

1 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
A Limited Liability Partnership  
2 Including Professional Corporations  
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6 Attorneys for the Debtors  
7

8  
9 **UNITED STATES BANKRUPTCY COURT**  
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 In re

12 VAIL LAKE RANCHO CALIFORNIA, LLC,  
a California limited liability company; VAIL  
13 LAKE USA, LLC, a California limited  
liability company; VAIL LAKE VILLAGE &  
14 RESORT, LLC, a California limited liability  
company; VAIL LAKE GROVES, LLC, a  
California limited liability company; AGUA  
15 TIBIA RANCH, LLC, a Delaware limited  
liability company; OUTDOOR  
16 RECREATIONAL MANAGEMENT, LLC, a  
California limited liability company,

17 Debtors.  
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Case No. 12-16684-LA11

Chapter 11

Jointly Administered with:

Case No. 13-05927-LA11

Case No. 13-05930-LA11

Case No. 13-05931-LA11

Case No. 13-05932-LA11

Case No. 13-05944-LA11

**STIPULATION RESOLVING COUNTY  
OF RIVERSIDE'S INFORMAL  
OBJECTION TO THE SALE MOTION**

1 This Stipulation Resolving County of Riverside's Informal Objection to the Sale Motion  
2 (this "Stipulation") is entered into by Vail Lake Rancho California, LLC ("VLRC"), Vail Lake  
3 USA, LLC ("VLU"), Vail Lake Village & Resort, LLC ("VLVR"), Agua Tibia Ranch, LLC  
4 ("ATR"), and Outdoor Recreational Management, LLC ("ORM" and together with VLRC, VLU,  
5 VLVR, and ATR, the "Debtors"), by and through their attorneys of record, on the one hand, and  
6 the County of Riverside (the "County", and together with the Debtors, the "Parties"), on the other  
7 hand, and with respect to paragraph 2, *infra*, Cambridge Financial of California, LLC, Beresford  
8 Development, LLC, XD Conejo Notes, LLC, and the Rancho California Water District, with  
9 reference to the following facts:

10 **RECITALS**

11 A. The Debtors own and operate various businesses on multiple parcels of real property  
12 surrounding or relating to a valuable body of water known as Vail Lake. Vail Lake is a large  
13 reservoir in western Riverside County, California, located on Temecula Creek in the Santa  
14 Margarita River watershed, approximately 15 miles east of Temecula, California.

15 B. The Debtors' properties cover approximately 8,000 acres (collectively, the  
16 "Property").

17 C. The County has assessed unpaid ad valorem real property taxes on the Property,  
18 including fees, interest, and penalties in the total amounts<sup>1</sup> listed in the chart attached hereto as  
19 **Exhibit A** (collectively, the "Taxes").

20 D. The County also has liens on certain parcels of the Property due to code enforcement  
21 violations in the total amounts listed in the chart attached hereto as **Exhibit B** (collectively, the  
22 "Code Enforcement Liens").

23 E. The Taxes and the Code Enforcement Liens are senior in priority to all other Liens on  
24 the Property.

25 F. On July 10, 2014, the Debtors filed their *Motion For Order: (A) Approving Sale Of*  
26 *All Real Property Free And Clear Of Liens Pursuant To 11 U.S.C. §§ 363(b), 363(f), And 363(h);*

27 <sup>1</sup> These amounts include all taxes due and owing through August 2014.  
28

1 (B) Approving The Assumption And Assignment Of Certain Contracts Pursuant To 11 U.S.C.  
2 § 365; (C) Approving The Settlement Of Disputes With Certain Secured Creditors Pursuant To  
3 Fed. R. Of Bankr. P. 9019; (D) Approving The Rejection Of Certain Agreements And Contracts;  
4 And (E) Approving Related Relief (the "Sale and Settlement Motion") pursuant to which the  
5 Debtors are seeking authority to sell the Property free and clear of certain liens.

6 G. The Parties have engaged in ongoing discussions to make clear the terms of the sale  
7 with respect to the County contemplated by the Sale and Settlement Motion.

8 **NOW, THEREFORE**, the following is hereby stipulated and agreed to by and between  
9 the Parties:

10 1. Upon the closing of the sale of the Property as contemplated in the Sale and  
11 Settlement Motion, the escrow agent shall pay to the County (i) all Taxes as set forth on Exhibit  
12 A<sup>2</sup> (with the exception of the ad valorem real property taxes owing on the Sundance Properties,<sup>3</sup>  
13 which shall receive the treatment outlined in the following paragraph) and (ii) all Code  
14 Enforcement Liens as set forth on Exhibit B<sup>2</sup>. Further, the liens, claims and interests of the  
15 County shall attach to the proceeds of the sale of the Property in the same manner and priority as  
16 under applicable law to the extent they are not paid through escrow.

17 2. The purchaser of the Property shall take the Sundance Property subject to the Taxes  
18 owing to the County on the Sundance Property, and such Taxes shall be entitled to a first-priority  
19 lien against the Sundance Property notwithstanding that the purchaser may be a not for profit  
20 entity.

21 *[Remainder of Page Intentionally Left Blank]*

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23  
24  
25 <sup>2</sup> If not paid by August 31, 2014, these amounts will increase.

26 <sup>3</sup> The "Sundance Properties" shall mean parcel numbers 581-070-013, 581-070-015, 581-  
27 070-016, 581-120-005, 581-150-013, 581-150-015, 581-150-016, 581-150-017, 917-050-003, and  
28 917-050-007.

**IN WITNESS WHEREOF**, the parties hereto execute this Stipulation, by and through their respective counsel or otherwise, as of the date set forth opposite their respective signatures.

August  
DATED: July 4, 2014

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By: /s/ J. Barrett Marum

ORI KATZ

J. BARRETT MARUM

ROBERT K. SAHYAN

## Attorneys for Debtors

DATED: July<sup>31</sup>, 2014

By:

RONAK PATEL

Attorney for the County of Riverside

*With respect to paragraph 2, supra:*

DATED: July \_\_, 2014

FRANDZEL ROBINS BLOOM & CSATO, L.C.

By:

MICHAEL GERARD FLETCHER

REED S. WADDELL

Attorneys for Cambridge Financial of California, LLC and  
Beresford Development, LLC

DATED: July \_\_, 2014

SALVATO LAW OFFICES

By:

GREGORY M. SALVATO

Attorneys for XD Conejo Notes, LLC

DATED: July , 2014

By:

Rancho California Water District

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DATED: July \_\_, 2014

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By: /s/ J. Barrett Marum

ORI KATZ

J. BARRETT MARUM

ROBERT K. SAHYAN

## Attorneys for Debtors

DATED: July \_\_, 2014

By:

RONAK PATEL

Attorney for the County of Riverside

*With respect to paragraph 2, supra:*

DATED: July 1, 2014

FRANDZEL ROBINS BLOOM & CSATO, L.C.

~~By:~~

MICHAEL GERARD FLETCHER

REED S. WADDELL

Attorneys for Cambridge Financial of California, LLC and  
Beresford Development, LLC

DATED: August 4, 2014

SALVATO LAW OFFICES

By:

GREGORY M. SALVATO

Attorneys for XD Conejo Notes, LLC

DATED: July \_\_, 2014

By:

Rancho California Water District

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DATED: July \_\_, 2014

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By: /s/ J. Barrett Marum

ORI KATZ

J. BARRETT MARUM

ROBERT K. SAHYAN

## Attorneys for Debtors

DATED: July \_\_, 2014

By:

RONAK PATEL

Attorney for the County of Riverside

*With respect to paragraph 2, supra:*

DATED: July , 2014

FRANDZEL ROBINS BLOOM & CSATO, L.C.

By:

MICHAEL GERARD FLETCHER

REED S. WADDELL

Attorneys for Cambridge Financial of California, LLC and  
Beresford Development, LLC

DATED: July , 2014

SALVATO LAW OFFICES

By:

GREGORY M. SALVATO

Attorneys for XD Conejo Notes, LLC

DATED: August / , 2014

BEST BEST & KRIEGER LLP

By:

FRANKLIN C. ADAMS

Rancho California Water District

# EXHIBIT A



| APNs                | YEARS     | TAXES*         |
|---------------------|-----------|----------------|
| ATR                 |           |                |
| 927-320-062         | 2005-2013 | \$208,587.12   |
| 927-320-063         | 2005-2013 | \$138,730.80   |
|                     |           |                |
| VLU                 |           |                |
| 927-320-079         | 2005-2013 | \$466,864.03   |
| 927-320-080         | 2005-2013 | \$532,430.62   |
| 927-320-081         | 2005-2013 | \$2,065,985.07 |
| 927-320-083         | 2005-2013 | \$242,889.75   |
| 927-320-084         | 2005-2013 | \$11,796.75    |
| 927-320-085         | 2005-2013 | \$10,868.72    |
| 927-320-086         | 2005-2013 | \$10,488.06    |
| 927-320-087         | 2005-2013 | \$10,597.42    |
| 927-320-088         | 2005-2013 | \$22,307.09    |
| 927-320-089         | 2005-2013 | \$197,340.58   |
| 927-380-019         | 2005-2013 | \$116,984.34   |
| 927-380-020         | 2005-2013 | \$70,646.58    |
| 927-380-021         | 2005-2013 | \$121,358.56   |
| 927-680-001         | 2005-2013 | \$51,332.38    |
| 927-680-010         | 2005-2013 | \$181,992.73   |
|                     |           |                |
| VLVR                |           |                |
| 927-380-023         | 2005-2013 | \$424,450.67   |
|                     |           |                |
| VLRC                |           |                |
| 927-680-002         | 2005-2013 | \$331,670.07   |
| 927-680-004         | 2003-2013 | \$218,714.31   |
| 927-680-011         | 2005-2013 | \$27,500.45    |
| 927-680-012         | 2005-2013 | \$24,338.70    |
| 927-680-005         | 2003-2014 | \$60,883.77    |
|                     |           |                |
| Sundance Properties |           |                |
| 581-070-013         | 2009-2013 | \$16,101.38    |
| 581-070-015         | 2009-2013 | \$660.04       |
| 581-070-016         | 2009-2013 | \$45,457.79    |
| 581-120-005         | 2009-2013 | \$3,591.50     |
| 581-150-013         | 2009-2013 | \$28,908.81    |
| 581-150-015         | 2009-2013 | \$380.71       |
| 581-150-016         | 2009-2013 | \$4,513.22     |
| 581-150-017         | 2009-2013 | \$1,590.68     |
| 917-050-003         | 2009-2013 | \$13,317.10    |
| 917-050-007         | 2009-2013 | \$14,424.73    |

\*If not paid by August 31, 2014, these amounts will increase.



## EXHIBIT B

| APNs        | LIEN INFORMATION   | AMOUNT*    |
|-------------|--|------------|
| VLU         |  |            |
| 927-320-083 | Notice of Lien recorded August 8, 2011 as Document No. 2011-0346565              | \$1,258.59 |
|             |  |            |
| VLVR        |  |            |
| 927-380-023 | Notice of Abatement Lien recorded November 25, 2009 as Document No. 2009-0611205 | \$9,956.49 |

\*If not paid by August 31, 2014, these amounts will increase.