

CAUSE NO. D-1-GN-22-001980

STACY R. SCHIFFMAN, <i>et al</i> ,	§	IN THE DISTRICT COURT OF
<i>Plaintiff</i> ,	§	
v.	§	
NELSON PARTNERS, LLC, NELSON	§	
BROTHERS PROPERTY	§	TRAVIS COUNTY, TEXAS
MANAGEMENT INC. D/B/A NELSON	§	
PARTNERS PROPERTY	§	
MANAGEMENT, INC., NP EQUITY,	§	
LLC, AND PATRICK NELSON,	§	
<i>Defendants</i> ,	§	
		98th JUDICIAL DISTRICT

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**RULE 11 AGREEMENT CONCERNING PLAN ADMINISTRATOR’S MOTION FOR CONTEMPT AND SANCTIONS, APPLICATION FOR TEMPORARY INJUNCTION, AND NELSON PARTIES’ OBJECTIONS TO PLAN ADMINISTRATOR’S LEGAL FEES AND EXPENSES**

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Nelson Partners, LLC, Nelson Brothers Property Management, Inc. d/b/a Nelson Partners Property Management, Inc., NP Skyloft Equity, LLC, and Patrick Nelson (Collectively, the “Nelson Parties”) and the Plan Administrator, Gregory S. Milligan (the “Plan Administrator”) enter into this agreement pursuant to Rule 11 (the “Agreement”), enforceable as an order of the Court regarding the Motion for Contempt and for Sanctions, including all amendments and supplements thereto (collectively, the “Motion”) and the Verified Application for Temporary Restraining Order and Motion for Expedited Discovery (the “Application”).

On April 25, 2022, the Court entered an order preliminarily approving the Stipulation and Plan of Liquidation, dated April 19, 2022 (the “Plan”) and appointing the Plan Administrator.

On July 21, 2022, the Court entered the final order approving the Plan.

The parties agree as follows:

1. The Motion and Application. The Plan Administrator's Motion and Application are continued pursuant to the agreement of the parties based on and subject to the following terms:
  - a. First Continuance with Initial Payment. The Nelson Parties initiated a wire transfer of \$100,000.00 on June 19, 2023, contemporaneously with their execution of this Agreement which shall clear the Plan Administrator's designated account by June 20, 2023 (the "Initial Payment"). The Nelson Parties must provide the Plan Administrator written proof of the Initial Payment prior to 11:59 p.m. CT on June 19, 2023, which proof and the terms of this Agreement shall postpone the hearing on the Motion and Application for thirty (30) calendar days, until the first date on or after July 20, 2023, when the Court is reasonably available. Failure of the Nelson Parties to provide timely proof of the wire transfer will result in the hearing on the Motion and Application proceeding on June 20, 2023, as scheduled. The Nelson Parties must provide the Plan Administrator documentation to evidence the source of all funds for the Initial Payment within forty-eight (48) hours of the Plan Administrator's receipt of the Initial Payment.
  - b. Second Continuance with Second Payment. The Nelson Parties shall pay an additional \$400,000.00 which shall clear the Plan Administrator's designated account on or before July 11, 2023, (the "Second Payment"). The Plan Administrator's timely receipt of the Second Payment and the Nelson Parties' compliance with the terms of this Agreement shall further postpone the hearing on the Motion and Application until the first date on or after August 21, 2023, when the Court is reasonably available. The Nelson Parties must provide the Plan Administrator documentation to evidence the source of all funds for the Second Payment contemporaneously with the issuance of the Second Payment.
  - c. Amended Plan. The goal of the proposed continuances in this Agreement is to permit time for the Nelson Parties to develop and propose a restructured and amended Plan for a recovery to the Investors that is agreeable to the Plan Administrator and the Intervenors on or before August 21, 2023; however, at this time neither the Plan Administrator nor the Intervenors have agreed to any extension beyond August 21, 2023 or any specific amendment to the Plan terms. If the parties fail to reach written terms for an agreement on an amended Plan or further extension by the August 21, 2023, deadline, the hearing on the Motion and Application shall proceed on the first date on or after August 21, 2023, when the Court is reasonably available.
  - d. Security Pledge.
    - i. On or before Friday, June 23, 2023, the Nelson Parties shall provide the Plan Administrator verifiable detailed written information

regarding the “800 Block” project to permit the Plan Administrator to confirm the viability and value of a proposed pledge of the Nelson Parties’ equity interests in this project.

- ii. On or before July 5, 2023, the Nelson Parties will grant the Plan Administrator a pledge of their equity interests in the 800 Block project to secure the Nelson Parties’ payment obligations under the Plan and this Agreement.
  - e. Contempt Claims Related to Sol y Luna Sale. Patrick Nelson agrees and consents to extension of the show cause order and subpoena for his personal appearance before the Court to the date that the Court resets any hearing on the Motion and Application, and no further service is required. Patrick Nelson agrees to appear in person for any reset or continued hearing on the Motion and Application.
2. Interest on Outstanding Liquidation Proceeds Due. The unpaid and past due Liquidation Proceeds in the amount of \$20,682,323.12 (as this amount may be adjusted pursuant to the Plan) due from the first deadline required under the Plan will continue to accrue post-judgment interest at a rate of 5.50% beginning January 26, 2023, until the full amount with accrued interest is paid in full or addressed pursuant to any amendment to the Plan.
  3. December 19, 2022 Rule 11 Agreement. The Nelson Parties reaffirm and extend the December 19, 2022 Rule 11 agreement that the parties entered into the Court’s record except for the time for compliance is revised in the following sentence. Patrick Nelson agrees to submit for himself and all Nelson Parties completed schedules of assets, liabilities and statement of financial affairs, in the official bankruptcy form, signed under penalty of perjury to the Plan Administrator by Friday, June 23, 2023. The remaining agreements in the December 19, 2022 Rule 11 agreement remain in effect. The Nelson Parties will provide the currently completed portions of the schedules and statements to the Plan Administrator by 8:00 a.m. (Central Time) on June 20, 2023. Failure of the Nelson Parties to timely comply with this paragraph shall result in the hearing on the Motion and Application proceeding the first date on or after July 20, 2023, when the Court is reasonably available.
  4. Tax Returns. On or before June 23, 2023, Pat Nelson and each of the Nelson Parties shall provide the Plan Administrator copies of all filed federal tax returns with all schedules for 2020, 2021 and 2022 (and if not yet filed, then a copy of the filed extensions). Failure of the Nelson Parties to timely comply with this paragraph shall result in the hearing on the Motion and Application proceeding the first date on or after July 20, 2023, when the Court is reasonably available.
  5. Letter of Intent. On or before June 23, 2023, the Nelson Parties shall provide the Plan Administrator copies of the letters of intent the Nelson Parties referenced in their June 19, 2023, correspondence and a business contact with each of the offering

parties to the letters of intent to permit the Plan Administrator to independently verify the letters of intent terms, timeline and offering parties' interest. Failure of the Nelson Parties to timely comply with this paragraph shall result in the hearing on the Motion and Application proceeding the first date on or after July 20, 2023, when the Court is reasonably available. The Plan Administrator is authorized by the Nelson Parties to directly contact all parties to the letters of intent.

6. Munsch Hardt Invoices. On or before 5:00 p.m. (Central Time) on June 21, 2023, Nelson Parties will provide the Plan Administrator copies of all Munsch Hardt Kopf & Harr, P.C.'s ("MH") detailed professional time invoices paid from the \$675,000.00 that MH received from the Sol y Luna sale closing, which invoices may be redacted only to the extent necessary to protect attorney client privilege. The Plan Administrator may challenge any such redactions and the Nelson Parties shall provide unredacted invoices to the Court for *in camera* review to rule on the Nelson Parties' assertion of attorney client privilege. The Plan Administrator agrees that the production of these invoices is subject to the protective order already in place in this case. Failure of the Nelson Parties to timely comply with this paragraph shall result in the hearing on the Motion and Application proceeding the first date on or after July 20, 2023, when the Court is reasonably available.
7. Plan Administrator's Fees Allowed. The Nelson Parties hereby withdraw all prior objections to the Plan Administrator's fees and expenses and legal fees and expenses.
8. Reporting.
  - a. The Nelson Parties agree to file with the Court and provide the Plan Administrator and Intervenor's counsel with a monthly written status report on the sale and refinancing for the properties subject to the Plan.
  - b. Thomas R. Fawkes shall serve as the Nelson Parties' point of contact for the Plan Administrator, his counsel and the Intervenor's counsel and will schedule a standing weekly call with the Plan Administrator, his counsel and the Intervenor's counsel to report on the Nelson Parties' compliance with this Agreement, development of a proposed amended Plan and to answer the Plan Administrator's and Intervenor's counsel's reasonable questions.
9. Plan. The parties agree the Plan and the April 25, 2022 Agreed Injunction remain in effect.
10. Emergency Relief. The parties agree that each party may seek emergency relief from the Court regarding compliance with this Agreement.
11. Plan Administrator Authority. The parties confirm the Plan Administrator is empowered to take all actions and execute all agreements, instruments and other documents necessary to perform under this Agreement.

12. Retention of Jurisdiction. To the fullest extent permitted by law, the parties consent to the Court's exclusive jurisdiction over this Agreement.

Dated: June 19, 2023

**AGREED IN SUBSTANCE AND FORM BY:**

**WICK PHILLIPS GOULD & MARTIN, LLP**



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[catherine.curtis@wickphillips.com](mailto:catherine.curtis@wickphillips.com)

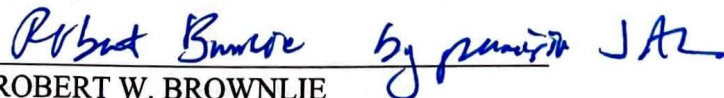
**COUNSEL FOR GREGORY S. MILLIGAN,  
ADMINISTRATOR UNDER THE PLAN OF LIQUIDATION**

**MILLER LLOYD P.C.**



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**ATTORNEYS FOR PLAINTIFF JAMES V. PARZIALE,  
TRUSTEE OF THE PARZIALE FAMILY TRUST,  
derivatively on behalf of NP SKYLOFT DST**

**GEORGE BROTHERS KINCAID & HORTON, L.L.P.**



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D. DOUGLAS BROTHERS  
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**ATTORNEYS FOR PLAINTIFF SCHIFFMAN ET AL  
individually and derivatively on behalf of NP SKYLOFT DST**

**AND**

---

**Patrick Nelson, Individually**

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

**Nelson Partners, LLC**

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

Its: \_\_\_\_\_

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

**Nelson Brothers Property Management, Inc.  
d/b/a Nelson Partners Property Management, Inc.**

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

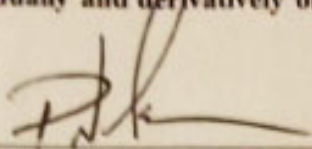
Its: \_\_\_\_\_

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

Phone: (512) 495-1400  
Fax: (512) 499-0094  
Email: [dbrothers@gbkh.com](mailto:dbrothers@gbkh.com)

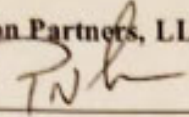
**ATTORNEYS FOR PLAINTIFF SCHIFFMAN ET AL**  
individually and derivatively on behalf of NP SKYLOFT DST

**AND**

  
\_\_\_\_\_  
Patrick Nelson, Individually

Date: 6/19/23

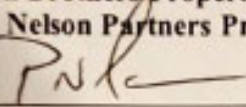
**Nelson Partners, LLC**

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

Its: Principal

Date: 6/19/23

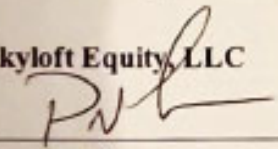
**Nelson Brothers Property Management, Inc.**  
d/b/a Nelson Partners Property Management, Inc.

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

Its: Principal

Date: 6/19/23

**NP Skyloft Equity, LLC**

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

Its: Manager

Date: 6/19/23

## Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Brenda Ramirez on behalf of Jason Rudd

Bar No. 24028786

brenda.ramirez@wickphillips.com

Envelope ID: 76791543

Filing Code Description: No Fee Documents

Filing Description: RULE 11 AGREEMENT CONCERNING PLAN ADMINISTRATOR'S MOTION FOR CONTEMPT AND SANCTIONS, APPLICATION FOR TEMPORARY INJUNCTION, AND NELSON PARTIES' OBJECTIONS TO PLAN ADMINISTRATOR'S LEGAL FEES AND EXPENSES

Status as of 6/21/2023 9:22 AM CST

Associated Case Party: AH ROOT BUILDING LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Russ Horton		rhorton@gbkh.com	6/20/2023 3:41:53 PM	SENT
Steve Skarnulis		skarnulis@cstrial.com	6/20/2023 3:41:53 PM	SENT
Suzy Nakamura		snakamura@gbkh.com	6/20/2023 3:41:53 PM	SENT
Notifications Email		notifications@cstrial.com	6/20/2023 3:41:53 PM	SENT
Benjamin Evans		bevans@cstrial.com	6/20/2023 3:41:53 PM	SENT
Kiara Dial		kdial@cstrial.com	6/20/2023 3:41:53 PM	SENT
Ann Cardenas		acardenas@gbkh.com	6/20/2023 3:41:53 PM	SENT
Jason Rudd		jason.rudd@wickphillips.com	6/20/2023 3:41:53 PM	SENT
Catherine Curtis		catherine.curtis@wickphillips.com	6/20/2023 3:41:53 PM	SENT
Gregory SMilligan		gmilligan@harneypartners.com	6/20/2023 3:41:53 PM	SENT
Clayton NMatheson		clayton@hfgtx.com	6/20/2023 3:41:53 PM	SENT
Shawn Guilliams		shawn@guilliams.com	6/20/2023 3:41:53 PM	SENT
Kelly Seabolt		kseabolt@gbkh.com	6/20/2023 3:41:53 PM	SENT
Rusty JO'Kane		rusty.okane@wickphillips.com	6/20/2023 3:41:53 PM	SENT
Jennifer ALloyd		jllloyd@millerlloyd.com	6/20/2023 3:41:53 PM	SENT
Robert WBrownlie		robert.brownlie@brownliehansen.com	6/20/2023 3:41:53 PM	SENT

Associated Case Party: NELSON PARTNERS LLC

Name	BarNumber	Email	TimestampSubmitted	Status
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brenda.ramirez@wickphillips.com

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Status as of 6/21/2023 9:22 AM CST

Associated Case Party: NELSON PARTNERS LLC

Sharon BLACKSTOCK		sblackstock@munsch.com	6/20/2023 3:41:53 PM	SENT
Priscilla Beesley		pbeesley@munsch.com	6/20/2023 3:41:53 PM	SENT
Brandon Stendara		bstendara@munsch.com	6/20/2023 3:41:53 PM	SENT

Associated Case Party: PATRICK NELSON

Name	BarNumber	Email	TimestampSubmitted	Status
Gregory CarrNoschese		gnoschese@munsch.com	6/20/2023 3:41:53 PM	SENT

Associated Case Party: STARYRSCHIFFMAN

Name	BarNumber	Email	TimestampSubmitted	Status
D. Douglas Brothers		dbrothers@gbkh.com	6/20/2023 3:41:53 PM	SENT

Associated Case Party: 2M & 3D LTD TEXAS LIMITED PARTNERSHIP

Name	BarNumber	Email	TimestampSubmitted	Status
D. Douglas Brothers		dbrothers@gbkh.com	6/20/2023 3:41:53 PM	SENT

Associated Case Party: James V. Parziale, Trustee of The Parziale Family Trust

Name	BarNumber	Email	TimestampSubmitted	Status
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Brenda Ramirez on behalf of Jason Rudd

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brenda.ramirez@wickphillips.com

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Associated Case Party: James V. Parziale, Trustee of The Parziale Family Trust

Jennifer ALloyd		jllloyd@millerlloyd.com	6/20/2023 3:41:53 PM	SENT
Robert Brownlie		robert.brownlie@brownliehansen.com	6/20/2023 3:41:53 PM	SENT

Associated Case Party: GREGORYSMILLIGAN

Name	BarNumber	Email	TimestampSubmitted	Status
Brenda Ramirez		brenda.ramirez@wickphillips.com	6/20/2023 3:41:53 PM	SENT
Rusty O'Kane		rusty.okane@wickphillips.com	6/20/2023 3:41:53 PM	SENT