

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF VERMONT**

IN RE:	*	
	*	Chapter 11
David Goodrich Properties LLC,	*	Case No. 16-11465
Debtor.	*	
	*	

SECOND AMENDED DEBTOR'S CHAPTER 11 DISCLOSURE STATEMENT

NOW COMES the Debtor, by and through its attorney, Todd Taylor, pursuant to 11 U.S.C. §1125, and submits this Second Amended Disclosure Statement.

I. BACKGROUND AND HISTORY

This is an originally filed Chapter 11 case. No committee was organized pre-petition.

Debtor's business is that of a single real estate LLC that owns and manages real property on 496 Route 7 South in Milton, Vermont . David Goodrich is the sole member of this LLC. This property contains 11.5 +/--acres, and two buildings, one of which is unoccupied; the other contains a body shop that the Debtor leases out to Mike Slingerland.

Debtor has no employees, as it is essentially just a piece of real estate in the midst of development and permitting.

Debtor does rent out a piece of the property (the body shop) for \$1250 per month. Debtor has no other income.

Debtor has given a detailed verbal statement of its

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operations to Ms. Jill Flinton of the Office of the UST on November 21, 2016 during a telephone interview. The Court also supervised and participated in a wide-ranging Case Management Conference on January 17, 2017 with all parties participating and their points of view being verbalized.

Debtor for many months had been negotiating with Mr. McCormick prior to a foreclosure being filed by Mr. McCormick against Debtor in the Superior Court of Vermont, Chittenden Division. Representing Mr. McCormick in the foreclosure lawsuit was Brian Hehir, 239 South Union Street, P.O. Box 1052, Burlington, VT 05402, phone number 862-2206, Docket Number 717-7-15 Cncv.

A mortgage mediation agreement in March 2016 prior to the lawsuit was entered into between Debtor and Mr. McCormick in an attempt to stave off foreclosure and to resolve the parties' differences. An allonge was executed on the mortgage and filed. Debtor believes the allonge is valid and should be strictly enforced, with the amount owing to Mr. McCormick fixed according to its terms. Various disputes then arose about this negotiation and mediation agreement and a land option for Debtor to purchase a contiguous lot. Debtor spent thousands and thousands of dollars toward this option and attempting to obtain permits, then Mr. McCormick pulled the plug

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on the deal. This was the final straw in the parties endeavoring to resolve the dispute. Debtor believes Mr. McCormick breached his obligations in regard to this land option and this is the basis of the counterclaims filed by Debtor in the aforementioned Superior Court foreclosure lawsuit. Further, since then , upon information and belief, Mr. McCormick ,or his agents and acolytes , has engaged in further interference with potential buyers, perhaps leading to additional causes of action to be litigated, in that the motivation being Mr. McCormick could gain a windfall of a million dollars or so if the Chapter 11 Plan fails and the foreclosure is completed.

Going forward, the monthly income and expenses are fixed, to wit:

- a. \$1250.00 of revenue monthly for the body shop lease until the shop and underlying is sold to Al Senecal for \$250,000.00
- b. Expenses Until Subject Property is Sold: based on Pacer Doc. 25 and Pacer Doc 30, implementing Court Orders:
 - * \$2015.63 adequate protection

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payment to Mr. McCormack

- * Property taxes in the amount of \$1083.00 per month - all back payments have now been cured to the Town of Milton
- * Utility expenses of \$100.00 per month.
- * Adequate protection payment of to City Feed and Lumber in the amount of \$1750 per month
- * Maybe costs associated with additional permitting and site planning
- * A realtor's commission to sell the lot

III. Documents Relevant to Disclosure Statement

- a. Monthly Operating Statements filed with the Court
- b. State Court Complaint and Counterclaims
- c. **Town of Milton Unified Development Regulations, as recently detailed at the continuance hearing by Jake Hemmerick of Milton DRB and as temporarily adopted**

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- d. **Proposed Development Map to be Prepared by Ruggiano Engineering Inc. to be the basis of the development of the lot. Chapter 11 Petition already filed with the Court**
- f. **The 2015 Tax Return has been filed. The 2016 Tax Return shall be filed this week.**
- g. **Pacer Docs 25 and 30, Orders of this Court**
- h. **Marketing Plan to be prepared by Nancy Jenkins Realty Company as per terms of Second Amended Chapter 11 Plan.**

IV. Purposes of the Plan

To market and sell the subject lot based upon a three -prong marketing approach ,or a combination, of the prongs to get the subject lot sold at an optimal price.

The Debtor's three-prong marketing Plan is listing the entire property, or listing housing and commercial units as a package , or pursuing an investor to partner and to build infrastructure and to start building construction , then after the project is started, to continue to market with other developers , or a combination of these components.

This will be a multi-use commercial and residential district lot , and could yield a sales price of one to two million dollars , if the

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Ruggiano Engineering Map is approved by the Town of Milton. Ninety residential units are contemplated and 70,000 to 80,000 of commercial square feet space and open market space. This concept is subject to modification once a realtor is hired which will occur within a week of the initial DRB hearing so that the realtor will have all the parameters of how to market and develop the subject . Nancy Jenkins Realty will be the real estate agency hired, subject to court approval. Nancy Jenkins Realty will also be developing a marketing plan within two weeks of being hired.

Subject to Court Approval , the Debtor will be hiring Ruggiano Engineering Inc. (See Pacer Document 98) for the site Plan and Subdivision Plan. The approved Subdivision Plan will allow consummation of the sale of the back lot for \$250,000.00 to Al Senecal , with all net proceeds to Mr. McCormick.

Ruggiano Engineering Inc. Target Dates shall be as follows :

- 1. Site Plan Application and Sketch Subdivision Plan Target Dates shall be by September 30, 2017;**
- 2. Subject to DRB Schedule, resubmit any changes for final Site Plan and Subdivision Sketch Plan required by initial DRB decision within 30 days of the initial decision;**

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3. **After the initial decision and response from DRB on the Site Plan Debtor will begin Application for Act 250 approval and all permits required for the Act 250, including, but not limited to, wastewater, stormwater , highway access and ancillary permits.**
4. **Mr. McCormick or Mike McCormick or proxies shall not willfully, recklessly, negligently or maliciously engage in any actions to block, prevent, obstruct, impede any processes by the Debtor to engage in the acquisition of any permits or DRB or local zoning approvals for the development of the subject parcel.**
5. **All creditors shall be paid the allowed amount of their claims in full by October 31, 2018.**

**V. HOW TO CONSUMMATE THE SECOND AMENDED
CHAPTER 11 PLAN**

- 1) **To continue to pay in a timely fashion the interest payments to creditors as per the court order dated Feb 6, 2017.**
- 2) **Ruggiano Engineering Inc. has been hired by the Debtor to do the site plan, sketch plan, subdivision plan and all permit work.**

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3) Upon filing sketch plan application begin aggressively marketing of property to include but not limited to:

A) pursue Investor financing as partner to build infrastructure and start building, while continuing to market; and/or

B) market property for sale as a whole - Nancy Jenkins Realty will be hired to do this as per the terms of the Second Amended Chapter 11 Plan; and/or

C) market property housing components as a piece; and/or

D) market property commercial footprint as a piece; and/or

E) market property as any combination of the above

F) David Goodrich may sell personal assets as per his testimony at the Continuance Hearing.

4) Debtor currently has a buyer for a commercial lot for \$250,000.00. The contract has been signed. The net proceeds will be paid over to Mr. McCormick.

5). All creditors will be paid in full the allowed amount of their claims by October 31, 2018.

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VI. Treatment of Unimpaired Claims

The Town of Milton, City Feed, and the Hubert McCormick May 2016 Promissory Note are unimpaired, are current, or have been cured and reinstated.

VII. Treatment of Impaired Claim

of Hubert McCormick

In the event the Court finds the 2006 Promissory Note Valid then, and the Order of Cram-down being entered based on the existing Motion (See Pacer Document 71), this Claim shall be bifurcated into a secured claim amount of \$600,684.00 (the value asserted in Mr. McCormick's POC AND THUS CONSTITUTES AN INCONTROVERTIBLE JUDICIAL ADMISSION) and a general unsecured claim amount to be determined by the Court in the Adversary Proceeding or Motion for Cram Down or the Objection to Claim filed by Debtor . Mr. McCormick on his secured portion of the claim shall receive the TILL rate of interest on the unpaid principal balance as it is paid down and shall receive a cost-of-living adjustment based on the CPI Index- Bureau of Labor Statistics (COLA) from the period of July 31, 2017 to the date Mr. McCormick is paid in full so the dollar amount he ultimately receives when he is paid in full by October 31, 2018 (or before) will

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be adjusted for inflation - between the TILL Rate, and the COLA, the present value test under Chapter 11 has been fully and fairly met. Mr. McCormick shall not be entitled to interest on his general unsecured claim as this claim would have received nothing in a theoretical Chapter 7 liquidation as this claim is under-secured as admitted in his Motion for Relief From Stay. The adequate protection payments in that they were linked by the Court in its Case Management to the mortgage payments owed shall be applied to principal and interest payments as per the terms of the promissory notes and underlying contracts and the claimants must issue the Debtor 1099-INT, and the sums paid under the adequate protection orders shall be credited to the Debtor's payments owed to each claimant.

VIII. Tax Consequences

The Debtor may owe a capital gains tax from the sale, at an amount that can't be determined at this time. By August 15, 2017 Debtor shall have his CPA write a letter addressing and file same with Court addressing any other tax issues that may arise from the sale. Creditors concerned with how the Plan may affect them tax-wise should consult with a professional.

IX. Feasibility

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Given that the Debtor has and will continue to make the required adequate protection payments, and if the multi-development plan is approved by the Town of Milton, not only will the allowed claims be paid in full and the Plan fully consummated, but there could be a profit to the Debtor of a half of million dollars or more, only fitting given the years of work Debtor has expended on the project . Further Debtor has hired Ruggiano Engineering Inc. for the site plan, sketch plan, subdivision plan, and all permits. Debtor will be hiring Nancy Jenkins Realty to assist in marketing the subject parcel. Plus David Goodrich is potentially committing his own personal assets to the Second Amended Chapter 11 Plan.

X. Anticipated Litigation

An Adversary Proceeding has been filed by Debtor listing numerous causes of action. Given Mr. McCormick's Advanced Age and Health , we are asking for an immediate deposition to preserve testimony no later than September 15, 2017.

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XI. Duration of Plan

This Plan shall be consummated on or before October 31, 2018.

XII. Prayer for Relief

The Debtor prays that this Disclosure Statement be approved by this Honorable Court .

Dated at St. Albans, VT, this July 31, 2017

/s/ Todd Taylor, attorney