Richard J. Reynolds (SBN 89911)
E-mail: rreynolds@bwslaw.com
Joseph P. Buchman (SBN 148983)
E-mail: jbuchman@bwslaw.com
Martin Kosla (SBN 247224)
E-mail: mkosla@bwslaw.com
BURKE, WILLIAMS & SORENSEN, LLP
444 South Flower Street, 40th Floor
Los Angeles, California 90071-2942
Tel: 213.236.0600 Fax: 213.236.2700

Attorneys for Diablo Grande Community Facilities District No. 1

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1, Debtor.	Case No. 25-26635-A-9 Chapter 9 DCN: CAE-1 **JOINT REPORT FOR STATUS CONFERENCE** **Status Conference** Date: August 26, 2026 Time: 9:30 a.m. Crtm: Dept. A, Ctrm 11 2500 Tulare Street, Fresno, California

Diablo Grande Community Facilities District No. 1 (the "Debtor"), and the County of Stanislaus, California (the "County")(collectively, the "Parties") hereby provide this Joint Status Report for the continued Status Conference in accordance with the Court's Order entered June 24, 2026 [Dkt. 71].

A. Objection To Petition By County of Stanislaus

Pursuant to the Court's Order [Dkt. 23], objections to the Chapter 9 petition were due not later than April 3, 2026. This deadline was duly noticed as part of the Notice of Commencement of Chapter 9 Case. On April 3, 2026, the County filed an Objection to the Chapter 9 Petition (the "Objection") [Dkt. 43]. No other creditor or interested party filed an objection.

On April 16, 2026, the Court entered its Scheduling Order [Dkt. 63], setting dates in the Contested Matter arising from the County's Objection (RPL-1). On July 17, 2026, the Court entered its Order Revising Discovery Deadlines In Contested Matter [Dkt. 78] pursuant to the Parties' stipulation [Dkt. 76] requesting a brief extension of the then remaining discovery deadlines in the Contested Matter so that they could continue their ongoing settlement discussions without the need to incur additional attorney's fees and costs in discovery efforts which may prove unnecessary.

The Parties are now pleased to report to the Court that they have reached an Agreement for the County to withdraw its Objection subject to the following principal terms:

1. The Debtor will satisfy the unpaid ad valorem property taxes, special district assessments, and accrued interest (collectively, the "unpaid property taxes") on the 103 real property parcels (the "Subject Parcels") currently owned by the Debtor in the agreed amount of $2,287,605.78 as of August 31, 2026 (the "Agreed Amount"). The unpaid property taxes were incurred by prior owners of the Subject Parcels and the County is waiving penalties on the unpaid property taxes in the amount of $123,233.86. The County will accept payment of the Agreed Amount according to a payment plan commencing August 31, 2026 of an initial payment of $500,000.00 and subsequent monthly payments of $40,000.00, not exceeding 5 years, and with an interest rate of 12% per annum. As long as the Debtor performs under the payment plan and otherwise performs its obligations under the Agreement, the County will not conduct tax sales of the Subject Parcels.

2. As property tax bills are issued for future years during the term of this Agreement reflecting special assessments levied on the Subject Parcels, the Debtor agrees to timely pay these special assessments in accordance with law. The Agreement shall not prevent the Debtor from challenging the legality of any such special assessment in a manner authorized by law.

3. The Debtor will stipulate to an order of the Court modifying the automatic stay to provide that the County will be granted relief from the automatic stay to conduct

tax sales of the Subject Parcels if the Debtor fails to perform under the payment plan or other terms of the Agreement. The Parties anticipate noticing the Debtor's motion to approve the Parties' stipulation to modify the automatic stay to be heard on September 30, 2026. Following entry of the order modifying the automatic stay, the County will formally withdraw its Objection.

B. Other Matters[1]

1. Entry of Order For Relief

In light of the Parties' settlement of the County's Objection and the expected withdrawal thereof, the Debtor's counsel will be prepared at the Status Conference to discuss the timing for entry of the Order For Relief once the County's Objection is withdrawn.

2. Claims Bar Date

The Debtor expects to file a motion to set a claims bar date in the case to be heard on the same day, or shortly after, the day entry of the Order For Relief is expected.

Dated: August 19, 2026

BURKE, WILLIAMS & SORENSEN, LLP

By: /s/ Joseph P. Buchman
Richard J. Reynolds
Joseph P. Buchman
Martin Kosla
Attorneys for Diablo Grande Community Facilities District No. 1

Dated: August 19, 2026

RENNE PUBLIC LAW GROUP

By:
Rubin E. Cruse, Jr.
Mauricio A. Grande
Attorneys for County of Stanislaus, California

[1] The County takes no position on the Debtor's representations.