

## **ML Manager LLC –VP II Loan LLC (Loan #858006)—SUPPLEMENTAL BALLOT**

You are receiving this supplemental ballot because you are a member of one or more of the MP Funds or VP II Loan LLC (Loan # 858006) and are entitled to vote on this matter. ML Manager has approved an offer and negotiated the sale agreement of approximately 40 acres known as parcel 5H of the VP II property. You were asked to vote on this last month and that vote passed and you approved the sale. ML Manager has entered into a First Amendment to the Sale Agreement and this ballot seeks your approval of the First Amendment.

The original ballot stated that the property to be sold consists of approximately 40 acres of real property and improvements located in Oro Valley, Pima County, Arizona, known as Parcel 5H in Vistoso II (“Property”). ML Manager listed the Property for sale with Land Advisors Organization, a leading real estate brokerage firm that are familiar with this local area and the market, to widely market the Property for sale. After completing substantial marketing efforts, the ML Manager Board determined that the offer of Maracay 91, LLC (“Purchaser”), of \$3,750,000 (“Purchase Price”) was the best price for the property and entered into an Agreement of Sale and Purchase (“Sale Agreement”). The Purchaser has deposited \$25,000 into escrow and an escrow has been set up with Fidelity National Title Agency. The Purchase Price will be payable in cash at the close of escrow. Purchaser has no connection to the investors or ML Manager or the Exit Lender. The Purchaser, at its sole cost and expense, is going to process and seek to obtain Preliminary Plat approval by the Town of Oro Valley and such approval is a condition of closing. The Sale Agreement has already been approved by you in last month’s ballot. Subsequently, ML Manager has entered into a First Amendment dated October 6, 2016 (“First Amendment”). This ballot addresses the additional terms in the First Amendment.

The First Amendment amends and modifies the Sale Agreement in a few respects. One change in the Sale Agreement is to provide an option to the Purchaser so that the Purchaser could buy up to an additional 15 acres of the Adjacent Property if it is determined to not be open space. The Purchaser would pay the same price per acre as the 40 acre parcel for each of the 15 acres, which is \$93,750 per acre. Another change is to provide that ML Manager at the Final Plat approval will dedicate or convey the unpurchased portion of the Adjacent Property to the Town of Oro Valley or Vistoso Community Association as required. Another change is that the parties will work together on an Easement Agreement for access from Rancho Vistoso Boulevard to the Property. Otherwise, the provisions of the Sale Agreement remain the same.

ML Manager asserts that the additional terms are appropriate and reasonable. The Adjacent Property consists of about 60 acres which is undevelopable and is identified as open space subject to the requirements of the Rancho Vistoso Planned Area Development District (“PAD”). ML Manager at some point in the future is required by the PAD to convey or dedicate the open spaces in the Adjacent Property to the Town of Oro Valley or the Vistoso Community Association. The questions have been when and can any of the acres become developable. The 60 acres are in the floodplain or are part of the hillside and mountain terrain and have been designated as open spaces and undevelopable. The WLB Group, the land planning and engineering firm which has worked on this community for years, has told ML Manager that it is possible that a few acres of the 60 acres might be approved as additional developable lots as the Final Plan is being approved. It is also possible that none of the acres may be determined to be developable. However, to the extent any of the 60 acres “can be developed for single family residential use under the same zoning classification as the Property or for another use, or be used to assist in achieving lot yield on the Property” the First Amendment grants Purchaser an option to purchase up to 15 acres for the same price per acre as the other 40 acres. It is uncertain how many, if any, of the acres will be approved as developable, but to the extent there are any developable acres, ML Manager wants to recover any value for the investors and sell every acre it can. The remaining undevelopable acres are subject to a restriction as open space and will be conveyed or dedicated by ML Manager after the Final Plat is approved to either the Town of Oro Valley or the Vistoso Community Association as required.

After this sale closes and the Property and Adjacent Property are conveyed or dedicated, there is still property in phase three of Vistoso II that is subject to the Investors’ interests. The broker Land Advisors Organization is continuing to market phase three of the Vistoso II property to homebuilders.

With this ballot you, as an investor, are being asked to vote on the First Amendment. Bankruptcy Court approval is also being sought. The sale motion as amended by the First Amendment has been filed and the hearing is set for October 19, 2016 at 1:30 p.m.

**You have until Noon, Arizona time, Monday October 17, 2016 to submit your vote.** Once the results of the voting are tallied, we will inform you of the vote. We have not attached a link to the Sale Agreement or the First Amendment with the ballot. If you would like to review the Sale Agreement or First Amendment, contact Gidget at 602-916-5110 or via email at [gkbacon@fclaw.com](mailto:gkbacon@fclaw.com) and she will arrange to send a copy to you. Questions can be directed to Mark Winkleman at [mwinkleman@mtgltd.com](mailto:mwinkleman@mtgltd.com).

Regards,  
Elliott Pollack, Chair

**Do you agree to accept the recommendation of ML Manager to sell the VP II property as set forth above and in the First Amendment?**

- Agreed
- Disagreed

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

\_\_\_\_\_  
Please Print Name