any and all pending applications for rejections of executory contracts and unexpired leases and the allowance of any claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan;

(f) to determine any and all applications, adversary proceedings and contested and litigated matters pending in the case as of, or after, the Confirmation Date;

(g) to determine any and all proceedings for recovery of payments pursuant to any Cause of Action;

(h) to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;

(i) to correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes intent and effect of the Plan;

(j) to determine such other matters which may be provided for in the Confirmation Order as may be authorized under the provisions of the Bankruptcy Code;

(k) to enforce all provisions under the Plan; and

(l) to enter any order, including injunctions, necessary to enforce the terms of the Plan, the powers of the Debtor under the Bankruptcy Code, this Plan and as the Court may deem necessary.

**X. CAUSES OF ACTION**

**A. Suits, Etc.**

The Debtor reserves the right to initiate or continue any litigation or adversary proceeding permitted under the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure with respect to any Cause of Action, except if provided to the contrary herein.

**B. Powers**

The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any cause of action from time to time in its discretion.

**XI. OBJECTIONS TO CLAIMS**

**A. Objection to Claims**

Notwithstanding the occurrence of the Confirmation Date or the Effective Date, the Debtor may object to the allowance of any Claim not previously allowed by Final Order whether or not a Proof of Claim has been filed and whether or not the Claim has been filed and whether or not the Claim has been scheduled as non-disputed, non-contingent and liquidated. All such objections shall be filed within sixty (60) days of the Effective Date.

**B. Contested Claims**

Notwithstanding any other provision of this Plan, a Contested Claim will be paid only after allowance by the Court or upon stipulation of the Debtor and the Claimant involved, as

approved by the Court. If allowed, the Contested Claim will become an Allowed Claim and shall be paid on the same terms as if there had been no dispute. The need for resolution of Contested Claims will not delay other payments under the Plan. No distribution shall be made to a Contested Claim until it is Allowed.

**XII. CHOICE OF LAW**

Except to the extent superseded by the Bankruptcy Code or other federal law, the rights, duties and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the choice of law rules thereof.

**XIII. EXCULPATION**

Following the Effective Date, neither the Debtor nor any of its officers, directors, partners, members, employees or agents, nor any professional persons employed by any of the foregoing parties, shall have or incur any liability or obligation to any entity for any action taken at any time or omitted to be taken at any time in connection with or related to the formation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any agreement or document created or entered into, or any action taken or omitted to be taken in connection with the Plan or this Chapter 11 case; provided, however, that the provisions of this article shall have no effect on the liability of any entity that would otherwise result from action or omission to the extent that such action or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

#### **XIV. MISCELLANEOUS**

##### **A. Payment of Statutory Fees**

All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Court at the hearing pursuant to section 1128 of the Bankruptcy Code, will be paid on or before the Effective Date. Moreover, all post-confirmation quarterly fees owed to the Office of the United States Trustee shall be paid by the Reorganized Debtor as and when they become due until the Bankruptcy Case is closed.

##### **B. Discharge of Debtor**

The rights afforded in the Plan and the treatment of all Claims and Interests in the Plan shall be in exchange for and in complete satisfaction, discharge, and release of Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Filing Date, against the Debtor, any of its Assets or Properties and the Debtor' Estate. Except as otherwise provided in this Plan (i) on the Effective Date, all Claims against and Interests in the Debtor will be satisfied, discharged and released in full and (ii) all Persons shall be precluded from asserting against Debtor, its successors, or its Assets or Properties any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date.

Notwithstanding the foregoing, the discharge granted by 11 U.S.C. §1141(d) is modified as to the secured or priority tax debt provided for in this Plan, and the discharge of any secured or priority tax debt under this Plan shall not be effective until all secured or priority taxes provided for in the Plan have been paid in full.

**C. Discharge of Claims**

Except as otherwise provided in this Plan or in the Confirmation Order, the rights afforded in this Plan and the payments and distributions to be made under the Plan shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and Claims of any kind, nature or description whatsoever against the Debtor, the Estate or any of its Assets or Properties; and upon the Effective Date, all existing Claims against the Debtor, the Estate and all of its Assets and Properties will be, and be deemed to be, exchanged, satisfied, discharged and released in full; and all holders of Claims will be precluded from asserting against Reorganized Debtor, its successors or its Assets or Properties any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, whether or not the holder filed a proof of claim.

**D. Effect of Confirmation Order**

Except as provided for in this Plan, the Confirmation Order will be a judicial determination of discharge of the Debtor from all debts that arose before the Confirmation Order and any liability on a Claim that is determined under section 502 of the Bankruptcy Code as if such Claim had arisen before the Confirmation Date, whether or not a proof of claim based on any such date or liability is filed under section 501 of the Bankruptcy Code and whether or not a Claim based on such debt or liability is allowed under section 502 of the Bankruptcy Code.

**E. Severability**

Should any provision in this Plan be determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any provision of the Plan.

**F. Successors and Assigns**

The rights and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of that Person.

**G. Binding Effect**

The Plan will be binding upon and inure to the benefit of the Debtor, its Creditors, the holders of Interests, and their respective successors and assigns.

**H. Governing Provisions**

Where a provision of this Plan contains a summary or description of one or more provision of any of the documents attached to the Plan as an Exhibit that conflicts or appears to conflict with any such provision of an Exhibit, the provision of the Exhibit will govern.

**I. Filing of Additional Documents**

On or before substantial consummation of this Plan, the Debtor will file with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

**J. Withholding and Reporting Requirements**

In connection with the Plan and all instruments issued and distributions made pursuant to the Plan, the Debtor will comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions made pursuant to the Plan will be subject to any such withholding and reporting requirements.

**SPECTRUM ALLIANCE, LP**

**By: Spectrum Alliance Services GP, LLC**

**By: Trefoil Properties, LP**

**By: Trefoil Properties GP, LLC**

*/s/ James R. Wrigley*

James R. Wrigley, President

Dated: August 4, 2017

**CIARDI CIARDI & ASTIN**

*/s/ Albert A. Ciardi, III*

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Debtor-in-Possession