

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

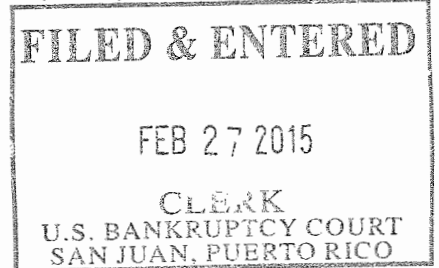
IN RE:

ALCO CORPORATION

Debtor

CASE NO.: 12-0139(MCF)

CHAPTER 11



**ORDER AUTHORIZING SALE OF PROPERTIES AT PRIVATE SALE, FREE AND
CLEAR OF LIENS PURSUANT TO SECTIONS 1146 AND 363(k) OF THE
BANKRUPTCY CODE**

Debtor Alco Corporation and Betterroads Asphalt Corporation, Petroleum Emulsion Manufacturing Corporation and Betterrecycling Corporation (collectively the “Betterroads Group”), have reached an agreement (the “ Settlement Agreement”) Dkt. 513, which entails the payment of the Betterroads Group’s Claims numbers 82, 83 and 84, through the sale and transfer of Debtor's Real Estate and Personal Properties (hereinafter referred collectively as the “Properties”) free and clear of liens pursuant to Section 363(k) of the Bankruptcy Code and exempt from the payment of taxes, stamps and vouchers pursuant to the provisions of Section 1146 of the Bankruptcy Code¹. In light of the foregoing Settlement Agreement and the provisions of the First Amended Plan of Reorganization as supplemented (“the Confirmed Plan”) Dkt. No. 515 and 528 , Debtor and the Betterroads Group informed this Honorable Court that a private sale of the Properties will be executed between them, pursuant to Sections 363(k) and 1146 of the Bankruptcy Code, free and clear of all liens and encumbrances and exempted from the payment of taxes, stamps and vouchers, as contemplated in the Confirmed Plan and the Settlement Agreement. (Docket Nos. 516 and 529).

¹ Excluding notarial fees and any property taxes owed.

Debtor's Real Estate and Personal Properties being sold through the private sale to the Betterroads Group are described herein in the Spanish language, as follows:

- a. Real estate property located at Canóvanas, Puerto Rico, including all equipment and machinery therein located, including but not limited to the asphalt plant and described as follows:
 - i. Property Number 5,142 recorded in the Registry at Page 50 of Volume 95 of Canóvanas wich is composed of: "RÚSTICA: Porción de terreno que radica en el Barrio de Hato Puerto, hoy denominado Campo Rico del término municipal de Loíza, hoy Canóvanas, Puerto Rico, compuesto de nueve punto cero cero cuerdas (9.00 cds), equivalentes a treinta y cinco mil trescientos setenta y cuatro punto cero cero metros cuadrados (35,374.00 m/c), más o menos colindando al NORTE, con Esteban y Sixto Agosto, antes, hoy en parte con terrenos de Consuelo Piñero, con Sucesión de José Pagán Mundo y con Sucesión de Nieves Betancourt; al SUR, con Eusebia Carrasquilla, antes, hoy en partes con la Carretera Estatal número novecientos cincuenta y cuatro (954), en parte con Armando y Antonio Torres y en parte con Felipe Pimentel; al ESTE, con Carretera Estatal número ciento ochenta y cinco (185), en parte con Felipe Pimentel y con la Sucesión de Nieves Betancourt; y por el OESTE, con Ferrando Mundo Hance, en parte con Carretera Estatal número novecientos cincuenta y cuatro (954) y con terrenos de Consuelo Piñero.
 - ii. Property Number 5,143 recorded in the Registry of Carolina III at Page 57 of Volume 95 of Canóvanas composed of: RUSTICA: Parcela de terreno radicada en el Barrio Hato Puerco, del término municipal de Loíza, Puerto Rico, compuesta de cinco cuerdas con sesenta y una centésimas (5.71), equivalentes a dos hectáreas, veinticuatro (24) áreas y cuarenta y dos (42) centiáreas. En colindancias: por el Norte con Cruz Cervera antes, hoy José Pagán Mundo, Sixto Agosto antes, hoy Consuelo Piñero y Emilio Betancourt antes, hoy Sucesión de Nieves Betancourt; por el Este, con la Carretera Estatal número ciento ochenta y cinco (185); por el Sur, con Manuela y Victoria Agosto antes, hoy Sucesión de Esteban Agosto y Consuelo Piñero; y por el Oeste, con Sixto Agosto antes, hoy Consuelo Piñero.
 - iii. Property Number 2,031 recorded in the Registry of Carolina III at Page 149 of Volume 28 for Canóvanas composed of: RÚSTICA: Parcela de terreno con una cabida superficial de una (1) cuerda, equivalente a un área de tres mil novecientos treinta punto trescientos noventa y seis metros cuadrados (3,930.396

mc); en lindes por el Norte y el Oeste, con terrenos de Doña Consuelo Piñero; por el Este, con terrenos de Don Severo Mundo Arzuaga; y por el Sur, con la Carretera Estatal número novecientos cincuenta y cuatro (954).

iv. Asphalt Plant located in Canóvanas composed of the following parts as inspected by the Betterroads Group:

1. Silos 240t(2)
2. Transfer conveyor
3. Drag Conveyor
4. Mixer
5. Dryer w/ burner
6. Baghouse, augers
7. Knockout box
8. Scale conveyor
9. Screen
10. Reject Conveyor
11. Bins (5)
12. Rap scale conveyor
13. Rap screen
14. Rap crusher
15. Rap bin
16. Control Room
17. Air compressor Atlas Copco
18. Electrical Generator 600kw
19. Electrical Generator 70kw
20. Asphalt tank
21. Pump metering system
22. Fuel tank
23. Truck scale cardinal
24. Dike and footings
25. Office, mechanic shop and metal building and wooden structure.

v. Other equipment and machinery located at Canóvanas, which include but is not limited to:

1. Service Van - Chevrolet SV-5-99.
2. Service Van - Chevrolet DXC-887.
3. Service Van - Chevrolet SV-3-98.
4. Any other equipment found at the premises that could not be identified.

b. Real estate property located at Guayama, Puerto Rico, including all equipment and machinery therein located, including but not limited to the asphalt plant, excluding tanks property of third parties, and described as follows:

- i. Property Number 18,228 recorded in the Registry at Page 175 of Volume 476 of Guayama wich is composed of: “RÚSTICA: Finca radicada en el Barrio Pozo Hondo del término municipal de Guayama, Puerto Rico, con una cabida superficial de cinco cuerdas (5 cds), equivalentes a diecinueve mil seiscientos cincuenta y dos punto cero catorce metros cuadrados (19,652.014 m/c). En lindes por el NORTE, ESTE y OESTE, con terrenos de Aníbal Irizarry Rivera; y por el OESTE, con el Camino Pozo Hondo. Del Registro de la Propiedad de Puerto Rico, Sección de Guayama no consta el lindero SUR. Además, tal y como se relaciona, el lindero OESTE se menciona dos veces en la descripción de la propiedad.

- ii. Asphalt Plant located in Guayama composed of the following parts according as inspected by the parties:
 1. Silo 70t
 2. Drag Conveyor Astec
 3. Dryer 7'x30'
 4. Bins
 5. Baghouse Estee
 6. Truck scale Cardinal
 7. Control room, motor control center
 8. Asphalt tank 30,000 gal
 9. Fuel tank 10,000 gal
 10. Fuel tank 6,000 gal
 11. Dike and footings

For purposes of this transaction, the sales price for all Properties is established at \$2,980,336.18. Transfer of these Properties under the Confirmed Plan, as supplemented, shall be free and clear of liens under the provisions of 11 USC §363(k), and exempt from the payment of taxes, stamps and vouchers, pursuant to the provisions of 11 USC §1146. Attorney fees and expenses related to the execution of the deed of sale shall be paid by the Betterroads Group, who will designate and select the Attorney for the transaction. Any other costs (if any) related to the transfer of Debtor’s Real Estate Properties, including but not limited to property taxes for the Canóvanas property, title studies, and notarial fees, shall be borne by the Betterroads Group. The Debtor will cover the real property taxes for the property at Guayama, Puerto Rico .

This Honorable Court, after notice and hearing on the motion for the Sale of the Assets Free and Clear of Liens and no objections been filed, grants the request of the Debtor to transfer the above related property to the Betterroads Group, or its designee. The Sales of the Properties are being made “as is” and “where is” basis without representation or warranty of any kind, express or implied, including without limitation, representation or warranty of merchantability or of fitness for any particular purpose. The Purchaser is responsible for complying with all laws and regulations for the operation of the properties. Purchaser shall take possession of the personal properties immediately and of the real estate properties upon closing of deeds on sale of the real estate properties, but may have access to the premises to take possession of the personal properties and take the necessary measures to secure and protect said properties from vandalism and continuous depreciation

Liens and Encumbrances

As per the records at the Registry of the Property of Puerto Rico, the Real Estate Properties are encumbered to Banco Popular de Puerto Rico (“BPPR”) (now PR Asset), as follows:

1. Bearer demand mortgage note subscribed by ALCO CORPORATION on February 25, 2004, in the amount of \$500,000.00, authenticated under affidavit number 1078 of Notary Public Fernando E. Longo Quiñones (the “Mortgage Note I”)
2. Bearer demand mortgage note subscribed by ALCO CORPORATION on February 25, 2004, in the amount of \$250,000.00, authenticated under affidavit number 1080 of Notary Public Fernando E. Longo Quiñones (the “Mortgage Note II”)
3. Bearer demand mortgage note subscribed by ALCO CORPORATION on February 25, 2004, in the amount of \$200,000.00, authenticated under affidavit number 1082 of Notary Public Fernando E. Longo Quiñones (the “Mortgage Note III”)
4. Bearer demand mortgage note subscribed by ALCO CORPORATION on February 25, 2004, in the amount of \$200,000.00, authenticated under affidavit number 1084 of Notary Public Fernando E. Longo Quiñones (the “Mortgage Note IV”).

5. Bearer demand mortgage note subscribed by ALCO CORPORATION on October 5, 2009, in the amount of \$565,000.00, authenticated under affidavit number 2289 of Notary Public Jorge Covas Mendoza (the "Mortgage Note V").

Banco Popular de Puerto Rico ("BPPR") (now PR Asset) has certified to be the holder in due course of all existing valid mortgage notes recorded against these Real Estate Properties and that it holds a secured claim against this estate in the aggregate amount of \$525,000.00. Also, MAPFRE and PR Asset hold liens over Debtor's Personal Property subject of this sale.² Pursuant to the terms and conditions of the Settlement Agreement executed between the Debtor and PR Asset, the latter has agreed to accept the amount of \$350,000.00 in full settlement of any and all claims and is thus releasing the all Real Estate and Personal Properties from any and all liens held upon receipt of such payment. As part of the Settlement Agreement MAPFRE is also releasing all liens held over the Personal Properties subject of this sale. For the release of the liens over the Personal Properties, the parties will execute a UCC-3 Statement.

The Debtor is herein authorized to sell and transfer the above described Real Estate and Personal Properties to the Betterroads Group, or its designee, through a deed on sale pursuant to Sections 363 (k) and 1146 of the Bankruptcy Code. Upon closing of the Sale and execution of the corresponding deeds of sale and rendering of the possession of the Personal Properties, all liens over these Properties will be deemed released and extinguished. Moreover, the total amounts claimed against the estate by PR Asset's secured claim No. 97 and Betterroads Group's claims No. 82, 83 and 84 will be deemed extinguished and satisfied.

² Detail of the corresponding UCC included as Exhibit D, to the Settlement Agreement on Dkt. No. 513.

**NOTICE REQUIRED TO THE NUCLEAR REGULATORY COMMISSION
BEFORE TRANSFER OF PROPERTY**

The Debtors owns four portable gauges used to measure the moisture and other physical properties of asphalt, which are located at the facility in Canóvanas, Puerto Rico (“Gauges”). Because the Gauges contain certain nuclear “byproduct” materials, which are radioactive, the ownership, use, possession and storage of the Gauges is governed by Nuclear Regulatory Commission (“NRC”) regulations. Pursuant to such regulations, Alco has a license that authorizes it to own, use, possess and store the Gauges. See NRC License No. 52-24843-01 (“Debtor’s NRC License”). The Debtor and the Betterroads Group have informed the Court that Debtor’s NRC License and the Gauges will not be included in the property being sold to the Betterroads Group and that no other equipment being sold and/or transferred to the Betterroads Group is governed or covered by the NRC regulations. The Debtor has also represented to the Court that it intends to properly dispose of the Gauges, in accordance with the requirements of its NRC license and the applicable NRC regulations, prior to the transfer of its assets to the Betterroads Group. In consideration of the above, the Court hereby determines that the sale shall not be consummated until seven days after (a) the Debtor has properly disposed of the Gauges, in accordance with the requirements of Debtor’s NRC license and the applicable NRC regulations and (b) the Debtor has provided a written notice to the NRC concerning how it disposed of the Gauges.

Nothing in this Sale Order or any agreement approved by this Sale Order releases, nullifies, precludes, or enjoins the enforcement of any liability to a governmental unit under police or regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the date of entry of this Sale Order. Nothing in this Order or any agreement approved by this Sale Order authorizes transfer to the proposed buyer of any licenses,

permits, registrations, or other governmental authorizations and approvals without the proposed buyer's compliance with all applicable legal requirements under nonbankruptcy law governing such transfers.

The Debtor and the Betterroads Group, have estimated the cost for the removal and disposition of these four Gauges in the approximate amount of eight thousand dollars (\$8,000). Considering that the Debtor lacks the funds to proceed with such action on urgent basis, the Betterroads Group will pay for the removal and disposition of these items, upon the condition that Mr. Jaime Rodriguez (Debtor's President) and Mr. Luis F. Rodriguez (Debtor's Secretary) will jointly and severally reimbursed the Betterroads Group these funds within sixty (60) days thereafter.

IT IS ORDERED THAT:

The sale of properties at private sale, free and clear of liens pursuant to 11 U.S.C. 363(k) and exempt from the payment of taxes, stamps and vouchers under the provisions of 11 U.S.C. 1146, is herein approved.

It is FURTHER ORDERED, that the sale shall not be consummated until (a) the Debtor has properly disposed of the Gauges, in accordance with the requirements of Debtor's NRC license and the applicable NRC regulations and (b) the Debtor has provided a written notice to the NRC concerning how it disposed of the Gauges, and that (c) due notice be given to the Nuclear Regulatory Commission (7) days prior to the closing of the corresponding deeds.

It is FURTHER ORDERED that within sixty (60) days from the Betterroads Group payment for the removal and disposition of the four Gauges, Mr. Luis Rodriguez and Mr. Jaime Rodriguez reimburse to the Betterroad Group such expense, estimated in the amount of eight thousand dollars (\$8,000.00).

In San Juan, Puerto Rico, this 27 day of February, 2015.



Mildred Caban Flores
U.S. Bankruptcy Judge

Cc: Debtor (s)
Carmen D. Conde Torres, UST
The Betterroads Group
The Bonding Companies Mapfre and Travelers
Secure Creditor
All other creditors