

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

In re:

SILVERROCK DEVELOPMENT COMPANY, LLC,
et al.,

Debtors.¹

Chapter 11

Case No.: 24-11647 (MFW)

(Jointly Administered)

Hearing Date: July 18, 2025 at 2:00 p.m. (ET)
Obj. Deadline: At the Hearing

**DEBTORS' MOTION FOR ENTRY OF ORDER (I) AUTHORIZING
AUCTION; (II) APPROVING AUCTION PROCEDURES; (III) APPROVING NOTICE
PROCEDURES RELATED TO AUCTION; AND (IV) GRANTING RELATED RELIEF**

The debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”) in the above-captioned chapter 11 cases, by and through their undersigned counsel, hereby submit this motion (this “Motion”) for entry of an order (the “Proposed Order”), substantially in the form attached hereto as **Exhibit A**, (i) authorizing the Debtors to conduct an auction (the “Auction”) to sell all or substantially all of their Assets (defined below); (ii) approving procedures (the “Auction Procedures”) for the conduct of the Auction; (iii) approving the form and manner of notice of the Auction; and (iv) granting related relief. In further support of the Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: SilverRock Development Company, LLC (5730), RGC PA 789, LLC (5996), SilverRock Lifestyle Residences, LLC (0721), SilverRock Lodging, LLC (4493), SilverRock Luxury Residences, LLC (6598) and SilverRock Phase I, LLC (2247). The location of the Debtors’ principal place of business and the Debtors’ mailing address is 343 Fourth Avenue, San Diego, CA 92101.

Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012.

2. Pursuant to rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors confirm their consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of these chapter 11 cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a) and 363 of chapter 11 of title 11 of the United States Code, as amended (the “Bankruptcy Code”), rules 2002, 6004, 9007, and 9008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rules 2002-1, 6004-1, and 9006-1.

BACKGROUND

I. General Background

5. On August 5, 2024 (the “Petition Date”), each Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b). No trustee, examiner, or official committee of unsecured creditors has been appointed in these chapter 11 cases.

6. The factual background regarding the Debtors, including their business operations, capital and debt structure, and the events leading to the filing of these chapter 11 cases, is set forth in more detail in the *Declaration of Robert S. Green, Jr. in Support of the Debtors’ Chapter 11*

Petitions and First Day Pleadings [Docket No. 13] (the “First Day Declaration”). As set forth in the First Day Declaration, the Debtors’ business operations center around the real estate development of a 525-acre master planned community in the City of La Quinta, California (the “Project”), now known as “Talus.”

II. Specific Background

7. For nearly seven months, the Debtors and their real estate broker and advisor, Jones Lang LaSalle Americas, Inc. (“JLL”), have prepared for and conducted a robust marketing process for the sale of the Debtors’ real property, consisting of approximately 134+- acres located in the City of La Quinta, County of Riverside, California (the “Real Property”) and certain personal property located thereon and owned by the Debtors (the “Personal Property” and together with the Real Property, the “Assets”) to a buyer with the financial capability and development competence to finish construction and development of the Project.

8. In connection with the sale process, the Court entered an order (the “Bid Procedures Order”) [Docket No. 396] on March 13, 2025. The Bid Procedures Order approved, among other things, certain procedures to govern the sale of all or substantially all of the Debtors’ Assets (the “Bid Procedures”). Pursuant to the Bid Procedures, the Debtors, in consultation with certain Consultation Parties (as defined therein) and the City, were authorized to select a stalking horse bidder, provide such stalking horse bidder with bid protections, and enter into an agreement with respect to such stalking horse bidder’s bid. See Bid Procedures Order ¶¶ 6-8.

9. These Debtors’ marketing efforts involved outreach to at least 7,294 potential buyers, with more than sixty (60) of such parties executing non-disclosure agreements and obtaining access to the Debtors’ virtual data room for the sale process. Of these parties, five (5)

potential bidders executed letters of intent indicating a willingness to serve as a stalking horse bidder in the Debtors' sales process (each, a "Stalking Horse LOI").

10. After reviewing the Stalking Horse LOIs received, the Debtors, in consultation with the Consultation Parties and the City, selected TBE RE Acquisition Co II LLC as the proposed stalking horse bidder (the "Stalking Horse Bidder") for the Assets on June 5, 2025. The same day, the Debtors filed that certain *Debtors' Motion for Entry of an Order (I) Approving the Debtors' Selection of a Stalking Horse Purchaser; (II) Approving Break-Up Fee in Connection Therewith; and (III) Granting Related Relief* (the "Stalking Horse Motion") [Docket No. 513]. The Court held a hearing to consider the relief requested by the Stalking Horse Motion on June 17, 2025 and entered an order granting the relief requested thereby on June 20, 2025 (the "Stalking Horse Order"). See Docket No. 536.

11. In the weeks that followed selection of the Stalking Horse Bidder, the Debtors and JLL worked with the City to review materials and development proposals submitted by various parties that did not submit Stalking Horse LOIs, but that indicated their desire to remain in the process as a qualified bidder (each, a "Qualified Bidder"). The deadline to become a Qualified Bidder was July 7, 2025, pursuant to the Bid Procedures. The Debtors, in consultation with the City and the Consultation Parties, ultimately determined to qualify three (3) of such parties as Qualified Bidders (in addition to the Stalking Horse Bidder).

12. As set forth in the Stalking Horse Motion, all Qualified Bidders, including the Stalking Horse Bidder, are required to (i) negotiate and finalize Amended Development Documents with the City on or before July 29, 2025, (ii) submit a letter of intent (the "Qualified Bidder LOI") to the Debtors on or before July 29, 2025, and (iii) provide their bid deposit of \$5

million (the “Bidder Requirements”). The Debtors propose that only Qualified Bidders that have complied with the Bidder Requirements will be eligible to participate in the Auction.

13. Although the Bid Procedures originally contemplated a “sealed bid” format, the Debtors now believe that an auction offers the greatest opportunity to ensure that the highest or otherwise best offer available for the Assets is received.

14. The Bid Procedures provide that the Debtors, in consultation with the Consultation Parties (as defined therein) and the City may change the sealed bid process described in the Bid Procedures Order into an auction held in person or by videoconference if the Debtors determine, in an exercise of their reasonable business judgment, that a public auction is in the best interests of their estates. See Bid Procedures ¶ 22 fn. 3. The Bid Procedures further provide that this Motion may be heard on five (5) Business Days’ shortened notice.

RELIEF REQUESTED

15. Through this Motion, the Debtors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, (i) authorizing the Debtors to conduct the Auction to sell the Assets; (ii) approving the Auction Procedures set forth below; (iii) approving the form and manner of notice of the Auction and notice of the Successful Bidder and Next-Highest Bidder (as defined below); and (iv) granting related relief.

Auction Procedures

16. The Auction Procedures set forth below are designed to promote a competitive and timely sale process. The Auction will occur if at least two Qualified Bidders have satisfied the Bidder Requirements. The purpose of the Auction is to determine the highest and best bid from each Qualified Bidder for the Debtors’ Assets, all of which highest and best bids will then be presented to the City, along with the Debtors’ recommendation as to which parties should be the Successful Bidder and Next-Highest Bidder, for further determination as to which of such bids the

City will agree to advance to its formal approval processes. As a result of the requirements related to the separate processes the City must undertake under California law, the Debtors will not select the Successful Bidder and the Next-Highest Bidder until after the La Quinta City Council (the “City Council”) has met on August 5, 2025 to review the Last and Final Bid (as defined below) from each Qualified Bidder participating in the Auction. Following such meeting by the City Council and subject to the continuing requirements of the PSA and California law, the Debtors expect to file a notice of Successful Bidder and Next-Highest Bidder as soon as possible after August 5, 2025.

Assets Subject to Auction	For the avoidance of doubt, bidding on the record at the Auction shall only concern the Debtors’ Assets and the offers from the Qualified Bidders for the same. Although the Auction is for the Debtors’ Assets, the Debtors and the City believe that in conjunction with the Auction, the City, the Qualified Bidders, the Stalking Horse Bidder, the Consultation Parties and the Debtors may engage in further discussions regarding the City’s assets and development terms.
Starting Bid	Provided that the Stalking Horse Bidder negotiates and finalizes its Amended Development Documents with the City on or before July 29, 2025, the Debtors shall declare the \$60 million bid and related PSA submitted by the Stalking Horse Bidder (the “ <u>Stalking Horse Bid</u> ”) to be the starting bid (the “ <u>Starting Bid</u> ”) for the Auction. If the foregoing does not occur, the Debtors, in consultation with the Consultation Parties and the City, shall declare the bid of another Qualified Bidder to be the Starting Bid at the Auction. The Debtors, in consultation with the City and the Consultation Parties, will conduct the Auction in accordance with these Auction Procedures.
Time, Place, Manner	The Auction will be conducted in-person, with an option for certain parties to observe via videoconference, on August 4, 2025, starting at 10:00 a.m. (PT) in La Quinta, California at a location to be determined by the Debtors, in consultation with the City and the Consultation Parties, which location shall be announced in advance of the Auction to all attendees. The following parties and representatives shall be permitted to attend the Auction: (i) professionals and principals for the Debtors, (ii) each of the Qualified Bidders, (iii) the Office of the United States Trustee for the District of Delaware (the “ <u>U.S. Trustee</u> ”), (iv) the City, (v) the Consultation Parties and (vi) any other parties in these cases that the Debtors, in consultation with the City and the Consultation Parties deem appropriate in their reasonable business judgment. To request permission to attend the Auction, any party in

	these cases not included in the foregoing clauses (i)-(v) should submit a written request for permission to attend the Auction to co-counsel to the Debtors, Wilson Sonsini Goodrich & Rosati, P.C., by emailing Catherine C. Lyons (clyons@wsgr.com) no later than July 28, 2025 at 5:00 p.m. (ET).
Commencement of the Auction	On the record at the Auction, each Qualified Bidder will be required to confirm on the record at the Auction that (i) it has not engaged in any collusion with respect to the bidding process, (ii) its bid is a good faith <i>bona fide</i> offer, (iii) its Last and Final Bid will remain open until the Debtors have selected the Successful Bidder and Next-Highest Bidder, and (iv) its Last and Final Bid will be binding on such Qualified Bidder if it is selected as the Successful Bidder or Next-Highest Bidder, in accordance with the Bid Procedures.
Bidding Process	Bidding will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round (i) at least one Qualified Bidder submits a bid that improves on the immediately prior bid (a “ <u>Subsequent Bid</u> ”) and (ii) the Debtors determine, in consultation with the City and the Consultation Parties, that such Subsequent Bid is a higher or otherwise better offer than (x) in the first round, if the Starting Bid is the bid of the Stalking Horse Bidder, \$60 million <i>plus</i> \$2 million to cover the Break-Up Fee authorized to be paid to the Stalking Horse Bidder pursuant to the Stalking Horse Order, <i>plus</i> \$1 million in cash consideration (such \$1 million cash consideration increment, the “ <u>Minimum Overbid Amount</u> ”) (for clarity, such total first round bid shall be not less than \$63 million) ² , or (y) in subsequent rounds, is a Subsequent Bid that is higher or otherwise better than the last bid, including the Minimum Overbid Amount.
Disqualification of Qualified Bidders	To remain eligible to submit further bids in the Auction, each Qualified Bidder must submit a bid in each round of bidding that (i) complies with the Minimum Overbid Amount and (ii) is determined by the Debtors in consultation with the City and the Consultation Parties to be higher or otherwise better than the immediately preceding Qualified Bidder’s bid. To the extent that a Qualified Bidder fails to submit a bid in such round that is determined to be higher or otherwise better than the Subsequent Bid, the last bid of such Qualified Bidder shall be set as its last and final bid (such bid, a “ <u>Last and Final Bid</u> ”) and such bidder shall be disqualified from submitting further bids in the Auction. For the avoidance of doubt, no Qualified Bidder shall be permitted to “pass” in any round of the Auction unless the Debtors state otherwise at the outset of the Auction.
Amendments to Auction Procedures	The Debtors may, in consultation with the Consultation Parties, announce at the Auction additional procedural rules (including, without limitation, the amount of time to make Subsequent Bids,

² If the bid of the Stalking Horse Bidder is not the Starting Bid, the Debtors will announce the initial minimum bid increment at the beginning of the Auction.

	whether a Qualified Bidder may “pass” in a given round of the Auction, the amount of the Minimum Overbid Amount, or the requirement that all Qualified Bidders submit “best and final bids”) for conducting the Auction; <i>provided that</i> such rules are disclosed to the Qualified Bidders during the Auction. The bidding at the Auction shall be transcribed and the Debtors shall maintain a transcript of all bids made and announced at the Auction.
Adjournment of Auction	The Debtors reserve the right, in their reasonable business judgment, and in consultation with the Consultation Parties and the City to adjourn the Auction one or more times, regardless of whether the Auction has begun.
Notice of Successful Bidder and Next-Highest Bidder	Following the conclusion of the Auction, all Last and Final Bids shall be held open by the Qualified Bidder making such bid. Following the City’s consideration of the Last and Final Bids and which shall progress to the next stage of the City approval process, the Debtors shall file a notice identifying the Successful Bid and Next-Highest Bid on the docket of these chapter 11 cases and serve such notice on (i) the City, (ii) the Consultation Parties, (iii) all Qualified Bidders, (iv) the U.S. Trustee, (v) the Debtors’ twenty-three largest unsecured creditors on a consolidated basis, and (vi) all parties that have requested notice in these cases pursuant to Bankruptcy Rule 2002.
Next-Highest Bidder	In the event that the Successful Bidder does not close the sale transaction on or before November 12, 2025, then the Next-Highest Bidder shall be obligated to close as promptly as possible. Upon designation of the Next-Highest Bidder, the Next-Highest Bid must remain open until the closing of the sale of the Assets to the Successful Bidder.
Fiduciary Duties	For the avoidance of doubt, nothing in these Auction Procedures prevents the Debtors from exercising their respective fiduciary duties under applicable law (as reasonably determined in good faith by the Debtors in consultation with their co-counsel).

BASIS FOR RELIEF

I. The Court Should Authorize the Auction

17. Ample authority exists for approval of the Auction envisioned by this Motion. Section 363 of the Bankruptcy Code provides, in relevant part, “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Although section 363 of the Bankruptcy Code does not specify a standard for determining when it is appropriate for a court to authorize the use, sale, or lease of

property of the estate, courts routinely authorize a sale of a debtor's assets if such sale is based upon the sound business judgment of the debtor. *See, e.g., Meyers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *In re Schipper*, 933 F.2d 513 (7th Cir. 1991)); *In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992); *Stephen Indus., Inc. v. McClung*, 789 F.2d 386 (6th Cir. 1986); *Comm. of Equity Security Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983).

18. Courts typically consider the following factors in determining whether procedures related to the sale of assets in bankruptcy satisfy this standard: (i) whether a sound business justification exists for the sale; (ii) whether adequate and reasonable notice of the sale was provided to interested parties; (iii) whether the sale will produce a fair and reasonable price for the property; and (iv) and whether the parties have acted in good faith. *See In re Decora Indus., Inc.*, Case No. 00-4459, 2002 WL 32332749, at *2 (D. Del. May 20, 2002) (citing *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991)).

19. Here, a sound business purpose for the Auction exists because the Debtors believe in light of the number of Qualified Bidders and on the basis of discussions and negotiations that the Debtors, their advisors, and the City, and its advisors, have had with such Qualified Bidders and their representatives that a competitive, live, multi-round Auction offers the best opportunity to ensure that the highest or otherwise best offer is achieved for the Assets. *See, e.g., In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143 (3d Cir. 1986); *In re Lionel Corp.*, 722 F.2d at 1063; *see also In re Food Barn Stores, Inc.*, 107 F.3d at 564–65 (recognizing that the paramount goal of any proposed sale of the property of the estate is to maximize value).

II. The Court Should Approve the Auction Procedures

20. The Auction Procedures are designed to promote the paramount goal of any proposed sale of property of a debtor's estate—maximizing the value of sale proceeds received by

the estate. *See Burtch v. Ganz (In re Mushroom Co.)*, 382 F.3d 325, 339 (3d Cir. 2004) (finding that the debtor had the fiduciary duty to maximize and protect the value of the estate’s assets); *In re Food Barn Stores, Inc.*, 107 F.3d 558, 564-65 (8th Cir. 1997) (recognizing that the main goal of any proposed sale of the property of a debtor’s estate is to maximize value). Courts uniformly recognize that procedures established for the purpose of enhancing competitive bidding are consistent with the fundamental goal of maximizing value of a debtor’s estate. *See Calpine Corp. v. O’Brien Envtl. Energy, Inc. (In re O’Brien Envtl. Energy, Inc.)*, 181 F.3d 527, 537 (3d Cir. 1999) (noting that bidding procedures that promote competitive bidding provide a benefit to a debtor’s estate); *Official Comm. of Subordinated Bondholders v. Integrated Res. Inc. (In re Integrated Res. Inc.)*, 147 B.R. 650, 659 (S.D.N.Y. 1992) (observing that sale procedures “encourage bidding and . . . maximize the value of the debtor’s assets”).

21. The Auction Procedures provide for a fair, transparent, and competitive process through which Qualified Bidders may submit Subsequent Bids to acquire the Assets. The Debtor, with the assistance of their advisors and in consultation with the City and the Consultation Parties, have structured the Auction Procedures to promote active bidding by Qualified Bidders and to ensure that the highest or otherwise best available offer for the Assets is received for the benefit of the Debtors’ estates, creditors, and all parties in interest. The Auction Procedures are also designed to afford the Debtors, the City, and the Consultation Parties with an adequate opportunity to consider competing bids and to select the highest or best offers for the sale of the Debtors’ assets.

22. Nothing herein or in the Proposed Order will alter or affect the terms of the Memorandum of Understanding between the Debtors and the City. *See Amended Final Order (I) Authorizing the Debtors to Obtain Postpetition Secured Financing, (II) Granting Priming Liens*

and Superpriority Administrative Expense Status, and (III) Granting Related Relief, entered April 15, 2025, Docket 437-1 at pages 15-21. Pursuant to the MOU, following the Auction, the City will consider the Successful Bid and determine whether to approve it in accordance with California law and the City's procedures. Although the Debtors and the City contemplate that a coordinated Auction process likely will result in the Successful Bid being submitted for City approval, no advance assurance can be given as to the outcome of the City approval process, and the City reserves all rights in that regard.

III. The Notice Procedures for the Auction Are Reasonable and Appropriate

23. Pursuant to Bankruptcy Rule 2002, the Debtors are required to notify creditors of the sale of their Assets, including a disclosure of the time and place of any Auction. By this Motion, the Debtors request approval of the following notice procedures related to the Auction. Within two (2) business days of entry of the Proposed Order, the Debtors will serve a notice of the Auction (the "Notice of Auction"), substantially in the form attached hereto as **Exhibit B**, on all parties receiving notice of this Motion. The Debtors shall also post the Notice of Auction on the website of these chapter 11 cases maintained by their Claims and Noticing Agent, Reliable Companies, at <https://www.bankruptcy-claims.com/silverrock/>.

24. The Debtors submit that the notice procedures described above comply with Bankruptcy Rule 2002 and are reasonably calculated to provide timely and adequate notice of the Auction to the Debtors' creditors and other parties in interest that are entitled to notice, as well as those parties that have expressed a *bona fide* interest in acquiring the Assets.

25. Accordingly, the Debtors respectfully request that the Court approve the notice procedures set forth in this Motion, and that no other or further notice of the Auction is necessary or required.

IV. Request for Relief Pursuant to Bankruptcy Rules 6004(h)

26. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property . . . is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h).

27. In light of the current circumstances, including the framework set forth in the Bid Procedures, as modified by the Sale Process Extension Notices, the Debtors believe that the sale of the Assets must be consummated as soon as practicable to maximize the value of their estates. Accordingly, the Debtors request that the Proposed Order be effective immediately upon its entry and that the 14-day stay period under Bankruptcy Rules 6004(h) be waived.

NOTICE

28. Notice of this Motion will be provided to the following parties or their counsel: (i) the U.S. Trustee; (ii) the City; (iii) the Stalking Horse Bidder; (iv) the Qualified Bidders; (v) the Consultation Parties; (vi) the Interested Parties; (vii) the Debtors’ twenty-three (23) largest unsecured creditors on a consolidated basis; and (viii) all parties who have requested service of notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that under the circumstances, no other or further notice is required.

WHEREFORE the Debtors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, and such other and further relief as the Court may deem just and appropriate.

Dated: July 11, 2025
Wilmington, Delaware

WILSON SONSINI GOODRICH & ROSATI, P.C.

/s/ Catherine C. Lyons

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*Counsel to the Debtors
and Debtors-in-Possession*

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

In re:

SILVERROCK DEVELOPMENT COMPANY,
LLC, *et al.*,

Debtors.¹

Chapter 11

Case No.: 24-11647 (MFW)

(Jointly Administered)

Hearing Date: July 18, 2025 at 2:00 p.m. (ET)

Obj. Deadline: At the Hearing

NOTICE OF MOTION

PLEASE TAKE NOTICE that, on July 11, 2025, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of Order (I) Authorizing Auction; (II) Approving Auction Procedures; (III) Approving Notice Procedures Related to Auction; and (IV) Granting Related Relief* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE MOTION WILL BE HELD ON JULY 18, 2025 AT 2:00 P.M. (ET) BEFORE THE HONORABLE MARY F. WALRATH, UNITED STATES BANKRUPTCY COURT JUDGE FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM NO. 4, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE that any objections, if any, to the Motion are due at or before the Hearing (the “Objection Deadline”). If an objection is filed in advance of the Objection Deadline, you must serve a copy of the objection upon the undersigned counsel to the Debtors.

PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: SilverRock Development Company, LLC (5730), RGC PA 789, LLC (5996), SilverRock Lifestyle Residences, LLC (0721), SilverRock Lodging, LLC (4493), SilverRock Luxury Residences, LLC (6598) and SilverRock Phase I, LLC (2247). The location of the Debtors’ principal place of business and the Debtors’ mailing address is 343 Fourth Avenue, San Diego, CA 92101.

Dated: July 11, 2025
Wilmington, Delaware

**WILSON SONSINI GOODRICH &
ROSATI, P.C.**

/s/ Catherine C. Lyons

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Counsel to the Debtors

EXHIBIT A

Proposed Order

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

In re:

SILVERROCK DEVELOPMENT COMPANY,
LLC, *et al.*,

Debtors.¹

Chapter 11

Case No.: 24-11647 (MFW)

(Jointly Administered)

Ref. Docket No. __

**ORDER (I) APPROVING AUCTION PROCEDURES; (II) AUTHORIZING
AUCTION; (III) APPROVING NOTICE PROCEDURES RELATED
TO AUCTION; AND (IV) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”),² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), (i) authorizing the Debtors to conduct an auction (the “Auction”) to sell all or substantially all of their assets (the “Assets”); (ii) approving certain procedures (the “Auction Procedures”) to govern the Auction; (iii) approving the form and manner of the Auction Notice attached to the Motion as Exhibit B; and (iv) granting related relief, pursuant to sections 105(a) and 363 of the Bankruptcy Code, rules 2002, 6004, 9007, and 9008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rules 6004-1 and 9006-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”); and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: SilverRock Development Company, LLC (5730), RGC PA 789, LLC (5996), SilverRock Lifestyle Residences, LLC (0721), SilverRock Lodging, LLC (4493), SilverRock Luxury Residences, LLC (6598) and SilverRock Phase I, LLC (2247). The location of the Debtors’ principal place of business and the Debtors’ mailing address is 343 Fourth Avenue, San Diego, CA 92101.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion.

consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order with respect to the relief requested by the Motion consistent with Article III of the United States Constitution; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief granted herein is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED to the extent set forth herein.
2. All objections to the relief granted herein that have not been withdrawn with prejudice, waived, or settled, and all reservations of rights included in such objections, are hereby overruled and denied on the merits with prejudice.
3. The Auction Procedures attached hereto as **Exhibit 1** are hereby approved in their entirety, are incorporated herein by reference, and shall govern the bids and proceedings related to the sale of the Assets and the Auction. The failure to specifically include or reference any particular provision of the Auction Procedures in the Motion or this Order shall not diminish or otherwise impair the effectiveness of such procedures, it being the Court's intent that the Auction Procedures are approved in their entirety, as if fully set forth in this Order. The Debtors are authorized to take all actions necessary or appropriate to implement the Auction Procedures.

If there is any conflict between the terms of this Order and the Auction Procedures, the terms of the Auction Procedures shall govern.

4. The Debtors are authorized to conduct the Auction in accordance with the Auction Procedures, this Order, and the *Order (I) Approving Certain Bidding Procedures and the Form and Manner of Notice Thereof; and (II) Granting Related Relief* [Docket No. 396] (the “Bid Procedures Order”). For the avoidance of doubt, only Qualified Bidders that have complied with the Bidder Requirements will be eligible to participate in the Auction.

5. The form and manner of the Notice of Auction attached to the Motion as Exhibit B are hereby approved in their entirety. The Debtors are authorized to file, serve, and post the Notice of Auction in accordance with the terms of the Motion and the Auction Procedures and such Notice of Auction shall be deemed good and sufficient notice of the Auction and the Auction Procedures approved by this Order.

6. Notwithstanding anything to the contrary in this Order, the Auction Procedures, or the Bid Procedures Order, nothing will require the Debtors to take any action, or to refrain from taking any action to the extent the Debtors determine that refraining from taking such action or taking such action, as applicable, would be inconsistent with applicable law or their fiduciary obligations under applicable law.

7. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), or any applicable provisions of the Local Rules or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Order.

8. Nothing herein will alter or affect the terms of the Memorandum of Understanding between the Debtors and the City. *See Amended Final Order (I) Authorizing the*

Debtors to Obtain Postpetition Secured Financing, (II) Granting Priming Liens and Superpriority Administrative Expense Status, and (III) Granting Related Relief [Docket No. 437-1, at pages 15-21], or compel the City to approve any particular Last and Final Bid.

9. The Debtors are authorized to take all reasonable steps necessary or appropriate to carry out the relief granted in this Order.

10. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Exhibit 1

Auction Procedures

Assets Subject to Auction	For the avoidance of doubt, bidding on the record at the Auction shall only concern the Debtors' Assets and the offers from the Qualified Bidders for the same. Although the Auction is for the Debtors' Assets, the Debtors and the City believe that in conjunction with the Auction, the City, the Qualified Bidders, the Stalking Horse Bidder, the Consultation Parties and the Debtors may engage in further discussions regarding the City's assets and development terms.
Starting Bid	Provided that the Stalking Horse Bidder negotiates and finalizes its Amended Development Documents with the City on or before July 29, 2025, the Debtors shall declare the \$60 million bid and related PSA submitted by the Stalking Horse Bidder (the " <u>Stalking Horse Bid</u> ") to be the starting bid (the " <u>Starting Bid</u> ") for the Auction. If the foregoing does not occur, the Debtors, in consultation with the Consultation Parties and the City, shall declare the bid of another Qualified Bidder to be the Starting Bid at the Auction. The Debtors, in consultation with the City and the Consultation Parties, will conduct the Auction in accordance with these Auction Procedures.
Time, Place, Manner	The Auction will be conducted in-person, with an option for certain parties to observe via videoconference, on August 4, 2025, starting at 10:00 a.m. (PT) in La Quinta, California at a location to be determined by the Debtors, in consultation with the City and the Consultation Parties, which location shall be announced in advance of the Auction to all attendees. The following parties and representatives shall be permitted to attend the Auction: (i) professionals and principals for the Debtors, (ii) each of the Qualified Bidders, (iii) the Office of the United States Trustee for the District of Delaware (the " <u>U.S. Trustee</u> "), (iv) the City, (v) the Consultation Parties and (vi) any other parties in these cases that the Debtors, in consultation with the City and the Consultation Parties deem appropriate in their reasonable business judgment. To request permission to attend the Auction, any party in these cases not included in the foregoing clauses (i)-(v) should submit a written request for permission to attend the Auction to co-counsel to the Debtors, Wilson Sonsini Goodrich & Rosati, P.C., by emailing Catherine C. Lyons (clyons@wsgr.com) no later than July 28, 2025 at 5:00 p.m. (ET).
Commencement of the Auction	On the record at the Auction, each Qualified Bidder will be required to confirm on the record at the Auction that (i) it has not engaged in any collusion with respect to the bidding process, (ii) its bid is a good faith <i>bona fide</i> offer, (iii) its Last and Final Bid will remain open until the Debtors have selected the Successful Bidder and Next-Highest Bidder, and (iv) its Last and Final Bid will be binding on such Qualified Bidder if it is selected as the Successful Bidder or Next-Highest Bidder, in accordance with the Bid Procedures.
Bidding Process	Bidding will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round (i) at least one Qualified Bidder submits a bid that improves on the immediately prior

		bid (a “ <u>Subsequent Bid</u> ”) and (ii) the Debtors determine, in consultation with the City and the Consultation Parties, that such Subsequent Bid is a higher or otherwise better offer than (x) in the first round, if the Starting Bid is the bid of the Stalking Horse Bidder, \$60 million <i>plus</i> \$2 million to cover the Break-Up Fee authorized to be paid to the Stalking Horse Bidder pursuant to the Stalking Horse Order, <i>plus</i> \$1 million in cash consideration (such \$1 million cash consideration increment, the “ <u>Minimum Overbid Amount</u> ”) (for clarity, such total first round bid shall be not less than \$63 million) ⁶ , or (y) in subsequent rounds, is a Subsequent Bid that is higher or otherwise better than the last bid, including the Minimum Overbid Amount.
Disqualification of Qualified Bidders		To remain eligible to submit further bids in the Auction, each Qualified Bidder must submit a bid in each round of bidding that (i) complies with the Minimum Overbid Amount and (ii) is determined by the Debtors in consultation with the City and the Consultation Parties to be higher or otherwise better than the immediately preceding Qualified Bidder’s bid. To the extent that a Qualified Bidder fails to submit a bid in such round that is determined to be higher or otherwise better than the Subsequent Bid, the last bid of such Qualified Bidder shall be set as its last and final bid (such bid, a “ <u>Last and Final Bid</u> ”) and such bidder shall be disqualified from submitting further bids in the Auction. For the avoidance of doubt, no Qualified Bidder shall be permitted to “pass” in any round of the Auction unless the Debtors state otherwise at the outset of the Auction.
Amendments to Auction Procedures		The Debtors may, in consultation with the Consultation Parties, announce at the Auction additional procedural rules (including, without limitation, the amount of time to make Subsequent Bids, whether a Qualified Bidder may “pass” in a given round of the Auction, the amount of the Minimum Overbid Amount, or the requirement that all Qualified Bidders submit “best and final bids”) for conducting the Auction; <i>provided that</i> such rules are disclosed to the Qualified Bidders during the Auction. The bidding at the Auction shall be transcribed and the Debtors shall maintain a transcript of all bids made and announced at the Auction.
Adjournment of Auction		The Debtors reserve the right, in their reasonable business judgment, and in consultation with the Consultation Parties and the City to adjourn the Auction one or more times, regardless of whether the Auction has begun.
Notice of Successful Bidder and Next-Highest Bidder		Following the conclusion of the Auction, all Last and Final Bids shall be held open by the Qualified Bidder making such bid. Following the City’s consideration of the Last and Final Bids and which shall progress to the next stage of the City approval process, the Debtors shall file a notice identifying the Successful Bid and Next-Highest Bid

⁶ If the bid of the Stalking Horse Bidder is not the Starting Bid, the Debtors will announce the initial minimum bid increment at the beginning of the Auction.

	on the docket of these chapter 11 cases and serve such notice on (i) the City, (ii) the Consultation Parties, (iii) all Qualified Bidders, (iv) the U.S. Trustee, (v) the Debtors' twenty-three largest unsecured creditors on a consolidated basis, and (vi) all parties that have requested notice in these cases pursuant to Bankruptcy Rule 2002.
Next-Highest Bidder	In the event that the Successful Bidder does not close the sale transaction on or before November 12, 2025, then the Next-Highest Bidder shall be obligated to close as promptly as possible. Upon designation of the Next-Highest Bidder, the Next-Highest Bid must remain open until the closing of the sale of the Assets to the Successful Bidder.
Fiduciary Duties	For the avoidance of doubt, nothing in these Auction Procedures prevents the Debtors from exercising their respective fiduciary duties under applicable law (as reasonably determined in good faith by the Debtors in consultation with their co-counsel).

EXHIBIT B

Auction Notice

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

In re:

SILVERROCK DEVELOPMENT COMPANY,
LLC, *et al.*,

Debtors.¹

Chapter 11

Case No.: 24-11647 (MFW)

(Jointly Administered)

Ref. Docket No. __

NOTICE OF AUCTION

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On August 5, 2024, the debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”) in the above-captioned chapter 11 cases filed voluntary petitions for relief pursuant to chapter 11 of title 11 of the United States Code, as amended (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”).

2. On February 19, 2025, the Debtors filed a motion (the “Bid Procedures Motion”), pursuant to sections 363 and 365 of the Bankruptcy Code and rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), seeking entry of an order (the “Bid Procedures Order”), approving, among other things, certain procedures (the “Bid Procedures”)² to govern the sale of the Assets.

3. On March 13, 2025, the Court entered the Bid Procedures Order. Pursuant to the Bid Procedures Order, the Debtors, in consultation with the City of La Quinta, California (the “City”) and the Consultation Parties (as defined in the Bid Procedures Order) may determine to change the sealed bid process set forth in the Bid Procedures into a public auction (the “Auction”) held in person or by videoconference if the Debtors determine, in an exercise of their reasonable business judgment, that a public auction is in the best interests of the estates.

4. On July 11, 2025, the Debtors filed a motion requesting (i) authorization to sell their Assets through the Auction, (ii) approval of certain procedures related to the conduct of the Auction, (iii) approval of certain notice procedures related to the same, and (iv) related relief

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: SilverRock Development Company, LLC (5730), RGC PA 789, LLC (5996), SilverRock Lifestyle Residences, LLC (0721), SilverRock Lodging, LLC (4493), SilverRock Luxury Residences, LLC (6598) and SilverRock Phase I, LLC (2247). The location of the Debtors’ principal place of business and the Debtors’ mailing address is 343 Fourth Avenue, San Diego, CA 92101.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bid Procedures.

(the “Auction Motion”). The Court entered an order approving the relief requested by the Auction Motion on July [●], 2025 (the “Auction Order”).

5. In accordance with the Auction Order, the Auction will be conducted in-person, with an option for certain parties to observe via videoconference, on August 4, 2025, starting at 9:00 a.m. (PT) in La Quinta, California at a location to be determined by the Debtors, in consultation with the City and the Consultation Parties, which location shall be announced in advance of the Auction to all attendees. The following parties and representatives shall be permitted to attend the Auction: (i) professionals and principals for the Debtors, (ii) each of the Qualified Bidders, (iii) the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”), (iv) the City, (v) the Consultation Parties and (vi) any other parties in these cases that the Debtors, in consultation with the City and the Consultation Parties deem appropriate in their reasonable business judgment. To request permission to attend the Auction, any person not included in the foregoing clauses (i) through (v) should submit a written request for permission to attend the Auction to co-counsel to the Debtors, Wilson Sonsini Goodrich & Rosati, P.C., by emailing Catherine C. Lyons (clyons@wsgr.com) no later than July 28, 2025.

6. Following the conclusion of the Auction, all Last and Final Bids shall be held open. Following the City’s determination of which Last and Final Bid shall progress to the next stage of the City approval process, the Debtors shall file a notice identifying the Successful Bid and Next-Highest Bid (the “Notice of Successful Bid”). The Notice of Successful Bid shall be filed on the docket of these chapter 11 cases and served on (i) the City, (ii) the Consultation Parties, (iii) all Qualified Bidders, (iv) the U.S. Trustee, (v) the Debtors’ twenty-three largest unsecured creditors on a consolidated basis, and (vi) all parties that have requested notice in these cases pursuant to Bankruptcy Rule 2002.

This Auction Notice is subject to the fuller terms and conditions of the Bid Procedures, the Bid Procedures Order, and the Auction Order, with such Auction Order controlling in the event of any conflict. The Debtors encourage all parties-in-interest to review such documents in their entirety. Parties interested in receiving more information regarding the sale of the Assets and/or copies of any related document, including the Bid Procedures Order or the Auction Order, may make a written request to Catherine C. Lyons (clyons@wsgr.com). In addition, copies of the Bid Procedures Order, the Auction Order, and this Notice are on file with the Clerk of the Bankruptcy Court, Third Floor, 824 North Market Street, Wilmington, Delaware 19801 and are available on the Debtors’ claims and noticing agent’s website free of charge at <https://www.bankruptcy-claims.com/silverrock/>.

Dated: _____, 2025
Wilmington, Delaware

WILSON SONSINI GOODRICH & ROSATI, P.C.

/s/ DRAFT

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