

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF VERMONT

---

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

---

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 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

Debtor's Chapter 11 Disclosure Statement

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 operations to Ms. Jill Flinton of the Office of the UST on November 21, 2016

Debtor's Chapter 11 Disclosure Statement

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,

Debtor's Chapter 11 Disclosure Statement

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

Debtor's Chapter 11 Disclosure Statement

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 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

Debtor's Chapter 11 Disclosure Statement

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

Debtor's Chapter 11 Disclosure Statement

b. Expenses Until Subject Property is Sold: based on Pacer Doc. 25 and Pacer Doc 30, implementing Court Orders:

- \* \$2015.63 adequate protection 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

Debtor's Chapter 11 Disclosure Statement

- \* 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



Debtor's Chapter 11 Disclosure Statement

### 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 proposed in draft form in

December 2016; and letter from Town of Milton

Zoning Department which has been shared with

the Office of the UST and Mr. Hehir . These

Regulations say that final zoning and

development for the lot cannot be determined by

the Town of Milton until June 20, 2017.

Debtor's Chapter 11 Disclosure Statement

d. Proposed Development Map Prepared by Dewolf Civil Engineering Company to be the basis of the development of the lot, subject to some slight modifications presently being worked on by Mr. Goodrich so they can be presented to the Zoning Board on June 20, 2017.

e. Chapter 11 Petition already filed with the Court

f. The 2015 Tax Return still in final preparation by the accountant but will be filed with the Court, properly redacted, by May 15, 2017.

Debtor has done its best to speed up this return

Debtor's Chapter 11 Disclosure Statement

but it is a complicated return involving pass through numbers and calculations concerning other businesses other than just the Debtor's - plus the accountant was in the middle of tax season , but, as stated, the return is almost completed.

g. Pacer Docs 25 and 30, Orders of this Court

#### 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.

Debtor's Chapter 11 Disclosure Statement

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 DeWolf 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.

Under the Rules and Regulations of the Town of Milton the final sketch Plan cannot take place until July 2017 and final site plan approval cannot take place until August 2017, but with the preliminary approval by the Town of Milton on

Debtor's Chapter 11 Disclosure Statement

June 20, 2017, marketing can begin immediately and a realtor can be hired by July 1, 2017.

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.

## V. Treatment of Claims

Any and all priority claims, any administrative

Debtor's Chapter 11 Disclosure Statement

claims, and the allowed claims of City Feed and Lumber and Hubert McCormick shall be paid in full at the time of sale of the subject lot.

## VI. Tax Consequences

The Debtor may owe a capital gains tax from the sale, at an amount that can't be determined at this time.

## VII. Feasibility

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

Debtor's Chapter 11 Disclosure Statement

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 .

As there are no GUC, payment to them is not a factor in this case.

### VIII. Anticipated Litigation

If an agreement cannot be reached with Mr. McCormick as to his claim amount owed , then by June 1, 2017, Debtor shall file and Objection to that claim, and an Adversary Proceeding

Debtor's Chapter 11 Disclosure Statement

against Mr. McCormick will be filed by June 15, 2017 asserting the many counterclaims the Debtor can assert against Mr. McCormick. The Claim Objection and the A.P. should be consolidated, as depositions and other discovery and the issuance of subpoenas may be required.

## IX. Duration of Plan

The New Zoning Rules will not be finalized until June 20, 2017, then there is some additional permitting and sight plan approval, and we have potentially a complex development multi-use,



Debtor's Chapter 11 Disclosure Statement

property, and thus two selling seasons are required to maximize sale potential, so that a contract for sale shall be signed on or before October 1, 2018, or relief from stay shall be stipulated to.

#### X. Prayer for Relief

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

Dated at St. Albans, VT, this May 1, 2016.

/s/ Todd Taylor, attorney