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 Facilities District No. 1

8 UNITED STATES BANKRUPTCY COURT
 9 EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

11 In re

12 DIABLO GRANDE COMMUNITY
 FACILITIES DISTRICT NO. 1,

13 Debtor.

Case No. 25-26635-A-9

DCN BWS-1

**DECLARATION OF JOSEPH P.
 BUCHMAN IN SUPPORT OF DEBTOR'S
 MOTION FOR ENTRY OF ORDER (1)
 DIRECTING AND APPROVING FORM
 OF NOTICE AND (2) SETTING
 DEADLINE FOR FILING OBJECTIONS
 TO PETITION**

Date: February 4, 2026
 Time: 9:30 a.m.
 Ctrm: Dept. A, Ctrm 11
 2500 Tulare Street, Fresno California

21 **DECLARATION OF JOSEPH P. BUCHMAN**

22 I, Joseph P. Buchman, declare as follows:

23 1. I am over the age of 18 and am not a party to this action. I am an attorney with the
 24 law firm of Burke, Williams & Sorensen, LLP, attorneys for Diablo Grande Community Facilities
 25 District No. 1 (the "**Debtor**"). I submit this Declaration in support of the Debtor's motion for
 26 entry of an order (i) setting a deadline for the filing of any objections to the petition initiating this
 27 chapter 9 case pursuant to section 921; and (ii) approving the proposed form of notice of

1 commencement of this case pursuant to section 923 of the United States Bankruptcy Code¹ (the
2 "**Motion**"). I am admitted to practice law before all courts of the State of California. I have
3 personal knowledge of the matters stated herein except as to those matters stated on information
4 and belief and if called as a witness and sworn, I could competently testify thereto.

5 2. The Bankruptcy Case was commenced by the filing of the Debtor's Bankruptcy
6 Petition on November 25, 2025 (the "**Petition**") [[Dkt. 1](#)], after the Debtor's governing authority,
7 the Board of the Western Hills Water District (the "**Board**"), declared a fiscal emergency of the
8 Debtor [[Dkt. 4](#)].

9 3. The Debtor is a community facilities district established by the Board of Directors
10 of the Western Hills Water District on September 24, 2000, pursuant to the Mello-Roos Act (Cal.
11 Gov't. Code §§ 53311-53368.3) (Resolution No. 2000-06). As such, the CFD is a municipality as
12 defined in section 101(40) of the Bankruptcy Code.

13 4. The Debtor has issued several series of bonds since its formation. Debtor currently
14 has two (2) series of refunding bonds outstanding, Series 2014 and Series 2015. The Bonds are
15 secured by a special tax lien on the properties within the Debtor's boundaries. The Bonds are to be
16 repaid through the special taxes levied against the properties. Due to insufficient special property
17 tax revenues, the Debtor estimates its payments on these bonds are delinquent in the amount of
18 \$23,461,770, and the total obligation to bondholders, inclusive of principal that is not yet due,
19 totals \$45,296,770.

20 5. After certain properties within the Debtor's boundaries became delinquent in the
21 payment of the special taxes, the Debtor successfully foreclosed on these properties. Pursuant to
22 the provisions of the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 of Part 1 of
23 Division 2 of Title 5, commencing with Section 53311 of the California Government Code), the
24 Board, on behalf of the Debtor, initiated seven (7) foreclosure proceedings in the Stanislaus
25

26 _____
27 ¹ 11 U.S.C. sections 101, et seq. (2012) ("Bankruptcy Code"). All further statutory references are
28 to the Bankruptcy Code unless otherwise indicated.

1 Superior Court (Case Nos. CV-21-003252, CV-21-003177, CV-21-002840, 662071, 662072, CV-
2 23-002388 and CV-23-002753) and one (1) pre-foreclosure proceeding, in order to recover
3 delinquent special taxes levied against the 103 Properties within the community facilities district.
4 After obtaining judgments, and pursuant to California Government Code § 53356.5(a)(5), the
5 Debtor, took title to 102 of the Properties by way of credit bids at foreclosure sales conducted by
6 the Stanislaus County Sheriff's Department from 2023 to 2025.

7 6. The foreclosed properties remain subject to obligations for ad valorem property
8 taxes owed to Stanislaus County. The Debtor estimates the taxes on the foreclosed properties total
9 \$2,191,202. The Debtor's bankruptcy has been filed in part due to the refusal of the Stanislaus
10 County Tax Collector to delay a tax sale of the 103 parcels owned by the Debtor (the
11 "Properties"). In order to safeguard the equity in the Property for the benefit of the Debtor's
12 creditors, including bondholders, the Board determined that the bankruptcy would serve to provide
13 a window for the Debtor to seek a buyer/developer for the Properties and to effect a plan to adjust
14 its debts [\[Dkt. 4\]](#).

15 7. The Notice contemplates publication in The Modesto Bee and The Bond Buyer.
16 The Modesto Bee is a newspaper of general circulation and is published within the County of
17 Stanislaus, California. Debtor further submits The Bond Buyer is a publication of general
18 circulation among municipal bond dealers and bondholders. Debtor respectfully submits that
19 publication of the Notice in such newspapers constitutes good and sufficient notice that is
20 consistent with the requirement of Section 923.

21 8. The Debtor understands the Clerk of the Court will mail the Notice to the United
22 States Trustee and, using the mailing matrix filed contemporaneously with the chapter 9 petition,
23 to all entities identified in the List of Creditors filed by Debtor pursuant to Section 924. In
24 addition, Debtor will mail (or cause to be mailed) the Notice to registered holders of the Bonds,²

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26 ² The Bonds are held in "book entry" or electronic form at The Depository Trust Company
27 ("DTC"), New York, New York. DTC holds the Bonds for its participants, often broker-dealers
28 ("DTC Participants"), which in turn hold the Bonds for the actual beneficial owners of the Bonds.

