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Proposed Counsel for the Debtor in Possession

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

In re:

THE FALLS EVENT CENTER LLC, a
Utah limited liability company,

Address: 9067 S 1300 W, #301
West Jordan, UT 84088,

Tax I.D. No. 90-1023989,

Debtor in Possession.

Bankruptcy Case No. 18-25116

Chapter 11

Honorable Kimball Mosier

[Filed Electronically]

**DECLARATION OF BROOKS PICKERING IN OPPOSITION TO iBORROW'S
MOTION FOR RELIEF FROM STAY**

1. My name is Brooks Pickering, and I am the Manager of Debtor The Falls Event Center, LLC (“**Debtor TFEC**”). I have been acting in that capacity since June 28, 2018.

2. On July 11, 2018, Debtor TFEC filed its bankruptcy petition with this Court under Chapter 11 of Title 11 of the United States Code.

3. Since that date I have overseen the management of Debtor TFEC as a Debtor-in-Possession.

4. I have either personal knowledge of the facts testified to in this Declaration or knowledge gained through review of the books and records of Debtor TFEC and my investigation of the business affairs and operations of Debtor TFEC and its Subsidiaries (the “**Subsidiaries**”).

5. My employment background includes being a strategic growth consultant and specializing in corporate turnarounds and restructuring.

6. Prior to relocating to Las Vegas, Nevada, in 2008, I was a bonded state court receiver in California who served in that capacity in more than two dozen appointments.

7. Lender iBorrow, L.P. (the “**Lender**” or “**iBorrow**”) filed its *Motion for Relief From Stay* (the “**Motion**”), on August 2, 2018 in this Chapter 11 Bankruptcy Case No. 18-25116 (the “**TFEC Case**”).

8. In June of 2018, I was appointed as the Chief Restructuring Officer (“**CRO**”) for Debtor TFEC. As part of the restructuring for Debtor TFEC and its Subsidiaries, including Debtor The Falls at Elk Grove, LLC (“**Debtor Elk Grove**”), I was also appointed as the new sole Manager of Debtor TFEC, as referred to above.

9. The California Chapter 11 Case for Debtor Elk Grove was filed prior to the time that I was appointed as the CRO for Debtor TFEC.

10. In the course of my review of the financial and business operations of Debtor TFEC and its Subsidiaries, I determined that a comprehensive approach was needed for the restructuring and reorganization of Debtor TFEC and its Subsidiaries. Accordingly, I directed that this Chapter 11 case for TFEC be filed with this Court on July 11, 2018, captioned as In re The Falls Event Center LLC, Case No. 18-25116 (the “**TFEC Case**”).

11. I also directed that the second Chapter 11 case for Debtor Elk Grove be filed with this Court on July 16, 2018, captioned as In re The Falls at Elk Grove, LLC, Case No. 18-25208 (the “**Elk Grove Case**”).

12. The real property owned by Debtor Elk Grove (referred to herein as the “**Elk Grove Event Center**”) is improved with two special purpose event center buildings comprising a total of approximately 27,000 square feet, which are both available for rental to the general public to host wedding receptions and other events. The Elk Grove Event Center is one of eight operating event centers (collectively the “**Event Centers**”). The real property at each of the eight locations is owned by separate Subsidiaries owned by Debtor TFEC.

13. As part of the operations and management of all of the Subsidiaries, Debtor TFEC handles the bookings for all of the Event Centers, collects the deposits and rental fees, employs the staff for each of the Event Centers, and owns the tables, chairs, linens, audio/visual equipment and other personal property associated with each of the Event Centers. Debtor TFEC is also responsible for insuring and maintaining each of the Event Centers, which has historically included servicing the debt obligations and operational expenses associated with each of the Event Centers, including the Elk Grove Event Center. Accordingly, Debtor TFEC has always handled all of the finances associated with each of the Subsidiaries, including Debtor Elk Grove.

14. In recognition of how the operations and management of the Subsidiaries and the Event Centers have been handled in the past, and as part of the still developing restructuring and reorganization plans for Debtor TFEC and the Subsidiaries, I have determined that it would be best to substantively consolidate all of the Subsidiaries into the TFEC Case. In addition, I am actively selling the real property for those Event Centers that are not currently being operated, and to pursue refinancing or a sale and leaseback of some or all of the Event Centers that are still operating and can be operated profitably in the future. Debtor TFEC has already made progress

in implementing this plan that I have been developing for Debtor TFEC and its Subsidiaries. Debtor TFEC has been successful in selling the Peoria property owned by Debtor TFEC's Peoria subsidiary. Debtor TFEC is waiting to close on the Fairfield property owned by Debtor TFEC's Fairfield property. Debtor TFEC has sold the Centennial property owned by Debtor TFEC's Centennial Subsidiary. The sale of the Cedar Park property owned by Debtor TFEC's Cedar Park Subsidiary is pending, and I expect to open escrow within the next 7 days. These sales are significant steps toward a successful reorganization. However, the Elk Grove Event Center is vital to the success of the overall plan, and Debtor TFEC and its Subsidiaries, including Debtor Elk Grove, will not be able to effectively reorganize without the Elk Grove Event Center.

15. An Appraisal Report dated March 26, 2014, for the Elk Grove Event Center located at 8290 and 8280 Elk Grove Boulevard, Elk Grove, California 95828 (the "**2014 Elk Grove Event Center Appraisal**"), was prepared for Eagle Finance by Ronald K. Owens, Jr., who is an MAI appraiser working for Butler Burgher Group, LLC ("**BBG**"). A copy of the 2014 Elk Grove Event Center Appraisal as it appears in the records of Debtor TEFC and its Subsidiaries is attached hereto as **Exhibit A** and incorporated herein. The 2014 Elk Grove Event Center Appraisal gives an "as is" going concern value as of March 17, 2014, of \$13,190,000 for the Elk Grove Event Center, consisting of \$11,300,000 for the real estate, \$750,000 for the furniture, fixtures and equipment ("**FF&E**"), and \$1,140,000 for business value.

16. In July of 2014 and January of 2018, the Lender obtained additional collateral for the Elk Grove Loan from two of the other Subsidiaries, a junior lien granted by EFalls Properties Fresno CA, LLC ("**Fresno**") against an Event Center located in Fresno, California (the "**Fresno Event Center**"), and a junior lien granted by The Falls at St. George, LLC ("**St. George**") against an Event Center located in St. George, Utah (the "**St. George Event Center**").

17. An Appraisal Report dated March 26, 2014, for the St. George Event Center located at 170 South Mall Drive, St. George, Utah 84790 (the “**St. George Event Center Appraisal**”), was prepared for Eagle Finance by Ronald K. Owens, Jr., who is an MAI appraiser working for Butler Burgher Group, LLC (“**BBG**”). A copy of the St. George Event Center Appraisal as it appears in the records of Debtor TEFC and its Subsidiaries is attached hereto as **Exhibit B** and incorporated herein. The St. George Event Center Appraisal gives an “as is” going concern value as of March 13, 2014, of \$2,430,000 for the St. George Event Center, consisting of \$2,120,000 for the real estate, \$300,000 for the FF&E, and \$10,000 for business value.

18. iBorrow holds the second lien on the St. George Event Center. The holder of the first lien on the St. George Event Center is currently owed approximately \$750,000. Accordingly, the value of iBorrow’s second lien on the St. George Event Center is approximately \$1,680,000 (\$2,430,000 value minus \$750,000 first lien balance = \$1,680,000).

19. An Appraisal Report dated August 11, 2014, for the Fresno Event Center located at 4105, 4125, 4145 and 4165 West Figarden Drive, Fresno, California 93722 (the “**Fresno Event Center Appraisal**”), was prepared for Eagle Finance by Ronald K. Owens, Jr., working for BBG. A copy of the Fresno Event Center Appraisal as it appears in the records of Debtor TEFC and its Subsidiaries is attached hereto as **Exhibit C** and incorporated herein. The Fresno Event Center Appraisal gives an “as completed” value as of June 1, 2015, of \$6,510,000 for the Fresno Event Center, and an “as completed and stabilized” value as of June 1, 2018, of \$11,940,000.

20. iBorrow holds the second lien on the Fresno Event Center. The holder of the first lien on the Fresno Event Center is currently owed approximately \$3,100,000. Accordingly, the value of iBorrow’s second lien on the Fresno Event Center would be approximately \$3,410,000

based upon the “as completed” June 1, 2015 value (\$6,510,000 “as completed” June 1, 2015 value minus \$3,100,000 first lien balance = \$3,410,000), or approximately \$8,840,000 based upon the “as completed and stabilized” June 1, 2018 value (\$11,940,000 “as completed and stabilized” June 1, 2018 value minus \$3,100,000 first lien balance = \$8,840,000).

21. iBorrow’s latest appraisal of the Elk Grove Event Center (Exhibit 7 to the Motion) was prepared by Scott Beebe, an MAI appraiser working for BBG, Inc., Northern California. Ronald K. Owens, Jr., MAI, the appraiser who prepared the 2014 Elk Grove Appraisal, the St. George Appraisal, and the Fresno Appraisal, is currently still employed by BBG, Inc., according to the internet search results for Mr. Owens’ Appraisal Institute Member Profile. A copy of Mr. Owens’ Appraisal Institute Member Profile is attached hereto as **Exhibit D** and incorporated herein. Accordingly, Scott Beebe, the appraiser for iBorrow’s latest appraisal, and Ronald K. Owens, Jr., the appraiser for the 2014 Elk Grove Appraisal, the St. George Appraisal, and the Fresno Appraisal, are colleagues who work for the same appraisal firm.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this 22nd day of August, 2018.



Brooks Pickering

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CERTIFICATE OF SERVICE

I hereby certify that on August 22, 2018, a true and correct copy of the foregoing document was electronically filed and therefore served via ECF on all parties that have entered an electronic appearance in this case.

