

KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94611

1 **KELLER BENVENUTTI KIM LLP**
2 TOBIAS S. KELLER (Cal. Bar No. 151445)
3 (tkeller@kclkllp.com)
4 DAVID A. TAYLOR (Cal. Bar No. 247433)
5 (dtaylor@kclkllp.com)
6 THOMAS B. RUPP (Cal. Bar No. 278041)
7 (trupp@kclkllp.com)
8 425 Market Street, 26th Floor
9 San Francisco, California 94105
10 Telephone: (415) 496-6723
11 Facsimile: (650) 636-9251

12 *Attorneys for the Debtors and*
13 *Debtors in Possession*

14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SANTA ROSA DIVISION**

17 In re:

18 LEFEVER MATTSON, a California
19 corporation, *et al.*,¹

20 Debtors.

21 Case No. 24-10545 (CN) (Lead Case)

22 Chapter 11

23 (Jointly Administered)

24 **MOTION OF DEBTORS FOR ORDER**
25 **(I) AUTHORIZING CERTAIN DEBTORS**
26 **TO ENTER INTO POST-PETITION**
27 **INTERCOMPANY AGREEMENT WITH**
28 **PINEAPPLE BEAR; (II) GRANTING**
ADMINISTRATIVE EXPENSE CLAIMS;
AND (III) GRANTING RELATED RELIEF

Date: April 16, 2025

Time: 11:00 a.m.

Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.



1 LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates
 2 that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases
 3 (the “Chapter 11 Cases”), hereby submit this motion (the “Motion”) pursuant to sections 105, 503,
 4 and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002 and 9014 of
 5 the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2002-1 of the
 6 Bankruptcy Local Rules for the Northern District of California (the “Bankruptcy Local Rules”),
 7 for entry of an order, authorizing LeFever Mattson and certain other Debtors (Firetree II, LP;
 8 Heacock Park Apartments, LP; Sienna Pointe, LLC; and Windscape Apartments, LLC,
 9 collectively the “Pineapple Bear Debtors”) to enter into an intercompany agreement (the
 10 “Pineapple Bear Agreement”) with non-debtor Pineapple Bear, a California corporation
 11 (“Pineapple Bear”). A proposed order is attached hereto as **Exhibit A** (the “Proposed Order”). A
 12 copy of the Pineapple Bear Agreement is attached hereto as **Exhibit B**.

13 LeFever Mattson is the sole shareholder of Pineapple Bear. Pineapple Bear operates
 14 various hospitality-related businesses, including dining, lodging, and special events, on the
 15 premises of six properties in Sonoma owned by the Pineapple Bear Debtors (the “Pineapple Bear
 16 Properties”). Pineapple Bear operates its businesses under a number of trade names, including
 17 Sonoma’s Best Hospitality Group. From the commencement of the Chapter 11 Cases, Pineapple
 18 Bear has required cash infusions from LeFever Mattson to meet its operating expenses, including
 19 its payroll obligations. Despite great efforts by the Debtors’ management and advisors to cut costs
 20 and streamline the operations of Pineapple Bear, it continues to require additional cash to operate
 21 in the near term. Although Pineapple Bear itself is not currently profitable, the Debtors believe
 22 that its operations at the Pineapple Bear Properties have contributed to preserving their value, and
 23 their values would sharply diminish were Pineapple Bear to cease operations. Because LeFever
 24 Mattson is preserving the Pineapple Bear Debtors’ estates through its financial support of
 25 Pineapple Bear, the parties wish to enter into the Pineapple Bear Agreement to recognize this
 26 support as administrative claims owed by the Pineapple Bear Debtors to LeFever Mattson.

27 In support of the relief requested herein, the Debtors submit the *Declaration of Bradley D.*
 28 *Sharp in Support of Motion of Debtors for Order (I) Authorizing Certain Debtors to Enter into*

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1 *Post-petition Intercompany Agreement with Pineapple Bear; (II) Granting Administrative*
 2 *Expense Claims; and (III) Granting Related Relief (the “Sharp Declaration”), filed*
 3 contemporaneously herewith.

4 **I. JURISDICTION AND VENUE**

5 The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334,
 6 *the Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24
 7 (N.D. Cal.), and Rule 5011-1(a) the Bankruptcy Local Rules. This is a core proceeding pursuant
 8 to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

9 **II. BACKGROUND**

10 **A. General Background**

11 Windscape Apartments, LLC, filed its chapter 11 petition on August 6, 2024. Fifty-eight
 12 Debtors, including LeFever Mattson; Firetree II, LP; Heacock Park Apartments, LP; and Sienna
 13 Pointe, LLC, filed their chapter 11 petitions on September 12, 2024. Debtors Pinewood
 14 Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

15 The Debtors continue to operate their businesses and manage their properties as debtors in
 16 possession pursuant to sections 1107(a) of the Bankruptcy Code. The United States Trustee
 17 appointed an official committee of unsecured creditors (the “Committee”) in the Chapter 11 Cases
 18 on October 9, 2024, [Dkt. No. 135] and amended its appointment on November 25, 2024 [Dkt.
 19 No. 368]. No trustee or examiner has been appointed in these Chapter 11 Cases. Additional
 20 background information on the Chapter 11 Cases is presented in the *Declaration of Bradley D.*
 21 *Sharp in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”)
 22 [Dkt. No. 5]. Additional information is provided in the schedules of assets and liabilities,
 23 statements of financial affairs, and lists of equity security holders filed by the Debtors on
 24 November 15, 2024 [Dkt. Nos. 292–353].

25 The Debtors manage a portfolio of approximately 176 properties, comprised of
 26 commercial, residential, office, and mixed-use real estate, as well as vacant land, located
 27 throughout Northern California, primarily in Sonoma, Sacramento, and Solano Counties. Most of
 28 these properties are encumbered by at least one deed of trust held by a secured lender. The secured

1 lenders range from institutional banks, to private hard-money lenders, to individuals. The Debtors
2 generate income from their properties through rents and use the proceeds to fund their operations.
3 Debtor Home Tax Service of America, Inc., dba LeFever Mattson Property Management, provides
4 property management services to the properties owned by the Debtors, including the Pineapple
5 Bear Properties.

6 Since the beginning of these Chapter 11 Cases, the Debtors, in cooperation with the
7 Committee, have pursued several complementary goals: (1) completing the necessary reporting
8 and transparency requirements necessary in any chapter 11 case, and particularly vital in these
9 Chapter 11 Cases where allegations of fraud preceded their commencement, (2) formulating a
10 responsible strategy for monetizing the Debtors' properties to yield the maximum recovery for the
11 estates, and (3) investigating the financial transactions that led to the Chapter 11 Cases.

12 The Debtors and the Committee have obtained the joint retention of FTI Consulting, Inc.
13 and FTI Consulting Realty, Inc. (collectively, "FTI") to provide certain real estate and tax advisory
14 services in these Chapter 11 Cases. FTI has been charged with developing a strategy for the
15 monetization of the Properties. FTI has advised both the Debtors and the Committee that orderly
16 sales of the Properties with adequate market exposure and sufficient opportunities to solicit
17 overbids where necessary will yield the greatest return on the assets.

18 **B. The Pineapple Bear Properties**

19 A list of the Pineapple Bear Properties and their ownership is attached to the Pineapple
20 Bear Agreement as Schedule 1. One property, Seven Branches, is jointly owned by Firetree II, LP
21 and LeFever Mattson.

22 There are no formal agreements among the Debtors regarding Pineapple Bear's operations
23 at the Properties. The regular practice varied by property, but in some instances, Pineapple Bear
24 would pay the operating expenses and/or debt service related to each Pineapple Bear Property.
25 From time to time prior to and since the commencement of the Chapter 11 Cases, LeFever Mattson
26 has advanced funds to Pineapple Bear to provide it with necessary liquidity to operate its
27 Businesses.

28

1 On January 23, 2025, the Court entered the *Final Order (I) Authorizing Debtor to Obtain*
2 *Post-Petition Secured Financing Pursuant to Section 364 of the Bankruptcy Code; (II) Authorizing*
3 *the Use of the DIP Lender’s Cash Collateral; (III) Granting Superpriority Administrative Expense*
4 *Claims; (IV) Modifying the Automatic Stay; and (V) Granting Related Relief* [Dkt. No. 643],
5 allowing LeFever Mattson to enter into a \$6 million debtor-in-possession credit facility (the “DIP
6 Facility”) with Serene Investment Management LLC (the “DIP Lender”). LeFever Mattson
7 intends to use a portion of the loan proceeds from the DIP Facility to continue to provide liquidity
8 to Pineapple Bear so that it can continue to operate at the Pineapple Bear Properties and support
9 the value of these properties.

10 **C. LeFever Mattson’s Support of Pineapple Bear and the Preservation of**
11 **Value for the Estates of the Pineapple Bear Debtors**

12 Between the Petition Date and the filing of this Motion, LeFever Mattson has advanced
13 \$892,000 to support the operations of Pineapple Bear. In addition to these cash infusions, the
14 Debtors’ management and professionals have reviewed Pineapple Bear’s operations and attempted
15 to reduce expenses and streamline operations wherever possible, including closing one restaurant
16 and enacting reductions in its workforce.

17 Among the Pineapple Bear Properties are a restaurant, an inn, and various event spaces.
18 The Pineapple Bear Properties are widely known by their names, *e.g.*, General’s Daughter, Seven
19 Branches, and the Depot. Pineapple Bear does not currently operate its businesses at any locations
20 other than the Pineapple Bear Properties. The Debtors and Committee have been advised by FTI
21 that, if operations were to cease at the locations (particularly those that serve as event and wedding
22 venues), the reputational damage to those properties would be significant, and the value of the
23 properties would decline sharply. Additionally, the locations that host special events (mainly
24 weddings) would suffer the additional reputational damage of having to cancel numerous planned
25 events. Accordingly, the Debtors believe that Pineapple Bear’s continued operation of its various
26 businesses at the Pineapple Bear Properties is preserving the value of the Pineapple Bear Debtors’
27 estates.

28

1 **D. The Pineapple Bear Agreement**

2 The Pineapple Bear Agreement provides a simple framework by which LeFever Mattson’s
3 financing of Pineapple Bear’s operations can be attributed among the Pineapple Bear Debtors.
4 Costs tied directly to each Pineapple Bear Property and a pro rata share of Pineapple Bear’s
5 overhead expenses will be allocated among LeFever Mattson’s administrative claims against the
6 Pineapple Bear Debtors. The Pineapple Bear Agreement also provides for regular reporting to the
7 Committee to provide an external review and validation of the claims being recognized. Its key
8 provisions include:

9 Property Obligations. The difference between all amounts spent by Pineapple Bear in a
10 calendar month that are directly connected with a specific Pineapple Bear Property (*e.g.*, supplies,
11 repair costs, vendors, goods or services provided to the property, hourly wages of personnel
12 working at the property) (“Property Costs”), minus all revenues received by Pineapple Bear that
13 are directly connected with such property in such calendar month, shall be an obligation of the
14 Pineapple Bear Debtor that owns the property to LeFever Mattson. If such revenues exceed costs
15 for a given month, then the difference shall be credited toward future months.²

16 Overhead Obligations. All amounts spent by Pineapple Bear on its own overhead and not
17 directly connected with any Pineapple Bear Property shall be the obligations of the Pineapple Bear
18 Debtors, apportioned among them according to the Property Costs for each calendar month.

19 Reporting. On or before the last day of each month, Pineapple Bear shall deliver a report
20 of all obligations incurred in the prior calendar month by the Pineapple Bear Debtors to the Debtors
21 and the Committee. All reporting and calculations of amounts owed under the Pineapple Bear
22 Agreement shall be on a cash basis. Parties (including the Committee) shall have 14 days to submit
23 an objection in writing. If the parties are unable to consensually resolve the objection, the objecting
24 party shall request to have it resolved by the Bankruptcy Court after notice and a hearing. The
25 first monthly report shall be delivered on the last day of the calendar month following the date of
26

27 ² For Seven Branches, which is jointly owned by LeFever Mattson and Firetree II, LP, the
28 Property Obligations shall be apportioned according to the ownership interest of Firetree II, LP
in Seven Branches at the time such Property Obligations are incurred.

1 entry of an order by the Court approving the Pineapple Bear Agreement, and it shall include all
2 obligations from the commencement of the Pineapple Bear Debtors' Chapter 11 Cases.

3 Notably, none of the administrative claims contemplated by the Pineapple Bear Agreement
4 are to be paid without further order of the Court or pursuant to a confirmed plan of any of the
5 Pineapple Bear Debtors. Nothing in this Motion or the Pineapple Bear Agreement is intended to
6 affect the validity, extent, or priority of any party's lien against the Pineapple Bear Properties or
7 their proceeds.

8 **III. RELIEF REQUESTED**

9 The Debtors request that the Court issue an order (i) authorizing LeFever Mattson and the
10 Pineapple Bear Debtors to enter into the Pineapple Bear Agreement and (ii) providing that the
11 Pineapple Bear Agreement shall govern the allowance of administrative claims of LeFever
12 Mattson against the Pineapple Bear Debtors.

13 **IV. BASIS FOR RELIEF REQUESTED**

14 **A. LeFever Mattson Has Valid Administrative Expense Claims Against the
Pineapple Bear Debtors**

15 The Bankruptcy Code provides that claims for "the actual, necessary costs and expenses of
16 preserving the estate" shall be allowed as administrative expenses, 11 U.S.C. §503(b)(1)(A), and
17 "the administrative expenses of the debtor-in-possession receive highest priority in corporate
18 bankruptcy proceedings." 11 U.S.C. § 507(a)(1). *Supplee v. Bethlehem Steel Corporation (In re*
19 *Bethlehem Steel Corp.)*, 479 F.3d 167, 172 (2d Cir. 2007).

20 To be allowed an administrative expense, "[t]he claimant must show that the debt asserted
21 to be an administrative expense (1) arose from a transaction with the debtor-in-possession as
22 opposed to the preceding entity (or, alternatively, that the claimant gave consideration to the
23 debtor-in-possession); and (2) directly and substantially benefitted the estate." *In re Abercrombie*,
24 139 F.3d 755, 756 (9th Cir. 1998) (citing *In re DAK Indus.*, 66 F.3d 1091, 1094 (9th Cir. 1995)).

25 These requirements are met here. Although Pineapple Bear is a separate non-debtor entity,
26 it is wholly owned and controlled by LeFever Mattson. Pineapple Bear's operations at the
27 Pineapple Bear Properties directly preserve the value of the Pineapple Bear Debtors' estates.
28

B. The Pineapple Bear Agreement Provides a Clear Framework for Calculating the Administrative Expense Claims

By entering into the Pineapple Bear Agreement, the Debtors' goal is to establish a straightforward framework for calculating the administrative expense claims of LeFever Mattson against the Pineapple Bear Debtors. Because Pineapple Bear is not itself currently profitable, the principal reason for LeFever Mattson to continue to fund its operations is to preserve the value of the Pineapple Bear Properties and Pineapple Bear Debtors. Because it would be difficult if not impossible to estimate the exact value received by each Pineapple Bear Debtor, the framework of the Pineapple Bear Agreement allocates the direct property-level costs of the Pineapple Bear Properties among the Pineapple Bear Debtors and also apportions Pineapple Bear's remaining overhead expenses based on the property-level costs.

The Pineapple Bear Agreement also allows LeFever Mattson's claims to be recognized and tracked on an ongoing basis as operations continue, as opposed to LeFever Mattson filing separate requests to allow administrative claims against each of the Pineapple Bear Debtors at some future time. This arrangement for tracking and organizing interdebtor administrative expenses will be in the best interests of all Debtors and their estates.

V. RESERVATION OF RIGHTS

Except as expressly stated, nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

VI. NOTICE

Notice of this Motion will be provided to (i) the United States Trustee; (ii) the Committee; (iii) the DIP Lender; (iv) parties with liens against the Pineapple Bear Properties; and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. No previous request for the relief sought herein has been made by the

1 Debtors to this or any other court. Based on the nature of the relief requested herein, the Debtors
2 respectfully submit that no further notice is required.

3 **WHEREFORE**, the Debtors respectfully request that the Court enter an order,
4 substantially in the form attached hereto as **Exhibit A**, and grant such other and further relief as
5 the Court may deem just and appropriate.

6 Dated: March 26, 2025

KELLER BENVENUTTI KIM LLP

7
8 By: /s/ Thomas B. Rupp

9 Thomas B. Rupp

10 *Attorneys for the Debtors and Debtors in*
11 *Possession*

12 **KELLER BENVENUTTI KIM LLP**
13 425 MARKET STREET, 26TH FLOOR
14 SAN FRANCISCO, CALIFORNIA 94611
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EXHIBIT A
(Proposed Order)

1 **KELLER BENVENUTTI KIM LLP**
2 TOBIAS S. KELLER (Cal. Bar No. 151445)
3 (tkeller@kbnkllp.com)
4 DAVID A. TAYLOR (Cal. Bar No. 247433)
5 (dtaylor@kbnkllp.com)
6 THOMAS B. RUPP (Cal. Bar No. 278041)
7 (trupp@kbnkllp.com)
8 425 Market Street, 26th Floor
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10 Telephone: (415) 496-6723
11 Facsimile: (650) 636-9251

12 *Attorneys for the Debtors and*
13 *Debtors in Possession*

14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SANTA ROSA DIVISION**

17 In re:
18 LEFEVER MATTSON, a California
19 corporation, *et al.*,¹
20
21 Debtors.

22 Lead Case No. 24-10545 (CN)

23 (Jointly Administered)

24 Chapter 11

25 **[PROPOSED] ORDER**
26 **(I) AUTHORIZING CERTAIN**
27 **DEBTORS TO ENTER INTO POST-**
28 **PETITION INTERCOMPANY**
AGREEMENT WITH PINEAPPLE
BEAR; (II) GRANTING
ADMINISTRATIVE EXPENSE
CLAIMS; AND (III) GRANTING
RELATED RELIEF

Date: April 16, 2025

Time: 11:00 a.m.

Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

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1 Upon consideration of the *Motion of Debtors for of Order (I) Authorizing Certain Debtors*
2 *to Enter into Post-petition Intercompany Agreement with Pineapple Bear; (II) Granting*
3 *Administrative Expense Claims; and (III) Granting Related Relief* (the “Motion”),² by the debtors
4 and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases
5 (the “Chapter 11 Cases”); the Court having reviewed the Motion and the Sharp Declaration and
6 having considered the statements of counsel and the evidence adduced with respect to the Motion
7 at a hearing before the Court (the “Hearing”); and the Court having found that (i) the Court has
8 jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157
9 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*,
10 General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District
11 Court for the Northern District of California; (ii) venue is proper in this district pursuant to 28
12 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) notice
13 of the Motion and the Hearing was sufficient under the circumstances; and after due deliberation
14 the Court having determined that the relief requested in the Motion is in the best interests of the
15 Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

16 **IT IS HEREBY ORDERED THAT:**

- 17 1. The Motion is granted.
- 18 2. LeFever Mattson and the Pineapple Bear Debtors are authorized to enter into the
19 Pineapple Bear Agreement.
- 20 3. The Pineapple Bear Agreement shall govern the allowance of administrative claims
21 of LeFever Mattson against the Pineapple Bear Debtors.
- 22 4. This Court shall retain jurisdiction to hear and determine all matters arising from
23 or related to the implementation, interpretation, or enforcement of this Order.

24 ** END OF ORDER **

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28 ² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

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EXHIBIT B
(Pineapple Bear Agreement)

INTERCOMPANY AGREEMENT

This Intercompany Agreement (“Agreement”) is made as of March 26, 2025, (“the “Effective Date”) by and among LeFever Mattson, a California corporation (“HoldCo”); Pineapple Bear, a California corporation (“OpCo”); and Firetree II, LP, Heacock Park Apartments, LP, Sienna Pointe, LLC, and Windscape Apartments, LLC (collectively, the “PropCos”). HoldCo, OpCo, and the PropCos are referred to collectively herein as the “Parties”; each is a “Party.”

RECITALS

A. On August 6, 2024, Windscape Apartments, LLC filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of California (the “Bankruptcy Court”). On September 12, 2024, HoldCo and the other PropCos each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The cases of HoldCo and the PropCos are currently jointly administered with the cases of a number of other affiliated entities under the caption *In re LeFever Mattson, a California corporation*, Case No. 24-10545 (CN) (the “Chapter 11 Cases”).

B. The United States Trustee appointed an official committee of unsecured creditors in the Chapter 11 Cases (the “Committee”) on October 9, 2024 [Dkt. No. 135] and amended its appointment on November 25, 2024 [Dkt. No. 368].

C. HoldCo controls each of the PropCos, either directly as their general partner or managing member, or indirectly as the general partner or managing member of another debtor in the Chapter 11 Cases that controls the PropCo. HoldCo is the sole shareholder of OpCo.

D. OpCo operates various hospitality-related businesses, including restaurants, lodging, and special events (the “Businesses”). OpCo operates its Businesses on the premises of various properties in or around Sonoma, California, owned by the PropCos (the “Properties”). A list of the Properties and their ownership is attached hereto as **Schedule 1**. One Property, Seven Branches, is jointly owned by Firetree II, LP and HoldCo. OpCo does not currently operate its Businesses at any locations other than the Properties.

E. There are no formal agreements among the Parties regarding the operation of the Businesses at the Properties. The Parties’ regular practice varied by Property, but in some instances, OpCo would pay the operating expenses and/or debt service related to each Property.

F. The Parties recognize that the operation of the OpCo Businesses at the PropCo Properties is critical to preserving the value of the Properties, which in turn preserves the value of the PropCos.

G. From time to time prior to and since the commencement of the Chapter 11 Cases, HoldCo has advanced funds to OpCo to provide it with necessary liquidity to operate its Businesses.

H. On January 23, 2025, the Bankruptcy Court entered the Final Order (I) Authorizing Debtor to Obtain Post-Petition Secured Financing Pursuant to Section 364 of the Bankruptcy Code; (II) Authorizing the Use of the DIP Lender’s Cash Collateral; (III) Granting Superpriority Administrative Expense Claims; (IV) Modifying the Automatic Stay; and (V) Granting Related Relief [Dkt. No. 643], allowing HoldCo to enter into a debtor-in-possession credit facility (the “DIP Facility”).

I. HoldCo proposes to use a portion of the loan proceeds from the DIP Facility to continue to provide liquidity to OpCo so that it can continue to operate its Businesses on the PropCo Properties.

J. The Parties wish to enter into this Agreement to allow the amounts advanced from HoldCo to OpCo to be recognized as claims of HoldCo against the PropCos.

NOW, THEREFORE, in consideration of the premises, the mutual promises herein made, the above Recitals (each of which is incorporated into and made a part of this Agreement), and the representations, warranties, and covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Recognition of Claims by HoldCo. The PropCos have requested that OpCo continue to operate its Businesses at the PropCos' Properties in order to support the going-concern value of the Properties. The PropCos agree that all amounts advanced from HoldCo to OpCo are therefore for the benefit the PropCos, and are actual, necessary costs and expenses of preserving the bankruptcy estates of the PropCos.
2. Property Obligations. The difference between all amounts spent by OpCo in a calendar month that are directly connected with a specific Property (*e.g.*, supplies, repair costs, vendors, goods or services provided to the Property, hourly wages of personnel working at the Property) (the "Property Costs") minus all revenues received by OpCo that are directly connected with such Property in such calendar month (the "Property Revenues") shall be an obligation of the PropCo that owns such Property to HoldCo (the "Property Obligations"). If the Property Revenues exceed the Property Costs for a given month, then the difference shall be credited toward future Property Obligations. For Seven Branches, the Property Obligations shall be apportioned according to the ownership interest of Firetree II, LP in Seven Branches at the time such Property Obligations are incurred.
3. Overhead Obligations. All amounts spent by OpCo on its own overhead and not directly connected with any Property shall be the obligations of the PropCos, apportioned among the PropCos according to the Property Costs of each PropCo for each calendar month (the "Overhead Obligations").
4. Reporting. On or before the last day of each calendar month, OpCo shall deliver a report of all Property Obligations and Overhead Obligations (together, the "PropCo Obligations") incurred by the PropCos (the "Monthly Report") to the rest of the Parties and the Committee (the "Reporting Parties"). All reporting and calculations of amounts owed under this Agreement shall be on a cash basis. A Reporting Party shall have fourteen (14) days from the date of the Monthly Report to notify the other Reporting Parties of any objection to the Monthly Report (a "Report Objection"). A Report Objection must be in writing and state the specific grounds for objection. If the Reporting Parties are unable to consensually resolve a Report Objection, the Reporting Party submitting the Report Objection shall request to have it resolved by the Bankruptcy Court after notice and a hearing. The first Monthly Report shall be delivered on the last day of the calendar month following the date of entry of an order by the Bankruptcy Court approving this Agreement, and it shall include all PropCo Obligations from the commencement of the PropCos' Chapter 11 Cases.
5. Bankruptcy Court Approval. Within fourteen (14) days after the execution of this Agreement, the Parties will file a motion with the Bankruptcy Court seeking approval of the Agreement. The Parties will request that all PropCo Obligations shall be treated as administrative claims in the Chapter 11 Cases. This Agreement shall have no force or effect until entry of an order by the Bankruptcy Court.

6. Construction. This Agreement will be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in interpreting this Agreement. Each Party hereby waives any and all rights it has or may have at law or in equity to object to or defend against the enforcement of this Agreement after the Effective Date, whether on the basis of course of conduct, lack of consideration, lack of authorization, illegality, invalidity, change of circumstances, supervening causes, necessary implications, or otherwise. This Agreement will be liberally construed so as to carry out the Parties' intent.
7. No Third-Party Beneficiaries. Except as specifically provided in this Agreement, (a) the rights and benefits of this Agreement will not inure to the benefit of any party, person, or entity that is not a Party, and (b) nothing contained in this Agreement will be construed to create any rights, claims, or causes of action in favor of any third party or any other person or entity against any of the Parties.
8. Governing Law; Consent to Jurisdiction; Venue. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of laws. Each of the Parties agrees that the Bankruptcy Court will have the exclusive jurisdiction to hear and determine any dispute, claim, or controversy between the Parties concerning the interpretation or enforcement of this Agreement, or any other matter arising out of or relating to this Agreement.
9. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes any and all prior negotiations, representations, agreements, and understandings, both oral and written. This Agreement will be binding upon the Parties and their respective successors and assigns. No change or amendment to this Agreement will be effective unless it is contained in a single document that all Parties sign. Failure to insist upon strict compliance with any term or provision of this Agreement by any of the Parties will not be deemed to constitute a waiver by such Party of any of its rights upon a subsequent act or failure to act. Each Party acknowledges and agrees that in the event of any subsequent controversy, it will not be permitted to offer or introduce into evidence any oral testimony concerning any oral promise or oral agreement between the Parties that contradicts the terms of this Agreement. Time is of the essence of this Agreement.
10. Notices. All notices must be sent by electronic mail addressed to the relevant Party's representative at the electronic mail addresses set forth below (or to such other electronic mail address that such Party specifies in accordance with this Section 10). Provided that the sender did not receive an electronic delivery failure message, each notice will be effective: (a) on the date of transmission if sent prior to 5:01 p.m. Pacific Time, or (b) the following Business Day if sent at or after 5:01 p.m. Pacific Time.

To HoldCo:
Bradley D. Sharp
(bsharp@dsiconsulting.com)

with a copy (which will not constitute notice) to:
Thomas B. Rupp (trupp@kbkllp.com)

To OpCo:
Bradley D. Sharp
(bsharp@dsiconsulting.com)

with a copy (which will not constitute notice) to:
Thomas B. Rupp (trupp@kbkllp.com)

To the PropCos:
Bradley D. Sharp
(bsharp@dsiconsulting.com)

with a copy (which will not constitute notice) to:
Thomas B. Rupp (trupp@kbkllp.com)


11. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed to be an original as against the Party whose “ink original” or electronic or facsimile signature appears thereon, and the counterparts will together constitute one and the same instrument. Electronic and facsimile signatures will be effective for all purposes.

[Signatures on Next Page]


IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the Effective Date.

LEFEVER MATTSON,
a California corporation

PINEAPPLE BEAR,
a California corporation

By: 


Bradley D. Sharp
Chief Restructuring Officer

By: 


Bradley D. Sharp
Chief Executive Officer

HEACOCK PARK APARTMENTS, LP

FIRETREE II, LP

By: 


Bradley D. Sharp
Chief Restructuring Officer

By: 


Bradley D. Sharp
Chief Restructuring Officer

SIENNA POINTE, LLC

WINDSCAPE APARTMENTS, LLC

By: 

Bradley D. Sharp
Chief Restructuring Officer

By: 

Bradley D. Sharp
Chief Restructuring Officer

Schedule 1**List of Properties**

Property	PropCo
400 W. Spain (General's Daughter)	Windscape Apartments, LLC
450 W. Spain (Seven Branches)	Firetree II, LP (77%) and LeFever Mattson (23%)
171 W. Spain Street (An Inn to Remember)	Sienna Pointe, LLC
302 304 310 1st Street East (Cottage Inn)	Sienna Pointe, LLC
241 1st Street West (The Depot)	Sienna Pointe, LLC
23570 Arnold Road 150 Wagner Road	Heacock Park Apartments, LP

A030J (Intercompany Agreement (Pineapple Bear))

Final Audit Report

2025-03-26

Created:	2025-03-26
By:	Colin Mitsuoka (cmitsuoka@kbkllp.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA89BgGynxyP-yj_sgXMVDXOqRibLHaKhI

"A030J (Intercompany Agreement (Pineapple Bear))" History

-  Document created by Colin Mitsuoka (cmitsuoka@kbkllp.com)
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2025-03-26 - 10:43:25 PM GMT
-  Document e-signed by Bradley D. Sharp (bsharp@dsiconsulting.com)
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-  Agreement completed.
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