

24

1 HAGOP T. BEDOYAN, CSB No. 131285
2 JACOB L. EATON, CSB No. 244834
3 KLEIN, DENATALE, GOLDNER,
4 COOPER, ROSENLIEB & KIMBALL, LLP
5 4500 California Avenue, Second Floor
6 Bakersfield, CA 93309
7 Telephone: (661) 395-1000
8 Facsimile: (661) 326-0418
9 e-mail: jeaton@kleinlaw.com

10 Attorneys for Debtor-in-Possession

11 **UNITED STATES BANKRUPTCY COURT**

12 **EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION**

13 In re:

14 SOUTH LAKES DAIRY FARM,
15 Debtor-in-Possession.

16 Case No. 12-17458-B-11
17 Chapter 11
18 DC No. KDG-17

19 Date: September 12, 2013
20 Time: 9:00 a.m.
21 Place: United States Bankruptcy Court
22 2500 Tulare Street, Fifth Floor
23 Department B, Courtroom 12
24 Fresno, California
25 Judge: Honorable W. Richard Lee

26 **PLAN OF REORGANIZATION DATED SEPTEMBER 17, 2013**

27 **Introduction**

28 Pursuant to section 1121(a) of the Code,¹ SOUTH LAKES DAIRY FARM, a California partnership, the Debtor in the above-captioned Chapter 11 case, respectfully proposes the following Plan. Debtor is the proponent of this Plan under Section 1129.²

The Plan contemplates the reorganization of Debtor and the resolution of all outstanding Claims against and interests in Debtor. If any Impaired Class of Claims against Debtor entitled

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Section 18.01 of this Plan.

² All Section numbers refer to sections of the Code unless otherwise specified.

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 to vote on this Plan does not accept the Plan by the requisite statutory majority required by
 2 section 1126(c) of the Code, then Debtor will proceed to confirm the Plan under section
 3 1129(b) of the Code.

4 Under section 1125(b) of the Code, votes to accept or reject a plan of reorganization
 5 cannot be solicited from holders of Claims or Interests entitled to vote on the plan until a
 6 disclosure statement has been approved by the Bankruptcy Court and distributed to such
 7 holders. The *Disclosure Statement Dated May 9, 2013* that accompanies the Plan contains,
 8 among other things, a discussion of the Debtors' history, businesses, properties, and operations,
 9 projections for those operations, risk factors associated with the business and the Plan, and a
 10 summary and analysis of the Plan and certain related matters.

11 **Article I. Designation and Treatment of Administrative Claims and Priority Claims**

12 Administrative Claims and priority claims are defined and treated in the Plan as
 13 follows:

14 **Section 1.01 Class One Claims: Administrative Expense Claims.**

15 Class One Claims are the Administrative Claims referred to in Section 507(a)(2) and
 16 include only administrative expenses of the Chapter 11 estate allowed under Section 503 of the
 17 Code. These claims will include, among other administrative claims allowed under Section
 18 503, (a) any sums owed to the United States Trustee under Section 1930(a)(6) of the Code, (b)
 19 any Administrative Claims arising out of the rejection of real or personal property leases, (c)
 20 503(b)(9) Claims, and (d) allowed professional fees owed to attorneys, accountants, or other
 21 professionals retained by Debtor or the Official Committee of Unsecured Creditors ("the
 22 Creditors' Committee") during the pendency of the case.

23 ***Treatment of Class One Claims.*** Class One Claims are unimpaired. Class One Claims
 24 incurred through the Effective Date will be paid in cash on or before the Effective Date, or after
 25 Court order if necessary, unless such claimants agree to a different treatment. Those Claims
 26 payable after allowance by the Court will be paid within 20 days after such allowance is
 27 granted. Except as provided below, any application for approval of a Class One Claim arising
 28 prior to Confirmation of the Plan will be filed and served no later than thirty days after Debtor

KLEIN, DENATALE, GOLDNER,
 COOPER, ROSENLEB & KIMBALL, LLP
 4550 CALIFORNIA AVENUE, SECOND FLOOR
 BAKERSFIELD, CALIFORNIA 93389-1172

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENTHAL & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 gives notice of said requirement to the affected creditors, *except* that application for allowance
2 and payment of any Professional Fee Claims may be made at any time during the Term of the
3 Plan. Professionals employed by Debtor will not be required to file applications for approval of
4 fees incurred after confirmation of the Plan. This paragraph will not apply to US Trustee Fees,
5 post-petition taxes, utility bills, post-petition debts incurred in the ordinary course of the
6 Debtor's business. All such post-petition obligations will be paid when they come due under
7 applicable law without Court order. Class One Claims will be paid from available cash.

8 **Section 1.02 Class Two Claims: Other Priority Claims.**

9 Priority claims as defined by Section 507(a)(3)-(9) of the Code are Class Two Claims.
10 Class Two Claims will be paid in accordance with the Code. Debtor does not believe that there
11 are any Class Two Claims. However, the Internal Revenue Service filed a Proof of Claim for
12 2012 year-end taxes. Debtor will pay these taxes as they come due in the ordinary course of
13 business. There will be no other distribution made to Class Two Claims.

14 **Article II. Classification and Treatment of Secured Claims: Unimpaired Claims**

15 **Section 2.01 Class Three Claim: Secured Claim of Bar VP Dairy**

16 The Class Three Claim will consist of the Allowed Secured Claims of Bar VP Dairy
17 secured by calves owned by Debtor but located at Bar VP Dairy on the Petition Date. The
18 Class Three Claim was about \$202,453.09 on the Petition Date.

19 *Treatment of the Class Three Claim:* The Class Three Claim is unimpaired. The Class
20 Three Claimant was paid in full through proceeds received from the sale of Bar VP Dairy's
21 collateral in October 2012 as authorized by the Court.

22 **Section 2.02 Class Four Claim: Secured Claim of Mendes Calf Ranch**

23 The Class Four Claim will consist of the Allowed Secured Claims of Mendes Calf
24 Ranch secured by calves owned by Debtor but located at Mendes Calf Ranch on the Petition
25 Date. The Class Four Claim was about \$249,722.00 on the Petition Date.

26 *Treatment of the Class Four Claim.* The Class Four Claim is unimpaired. The Class
27 Four Claimant was paid in full through proceeds received from the sale of Mendes Calf
28 Ranch's collateral and Bar VP Dairy's collateral in October 2012 as authorized by the Court.

KLEIN, DENATALE, GOLDNER,
 COOPER, ROSENLISS & KIMBALL, LLP
 4550 CALIFORNIA AVENUE, SECOND FLOOR
 BAKERSFIELD, CALIFORNIA 93389-1172

Article III. Classification and Treatment of Secured Claims: Impaired Claims

Section 3.01 Class Five Claims: Secured Claims of Wells Fargo Bank, N.A.

The Class Five Claims will consist all of the Allowed Secured Claims of Wells Fargo Bank, N.A. (“Wells Fargo”) secured by a security interest in livestock, inventory, equipment, and other personal property of Debtor pursuant to the Pre-Petition Loan Documents.

The Class Six Claims include the following loans. Debtor believes the amounts below indicate the approximate amount of the debt owed on each loan as of the Petition Date.

Loan Number Ending	Estimated Balance on Petition Date
8-190	\$12,668,902.50
8-299	\$3,867,405.21
Total	\$16,536,307.71

Treatment of the Class Five Claims: The Class Five Claim is impaired. The Class Five Claimant will retain its lien and the Class Five Claim will be paid as follows:

- a. Excepted as modified herein and by the New Loan Documents, Wells Fargo and Debtor will retain all rights and responsibilities set forth in the Pre-Petition Loan Documents.
- b. The amount of the Allowed Class Five Claim will be \$16,536,307.71, plus non-default interest accrued but not paid on the Effective Date and reasonable costs including attorneys’ fees and consultant expenses, as provided by the Pre-Petition Loan Documents, less any principal payments made toward the Class Five Claims.³
- c. Interest will accrue at the rate of prime rate, plus 2% per annum, from and after the Effective Date. In the event of future default, the interest will accrue at the rate of prime rate, plus 6%.
- d. Debtor will make fixed principal and interest payments to Wells Fargo in the amount of \$238,003.02 per month commencing on the twentieth day of the month following Effective Date and continuing each month until the Maturity Date when

³ Adequate protection payments paid to Wells Fargo were applied to accruing interest, and not principal.

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENBERG & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

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

the Class Five Claim is paid in full. Payments are based on a standard principal and interest amortization of the Class Five Claim over 84 months at the interest rate provided herein.

- e. Debtor and Wells Fargo will enter into the New Loan Documents which will effectively incorporate the two pre-petition loans and will document the treatment of the Class Five Claim. The New Loan Documents will be consistent with the terms of the Plan. Upon the Effective Date and the execution of the New Loan Documents, the New Loan Documents will be controlling. The New Loan Documents will be executed by Wells Fargo and Debtor before the Effective Date.
- f. The New Loan Documents will include additional provisions including loan-to-value requirements, income requirements, future reporting requirements, release of any claims against Wells Fargo, and other financial covenants and provisions.
- g. The Class Five Claim will be all due and payable on the date that is the third anniversary of the Effective Date (“the Maturity Date”)(i.e., an August 1, 2013 Effective Date result in the Class Five Claim being all due and payable on August 1, 2016).

Section 3.02 Class Six Claim: Claim of Golden State Feed & Grain, LLC

The Class Six Claim will consist of the Allowed Secured Claim of Golden State Feed & Grain, LLC (“Golden State”). The total amount of the claim held by Golden State was \$1,280,992.26 on the Petition Date. However, \$25,182.20 of that amount is a 503(b)(9) Claim that will be paid as a Class One Claim. Golden State filed a dairy cattle supply lien on August 7, 2012.

Treatment of the Class Six Claim: The Class Six Claim is impaired. The amount of the Allowed Secured Class Six Claim will be \$0.00. The difference between (i) the total amount of Golden State’s Allowed Claim, (ii) Golden State’s Class One Claim, and (iii) the secured amount of the Allowed Claim of Golden State, will be a general unsecured Class Thirteen Claim. Golden State will retain its lien pursuant to Cal. Food & Agriculture Code Section 57402 in the same priority as if the Chapter 11 case had not been filed.

KLEIN, DENAUALE, GOLDNER,
COOPER, ROSENLEIB & KIRBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

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

Section 3.03 Class Seven Claim: Claim of J.D. Heiskell Holdings, LLC

The Class Seven Claim will consist of the Allowed Secured Claim of J.D. Heiskell Holdings, LLC (“J.D. Heiskell”). The total amount of the claim held by J.D. Heiskell was \$1,136,866.20 on the Petition Date. However, \$5,104.08 of that amount is a 503(b)(9) Claim that will be paid as a Class One Claim. J.D. Heiskell filed a dairy cattle supply lien on August 8, 2012.

Treatment of the Class Seven Claim: The Class Seven Claim is impaired. The amount of the Allowed Secured Class Seven Claim will be \$0.00. The difference between (i) the total amount of J.D. Heiskell’s Allowed Claim, (ii) J.D. Heiskell’s Class One Claim, and (iii) the secured amount of the Allowed Claim of J.D. Heiskell, will be a general unsecured Class Thirteen Claim. J.D. Heiskell will retain its lien pursuant to Cal. Food & Agriculture Code Section 57402 in the same priority as if the Chapter 11 case had not been filed.

Section 3.04 Class Eight Claim: Claim of Seley & Co.

The Class Eight Claim will consist of the Allowed Secured Claim of Seley & Co. (“Seley”). The total amount of the claim held by Seley was \$365,823.67 on the Petition Date. However, \$20,288.00 of that amount is a 503(b)(9) Claim that will be paid as a Class One Claim. Seley filed a dairy cattle supply lien on August 13, 2012.

Treatment of the Class Eight Claim: The Class Eight Claim is impaired. Debtor will seek the reconveyance or avoidance of the dairy cattle supply lien filed by Seley as an avoidable preference. In addition, the dairy cattle supply lien filed by Seley was the third such lien filed with the California Secretary of State. Only two such liens are enforceable under Cal. Food and Ag. Code § 57402. Therefore, the amount of the Allowed Secured Class Eight Claim will be \$0.00. In addition, Debtor will object to the allowance of Seley’s claim under Section 502(d) if the lien is not reconveyed. The 503(b)(9) Claim held by Seley will be paid as a Class One Claim. The difference between the total amount of Seley’s Allowed Claim and the amount of the 503(b)(9) Claim held by Seley will be a general unsecured Class Thirteen Claim.

///

///

1 **Section 3.05 Class Nine Claim: Claim of Cargill, Incorporated**

2 The Class Nine Claim will consist of the Allowed Secured Claim of Cargill,
3 Incorporated (“Cargill”). The total amount of the claim held by Cargill was \$122,149.64 on the
4 Petition Date. Cargill filed a dairy cattle supply lien on August 28, 2012.

5 *Treatment of the Class Nine Claim:* The Class Nine Claim is impaired. Debtor will
6 seek the reconveyance or avoidance of the dairy cattle supply lien filed by Cargill as an
7 avoidable preference. In addition, the dairy cattle supply lien filed by Cargill was the fourth
8 such lien filed with the California Secretary of State. Only two such liens are valid under Cal.
9 Food and Ag. Code § 57402. Therefore, the amount of the Allowed Secured Class Nine Claim
10 will be \$0.00. In addition, Debtor will object to the allowance of Cargill’s claim under Section
11 502(d) if the lien is not reconveyed. The Allowed Claim held by Cargill will be a general
12 unsecured Class Thirteen Claim.

13 **Section 3.06 Class Ten Claim: Secured Claim of Volvo Financial Services**

14 The Class Ten Claim will consist of the Allowed Secured Claim of Volvo Financial
15 Services (“Volvo”) secured by a purchase money security interest in Debtor’s 2010 Volvo
16 L110F front loader. Debtor believes the amount of the Class Ten Claim was \$134,888.56 on
17 the Petition Date.

18 *Treatment of the Class Ten Claim:* The Class Ten Claim is impaired. The Class Ten
19 Claimant will retain its lien and the Class Ten Claim will be paid as follows:

- 20 a. Interest will accrue at the rate of 4% per annum from and after the
21 Effective Date.
- 22 b. The principal balance of the Class Ten Claim will be amortized over a
23 three year period.
- 24 c. Payments of \$4,100.00 per month will be made to the Class Ten
25 Claimant commencing on the Effective Date for a period of three years
26 or until the Class Ten Claim is paid in full.
- 27 d. The Class Ten Claimant will reconvey its security interest after the Class
28 Ten Claim is paid in full.

KLEIN, DENAUALE, GOLDNER,
COOPER, ROSENBERG & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 **Article IV. Provisions for Executory Contracts and Unexpired Leases**

2 **Section 4.01 Class Eleven Claim: Unexpired Lease with Schakel Family**
3 **Partnership, L.P.**

4 The Class Eleven Claim will consist of the Farm Lease dated September 1, 2006
5 between Debtor and the Schakel Family Partnership, L.P. (“Landlord”) whereby Debtor leases
6 the dairy facility from which it operates and about 1,880 acres of farmland (“the Lease”). The
7 Class Eleven Claim is unimpaired under the Plan. Debtor will assume the Lease as modified as
8 agreed between Debtor and Landlord. Debtor will file a *Motion to Assume Unexpired Non-*
9 *Residential Real Property Lease as Modified* seeking to assume the Lease as modified after
10 agreement between Debtor and Landlord on modified terms of the Lease.

11 Debtor does not believe that it was a party to any Executory Contracts or Unexpired
12 Leases other than the Lease on the Petition Date. Any Unexpired Lease or Executory Contract
13 that is not specifically treated herein is rejected to the extent other Unexpired Leases or
14 Executory Contracts were existing on the Petition Date. Any general unsecured claims arising
15 out of the rejection of executory contracts and unexpired leases by Debtor will be treated as a
16 Class Thirteen Claim.

17 **Article V. Provisions for Allowed Administrative Convenience Claims Consisting of**
18 **General Unsecured Claims of \$3,500.00 or Less.**

19 **Section 5.01 Class Twelve Claims**

20 The Class Twelve Claims will consist of all of the Allowed Claims of general
21 unsecured creditors of Debtor owed \$3,500.00 or less or creditors electing to be treated as
22 such. Debtor estimates that the amount of the Class Twelve Claims will be about \$26,000.00
23 on the Effective Date.

24 *Treatment of the Class Twelve Claims:* The Class Twelve Claims are impaired. The
25 Class Twelve Claims will not accrue interest. The Class Twelve Claimants will receive a pro-
26 rata distribution of a one-time payment of \$11,886.73 within 30 days of the Effective Date of
27 the Plan in satisfaction of their claims.
28

1 The pro-rata share of any Class Twelve Claim to which an objection has been filed
 2 before the Effective Date will be segregated by Debtor until such time as the objection is
 3 resolved and final by order of the Court. If no such objection to a Class Twelve Claim has
 4 been filed prior to the Effective Date, the Claim will be allowed.

5 **Article VI. Provisions for Allowed Claims of General Unsecured Creditors in**
 6 **Excess of \$3,500.00.**

7 **Section 6.01 Class Thirteen Claims**

8 The Class Thirteen Claims will consist of the Allowed Claims of general unsecured
 9 creditors of Debtor not included in the Class Twelve Claims. The Class Thirteen Claims
 10 include, but are not limited to, the deficiency claims of secured creditors who have repossessed
 11 and liquidated their collateral, the unsecured portion of secured claims, and general unsecured
 12 claims arising out of the rejection of executory contracts and unexpired leases. Debtor
 13 estimates that the amount of the general unsecured claims are about \$8,772,000.00. However,
 14 insider creditors that are controlled by the principals of Debtor will waive their general
 15 unsecured claims. Insider creditors with general unsecured claims to be waived are: Schakel
 16 Family Partnership, LP; M&R Transport, LLC; and Fred and Audrey Schakel as trustees of the
 17 Schakel Family Trust Dated November 5, 2012. Therefore, Debtor estimates that the amount
 18 of the allowed Class Thirteen Claims will be about \$7,852,000.00.

19 ***Treatment of the Class Thirteen Claims:*** The Class Thirteen Claims are impaired.
 20 The Class Thirteen Claims will not accrue interest. Debtor will pay \$2,636,000.00 to
 21 unsecured creditors on a pro-rata basis over a 7-year period as follows:

- 22 a. The principals of Debtor shall contribute \$200,000.00 to Debtor on or before June
 23 30, 2014. Debtor shall pay the \$200,000.00 received from its principals to Class
 24 Thirteen Claimants on or before June 30, 2014.
- 25 b. Debtor will make payments totaling \$25,000.00 per month to the Class Thirteen
 26 Claimants commencing on the 5th day of the month following the Effective Date,
 27 and continuing each month for 36 months.
- 28

KLEIN, DENATALE, GOLDNER,
 COOPER, ROSENLIJEB & KIMBALL, LLP
 4550 CALIFORNIA AVENUE, SECOND FLOOR
 BAKERSFIELD, CALIFORNIA 93389-1172

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 c. Debtor shall make payments totaling \$32,000.00 per month to the Class Thirteen
2 Claimants commencing on the 5th day of the month starting on the 37th month
3 following the Effective Date or until Debtor has paid \$2,636,000.00 to Class
4 Thirteen Claimants, whichever is first.

5 All Class Thirteen Claimants will receive a pro rata share of each distribution made by Debtor
6 under this Plan based upon the amount of their Allowed Claims.

7 Amounts recovered by Debtor for any preference or fraudulent conveyance actions,
8 after reduction for costs of recovery, will be paid to the Class Thirteen Claimants on a pro-rata
9 share basis. This payment will be in addition to the \$2,636,000.00 described above.

10 Claims held by Class Thirteen Claimants shall be revived to the full unpaid amount of
11 the Allowed Claims if Debtor sells substantially all of its assets outside the ordinary course of
12 its business prior to the 84th month following the Effective Date of the Plan.

13 **Article VII. Provision for Interests of Principals of Debtor**

14 **Section 7.01 Class Fourteen Claims: Interests of the Partners of Debtor**

15 Class Fourteen Claims are the interests of Fred and Audrey Schakel, trustees of the
16 Schakel Family Trust, Manuel and Trisha Rodrigues, and Ryan and Kristen Schakel, the
17 partners of Debtor.

18 *Treatment of the Class Fourteen Claims:* The Class Fourteen Claims are unimpaired.
19 The Class Fourteen Claimants will retain their interests in Debtor.

20 **Article VIII. Provisions for Interests of Debtor**

21 **Section 8.01 Class Fifteen Claims: Interests of Debtor**

22 The Class Fifteen Claims are the claims or interests held by Debtor. Debtor will retain
23 its assets and will not be required to liquidate any of its assets except as provided in the Plan.
24 Additionally, Debtor will manage its affairs subject to the provisions of the Plan without the
25 appointment of a trustee or other outside management or control. The assets owned by Debtor
26 will revert in Debtor upon the Effective Date.

27 ///

28 ///

KLEIN, DENAVALE, GOLDNER,
COOPER, ROSENLEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 **Article IX. Means for Executing the Plan**

2 **Section 9.01 Debtor's Continued Operations**

3 Debtor will continue to operate its business after confirmation of the Plan.

4 **Section 9.02 Available Cash to Fund Plan**

5 Debtor will dedicate sufficient income generated from the operation of its business to
6 fund the Plan. Discussions regarding (a) the steps taken to improve the operation of the dairy,
7 (b) the feasibility of the Plan, and (c) the assumptions contained in the Budgets are contained in
8 the Disclosure Statement on page 18.

9 **Article X. Continued Operation of Dairy Business**

10 **Section 10.01 Debtor's Operations**

11 Debtor will manage its operations including, but not limited to, general dairy
12 management, payment processes, and funds investment, including without limitation:

- 13 a. Debtor is authorized to employ partners, managers, agents, brokers,
14 representatives and attorneys to carry out any activity authorized by this Plan;
- 15 b. Debtor is authorized to pay ordinary operating costs and current taxes without
16 further order of the Court;
- 17 c. Debtor is authorized to execute a risk management strategy including entering
18 futures and forward contracts, calls, puts, commodity contracts and similar risk management
19 contracts and controls in the ordinary course of its business without further order of the court;
- 20 d. Debtor retains the right to prosecute all claims arising from any dispute
21 involving Debtor or any property within its control;
- 22 e. Except as otherwise provided in the Plan and the New Loan Documents, Debtor
23 is authorized to distribute its property and the proceeds from any sale of its property to the
24 creditors of Debtor and those entitled to receive such distribution under the terms of this Plan.
- 25 f. Debtor may, but is not required to, prosecute any claims against other entities
26 including, but not limited to, any avoidance actions to recover fraudulent transfers or
27 preferential payments. Debtor will base its decision on whether to prosecute actions described
28 here on whether the cost of the recovery will outweigh the amount sought.

1 g. Debtor may, but is not required to, object to any claim pursuant to the Plan,
2 whether in the Chapter 11 Case or otherwise, and may pursue such litigation as is appropriate
3 to resolve such disputes and objections.

4 h. Debtor may, but is not required to, pursue any claim for monetary damages that
5 Debtor determines are appropriate, against any person or entity.

6 **Section 10.02 Post-Confirmation Expenses**

7 Debtor will be entitled to expend funds reasonably necessary to carry out the terms of
8 the Plan. Professional Fee Claims will be paid only upon application to and approval of the
9 Court except as provided in Section 1.01. Expenses that can be paid in the ordinary course of
10 business, including post-confirmation professional fees, will continue to be paid in the ordinary
11 course of business.

12 **Article XI. Claims Handling**

13 **Section 11.01 Ownership and Transfer of Claims**

14 Allowed Claims of creditors may be transferred and assigned in accordance with
15 Bankruptcy law. However, each Distribution will be made to the Claimant of record on the
16 date that is seven days before the date that the Distribution is made. Each Distribution is final
17 when the Distribution is made. Any transferee or assignee of an Allowed Claim will not be
18 entitled to payment from Debtor for Distributions that were paid to any previous holder of the
19 Allowed Claim under the Plan. Debtor is permitted to recognize and deal for all purposes with
20 only those Claimants of record stated on the claims register maintained by the Court, or
21 scheduled in the list of creditors filed with the Court under Bankruptcy Rule 1007 and not listed
22 as disputed, contingent, or unliquidated as to amount, and to which no objection has been
23 interposed.

24 **Section 11.02 Amendments to Claims**

25 In order for Debtor to settle disputes and otherwise implement the Plan, a proof of claim
26 may be amended to increase or liquidate the amount or priority of such Claim after the Bar
27 Date, but only as agreed upon by Debtor and the holder of such Claim, or as otherwise
28 permitted by the Court, the Bankruptcy Rules or applicable law. Without limiting the previous

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIJEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 sentence in any manner, unless otherwise provided in the Plan, proofs of claim will not be filed
 2 or amended after Confirmation of the Plan unless the amendment is solely to decrease the
 3 amount or priority of the Claim. Any such new or amended Claim filed after the Confirmation
 4 of the Plan is disallowed in full and is expunged without any action by the Debtor.

5 **Section 11.03 Disputed Claims**

6 Except as otherwise provided in the Plan, Debtor may object to the allowance of Claims
 7 filed with the Court if Debtor disputes liability, priority, or amount, including, without
 8 limitation, objections to Claims that have been assigned and the assertion of the doctrine of
 9 equitable subordination with respect thereto. All objections may be litigated to Final Order, or
 10 compromised, or withdrawn. Unless otherwise ordered by the Court, Debtor will file and serve
 11 all objections to Disputed Claims no later than the Objection Date, or such other date as may be
 12 approved by the Court.

13 Debtor disputes the claim asserted by the Agricultural Labor Relations Board
 14 (“ALRB”). The ALRB filed a proof of claim in the amount of \$256,279.00 for claims that
 15 were litigated between ALRB and Debtor before an administrative law judge. The
 16 administrative law judge found in favor of Debtor on all counts on August 30, 2012. However,
 17 the ALRB general counsel has appealed the decision of the administrative law judge to the
 18 ALRB Board. The ALRB Board upheld the administrative law judge’s ruling on January 25,
 19 2013. However, ALRB general counsel filed a motion for reconsideration. Debtor believes
 20 that the litigation with ALRB was not stayed by the Chapter 11 case under Section 362(b)(4).
 21 Debtor will object to the allowance of the claim filed by ALRB, and request a stay of the
 22 determination of the allowance of the claim held by ALRB pending a final determination of the
 23 claims by the ALRB Board and/or State Courts.

24 Debtor disputes the validity of the dairy cattle supply liens filed by Seley and Cargill as
 25 described in Sections 3.04 through 3.05 of the Plan. Debtor intends to object to the allowance
 26 of the creditors’ claims under Section 502(d). Debtor will seek the avoidance or reconveyance
 27 of the liens.

28 ///

KLEIN, DENATALE, GOLDNER,
 COOPER, ROSENBLIEM & KIMBALL, LLP
 4550 CALIFORNIA AVENUE, SECOND FLOOR
 BAKERSFIELD, CALIFORNIA 93389-1172

1 **Section 11.04 Objection Date**

2 There will be no fixed Objection Date for any Claims other than the Class Five, Six, Seven,
3 Eight, and Nine Claims. The Objection Date with respect to Class Six, Seven, Eight, and Nine
4 Claims will be no later than 60 days after the Effective Date or such other date as may be
5 approved by the Court.

6 **Section 11.05 Estimation of Claims.**

7 Debtor or a Claimant may request that the Court estimate any contingent, unliquidated
8 or Disputed Claim under Section 502(c). Debtor or a Claimant may request that the Court
9 estimate a Claim regardless of whether the Claim has been objected to by a party in interest.
10 Estimation of a Claim will not constitute the allowance of the estimated claim and Debtors
11 reserve the right to object to the allowance of any estimated Claim.

12 **Section 11.06 Allowance of Disputed Claims.**

13 When a Disputed Claim becomes, in whole or in part, an Allowed Claim, Debtor will
14 distribute to the Claimant the Distributions the Claimant is then entitled to under the Plan. Such
15 Distribution, if any, will be made on or after the date that the order or judgment of the Court
16 allowing such Disputed Claim becomes a Final Order, or after amendment, but not more than
17 thirty days thereafter.

18 **Article XII. Payments to Creditors Under the Plan**

19 **Section 12.01 Distributions**

20 There will be an initial Distribution and subsequent Distributions to creditors under the
21 Plan. Timing of such Distributions will be made as described under Articles I through VI.

22 **Section 12.02 Method of Payment**

23 The method of payment will be at the election of Debtor, but may include, without
24 limitation, bank check, business check, or wire transfer.

25 **Section 12.03 Means of Distribution**

26 Distributions by mail to holders of Allowed Claims will be made as follows: (1) at the
27 addresses set forth on the respective proofs of claim by such Claimants; (2) at the addresses set
28 forth in any written notices of address changes delivered to Debtor after the date of any related

KLEIN, DENAUWALE, GOLDNER,
COOPER, ROSENBLIEM & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 proof of claim; or (3) at the address designated in any written agreement between Debtor and such
2 Claimants or so designated by order of the Court.

3 **Section 12.04 Holding of and Failure to Claim, Undeliverable Distributions**

4 All Distributions are to be made by Debtor to the holder of each Allowed Claim at the
5 holder's address as described under section 12.03. If any holder's Distribution is returned as
6 undeliverable, no further Distributions to such holder will be made unless and until Debtor is
7 notified of such holder's then current address, at which time all required Distributions will be
8 made to such Claimant. Undeliverable Distributions will be held by Debtor until such
9 Distributions are claimed, so long as they are claimed within ninety days following a
10 Distribution. After 90 days, all unclaimed Distributions revert to Debtor, and the Claim of any
11 Claimant or its successor with respect to the Distribution will be discharged and forever barred,
12 notwithstanding any federal or state escheat laws to the contrary.

13 **Article XIII. Voting**

14 **Section 13.01 Acceptance/Rejection Votes**

15 Debtor will request confirmation of the Plan under Section 1129(b) of the Code to the
16 extent any Class impaired under the Plan and entitled to vote does not accept the Plan by the
17 requisite statutory majority provided in Section 1126(c), or is deemed to have rejected the Plan.

18 **Section 13.02 Impaired Classes to vote**

19 Each holder of a Claim in an impaired Class will be entitled to vote separately to accept
20 or reject this Plan, unless such holder is deemed to accept or reject the Plan.

21 **Section 13.03 Acceptance by Class of Creditors**

22 An impaired Class of holders of Claims will have accepted the Plan if the Plan is
23 accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of
24 the Allowed Claims of such Class that have voted to accept or reject the Plan. A Class of
25 holders of Claims will be deemed to accept the Plan in the event that no holder of a Claim
26 within that Class submits a ballot by the deadline for the return of ballots. Debtor requests
27 Confirmation of the Plan under Sections 1129(a) and 1129(b).

28 **Article XIV. Effect of Confirmation**

KLEIN, DENAVALE, GOLDNER,
COOPER, ROSENLEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

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

Section 14.01 Terms Binding

On the Effective Date, all provisions of this Plan will be binding upon Debtor, all Claimants, and all other individuals and entities who are affected by the Plan in any manner.

Section 14.02 Discharge

On the Effective Date, all Claims against Debtor that exist upon Confirmation of the Plan will be discharged and all pre-petition defaults deemed cured in exchange for the payments required under the Plan.

Section 14.03 Injunction

Claimants are permanently enjoined from commencing or continuing any action to collect, recover, or offset any released Claim as a personal liability of Debtor, to the fullest extent permitted by sections 1141(d)(1) and 524 of the Code.

Section 14.04 Preservation of Avoidance Actions Claims and Rights

On and after the Effective Date, Debtor will retain any avoidance actions, including any preference claims or fraudulent conveyance claims. Debtor may also assert such avoidance actions in the context of defeating any Disputed Claim through an objection to the allowance of a Claim. Except for the releases and waivers expressly stated in the Plan, nothing in the Plan waives the avoidance and other powers of Debtor under the Code or the Bankruptcy Rules. Debtor retains after Confirmation and after the Effective Date, all powers granted by the Code and the Bankruptcy Rules, including but not limited to all claims held by a trustee or debtor in possession arising on or before the Effective Date. Confirmation of the Plan does not release any Claim held by Debtor or the estate, unless the Plan or Confirmation Order specifically and unambiguously so provides.

Specific avoidance actions that are preserved are the claims for avoidance of dairy cattle supply liens asserted by Seley, and Cargill as described above in Sections 3.04 through 3.05 and Section 11.03 and in the Disclosure Statement at pages 9-10.

///
///
///

1 **Section 14.05 Statutes of Limitation**

2 All applicable statutes of limitations and extensions thereto, including but not limited to
3 any applicable state law statute of limitations and Sections 108, 546, and 550 will remain in full
4 force and effect and available to Debtor as if Debtor was a trustee in bankruptcy.

5 **Article XV. Amendments or Modifications to the Plan**

6 **Section 15.01 General Arrangements.**

7 The Plan may be amended or modified in the manner prescribed in Section 1127. A
8 holder of a Claim that has accepted or rejected this Plan will be deemed to have accepted or
9 rejected, as the case may be, the Plan as modified, unless, within applicable time periods, such
10 holder changes its previous acceptance or rejection.

11 **Section 15.02 Amendment of the Plan**

12 At any time before Confirmation of the Plan, Debtor may alter, amend, or modify the
13 Plan under Section 1127(a); provided that such alteration, amendment, or modification does not
14 materially and adversely affect the treatment and rights of the holders of Claims under this
15 Plan. After the Confirmation of the Plan and before substantial consummation of the Plan as
16 defined in Section 1101(2), Debtor may, under Section 1127(b), institute proceedings in the
17 Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the
18 Plan, the Disclosure Statement, or the Confirmation order, and such matters as may be
19 necessary to carry out the purposes and effects of the Plan, so long as such proceedings will not
20 materially and adversely affect the treatment of holders of Claims under the Plan; provided,
21 that prior notice of such proceedings will be served in accordance with the Bankruptcy Rules or
22 applicable order of the Bankruptcy Court. At any time after Confirmation of the Plan, Debtor
23 may modify the Plan so long as such modification is accomplished consistent with the Code.

24 **Section 15.03 Revocation or Withdrawal of the Plan**

25 Debtor reserves the right to revoke or withdraw this Plan at any time before
26 Confirmation of the Plan.

27 **Section 15.04 Reservation of Rights**

28

KLEIN, DENALE, GOLDNER,
COOPER, ROSENLEE & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 Neither the filing of the Plan or Disclosure Statement, or provision contained in the Plan
2 or in the Disclosure Statement, nor the taking of any action with respect to the Plan by any
3 party in interest will (a) be or be deemed to be an admission against interest, and (b) until the
4 Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i)
5 against any other party in interest, or (ii) in any of the assets of any other party in interest, and
6 all such rights are specifically reserved until the Effective Date. In the event that the Plan is not
7 confirmed or fails to become effective, neither the Plan nor the Disclosure Statement may be
8 used or relied upon in any manner in any suit, action, proceeding, or controversy within or
9 without this Chapter 11 Case involving Debtor or the estate, except with respect to
10 Confirmation of the Plan.

11 **Article XVI. Miscellaneous Provisions**

12 **Section 16.01 Jurisdiction of the Court**

13 The Court will retain jurisdiction after confirmation of the Plan to the extent permitted
14 by applicable law. Any litigation involving primarily matters of state law will be prosecuted
15 in the state court.

16 **Section 16.02 Taxes**

17 Each holder of an Allowed Claim that has received a Distribution has sole
18 responsibility for the satisfaction or payment of any tax obligation imposed by any
19 governmental unit. For tax purposes, Distributions received in respect of Allowed Claims will
20 be allocated first to unpaid accrued interest, then to the principal amount of such Claims unless
21 provided otherwise with respect to a Class of Claims in the Plan.

22 **Section 16.03 Severability**

23 If any provision of this Plan is determined to be unenforceable, the enforceability,
24 operation, or effect of any other provision of this Plan is not affected. So long as the Plan still
25 fulfills its essential purpose, any unenforceable provision is severed from the Plan.

26 **Section 16.04 Successor and Assigns**

27 The rights and obligations of any party in interest to this Plan are binding on, and inure
28 to the benefit of, the successors and assigns of such party in interest.

KLEIN, DENALE, GOLDNER,
COOPER, ROSENLEE & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

KLEIN, DENALE, GARDNER,
COOPER, ROSENBERG & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

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

Section 16.05 Effectuating Documents; Further Transactions

Debtor is authorized and directed to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and the Confirmation order, and to take all actions necessary or appropriate to effectuate the provisions of this Plan. Debtor may engage counsel to assist in its duties, including counsel who may have previously represented Debtor.

Section 16.06 Modification of Payment Terms

At any time after the Effective Date, Debtor may modify the treatment of any Allowed Claim, so long as the holder whose Allowed Claim is being adversely affected consents in writing.

Section 16.07 De Minimis Distributions

Notwithstanding anything to the contrary contained in the Plan, Debtor may choose at any time to pay in full the entire pro-rata amount that will become due under the Plan to any Class Thirteen Claimant for which the amount of monthly pro-rata payments is determined by Debtor to be unduly burdensome.

Section 16.08 Incorporated Provisions to Reconcile with the Disclosure Statement.

The Plan and the Disclosure Statement should be reconciled and consistent with each other. However, the terms of the Plan supersede and will control any statements in the Disclosure Statement if the Plan and Disclosure Statement are inconsistent and cannot be reconciled.

Article XVII. Payment of Quarterly Fees and Post Confirmation Status Reports

Section 17.01 Payment of Quarterly Fees

Debtor will pay Quarterly Fees to the United States Trustee after the Effective Date and until the Court enters an order closing the case. Debtor will pay the Quarterly Fees owed to the United States Trustee from income generated by the operation of its business and the payment of Quarterly Fees will not affect feasibility of the Plan.

///

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIJEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

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

Section 17.02 Post-Confirmation Status Reports

Debtor will file Post-confirmation Status Reports with the Bankruptcy Court one time every three months until the dismissal of the case, conversion of the case, or entry of a Final Decree closing the case. The Post-confirmation Status Reports will explain the progress made by Debtor toward substantial consummation of the Plan. A Post-confirmation Status Report will be filed with the Court for the quarter within which the Plan is confirmed. Subsequent Post-confirmation Status Reports will be filed at the expiration of each quarter thereafter until dismissal of the case, conversion of the case, or entry of a Final Decree closing the case. Post-confirmation Status Reports will be filed with the Court and served on the United States Trustee not later than the last day of the month following the expiration of a reporting period. Post-confirmation Status Reports will be served on the United States Trustee not later than the day on which the report is filed with the Court. The Post-confirmation Status Reports will include information to enable the Court to determine:

- a. whether the order Confirming the Plan of Reorganization has become a Final Order;
- b. whether deposits required by the Plan have been distributed;
- c. whether any property proposed by the Plan to be transferred has been transferred;
- d. whether the reorganized Debtor has assumed the business or management of property dealt with under the Plan;
- e. whether payments under the Plan have been commenced;
- f. whether fees owed to the United States Trustee pursuant to 28 U.S.C. section 1930 have been paid to the date of the Post-confirmation Status Report; and
- g. whether all motions, contested matters, adversary proceedings, and other litigation involving Debtor has been concluded.

///
///
///

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENTHAL & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 **Article XVIII. Definitions and Rules of Interpretation**

2 **Section 18.01 Definitions**

3 **“503(b)(9) Claim”** means an Allowed Claim for payment of an administrative expense
4 of a kind specified in Section 503(b)(9) and entitled to priority under Section 507(a)(2).

5 **“Administrative Claim”** means a Claim for payment of an administrative expense of a
6 kind specified in Section 503(b) and entitled to priority under Section 507(a)(2), including, but
7 not limited to, Professional Fee Claims filed on or before the Administrative Claims Bar Date.

8 **“Administrative Claims Bar Date”** means 30 days after the entry of the Order
9 confirming the Plan.

10 **“Allowed Claim”** means a claim (a) for which a proof of claim has been filed within
11 the period fixed by Bankruptcy Rule 3001 or Final Order of the Court or (b) scheduled in the
12 list of creditors filed with the Court pursuant to Bankruptcy Rule 1007(b) and not listed as
13 disputed, contingent, or unliquidated as to amount and to which no objection has been
14 interposed.

15 **“Budgets”** means Debtor’s Cash Flow Projections for 2013 through 2017 and
16 accompanying schedules that are attached to the Disclosure Statement as Exhibit “B.”

17 **“Claim”** means any right to payment against Debtor in existence upon the
18 Confirmation of the Plan, whether or not such right to payment is reduced to judgment,
19 liquidated, unliquidated, disputed, undisputed, legal, secured, or unsecured.

20 **“Claimant”** means the person or entity asserting, or capable of asserting, a Claim.

21 **“Class”** means any class into which Claims are classified pursuant to this Plan.

22 **“Code”** means Title 11 of the United States Code.

23 **“Confirmation”** means the entry of an order of the Court confirming the Plan.

24 **“Confirmation Date”** means the date of the entry of an order of the Court confirming
25 the Plan.

26 **“Court”** means the United States Bankruptcy Court for the Eastern District of
27 California.

28 **“Debtor”** means South Lakes Dairy Farm, a California partnership.

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLISS & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

1 **“Disputed Claims”** means claims for payment filed by individuals or entities seeking
2 to be paid from assets of the estate that Debtor believes (a) are not owed, (b) are not owed in
3 the amount of the claim filed, or (c) assert improper priority, and to which Debtor objects on or
4 before the Objection Date.

5 **“Distribution”** means a payment or payments to the holder of an Allowed Claim as
6 provided by the Plan.

7 **“Effective Date”** means 30 days after the Confirmation Order becomes a Final Order
8 provided, however that the Effective Date shall not occur if the New Loan Documents are not
9 approved in a form satisfactory to Wells Fargo and Debtor.

10 **“Final Decree and Order Closing the Chapter 11 Case”** means the Order of the
11 Court determining that Debtor’s estate has been fully administered and that the Plan has been
12 substantially consummated, and closing the case.

13 **“Final Order”** means an order or judgment of the Court or other court of competent
14 jurisdiction that has not been reversed, stayed, modified or amended, and as to which the time
15 to appeal has expired without such an appeal.

16 **“New Loan Documents”** means the documents and agreements (including, but not
17 limited to, a credit agreement, note and security agreement), in form and substance acceptable
18 to Wells Fargo and Debtor, to be entered into by and between Wells Fargo and the Debtor
19 pursuant to the treatment of the Class 5 Claims under the terms of the Plan.

20 **“Objection Date”** means the date set by the Plan in Section 11.04 or by order of the
21 Court setting the deadline for Debtor to file objections to any timely filed proof of claim filed
22 by a Claimant.

23 **“Petition Date”** means August 30, 2012, the date on which Debtor commenced its
24 Chapter 11 case, and, where relevant, the time of the filing of Debtor’s Chapter 11 petition.

25 **“Plan”** means the *Plan of Reorganization Dated September 17, 2013*, as amended or
26 modified in accordance with the Code.

1 **“Pre-Petition Loan Documents”** means that certain Credit Agreement by and between
2 Debtor and Wells Fargo dated as of May 2, 2007, as amended and modified, and the notes,
3 security agreements and other documents relating thereto.

4 **“Professional Fee Claims”** means an Administrative Claim of a professional for
5 compensation for services rendered or reimbursement of costs, expenses, or other charges and
6 disbursements incurred during the period from the Petition Date through the closing of the case.

7 **“Term of the Plan”** means that period of time from the date on which Debtor filed its
8 Voluntary Petition to the date on which the Court enters an order closing this case.

9 **Section 18.02 Rules of Interpretation**

10 Unless otherwise specified, all article, section, exhibit, or schedule references in this
11 Plan are to the respective article in, section in, exhibit to, or schedule to the Plan, as the same
12 may be amended, waived, or modified from time to time. Whenever from the context it is
13 appropriate, each term, whether stated in the singular or the plural, will include both the
14 singular and the plural and any pronoun stated in the masculine, feminine or neuter gender will
15 include the masculine, feminine and neuter gender. Captions and headings in the Plan are
16 inserted for convenience of reference only and are not intended to be a part of or to affect the
17 interpretation hereof. Whenever the words “include,” “includes” or “including” are used in this
18 Plan, they will be deemed to be followed by the words “without limitation,” whether or not
19 they are in fact followed by those words or words of like import.

20 References from or through any date mean from and including or through and
21 including, respectively, unless otherwise specified. Any references in the Plan to a contract,
22 instrument, release, indenture, or other agreement or document being in a particular form or on
23 particular terms and conditions means that such document will be substantially in such form or
24 substantially on such terms and conditions.

25 With respect to any reference in this Plan to a consent, approval, or acceptance by any
26 party that will not unreasonably be withheld, or to an issue, agreement, order or other document
27 (or the terms thereof) that will be reasonably acceptable to any such party, such consent,
28 approval or acceptance will not be unreasonably conditioned, delayed or withheld.

KLEIN, DENALE, GOLDNER,
COOPER, ROSENLEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93389-1172

KLEIN, DeNATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93309-1172

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

Section 18.03 Computation of Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) apply. In the event that any payment, distribution, act, or deadline under the Plan is required to be made or performed or occurs on a day that is not a business day, then the making of such payment or Distribution, the performance of such act or the occurrence of such deadline, is deemed to be on the next succeeding business day without interest, but will be deemed to have been completed or to have occurred as of the required date.

Section 18.04 References to Monetary Figures

All references in the Plan to monetary figures will refer to currency of the United States of America, unless otherwise expressly provided.

Section 18.05 Exhibits; Schedules

All exhibits and schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full in the Plan. To the extent any exhibit or schedule is inconsistent with the terms of the Plan, unless otherwise ordered by the Court, the non-exhibit or non-schedule portion of the Plan will control.

The undersigned, on behalf of Debtor, submits and agrees to be bound by the terms of the Plan.

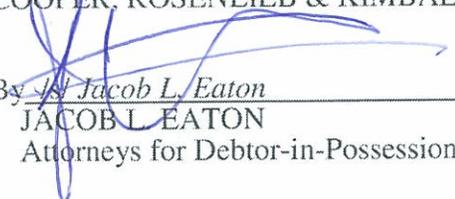
Date: September 17, 2013

SOUTH LAKES DAIRY FARM


By Manuel Rodriguez
MANUEL RODRIGUES, Partner

APPROVED:

KLEIN, DeNATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP


By Jacob L. Eaton
JACOB L. EATON
Attorneys for Debtor-in-Possession