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*Attorneys for D. Ray Strong, Liquidating Trustee of the
Consolidated Legacy Debtors Liquidating Trust*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH**

In re:

CASTLE ARCH REAL ESTATE INVESTMENT
COMPANY, LLC; CAOP MANAGERS, LLC;
CASTLE ARCH KINGMAN, LLC; CASTLE
ARCH SECURED DEVELOPMENT FUND,
LLC; CASTLE ARCH SMYRNA, LLC; CASTLE
ARCH STAR VALLEY, LLC; *and*

CASTLE ARCH OPPORTUNITY PARTNERS I,
LLC; CASTLE ARCH OPPORTUNITY
PARTNERS II, LLC,

Debtors.

Case Nos. 11-35082, 11-35237,
11-35243, 11-35242 and 11-35246
(Substantively Consolidated)

Case Nos. 11-35241 and 11-35240
(Jointly Administered)

(Chapter 11)

The Honorable Joel T. Marker

- Affects All Debtors
- Affects Only the Substantively
Consolidated Debtors
- Affects only Castle Arch
Opportunity Partners I, LLC
- Affects only Castle Arch
Opportunity Partners II, LLC

**NOTICE OF TRUSTEE'S MOTION SEEKING AUTHORIZATION AND APPROVAL OF (1)
SALE OF 300 ACRE-FEET OF WATER RIGHTS IN TOOELE COUNTY, UTAH, OUT OF THE
ORDINARY COURSE OF BUSINESS, FREE AND CLEAR OF LIENS, CLAIMS,
ENCUMBRANCES AND INTERESTS, AND SUBJECT TO HIGHER AND/OR BETTER
OFFERS, PURSUANT TO 11 U.S.C. § 363(b) AND (f) AND FEDERAL RULES OF
BANKRUPTCY PROCEDURE 2002 AND 6004; (2) PROPOSED SALE PROCEDURES; AND (3)
PAYMENT OF COSTS OF SALE, INCLUDING COMMISSION TO BROKERS
(BOYER-PLUMB STANSBURY PROPERTIES, L.C.)
AND NOTICE OF OPPORTUNITY FOR HEARING**

**Objection Deadline: July 22, 2016
Reserved Hearing Date: August 1, 2016 at 3:00 p.m. (Mountain Time)**

PLEASE TAKE NOTICE that D. Ray Strong (the “Trustee”), as the liquidating trustee of the Consolidated Legacy Debtors Liquidating Trust and the post-confirmation estate representative for the consolidated bankruptcy estates of Castle Arch Real Estate Investment Company, LLC, CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Smyrna, LLC, Castle Arch Secured Development Fund, LLC and Castle Arch Star Valley, LLC, has entered into an *Asset Purchase Agreement* (the “Purchase Agreement”) with Boyer-Plumb Stansbury Properties, L.C. or its assigns (the “Buyer”) for the sale of approximately 300 acre-feet of water rights located in Tooele County, Utah, more particularly identified as follows (the “Tooele Water Rights”):

300 acre-feet from water right number 15-5092, including 300 acre-feet from change application number a35778, which 300 acre-feet is approved for the following sole supply beneficial uses: 28.385 acres for irrigation; 238 EDUs; 2.67 acre-feet for commercial use (e.g., fire station, fire protection, and school); and 41.01 acres for irrigation of low water use plants (1.87 acre-feet per acre).

HIGHER AND BETTER OFFERS FOR THE TOOEELE WATER RIGHTS ARE WELCOME PURSUANT TO THE INSTRUCTIONS SET FORTH IN THIS NOTICE.

PLEASE TAKE FURTHER NOTICE that in connection therewith, the Trustee has filed the *Trustee’s Motion Seeking Authorization and Approval of (1) Sale of 300 Acre-Feet of Water Rights in Tooele County, Utah, Out of the Ordinary Course of Business, Free and Clear of Liens, Claims, Encumbrances and Interests, and Subject to Higher and/or Better Offers, Pursuant to 11 U.S.C. § 363(b) and (f) and Federal Rules of Bankruptcy Procedure 2002 and 6004; (2) Proposed Sale Procedures; and (3) Payment of Costs of Sale, Including Commission to Brokers (Boyer-Plumb Stansbury Properties, L.C.)* (the “Motion”), which seeks Court approval of the Purchase Agreement and authorization to sell the Tooele Water Rights to the Buyer as set forth in the Purchase Agreement, or to any person or entity who makes a higher and/or better offer for the Tooele Water Rights prior to the Higher and/or Better Bid

Deadline.¹ The Trustee is also seeking approval to pay the costs of sale from the sale proceeds, including commissions to brokers.

A copy of the Motion, which includes a copy of the Purchase Agreement as Exhibit 1, has been served electronically via the Court's CM/ECF system on the Office of the United States Trustee and on all parties who receive electronic service in the above-captioned case. A copy of the Motion is also posted on the Trustee's website at www.castlearchtrustee.com. You should refer to the Purchase Agreement for all terms of the proposed sale. *If you have not received a copy of the Motion and Purchase Agreement and you would like one, you may obtain a copy by requesting it from the undersigned counsel or going to the Trustee's website.*

YOUR RIGHTS MAY BE AFFECTED.

PLEASE TAKE FURTHER NOTICE that you should carefully read this Notice, as well as the Motion and Purchase Agreement, and discuss them with your attorney, if you have one. If you do not have an attorney, you may wish to consult one.

HIGHER AND BETTER OFFERS ARE WELCOME

PLEASE TAKE FURTHER NOTICE that the proposed sale of the Tooele Water Rights is subject to higher and/or better offers. The purchase price for the Tooele Water Rights offered by the Buyer is \$4,500.00 for each acre-foot of water approved for use within the Stansbury Park Improvement District ("SPID") water system (the "Purchase Price"). Thus, if all 300 acre-feet are approved for use in the SPID system, the Purchase Price for the Tooele Water Rights will be \$1,350,000.00.

IF YOU DESIRE TO SUBMIT A HIGHER AND/OR BETTER OFFER FOR THE TOOELE WATER RIGHTS, YOU MUST DO SO PRIOR TO THE HIGHER AND/OR BETTER BID DEADLINE.

¹ The Higher and/or Better Bid Deadline is defined in the Motion as any time prior to the Court's entry of an Order approving the Purchase Agreement. All other capitalized terms used but not defined herein have the meanings ascribed to such terms in the Motion.

All competing offers must be: (1) made in writing; (2) submitted to the Trustee through his counsel at seim.nathan@dorsey.com prior to the expiration of the Higher and/or Better Bid Deadline; and (3) accompanied by a cash deposit in the amount of \$25,000.00 and evidence of ability to perform (a “Qualified Bid”). The Trustee will not consider any offer that does not meet the requirements of a Qualified Bid. If a Qualified Bid is determined to be the highest and/or best offer, the \$25,000.00 will become nonrefundable upon the Court’s approval of the sale to such offeror, regardless of whether the contract is cancelled during any due diligence period, and the deposit will be applied to the purchase price. If a Qualified Bid is determined not to be the highest and/or best offer, the \$25,000.00 will be returned to the person submitting the Qualified Bid. Whether a Qualified Bid constitutes a higher and/or better offer will be determined by the Trustee in his sole discretion.

In the event that Qualified Bids are submitted, the Trustee will provide copies of the Qualified Bids to the Buyer and all other persons submitting Qualified Bids. If the Trustee determines that it is appropriate, he may conduct an auction prior to the date of the hearing on the Motion, inviting the Buyer and all those who have submitted Qualified Bids to participate.

FREE AND CLEAR, AS IS SALE

PLEASE TAKE FURTHER NOTICE that pursuant to the Purchase Agreement and 11 U.S.C. § 363(b) and (f), the proposed sale of the Tooele Water Rights is “AS IS,” “WHERE IS,” and free and clear of any liens, claims, encumbrances and interests. Liens on the Tooele Water Rights, if any, will attach to the net sale proceeds upon the Court’s entry of an Order granting the Motion and approving the Purchase Agreement. *Failure to assert an interest in the Tooele Water Rights prior to the time the sale is approved by the Court shall be deemed a waiver of any interest in the net sale proceeds.*

NOTICE OF RESERVED HEARING

PLEASE TAKE FURTHER NOTICE that a reserved hearing on the Motion has been scheduled for **August 1, 2016 at 3:00 p.m. (Mountain Time)** before The Honorable Joel T. Marker at the United States Bankruptcy Court, Room 341 of the Frank E. Moss United States Courthouse, 350 South Main

Street, Salt Lake City, Utah 84101. **NO HEARING WILL BE CONDUCTED ON THE MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE COURT ON OR BEFORE THE OBJECTION DEADLINE OR COMPETING OFFERS ARE SUBMITTED TO THE TRUSTEE PRIOR TO THE HIGHER AND/OR BETTER BID DEADLINE.**

OBJECTION PROCEDURES

PLEASE TAKE FURTHER NOTICE that if you do not want the Court to grant the relief requested in the Motion, or if you want the Court to consider your views on any portion of the Motion, including but not limited to the sale of the Tooele Water Rights to the Buyer, the Trustee's request for authorization to pay costs associated with the sale, or any interests you may assert in the Tooele Water Rights, then you or your attorney must do the following:

(1) On or before **July 22, 2016**, file with the Court a written objection explaining your position, at:

Clerk of the Court
United States Bankruptcy Court
350 South Main Street, Room 301
Salt Lake City, UT 84101

(2) If you mail your objection to the Court, you must mail it so that the Court **actually receives it on or before July 22, 2016**. You must also mail a copy of your objection to the Trustee's undersigned counsel at 136 South Main Street, Suite 1000, Salt Lake City, Utah 84101.

(3) You must also attend the hearing on the Motion on **August 1, 2016 at 3:00 p.m.** **(Mountain Time)** before The Honorable Joel T. Marker at the United States Bankruptcy Court, Room 341 of the Frank E. Moss United States Courthouse, 350 South Main Street, Salt Lake City, Utah 84101. **There will be no further notice of the hearing**, and failure to attend the hearing will be deemed a waiver of your objection.

PLEASE TAKE FURTHER NOTICE that if you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Motion and may enter an Order granting

that relief. *Pursuant to the Court's Local Rules, absent timely filing and service of objections to the Motion, the Trustee will ask the Court to enter an Order approving the Motion without a hearing, and the reserved hearing noted above will be stricken.*

DATED this 5th day of July, 2016.

DORSEY & WHITNEY LLP

 /s/ Peggy Hunt
Peggy Hunt
Nathan S. Seim
Attorneys for Trustee