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10 Counsel for CNG Ranch, LLC

11  
12 **UNITED STATES BANKRUPTCY COURT**  
13  
14 **DISTRICT OF ARIZONA**

15 In re:

16 PRM FAMILY HOLDING COMPANY, L.L.C., ☐  
17 PRODIGIO MERCADO, L.L.C., ☐  
18 PRO'S ABQ RANCH MARKETS, L.L.C., ☐  
19 PRO'S ELP RANCH MARKETS, L.L.C., ☐  
20 PRO'S ELP RANCH MARKETS BEVERAGE  
21 COMPANY, L.L.C., ☐  
22 PRO & SON'S, L.L.C., ☐  
23 PRO'S RANCH MARKETS (CA), L.L.C., ☐  
24 PROVENZANO'S, L.L.C., ☐

25 Debtors.

Chapter 11 Proceedings

Case Nos. 2:13-bk-09026-SSC  
2:13-bk-09028-SSC  
2:13-bk-09030-SSC  
2:13-bk-09033-SSC  
2:13-bk-09034-SSC  
2:13-bk-09036-SSC  
2:13-bk-09037-SSC  
2:13-bk-09039-SSC  
(Joint Administration)

26 This Filing Applies to:

☒ All Debtors  
☐ Specified Debtors

**STIPULATION REGARDING  
CROSS-COLLATERALIZATION OF  
LOANS PURSUANT TO MOTION  
TO OBTAIN EMERGENCY AND  
FURTHER POST-PETITION  
FINANCING PURSUANT TO 11  
U.S.C. § 364(c) AND 11 U.S.C. § 105**

1 This Stipulation regarding Cross-collateralization of Loans pursuant to Motion to Obtain  
2 Emergency and Further Post-Petition Financing pursuant to 11 U.S.C. §364(c) and 11 U.S.C. §105  
3 ("Stipulation") is entered into by and among the debtors in the above-captioned Chapter 11 cases  
4 ("Debtors"), the duly appointed and acting Official Committee of Unsecured Creditors in the  
5 Debtors' cases ("Committee") and CNG Ranch, LLC ("CNG"), by and through their respective  
6 counsel of record, with regard to the following facts and circumstances (the Debtor, the Committee  
7 and CNG are referred to herein as the "Parties").

8 RECITALS

9 A. The Debtors are the debtors in the above-captioned Chapter 11 cases, and act as  
10 debtors-in-possession in their cases pursuant to the provisions of Sections 1107 and 1108 of the  
11 Bankruptcy Code.

12 B. The Committee is the duly appointed and acting official committee of unsecured  
13 creditors in the Debtors' cases.

14 C. CNG is a Delaware limited liability company. On December 2, 2013 the Debtors  
15 filed their Motion for Order (A) Authorizing the Private Sale of Substantially all Assets Free and  
16 Clear; and (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired  
17 Leases pursuant to which the Debtors request from the Court an order authorizing the Debtors to  
18 sell and to assign to CNG substantially all of the Debtor's assets ("Sale Motion").

19 D. On December 2, 2013, the Debtors filed their Motion to Obtain Emergency and  
20 Further Post-Petition Financing pursuant to 11 U.S.C. §364(c) and 11 U.S.C. §105 ("Financing  
21 Motion") pursuant to which the Debtors requested from the Court an order authorizing the Debtors  
22 to borrow from CNG an amount not to exceed \$1.0 million on an emergency basis, and to borrow  
23 from CNG additional funds upon entry of a final order of the Court, in accordance with the terms  
24 and conditions set forth by the Financing Motion ("DIP Loans"). By the Financing Motion, the  
25 Debtors requested specifically that, subject to CNG's acquisition of the pre-petition loans in the  
26 amount of \$39.8 million and security interests of the Bank of America with respect to the Debtors  
("Bank Loans"), CNG's DIP Loans be cross-collateralized with the Bank Loans.

E. The Committee filed opposition to the Financing Motion, objecting, in part, to the

1 Debtors' proposed cross-collateralization of the DIP Loans with the Bank Loans.

2 F. On December 10, 2013, the Court entered its minute order approving the Debtors'  
3 immediate borrowing of \$1.0 million from CNG, but denying at this time the Debtors' request that  
4 the DIP Loans be cross-collateralized with the Bank Loans. The Court has scheduled a final  
5 hearing on the Financing Motion for January 7, 2014 ("Final Hearing").

6 G. The Parties have entered into negotiations to resolve their difference regarding the  
7 DIP Loans and the proposed cross-collateralization of the DIP Loans with the Bank Loans, and  
8 desire to resolve their differences regarding such matters in accordance with the terms and  
9 conditions set forth herein.

10 NOW, THEREFORE, based upon the foregoing Recitals, and the mutual promises,  
11 covenants and agreements set forth herein, and for other good and valuable consideration, the  
12 receipt and sufficiency of which are hereby acknowledged by the Parties, and the Parties intending  
13 to be legally bound hereby, hereby agree and stipulate as follows.

14 **AGREEMENT**

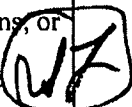
15 1. **Committee's Withdrawal of Opposition to Financing Motion.** The Committee  
16 shall withdraw, as promptly as practicable after any acquisition of the Bank Loans by CNG, the  
17 Committee's opposition to the Financing Motion.

18 2. **Support for Financing Motion.** The Debtors shall file appropriate supplemental  
19 pleadings in support of the Financing Motion, and, specifically, in support of the proposed cross-  
20 collateralization of the DIP Loans with the Bank Loans. The Debtors and the Committee shall  
21 support, fully, completely and unconditionally, the relief requested pursuant to the Financing  
22 Motion, including, without limitation, the proposed cross-collateralization of the DIP Loans with  
23 the Bank Loans. Without limiting the generality of the foregoing, the Committee shall file, in  
24 advance of the Final Hearing, pleadings in support of the Financing Motion and the proposed cross-  
25 collateralization of the DIP Loans and the Bank Loans in accordance with the terms and conditions  
26 set forth herein.

3. **Cross-Collateralization.** All funds advanced by CNG pursuant to the DIP Loans  
shall be cross-collateralized with the Bank Loans, subject to court approval, ("Cross-

1 Collateralization"); provided, however, in the event the transaction proposed by the Sale  
2 Motion fails to close, by reason of CNG's withdrawal, or deemed withdrawal, of its bid to  
3 acquire the Debtors' assets:

4 a. The Cross-Collateralization shall not apply to the first \$1,200,000 of  
5 proceeds received by the Debtors' estates from the sale, disposition or other transfer of any  
6 collateral in which the Bank did not have a perfected security interest as of the petition date,  
7 or by reason of the Court's Order (A) Approving a Settlement Under Rule 9019; (B)  
8 Approving a Stipulation Allowing Secured Claims and the Validity, Priority and  
9 Enforceability of Liens Under Section 502 [Docket No. 755] ("Settlement Order");

10 b. In the event of (i) a subsequent sale, disposition or other transfer of the  
11 Debtors' assets to a person or entity other than CNG; (ii) a refinancing of the Bank Loans, or  
12 (iii) a confirmed Chapter 11 plan in the Debtors' cases, CNG shall be entitled to receive   
13 payment, prior to any distribution to the estates, by reason of its allowed secured claim in the  
14 amount of \$19,000,000, plus any funds advanced pursuant to the DIP Loans ("CNG  
15 Proceeds"). All proceeds from any of the foregoing events in excess of the CNG Proceeds  
16 shall be retained by the estates;

17 c. CNG shall subordinate any collateral in which the Bank did not have a  
18 perfected security interest as of the Petition Date or by reason of the Settlement Order in  
19 favor of a future debtor-in-possession loan not to exceed \$3.0 million, provided that CNG  
20 has a right of first refusal to make the future debtor-in-possession loan on the same terms  
21 and conditions as the Debtors are able to receive from a third party."

22 4. **Private Sale.** The Debtors and the Committee hereby acknowledge and agree that  
23 they support a private sale of the Debtors' assets and properties to CNG, and hereby agree that they  
24 shall not seek any overbidders for the Debtors' assets and properties

25 5. **Authorization.** Counsel signing this Stipulation on behalf of a Party hereby  
26 acknowledges that he is authorized to sign this Stipulation on behalf of such Party.

6. **Enforceability of Stipulation.** Upon execution of this Stipulation by each of the  
Parties, this Stipulation shall constitute a valid, binding and fully enforceable stipulation and

1 agreement of the Parties which shall not be subject to rescission or revocation without the written  
2 consent of CNG. The Parties acknowledge that CNG intends to acquire the Bank Loans in reliance  
3 on the agreements and covenants contained in this Stipulation. This Stipulation shall be effective  
4 upon the execution of this Stipulation by each of the Parties, with no need for any notice to creditors  
5 or order of the Court.  
6  
7

8 DATED: December 19, 2013

WINTHROP COUCHOT  
PROFESSIONAL CORPORATION

By: /s/ Robert E. Opera  
Robert E. Opera  
Counsel for CNG Ranch, LLC

13 DATED: December 19, 2013

MESCH, CLARK & ROTHSCHILD, P.C.

By: [Signature]  
~~Michael McGrath~~ Isaac Rothschild  
Counsel for the Debtors

17 DATED: December 19, 2013

SCHIAN WALKER, P.L.C.

By: [Signature]  
~~Dale C. Schian~~ Richard S. LAUTER  
Counsel for the Official Committee of  
Unsecured Creditors