

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	
PREMIER PAVING, INC.)	Case No. 12-16445-MER
EIN: 84-1396608)	
)	
Debtor.)	

**DISCLOSURE STATEMENT TO ACCOMPANY AMENDED PLAN OF
REORGANIZATION DATED JUNE 7, 2013**

INTRODUCTION

This Disclosure Statement (“Disclosure Statement”) has been prepared by Premier Paving, Inc. (“PPI,” or the “Debtor”) to accompany the Amended Chapter 11 Plan of Reorganization dated June 7, 2013 (the “Plan”) which has been filed in the Debtor’s Chapter 11 case. This Disclosure Statement is being provided to all creditors and interest holders of the Debtor. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. Section 1125 by the United States Bankruptcy Court for the District of Colorado as containing adequate information to enable creditors and interest holders to determine whether to accept the Plan. The Court’s approval of this Disclosure Statement does not constitute a decision on the merits of the Plan. Issues related to the merits of the Plan and its confirmation will be the subject of a confirmation hearing, which is scheduled for _____ DAY, _____, 2013 AT __: __0 __.M. in Courtroom C502, at the Byron G. Rogers U.S. Court House, 1929 Stout Street, Denver, Colorado.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT.

The Amended Plan of Reorganization is the governing document or contract with creditors once it is confirmed by the Court. In the event of any inconsistencies between the Plan and this Disclosure Statement, the Plan supersedes the Disclosure Statement and will be the sole Court

approved document that governs the post-confirmation relationship and agreements between the parties.

This Disclosure Statement is provided to you along with a copy of the Plan and a Ballot to be used for voting on the Plan. Please complete the Ballot according to the instructions contained on the Ballot if you intend to vote for or against the Plan. Each creditor or interest holder may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtor:

Aaron A. Garber, Esq.
Kutner Miller Brinen, P.C.
303 East 17th Avenue
Suite 500
Denver, CO 80203

This Ballot must be received by the appropriate counsel designated above by no later than _____, **2013**, which date has been set by the Court as the last day to vote on the Plan. Terms contained in this Disclosure Statement, which are defined in the Plan, have the same meaning as set forth in the definitional section of the Plan, Article II. **WARNING: IF YOU ARE A CREDITOR YOUR RIGHTS MAY BE IMPAIRED BY THE PLAN.**

Recommendation. As discussed more fully below, the Debtor firmly believes that the Plan represents the best alternative for providing the maximum value and quickest recovery for creditors. The Plan proposes a payment to unsecured creditors over time through the Debtor's Gross Revenue. The Debtor also proposes to continue its efforts to sell its asphalt plant or restructure the debt associated therewith. The Plan also is restructuring the secured debt of its primary secured creditors. **Again, the Debtor strongly believes that confirmation of the Plan is in the best interests of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.**

Voting Requirements. Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are "impaired" under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims and Interests that are not impaired are not entitled to vote and are deemed to have accepted the Plan. Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and a Class shall have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class actually voting.

Voting Classes. Each holder of an Allowed Claim in Classes 2(a) through (e), 3, 5, 6 7(a) through (c), 9, 10, 11 and 12(a) and (b) shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. The Plan treats Classes 1, 4, 8 and 13 as unimpaired. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

Deemed Rejection of Plan. The Plan does not provide for any Class of creditors that shall receive and retain nothing under the Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code.

One Vote Per Holder. If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

OVERVIEW OF THE PLAN

The Debtor operates a full service highway construction company, which services include: (a) paving, (b) grading and milling, (c) geotextiles, (d) trucking, (e) traffic control, and (f) quality control. The Debtor also owns and operates an asphalt plant. Pursuant to the Plan, the Debtor shall restructure its debts and obligations and continue to operate in the ordinary course of business and continue with its efforts to sell or refinance the obligations associated with its asphalt plant to satisfy its obligations under the Plan.

The following table summarizes the 13 Classes, whether or not each such Class is impaired, and the estimated distribution to each Class:

<u>CLASS</u>	<u>IMPAIRMENT</u>	<u>ESTIMATED DISTRIBUTION</u>
Class 1: Priority Claims	Unimpaired	100%
Class 2(a) through (e) : Allowed Secured Claims of Ally Financial	Impaired	100% (in accordance with new payment terms)
Class 3: Allowed Secured Claim of JP Morgan Chase Bank NA	Impaired	100% (in accordance with new payment terms)
Class 4: Allowed Secured Claim of MHC Financial Services, Inc.	Unimpaired	100% (Debtor asserts this claim has already been paid in full)
Class 5: Allowed Secured Claim of Pueblo Bank and Trust	Impaired	100% (in accordance with new payment terms)

Class 6: Allowed Secured Claim of Volvo Financial Services	Impaired	100% (in accordance with new payment terms)
Class 7(a) through (c): Allowed Secured Claims of Wells Fargo Bank, NA	Impaired	100% (in accordance with new payment terms)
Class 8: Allowed Secured Claim of Wells Fargo Equipment Finance	Unimpaired	100% (Debtor asserts this claim has already been paid in full)
Class 9: Allowed Secured Claim of Colorado Department of Revenue	Impaired	100% (over 5 years)
Class 10: Allowed Secured Claim of City and County of Denver	Impaired	100% (over 5 years)
Class 11: Allowed Secured Claim of City of Westminster	Impaired	100% (over 5 years)
Class 12(a): Allowed Unsecured Claims of less than or equal to \$1,000	Impaired	50% (in 160 days of Plan confirmation)
Class 12(b): Allowed Unsecured Claim of Suncor Energy	Impaired	100% (within three and one-half years of Plan confirmation)
Class 12(c): The Allowed Unsecured Claims other than Suncor Energy and greater than \$1,000	Impaired	100% (within seven year term of the Plan)
Class 12(d): Insider Unsecured Claims	Impaired	0%
Class 13: Interest of PPI	Unimpaired	Retain interests

The Plan is a balance of the varying interests of the creditor body. All creditors, except Suncor Energy and the convenience class, are paid over 7 years. Suncor Energy is paid at an accelerated rate because Suncor Energy is the only provider of asphalt cement in Colorado. Asphalt cement is a petroleum based product that, when mixed with rock, forms the basis of Debtor's product produced at the asphalt plant. The Debtor's asphalt product is unique and proprietary in its design. The Debtor is contractually bound to provide its proprietary asphalt product to its customers, including use of such asphalt on the Debtor's paving jobs. The Debtor must therefore maintain its relationship with Suncor Energy. Suncor Energy has stated it will cease providing the Debtor with asphalt cement unless it is paid at an accelerated rate. If Suncor Energy ceases selling asphalt cement to the Debtor, such could put the Debtor out of business and/or greatly diminish the recovery to

creditors. Wells Fargo Bank, NA is the Debtor's primary secured creditor. In order to satisfy at least the principal portion of Wells Fargo Bank, NA's secured claim, while maximizing the payment to unsecured creditors and providing sufficient cash flow for business operations, the Debtor needs to pay the principal portion of Wells Fargo Bank, NA's secured Claim over seven years. So the Plan is balanced and equitable, all other secured creditors, except taxing authorities, are being paid in full over a seven year term. Likewise, Class 12(c), the Allowed Unsecured Claims other than Suncor Energy and greater than \$1,000, are being paid, as it is projected, in full over seven years. Wells Fargo Bank, NA cannot reasonably be requested to, and stated it will not, fund the Plan for the benefit of Class 12(c) unsecured creditors so that such creditors are paid ahead of Wells Fargo Bank, NA.

CHAPTER 11 AND PLAN CONFIRMATION

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows the Debtor to retain its assets during administration of its Chapter 11 case as Debtor-in-Possession and following confirmation of a Plan as reorganized Debtor or as provided in the Plan. Once confirmation of a Plan of Reorganization is approved by the Court, the Plan of Reorganization is the permanent restructuring of the Debtor's financial obligations. The Plan also provides a means through which the Debtor will restructure or repay its obligations. The Plan will provide the Debtor with an opportunity to restructure its debt while continuing in its business operations that will be used to finance the Plan.

The Plan of Reorganization divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All member Interests are also classified and treated alike. Each Class of creditors or interest holders is either impaired or unimpaired under the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable and contractual rights to which each creditor in the class is entitled. Alternatively, a claimant is unimpaired if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to the default.

The Bankruptcy Court set a bar date establishing June 18, 2012 as the last date for filing Proofs of Claim. The Plan provides that Claims and Interests of all Classes shall be allowed only if

evidenced by a timely filed Proof of Claim or Interest or which otherwise appear in the Schedules filed by the Debtor and are not scheduled as disputed, contingent or unliquidated unless subsequently allowed by the Court. Creditors may check as to whether or not their claims have been scheduled as disputed, contingent or unliquidated by reviewing the Schedules filed by the Debtor in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for the Debtor directly in order to determine how they have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in the Debtor to vote in favor of the Plan in order for the Court to confirm the Plan. The Plan, however, must be accepted by at least one impaired Class of Claims by a majority in number and two thirds in amount, without including insider acceptance, of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, it may be confirmed over its rejection by other Classes if the Court finds that the Plan does not discriminate unfairly and is fair and equitable, with respect to each Class of Claims or Interests that is impaired under and has not accepted the Plan.

The Bankruptcy Code requires that if interest holders retain an interest or receive anything under the Plan, then the unsecured creditor classes must either be paid the full value of their claims or vote to accept the Plan. Since the Debtor believes that the Plan provides the best alternative for creditors, all creditors are urged to vote to accept the Plan.

If all Classes of Claims and Interests vote to accept the Plan, the Court may confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Among other things, Section 1129 requires that the Plan be in the best interest of the holders of Claims and Interests and be feasible through a showing that confirmation will not be followed by the need for further financial reorganization of the Debtor.

In the event any or all of the unsecured creditor classes vote to reject the Plan, the Debtor will request confirmation of the Plan pursuant to Section 1129(b) of the Code. The existing pre-confirmation interests held by Class 13 will be cancelled. New interests in the reorganized Debtor shall be issued on the Effective Date of the Plan to the Insiders in satisfaction of their Class 12(d) claims. Class 12(b) and 12(c) claimants holding Allowed Claims may elect to obtain new interests in the reorganized Debtor in satisfaction of their entire debt. The exchange shall be one membership interest for each \$5,000 of satisfied debt. Russell Otterstein shall be appointed as the agent of PPI

pursuant to 11 U.S.C. §1142(b) for the purpose of carrying out the terms of the Plan, including this provision of the Plan and shall take any and all action necessary for the issuance of new stock.

BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

PPI was formed in May of 1997 to provide heavy highway asphalt paving, primarily in the Denver metro area. Over the years, PPI experienced excellent financial results focusing on government, including state, county and local, service contracts as well as private paving jobs, primarily for new paving jobs. During these times PPI expanded its services to include grading of land, milling of already existing paved area by removing a portion of the paved area and adding layers of new product, providing geotextiles which is an applied product between layers of asphalt to avoid cracking, providing truck services for the asphalt products, traffic control for asphalt jobs, and quality control. The Debtor also owns an asphalt plant. The asphalt plant is used to produce asphalt through raw and recycled materials removed from asphalt jobs. The manufactured asphalt is utilized by PPI and sold to third parties. The land on which the asphalt plant site is located is owned by a non-debtor related entity, TKO, LLC.

The economic downturn that occurred in 2008 impacted all aspect of the construction industry. PPI could not avoid its reach. Notwithstanding the reduction in spending on construction, including asphalt paving, the Debtor was able to experience profits, though diminished, due to government stimulus money pumped into the economy. In 2011, the stimulus money and construction jobs related thereto began to dry up and the Debtor's revenues decreased 30% to 35%. The Debtor maintains three secured loans with Wells Fargo Bank, NA, PPI's primary secured creditor. Two of the loans came due in 2011 and there were defaults under the lending ratios that caused the third loan to immediately come due and owing.

Though attempts were made by PPI and Wells Fargo Bank NA to restructure the outstanding loan obligations, agreement could not be reached, and Wells Fargo Bank NA sent notice to PPI demanding payment in full on the loans or a replevin action would be commenced. The demand notice prompted the need for PPI to file for relief under Chapter 11 of the Bankruptcy Code. In addition, the downturn in the economy and the reduction in PPI's income forced PPI to need to restructure its financial affairs as PPI was no longer able to meet its obligations as they came due.

Debtor's Corporate Governance

The Debtor's officers prior to the Petition Date are provided below. The officers and their salaries will remain the same as of the Effective Date of the Plan. Salaries are subject to review and change based upon the performance of the company.

<u>Individual</u>	<u>Title</u>	<u>Salary</u>
Russ Otterstein	President	\$192,500
Randy Dekelver	Vice President	\$82,500
Nora Hawes	Secretary	\$60,000
Dave Goold	Treasurer	\$90,000

Related Entities

Russ Otterstein, the sole shareholder and President of the Debtor, is also the owner of certain entities who conduct business with the Debtor. Specifically, TKO, LLC owns the real property on which the asphalt plant is located. Mr. Otterstein holds 90% of the interests in TKO, LLC, while Sam Kingsfield and Tom Techau each hold 5% of the interests in TKO, LLC. The Debtor pays TKO, LLC \$12,000 a month rent which is used to service the debt on the property. The Debtor has for approximately 10 years been paying TKO the \$12,000 a month rent, which the Debtor asserts is at or below fair market given the size of the property and its zoning for production of asphalt.

Mr. Otterstein is also the owner of the real property and the improvements thereon which constitute the office location utilized by the Debtor. The property also houses a shop which is utilized to repair and maintain the Debtor's equipment and vehicles. The Debtor pays \$14,500 a month rent, which was set approximately 12 years ago. The rental payment covers the secured debt for the property. The rent is below market value for a premises of this size, location and zoning. The office and shop is a total of 12,200 square feet.

Mr. Otterstein also has an ownership interest in K&M, LLC, an entity which owns a few pieces of equipment utilized by the Debtor. K&M, LLC has ceased, approximately two years ago, requiring lease payments for the use of the equipment.

DESCRIPTION OF ASSETS

As of January 31, 2013, the values for the Debtor's primary assets are as follows:

<u>Asset</u>	<u>Market/Book Value</u>	<u>Liquidation Value</u>
Cash:	\$97,705.84	\$0.00
Accounts Receivable:	\$2,102,422	\$0.00
Inventory:	\$1,094,529	\$0.00
Furniture, Fixtures and Equip.:	\$2,000,000	\$0.00
Vehicles:	\$1,500,000	\$1,416,991
North Washington Water Deposit:	\$1,600	\$0.00

The Debtor's assets listed above at market/book value are the values of the Debtor's assets if utilized by an operating entity. If the Debtor were forced to cease operations and liquidate, inventory will sell on the secondary market for substantially less than the Debtor's listed value. Likewise, accounts receivable will become more difficult to collect. Also, if the Debtor immediately ceases operations, breach of contract claims for failure to complete ongoing construction jobs would be asserted against PPI and bond and mechanic lien claims would be asserted by unpaid suppliers and subcontractors for PPI's unpaid obligations. In addition, general contractors and project owners could refuse to pay PPI, if it is in a liquidation mode, due to PPI's inability to complete jobs and pay suppliers and subcontractors. Bonding companies would assert claims against PPI. Accordingly, the liquidation of PPI could increase creditor claims while diminishing the Debtor's asset value, if the Debtor were forced to cease operations and liquidate, not completing current jobs or being unable to pay suppliers and subcontractors from uncollectable receivables. Regardless of the impact on the valuation of the Debtor's assets if forced to liquidate, the Debtor's cash, accounts receivable, inventory and furniture and fixtures are pledged as collateral to Wells Fargo Bank, NA. The Debtor's listed market value of these assets is less than the amount owed to Wells Fargo Bank, NA. Thus, these assets have no value to creditors in a liquidation other than Wells Fargo. The Debtor's equipment is pledged to a number of creditors, including Pueblo Bank and Trust, Ally Financial, JP Morgan Chase Bank, MHC Financial Services, Volvo Financial, Wells Fargo Equipment Finance, Wells Fargo Bank NA, and certain taxing authorities. The value of the liens exceeds the value of the equipment. Therefore any distribution on account of liquidation of equipment will only provide a return to secured creditors. The only assets available to satisfy unsecured creditor claims are the

vehicles. The liquidation value above for the vehicles takes into consideration secured claims but not cost of sale if the vehicles were liquidated.

As to claims or potential claims against “Insiders,” (as such term is defined in 11 U.S.C. § 101(31)), the Debtor is assigning any rights to bring avoidance actions pursuant to 11 U.S.C. §§ 545 through 550 and state law based fraudulent conveyance actions to the Plan Administrator. As to claim or potential claims against non-insiders, the Debtor, through the Debtor’s President, Mr. Otterstein and its Chief Financial Officer, David Goold, is currently in the process of evaluating these claims to determine which, if any, such claims are viable. The Debtor paid its non-insider employees in the ordinary course during the 90 days prior to the Petition Date. Such transfers are therefore not avoidable pursuant to 11 U.S.C. § 547(c)(2). The total payments made to creditors within the 90 days prior to the Petition Date over the jurisdictional limit of \$5,850 were approximately \$3,212,539.

Given the number of transfers made during the 90 day avoidance period, the Debtor is carefully evaluating each potential avoidance claim. The Debtor does generally observe a number of these payments appear to have been made in the ordinary course of business and therefore are subject to defense pursuant to 11 U.S.C. § 547(c)(2). Specifically, the Debtor traditionally pays its trade debt in the ordinary course on regular payment intervals. In addition, some of the creditors provided new value after the transfers, making the claims subject to defense under 11 U.S.C. § 547(c)(4). Specifically, the Debtor’s Statement of Financial Affairs, as filed with the Court, and the Debtor’s Schedule F shows that a number of creditors who received payments during ninety days and one year periods prior to the Petition Date also hold claims against the estate, which may serve in whole or in part as a new value defense. The Debtor also notes that, given the Debtor is in the construction industry, a substantial number of the transfers would be defensible under the defense that the transferor did not receive more that it would have received if the case were a case under Chapter 7 because the transferor could have asserted a mechanics lien, which would have entitled the transferor rather than the Debtor the right to payment from the general contractor or project owner. Likewise, subcontractors and suppliers could argue that such transferors did not received property of PPI because the funds held by PPI were being held in trust for such transferors pursuant to C.R.S. § 38-22-127 (the Colorado Trust Fund Statute). A small amount of the transfers between the Debtor and

the creditors may be contemporaneous and therefore are subject to defense pursuant to 11 U.S.C. § 547(c)(1).

Payments of \$519,761 were made to insiders within the year preceding the Petition Date. Detail of the payments made, not inclusive of salary to Mr. Otterstein, is attached hereto as Exhibit A. The payments made to insiders are likely not avoidable. Payment of \$563 was made to Marcus Otterstein which is below the jurisdictional limit for commencing an avoidance action. Payment of \$250 was made to K&M Enterprises, which is below the jurisdictional limit for commencing an avoidance action. Payments of \$147,500 were made to TKO LLC, which were ordinary course rental payments for the real property for the asphalt plant, and therefore are subject to defense pursuant to 11 U.S.C. § 547(c)(2). TKO also provided continued use of the real property after the payments were made. Therefore the defense under 11 U.S.C. § 547(c)(4) is applicable. Further, it is arguable that TKO LLC is not an insider of the Debtor as TKO is owned by three individuals, one of which is Mr. Otterstein, the majority shareholder of the Debtor. There is no other common ownership. The balance of the payments on Exhibit A were made to Mr. Otterstein. The payments were payments for salary, rent for the Debtor's office location, expense reimbursement, and reimbursement for short term advances. Specifically, the payments on Exhibit A of \$327.88, \$891.97, and \$5,181.14 to Mr. Otterstein were expense reimbursements paid in accordance with PPI's expense reimbursement policies and procedures. Thus, these payments are defensible as ordinary course payments. The payment of \$28,691.65 was for: (a) building rent of \$14,500; (b) equipment rent reimbursement of \$1,000.00; and (c) interest on notes of \$13,191.65. The building rent and equipment rent reimbursement were ordinary course payments subject to defense under 11 U.S.C. § 547(c)(2). The payments to Mr. Otterstein of \$80,000.00, \$30,000.00, \$60,000.00 and \$61,038.34 were reimbursements of short term advances s had made to PPI. These short terms advances were typically paid back within three months. Mr. Otterstein providing short term advances was a relatively recent development of the Debtor, who began having a cash flow issues in late 2009. Mr. Otterstein began providing short term loans to PPI to cover pressing needs such a payroll until PPI had the funds to pay him back. PPI and Mr. Otterstein operated under this arrangement during this brief period of time, providing Mr. Otterstein with an ordinary course defense under 11 U.S.C. § 547(c)(2). The payment of \$101,500.00 was for seven months of office

building rent for the period April thru October, 2011. PPI failed to pay Mr. Otterstein rent for the period from November 11, 2011 through the Petition Date. Thus, Mr. Otterstein holds a new value defense under 11 U.S.C. § 547(c)(4) or not less than \$87,000 for unpaid rent and he holds a claim in this case in the amount of approximately \$300,000.

Further, if the actions were brought, the Debtor would incur costs and expenses in the form of legal fees. In addition, there is no way for the Debtor to determine the collectability of any awarded judgments. Also a number of the transferors are essential suppliers of the Debtor. Since, as explained herein, the recovery for unsecured creditors is maximized through the Plan, commencing avoidance actions against key trade vendors could result in such vendors refusing to do business with the Debtor, harming PPI's reorganization prospects.

DESCRIPTION OF LIABILITIES

A. Priority Claims

1. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a) of the Bankruptcy Code, excluding any Administrative Claim or Tax Claim.

2. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in §503(b) or §1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to §507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the businesses of the Debtor, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under 28 U.S.C. §1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under §503(b) of the Bankruptcy Code. The Administrative Claims, including the professional fees incurred during the case which remain unpaid, are as follows:

The Debtor retained Kutner Miller Brinen, P.C. ("KMB") as its bankruptcy counsel. The

Debtor provided KMB with a retainer in the amount of \$40,727 for post-petition services. KMB has not filed an interim fee application for payment of fees and reimbursement of costs. The Debtor estimates that the total legal fees and costs to KMB as of the estimated date on which the Plan will become effective, October 1, 2013, will be \$160,000. The legal fees could increase or decrease depending on the level of litigation over the Plan and creditor claims.

An Official Committee of Unsecured Creditors (the "Creditors Committee") was also appointed in this bankruptcy case. The Creditors Committee retained Onsager, Staelin & Guyerson, LLC ("OSG") as its counsel. OSG has not filed an interim fee application for payment of fees and reimbursement of costs. The Creditors Committee estimates that the total legal fees and costs to OSG as of the estimated date on which the Plan will become effective, October 1, 2013, will be \$110,000. The legal fees could increase or decrease depending on the level of litigation over the Plan.

The Committee retained OnPointe Financail Group LLC as its financial advisor ("OnPointe"). OnPoine has filed its First Interim Application for Allowance of Compensation requesting interim approval of \$12,500 for the period November 19, 2012, through February 28, 2013. The fee application was approved subject to a 25% hold back and the Debtor reserving all rights with respect to its objection to the fee application. The Creditors Committee estimates that the total fees and costs to OnPoine as of the estimated date on which the Plan will become effective, October 1, 2013, will be not less than \$20,000. OnPointe in its retention application agreed to cap its payments at \$15,000, which amount was increased to \$20,000. OnPoine received a retainer in the amount of \$2,500.

The Debtor has paid its other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe there will be any other material administrative claims asserted against the estate.

The Court set a bar date of June 18, 2012 for filing administrative expenses claims pursuant to 11 U.S.C. § 503(b)(9). Two creditors filed claims pursuant to Bankruptcy Code § 503(b)(9). Suncor Energy (U.S.A.) Inc. sought and obtained an administrative expense claim in the amount of \$45,679.56, which was not opposed by the Debtor. Kuchar Electric filed an application, which was opposed by the Debtor and denied by the Court.

Tax Claims

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. §507(a)(8). The Debtor scheduled the following Tax Claims:

<u>Taxing Authority</u>	<u>Basis for Claim</u>	<u>Claim Amount</u>
City of Westminster	Use Tax	\$84,094.31
Colorado Dept. of Revenue	Unemployment Tax	\$84,931.06
Colorado Dept. of Revenue	Withholding Tax	\$44,046.25
IRS	Withholding Tax	\$135,448.02
IRS	Unemployment Tax	\$2,898.57

The following taxing authority filed a Tax Claim in the bankruptcy case:

<u>Taxing Authority</u>	<u>Claim Amount</u>
IRS	\$137,071.50

The Colorado Department of Revenue, the City of Westminster and the City and County of Denver each filed Proofs of Claims asserting Secured Claims and the Claims are treated as such in the Plan.

B. Secured Claims**1. Ally Financial, 2007 Silverado (Last four of vin 3513)**

Ally Financial is the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2007 Chevy Silverado. PPI's books and records show the balance on the secured loan is approximately \$2,678.14. Ally Financial has filed a Proof of Claim in the amount of \$2,672.19, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$10,000.

2. Ally Financial, 2009 Avalanche

Ally Financial is the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2009 Chevy Avalanche. PPI's books and records show the balance on the secured loan is approximately \$17,957.21. Ally Financial has filed a Proof of Claim in the amount of \$17,954.21, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$27,000.

3. Ally Financial, 2007 Silverado (Last four of vin 3513)

Ally Financial is the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2007 Chevy Silverado. PPI's books and records show the balance on the secured loan is

approximately \$2,611.86. Ally Financial has filed a Proof of Claim in the amount of \$2,606.07, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$10,000.

4. Ally Financial, 2009 Silverado (Last four of vin 3436)

Ally Financial is the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2009 Chevy Silverado. PPI's books and records show the balance on the secured loan is approximately \$11,933.08. Ally Financial has filed a Proof of Claim in the amount of \$11,918.08, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$22,000.

5. Ally Financial, 2009 Silverado (Last four of vin 5106)

Ally Financial is the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2009 Chevy Silverado. PPI's books and records show the balance on the secured loan is approximately \$14,710.32. Ally Financial has filed a Proof of Claim in the amount of \$14,710.32, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$22,000.

6. JP Morgan Chase Bank NA

JP Morgan Chase Bank NA is the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2010 Chevy Silverado. PPI's books and records show the balance on the secured loan is approximately \$32,801.62. JP Morgan Chase Bank NA has filed a Proof of Claim in the amount of \$33,149.39, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$22,000.

7. MHC Financial Services, Inc.

MHC Financial Services, Inc. was the holder of an Allowed Secured Claim arising from a secured loan and lien on a 2008 KW/800. PPI paid the Claim of MHC Financial Services, Inc. in full in the ordinary course and pursuant to the loan terms during the bankruptcy case. MHC Financial Services, Inc. therefore no longer holds a Claim in the case. MHC Financial Services, Inc. filed a Proof of Claim in the amount of \$32,232.95. The Debtor asserts the claim of MHC Financial Services, Inc. has been satisfied.

8. Pueblo Bank and Trust Company

Pueblo Bank and Trust Company is the holder of an Allowed Secured Claim arising from a secured lien and lien on the Debtor's asphalt plant. PPI's books and records show the balance on the secured loan is approximately \$486,101.93. Pueblo Bank and Trust Company has filed a Proof of

Claim in the amount of \$473,691.64, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$3,000,000.

9. Volvo Financial Services

Volvo Financial Services is the holder of an Allowed Secured Claim arising from a secured loan and lien on a Blaw Knox Paver. PPI's books and records show the balance on the secured loan is approximately \$143,761.18. Volvo Financial Services has filed a Proof of Claim in the amount of \$134,200.96, which is not disputed by PPI. The collateral securing the loan has a value of approximately \$300,000.

10 Wells Fargo Bank, NA

On or around September 13, 2011 the Debtor entered into a Promissory Note, Commercial Security Agreement, and Business Loan Agreement with Wells Fargo Bank NA ("Wells Fargo") in the principal amount of \$5,000,000 with a maturity date of October 20, 2011 ("\$5,000,000 Loan"). In order to secure the \$5,000,000 Loan, Wells Fargo took a lien on substantially all of the Debtor's assets including accounts, general intangibles, instruments, rents, monies, payments, and products. The \$5,000,000 Loan constituted an extension of a line of credit that had been in place since 2005. Wells Fargo is perfected with respect to the \$5,000,000 Loan on account of a UCC-1 Financing Statement filed with the Colorado Secretary of State on December 6, 2005 and amended and continued pursuant to a UCC Financing Statement filed on August 19, 2010.

The Debtor is also obligated to Wells Fargo on account of a Promissory Note dated November 14, 2008 in the principal amount of \$1,000,000 ("\$1,000,000 Loan"). The \$1,000,000 Loan is allegedly secured by a security interest in substantially all of the Debtor's assets. To the extent a security interest has been granted, the lien would be perfected pursuant to the Financing Statement.

The Debtor is also obligated to Wells Fargo on account of a Promissory Note dated August 23, 2011 in the principal amount of \$809,369.65, which was an extension on a note that come due in or around October 2010 ("\$800,000 Loan"). The \$800,000 Loan is also allegedly secured by a security interest in substantially all of the Debtor's assets. To the extent a security interest has been granted, the lien would be perfected pursuant to the Financing Statement. The \$800,000 Loan is also subject to the Additional Collateral Documents.

The amount owing to Wells Fargo, pursuant to the Debtor's books and records, on account of the \$5,000,000 Loan as of the Petition Date is approximately \$5,019,366.67. The amount owing to Wells Fargo on account of the \$1,000,000 Loan as of the Petition Date is approximately \$544,684.37. The amount owing to Wells Fargo on account of the \$800,000 Loan as of the Petition Date is approximately \$812,501.02.

Wells Fargo has filed the following Proofs of Claims: (a) on account of the \$5,000,000 Loan in the amount of \$5,031,596.64; (b) on account of the \$1,000,000 Loan in the amount of approximately \$545,246.87; and (c) on account of the \$800,000 Loan in the amount of \$814,218.62.

11. Wells Fargo Equipment Finance

Wells Fargo Equipment Finance ("WFEF") was the holder of an Allowed Secured Claim arising from a secured loan and lien on four KE/T800s. PPI paid the Claim of Wells Fargo Equipment Finance in full in the ordinary course and pursuant to the loan terms during the bankruptcy case. Wells Fargo Equipment Finance therefore no longer holds a Claim in the case. WFEF filed a Proof of Claim in the amount of \$13,489. The Debtor asserts the claim of Wells Fargo Equipment Finance has been satisfied.

12. Colorado Department of Revenue

The Colorado Department of Revenue is the holder of an Allowed Secured Claim arising from a statutory lien for outstanding tax obligations. The Colorado Department of Revenue filed a Proof of Claim in the amount of \$46,779.25, which is not disputed by PPI. PPI's personal property serves as collateral for the tax obligation and has a value of approximately \$5,400,000.

13. City and County of Denver

The City and County of Denver is the holder of an Allowed Secured Claim arising from a statutory lien for outstanding tax obligations. The City and County of Denver filed a Proof of Claim in the amount of \$463,323.04, which is disputed by PPI. The Debtor's books and records show the City and County of Denver is owed approximately \$50,000 on account of its Allowed Secured Claim. The Proof of Claim of the City and County of Denver is broken into three parts. The first part of the Claims is \$55,167.34 personal property tax, which amount is approximately correct. The remaining amounts, \$406,799.06 use tax and \$1,356.64 occupational tax, are incorrect in their entirety. PPI's personal property serves as collateral for the tax obligation and has a value of

approximately \$5,400,000.

14. City of Westminster

The City of Westminster is the holder of an Allowed Secured Claim arising from a statutory lien for outstanding tax obligations. The City of Westminster filed a Proof of Claim in the amount of \$62,049.31, which is disputed by PPI. The Debtor's books and records show the City of Westminster is owed \$20,000 on account of its Allowed Secured Claim. PPI's personal property serves as collateral for the tax obligation and has a value of approximately \$5,400,000.

C. Non-Priority Unsecured Creditors

The Debtor has a number of unsecured pre-petition creditors. Unsecured creditors may have filed proofs of Claim as of the bar date set in this case for filing claims which was June 18, 2012. The Debtor has compiled a list of the Claims which it scheduled in the bankruptcy case and the Claims filed by creditors. To the extent that a creditor who was scheduled by the Debtor filed a Claim, the amount of the Claim as filed by the creditor is considered in the analysis. Unsecured Claims of less than or equal to \$1,000 in the total amount of \$36,760.18 have been asserted against the Debtor's estate, which amount is for all material purposes consistent with the Debtor's books and records, exclusive of interest. The Claims list containing all known Class 12(a) unsecured claims is attached to this Disclosure Statement as Exhibit B. Class 12(b) is comprised of Suncor Energy, who is estimated to hold a Claim in the amount of approximately \$1,429,929. Non-Insider Unsecured Claims of greater than \$1,000 other than the Suncor Energy unsecured non-priority Claim in the total amount of \$6,134,544.38 have been asserted against the Debtor's estate. The amount of debt that will likely be allowed as Class 12(c) non-Insider unsecured creditors based upon the Debtor's books and records, exclusive of interest, is approximately \$2,499,424.33. The Debtor asserts that a number of Claims filed by creditors are overstated. For example, Argonaut Insurance Company filed a Proof of Claim in the amount of \$3,577,991.27. The Debtor has no record of any amount being owed to Argonaut Insurance Company. Further, the Debtor's principal, Russ Otterstein, has personally paid over \$300,000 of unsecured non-insider creditor claims. The Claims list containing all known non-Insider Class 12(c) unsecured claims is attached to this Disclosure Statement as Exhibit C. The Claims list containing all known Insider Class 12(d) unsecured claims is attached to this Disclosure Statement as Exhibit D. The amount of debt that will likely be allowed as Class 12(d) Insider

unsecured creditors based upon the Debtor's books and records, exclusive of interest, is approximately \$4,311,599.80. The \$4,311,599.80 is primarily comprised of loans made by the Mr. Otterstein to PPI prior to the Petition Date and rent owed by PPI to Mr. Otterstein.

D. Leases and Executory Contracts
Contracts and Leases

The Debtor is party to a number of unexpired leases and executory contracts. The Debtor is party to two real estate leases, one for its office location and one for the real property for the asphalt plant. The Debtor is, under the terms of the Plan, assuming all executory contracts and unexpired leases previously assumed by the Debtor pursuant to Court Order or for which a motion to assume has been filed and is pending. The Debtor is also assuming those executory contracts and unexpired leases listed on Exhibit B to the Plan. The Debtor maintains the right to modify Exhibit B of the Plan through the fifteenth day prior to the hearing to consider confirmation of the Plan. Confirmation of the Plan shall constitute a determination that the payments to be made to creditors of assumed leases or executory contracts pursuant to the Plan satisfies all conditions precedent set forth in 11 U.S.C. § 365.

The Debtor is rejecting all executory contracts and unexpired leases: (a) previously rejected by Court Order, and (b) subject to a pending motion to reject. All proofs of Claim with respect to Claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Court within twenty (20) days after the earlier of (i) the date of the Court order approving the Debtors' rejection of such executory contract or unexpired lease or (ii) the Confirmation Date.

The Debtor maintains equipment leases with General Electric Capital Commercial ("GECC") and Trans Lease. The Debtor is assuming the Trans Lease lease. The Debtor asserts there is no cure under Code § 365 owing to Trans Lease. The Debtor is rejecting the GECC lease pursuant to the terms of the Settlement Agreement between the Debtor and GECC, which is subject to approval by the Bankruptcy Court. The Debtor is assuming all construction work related contracts.

DESCRIPTION OF THE PLAN

The Debtor filed its Amended Plan of Reorganization with the United States Bankruptcy

Court for the District of Colorado on June 7, 2013. The Plan provides for the reorganization of the Debtor. Funding of the Plan will be derived through Gross Revenue from ongoing operations of the Debtor and any sale proceeds received from the sale of the Debtor's asphalt plant, or the refinancing of the debt associated therewith.

The Plan provides for the specification and treatment of all creditors and Interest holders of the Debtor. The Plan identifies whether each Class is impaired or unimpaired. A Class is unimpaired only if the Plan leaves unaltered the legal, equitable or contractual obligations between the Debtor and the unimpaired claimants or interest holders. The following is a brief summary of the Plan. The actual text of the Plan should be reviewed for more specific detail. In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan govern.

As provided in § 1123(a)(1) of the Code, the Priority, Administrative and Tax Claims against the Debtor are designated as Class 1. The holders of such Allowed Claims are not entitled to vote on the Plan and such claims will be paid in full.

The Plan divides the creditors in each case into separate classes. The classes are set forth as follows:

Class 1 - All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

Class 2(a) through (e) – The Allowed Secured Claims of Ally Financial.

Class 3 – The Allowed Secured Claim of JP Morgan Chase Bank NA.

Class 4 – The Allowed Secured Claim MHC Financial Services, Inc.

Class 5 – The Allowed Secured Claim of Pueblo Bank and Trust Company.

Class 6 – The Allowed Secured Claim of Volvo Financial Services.

Class 7(a) through (c) – The Allowed Secured Claims of Wells Fargo Bank, NA.

Class 8 – The Allowed Secured Claim of Wells Fargo Equipment Finance.

Class 9 - The Allowed Secured Claim of the Colorado Department of Revenue.

Class 10 – The Allowed Secured Claim of the City and County of Denver.

Class 11 – The Allowed Secured Claim of the City of Westminster.

Class 12(a) -The Allowed Unsecured Claims of less than or equal to \$1,000.

Class 12(b) – The Allowed Unsecured Claim of Suncor Energy.

Class 12(c) - The Allowed Unsecured Claims other than Suncor Energy and greater than \$1,000.

Class 12(d)- The Insider Unsecured Claims of Russ Otterstein

Class 13 – The Interest of PPI.

A. CLAIMS

Unclassified Priority Claims

1. Administrative Claims

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the Allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan, or, if agreed to by the claim holder, in full from the Unsecured Creditor Account or treated as otherwise agreed to by the particular holders of such Claims. Section 507(a)(2) Administrative Claims that are Allowed by the Court after the Effective Date of the Plan shall be paid upon Allowance.

Each month for the seven year term of the Plan PPI will deposit into the Unsecured Creditor Account the Percentage Gross Revenue Payment. Every time three deposits have been made into the account, the balance of the account will be distributed to the holders of Allowed Administrative Claims on a Pro Rata basis until such time as all holders of Allowed Administrative Claims have been paid in full.

The Debtor expects that KMB, bankruptcy counsel for the Debtor, will hold an unpaid claim that constitutes a cost and expense of administration of the case for legal fees as of the Confirmation Date of the Plan estimated as October 1, 2013 in the amount of not less than \$85,000.

The Debtor expects that OSG, counsel for the Creditors Committee, will hold an unpaid claim that constitutes a cost and expense of administration of the case for fees and costs as of the Confirmation Date of the Plan estimated as October 1, 2013 in the amount of not less than \$60,000.

The Debtor expects that OnPointe, financial advisors for the Creditors Committee, will hold an unpaid claim that constitutes a cost and expense of administration of the case for fees and costs as of the Confirmation Date of the Plan estimated as October 1, 2013 in the amount of at least \$17,500.

Suncor Energy (U.S.A.) Inc. holds an administrative expense claim pursuant to Bankruptcy Code § 503(b)(9) in the amount of \$45,679.56.

The Debtor has paid all other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe that any other material administrative claims exist against the estate.

2. Tax Claims

The allowed Claims of a type specified in Section 507(a)(8) of the Code, Claims of unsecured governmental taxing authorities, shall be paid on the Effective Date or in monthly payments on an amortized basis over a period that does not exceed five years from the Petition Date with interest at the appropriate rate set by applicable statute. The following taxing authority has asserted a Tax Claim against the bankruptcy case:

<u>Taxing Authority</u>	<u>Claim Amount</u>
IRS	\$137,071.50

3. United States Trustee Fees

The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed.

Secured Claims

Classes 2(a) through (e), Ally Financial. The Classes 2(a) through (e) Allowed Secured Claims are impaired by the Plan. The Classes 2(a) through (e) Secured Claims will be Allowed in their full amount pursuant to the terms and conditions of the underlying loan documents which support, evidence, and underlie the Allowed Secured Claims. The liens held by the Classes 2(a) through (e) claimant, the interest rate under each loan document, and the monthly payment for each loan are unaltered by the Plan. To the extent there is default under any of the loans for failure to make any monthly payment prior to the Effective Date of the Plan (the “Default Amount”), the Default Amount shall be added to the end of the corresponding loan and each such

loan shall be extend by the number of months for each such missed payment.

Class 3, JP Morgan Chase Bank NA. The Class 3 Allowed Secured Claim is impaired by the Plan. The Class 3 Secured Claim will be Allowed in its full amount pursuant to the terms and conditions of the underlying loan documents which support, evidence, and underlie the Allowed Secured Claim. The lien held by the Class 3 claimant, the interest rate and the monthly payment under the loan document is unaltered by the Plan. To the extent there is default under the loan for failure to make any monthly payment prior to the Effective Date of the Plan (the “Default Amount”), the Default Amount shall be added to the end of the loan and the loan shall be extend by the number of months for each such missed payment.

Class 4, MHC Financial Services, Inc. The Class 4 Allowed Secured Claim is unimpaired by the Plan. The Class 4 Secured Claim will be Allowed in its full amount pursuant to the terms and conditions of the underlying loan documents which support, evidence, and underlie the Allowed Secured Claim. The legal, equitable and contractual rights to which the Class 4 claimant is entitled shall be unaltered by the Plan. Class 4 shall hold a Claim in the amount of \$0.00 unless the Court enters an Order directing otherwise, in which case the Claim shall be allowed in the amount determined by the Court.

Class 5, Pueblo Bank and Trust Company. The Class 5 Secured Claim is impaired by the Plan. The Class 5 Secured Claim will be treated and paid as follows:

- a. The Class 5 Claim shall be fixed in an amount equal to the amount outstanding on the underlying note as of the Effective Date of the Plan.
- b. The lien position held by the Class 5 claimant shall be unaltered by the Plan.
- c. The Class 5 Claim will bear interest at the rate of: (i) 6% per annum commencing on the Effective Date of the Plan; or (ii) if a timely objection is filed by the Class 5 claimant, such rate as determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class 5 claimant.

d. The payment of the Class 5 Claim shall be calculated based upon a seven (7) year amortization of the Claim and based upon nine equal monthly payments being made in each Plan year as the Class 5 claimant will receive no payments during the months of April, May and June.

e. If Net Plant Sale Proceeds are received, the Class 5 Claim shall be paid from available Net Plant Sale Proceeds in the order of its priority as to Allowed Secured Claims encumbering the Debtor's asphalt plant.

Class 6, Volvo Financial Services. The Class 6 Secured Claim is impaired by the Plan. The Class 6 Secured Claim will be treated and paid as follows:

a. The Class 6 Claim shall be fixed in an amount equal to the amount outstanding on the underlying note as of the Effective Date of the Plan.

b. The lien position held by the Class 6 claimant shall be unaltered by the Plan.

c. The Class 6 Claim will bear interest at the rate of: (i) 6% per annum commencing on the Effective Date of the Plan; or (ii) if a timely objection is filed by the Class 6 claimant, such rate as determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class 5 claimant.

d. The payment of the Class 6 Claim shall be calculated based upon a seven (7) year amortization of the Claim and based upon nine equal monthly payments being made in each Plan year as the Class 6 claimant will receive no payments during the months of April, May and June.

Classes 7(a) through (c), Wells Fargo Bank, NA. The Classes 7(a) through (c) Secured Claims are impaired by the Plan. The Classes 7(a) through (c) Secured Claims will be treated and paid as follows:

a. The Classes 7(a) through (c) Claims shall be fixed in an amount equal to

the amount outstanding on the underlying note as of the Effective Date of the Plan.

b. The lien position held by the Classes 7(a) through (c) claimant shall be unaltered by the Plan.

c. The Classes 7(a) through (c) Claims will bear interest at the rate of: (i) 6% per annum on the Effective Date of the Plan; or (ii) such rate as determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Classes 7(a) through (c) claimant.

d. Unless and until Net Plant Sale Proceeds are received, the Classes 7(a) through (c) claimant shall be paid during the seven year term of the Plan, commencing on the first full month after the Effective Date of the Plan:

(i) during the months of April May and June of the seven year term of the Plan there will be no payment made to the Classes 7(a) through (c) claimant,

(ii) with respect to the months of January through March and July through December of the seven year term of the Plan the Classes 7(a) through (c) claimant shall be paid: (x) \$55,555.55 per month for the first year of the Plan; (y) \$88,888.88 per month for the second year of the Plan; and (z) \$111,111.11 per month for Plan years three through seven.

(iii) the remaining balance of the loans coming due in full on the 85th month after the Effective Date of the Plan.

e. If Net Plant Sale Proceeds are received, the Classes 7(a) through (c) Claim shall be paid from available Net Plant Sale Proceeds in the order of its priority as to Allowed Secured Claims encumbering the Debtor's asphalt plant. The Classes 7(a) through (c) claimant shall apply the Net Plant Sale Proceeds to its loans in the following order:

- i. Wells Fargo/TKO loan# 34;
- ii. Wells Fargo/PPI loan# 83;
- iii. Wells Fargo/PPI loan# 125; and
- iv. Wells Fargo/PPI loan# 67.

f. After application of the Net Plant Sale Proceeds, the remaining balance of the Classes 7(a) through (c) Claims shall be satisfied by PPI making the following monthly payments: : (i) during the months of April May and June there will be no payment made to the Classes 7(a) through (c) claimant; (ii) during the months of January through March and July through December \$66,666.66 per month until the Claims of Classes 7(a) through (c) are satisfied in full.

Class 8, Wells Fargo Equipment Finance. The Class 8 Allowed Secured Claim is unimpaired by the Plan. The Class 8 Secured Claim will be Allowed in its full amount pursuant to the terms and conditions of the underlying loan documents which support, evidence, and underlie the Allowed Secured Claim. The legal, equitable and contractual rights to which the Class 8 claimant is entitled shall be unaltered by the Plan. Class 8 shall hold a Claim in the amount of \$0.00 unless the Court enters an Order directing otherwise, in which case the Claim shall be allowed in the amount determined by the Court.

Class 9, Colorado Department of Revenue. The Class 9 Allowed Secured Claim is impaired by the Plan. The Class 9 Secured Claim will be Allowed in its full amount pursuant to applicable statute. The Class 9 Allowed Secured Claim will be amortized over five (5) years, accruing at the statutory interest rate and paid in equal monthly installments over the five (5) year period. The liens granted pursuant to applicable statute are not being modified.

Class 10, City and County of Denver. The Class 10 Allowed Secured Claim is impaired by the Plan. The Class 10 Secured Claim will be Allowed in its full amount pursuant to applicable statute. The Class 10 Allowed Secured Claim will be amortized over five (5) years, accruing at the statutory interest rate and paid in equal monthly installments over the five (5) year period. The liens granted pursuant to applicable statute are not being modified.

Class 11, City of Westminster. The Class 11 Allowed Secured Claim is impaired by the Plan. The Class 11 Secured Claim will be Allowed in its full amount pursuant to applicable statute. The Class 11 Allowed Secured Claim will be amortized over five (5) years, accruing at the statutory interest rate and paid in equal monthly installments over the five (5) year period. The liens granted pursuant to applicable statute are not being modified.

General Unsecured Creditors

Class 12(a), General Unsecured Creditors Holding Allowed Claims Equal to or Less than \$1,000

Class 12(a) consists of those unsecured creditors of PPI who hold allowed claims in an amount less than or equal to \$1,000. Any Class 12(b) claimant holding a claim greater than \$1,000 may elect to reduce its total claim to \$1,000 and join Class 12(a). The Class 12(a) claimants will be paid fifty (50%) of the amount of their Allowed Claims in total satisfaction of their Claims within one-hundred sixty (160) days after the Effective Date of the Plan. Class 12(b) claimants, those unsecured creditors with Claims greater than \$1,000, may elect to reduce their Claims to \$1,000 and join Class 12(a) by making proper election on the ballot used for voting on the Plan.

Class 12(b), General Unsecured Claim of Suncor Energy

Class 12(b) consists of the Allowed unsecured Claim of Suncor Energy which shall be paid as follows: Upon satisfaction of the obligations to Administrative Claimants under the Plan, Class 12(b) shall receive 80% of the distribution from the Unsecured Creditor Account as set forth in Paragraph 7.3 of the Plan, which is described below, until its Claim is paid in full.

Class 12(c), General Unsecured Creditors Holding Allowed Claims Greater than \$1,000 Other Than Suncor Energy

Holders of Class 12(c) Allowed Claims shall share on a Pro Rata basis monies deposited into the Unsecured Creditor Account as set forth in the Plan and described below. As set forth in Article IV, paragraph 4.2 of the Plan, PPI will deposit into the Unsecured Creditor Account during the seven year term of the Plan the Percentage Gross Revenue Payment.¹ Every time three deposits

¹ "Percentage Gross Revenue Payment" is defined in the Plan to mean the amount PPI shall pay into the Unsecured Creditor Account during the seven year term of the Plan. The Percentage Gross Revenue Payment shall be calculated by multiplying 2.5% Gross Revenue. PPI shall deposit the Percentage Gross Revenue Payment into the Unsecured Creditor Account no later than the 20th day of the month following the month for which the calculation was made. The obligation shall commence the first full month following the Effective Date of the Plan, and the first Percentage Gross Revenue Payment shall be calculated no later than the 20th day of the following month.

have been made into the account, the balance of the account will be distributed to holders of Allowed Administrative Claims who have agreed to accept payment under Article IV, paragraph 4.1 of the Plan. Once the holders of Allowed Administrative Claims have been paid in full, for the balance of the seven year term of the Plan, every time thereafter three deposits have been made into the Unsecured Creditor Account, the balance of the account will be distributed to Class 12(c) claimants holding Allowed Claims on a Pro Rata basis.

All funds recovered by the Debtor or creditors on account of Avoidance Actions shall be distributed to Class 12(c) on a pro-rata basis, net of attorneys fees and costs. With the exception of Insider Avoidance Actions, whether or not the Debtor pursues any Avoidance Actions shall be up to the Debtor and the decision to pursue such claims shall be discretionary with the Debtor. Insider Avoidance Actions shall be assigned by Debtor to the Plan Administrator with the understanding and agreement that the Plan Administrator shall not pursue the Insider Avoidance Actions unless and until there is a uncured Event of Default under the Plan by Debtor. All statutes of limitation shall be tolled. In the Event of Default and in the event that Debtor fails to cure such Event of Default, the Plan Administrator may pursue such claims.

Insider, Russell Otterstein and K&M Enterprises, Inc. on account of their Class 12(d) Allowed Claims shall receive no payments until all Class 12(a), Class 12(b) Class 12(c) and Class 7(a) through (c) claimants holding Allowed Claims have been paid as provided under the Plan. Following such time the Debtor may enter into new payment arrangements with the Insiders to retire the balance of the claim. The Debtor shall assign all rights to object to the Class 12(d) Claims to the Plan Administrator. The Plan Administrator shall refrain from filing an objection to the Class 12(d) Claims provided that Debtor complies with the terms of the Plan and no uncured Event of Default occurs during the seven year Plan term. In the event of an uncured Event of Default, the Plan Administrator may object to Class 12(d) Claims. In the event that paragraph 9.12 becomes effective under the Plan, Classes 12(b), (c) and (d), shall be treated and satisfied as set forth in paragraph 9.12 of the Plan. The Class 12(d) Claim shall not be subordinated and shall be treated as a Class 12(c) Claim if the case is converted to a Chapter other than Chapter 11 of the Bankruptcy Code, if a trustee under any Chapter of the Bankruptcy Code is appointed, an objection is filed to the Class 12(d) Claim(s) or an Insider Avoidance

Action is commenced.

Interest

Class 13, Interests in PPI

Class 13 includes the interests in the Debtor held by the pre-confirmation interest holders. Class 13 is unimpaired by this Plan provided the unsecured creditor Classes 12(a) and 12(b) vote to accept the Plan. In the event that either unsecured creditor class rejects the Plan, the Class 13 interests shall be cancelled on the Effective Date of the Plan and Class 13 shall neither receive nor retain any property on account of its prior interest in the Debtor.

MEANS FOR EXECUTION OF PLAN

Plan Administrator

On the Effective Date of the Plan, TWS Financial shall be appointed as Plan Administrator. The Curriculum Vitae for the principal of TWS Financial, Ted Snailim, Jr., is attached hereto as Exhibit E. The Plan Administrator shall review PPI's financial performance based upon the documents required to be provided by PPI until the obligations to Class 12(c) are satisfied in accordance with the terms of this Plan.

While the Plan Administrator is in place, the Plan Administrator shall also maintain the Unsecured Creditor Account and the Plan Administrator shall make all quarterly distributions from the Unsecured Creditor Account as called for under this Plan.

While the Plan Administrator is in place, the Plan Administrator shall have the sole discretion to determine whether to pursue any Insider Avoidance Action. The Plan Administrator shall not pursue the Insider Avoidance Actions unless and until there is an uncured Event of Default under the Plan by PPI. In the Event of Default and in the event that Debtor fails to cure such Event of Default, the Plan Administrator may pursue the Insider Avoidance Action or the claim objection to Class 12(d). Upon termination of the Plan Administrator, the right to commence an Insider Avoidance Action or to object to the Class 12(d) Claim shall terminate and shall be forever waived.

The Plan Administrator shall be paid by Debtor on a quarterly basis. The Plan Administrator shall charge an hourly fee of no more than \$300 and the total quarterly fee for any given Plan quarter

shall not exceed \$2,700 and shall submit monthly invoices to Debtor.

Monthly Reporting to Plan Administrator and Audited Financials

PPI shall provide the Plan Administrator with copies of the following documents no later than the 20th day of each month commencing on the 20th day of the second full month following the Effective Date of the Plan continuing until the Plan Administrative is terminated pursuant to the terms of the Plan: balance sheet, income statement, statement of cash flow, cash receipts information and PPI's calculation of Percentage Gross Revenue Payment.

PPI shall obtain audited financial on an annual basis and provide copies of such audited financial to the Plan Administrator.

Unsecured Creditor Account

A separate interest bearing deposit account at a federally insured commercial bank shall be opened by the Plan Administrator within fifteen days of the Effective Date and funded by Debtor in the amount of \$50; which account shall be maintained as the Unsecured Creditor Account into which all payments made by PPI for the benefit of the Administrative Claimants and Class 12(b and c) creditors will be made until the term of the Plan is completed. The Unsecured Creditor Account shall be held and maintained by the Plan Administrator continuing until the obligations under the Plan to Class (c) are satisfied, at which time the Unsecured Creditor Account shall be closed and any money therein shall be transferred to PPI.

Event of Default.

The following events shall each be considered and event of default:

1. Failure of PPI to timely deposit the proper amount of the Percentage Gross Revenue Payment.
2. Failure of PPI to provide the Monthly Reporting Documents to the Plan Administrator.

Upon an event of default, the Plan Administrator shall notify PPI in writing of such default and PPI shall have five (5) business days (the "Cure Deadline") to cure the default. In the event that PPI fails to cure by the Cure Deadline, the Plan Administrator may proceed as follows:

1. Plan Administrator may notify vial U.S. Mail at the address provided the following four creditors of the default: (i) Suncor Energy, 717 17th Street, Suite 2900, Denver CO 80202 (ii) Power Motive Corp, 5000 Vasquez Blvd., Denver, CO 80216; (iii) Tri-State Oil Reclaimers, 1770 Otto Road, Cheyenne, WY 82007; and (iv) McCarthy Trucking, 16480 Cavanaugh Mile Road, Keensburge, CO 80643 (collectively, the “Creditor Group”);

2. Upon the majority vote of the Creditor Group in favor, the Plan Administrator may:
- a. proceed to hire counsel and commence a lawsuit on the Insider Avoidance Actions; and
 - b. proceed to hire counsel and file a motion to re-open Debtor’s bankruptcy case and file the objection to the Class 12(d) Claims.

Any secured creditor claiming a breach of the Plan by the Debtor will be able to enforce all of its rights and remedies under their security documents, including foreclosure of its deed of trust, security agreement, lien, or mortgage pursuant to the terms of such document.

PLAN FEASIBILITY

The Debtor believes that the Plan, as proposed, is feasible. The overall feasibility of the Plan is premised upon the restructuring of PPI’s obligations to creditors. The Debtor, though the Chapter 11 process, has restructured its business operations in order to be in a position to operate profitably. The Debtor has during the bankruptcy case satisfied in full the secured claims of MHC Financial Services, Inc., Wells Fargo Equipment Finance, and certain Claims of GE Capital. The satisfaction of these claims improves the Debtor’s cash flow by eliminating the monthly payment obligation. The Debtor has cut costs by canceling medical insurance coverage for employees, switching the asphalt plant and office fuel source to natural gas which reduces energy costs, and has reduced the number of vehicles in service eliminating fuel, insurance and licensing costs. The Debtor has also eliminate the following employment positions: 14 management positions, 4 office and accounting staff positions, 6 project management positions, and 6 shop positions. The Debtor has experienced a resurgence in private paving work, primarily for new construction developments. The Debtor has also developed a business model that has allowed it to experience increased revenues as a subcontractor. Further, upon exiting bankruptcy, the Debtor has been informed by bonding companies it will be eligible to obtain new construction bonds, which will increase both the size and

number of new construction contracts available to the Debtor. Bonding will also allow PPI to serve as a general contractor, increasing job opportunities. The Debtor is also restructuring its secured debt with Wells Fargo and Pueblo Bank and Trust, which will allow the Debtor to cash flow.

The Debtor also notes that it is currently without bonding and a line of credit. The Debtor believes that bonding will allow the Debtor to increase revenues by obtaining larger jobs and serving as a general contractor. The Debtor has spoken with bonding companies, who have stated there would be interest in bonding PPI once a Plan is confirmed and PPI exits bankruptcy. A line a credit is customary in business operations and the Debtor believes a line of credit will allow the Debtor to better handle the seasonality of its business. The Debtor has spoken with two banks, both who have expressed interest in providing PPI with a line of credit once a Plan is confirmed and PPI exits bankruptcy.

The Debtor attaches hereto as Exhibit F seven year projections to this Disclosure Statement (the "Projections"). The Projections assume the Debtor maintains the asphalt plant as opposed to a sale, as projections considering a sale would be beyond reasonable speculation as it is impossible to determine when sale would occur, the purchase price and therefore the payoff to secured creditors. With respect to Gross Revenue, in the first two Plan years, the Projections, more closely track the Debtor's income and growth during the two years prior to the bankruptcy and during the bankruptcy case. The two years prior to the bankruptcy filing were the Debtor's worst performing years in its history and do not accurately reflect the Debtor's performance over the numerous years the Debtor has been in business. Thereafter, the Projection assume the economy will continue its recovery during the next five Plan years, allowing PPI to experience revenues closer to how PPI had typically performed prior to the downturn in the economy.

As set forth on the Projections, PPI's Gross Revenue for the first year of the Plan will be \$15,550,000. PPI's cost of goods sold for the first year of the Plan is projected to be \$10,231,135. PPI's operating expenses for the first year of the Plan is projected to be \$4,603,565. Total cash flow for the first year of the Plan is projected to be \$1,505,300. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$264,970. From Gross Revenues for year one it is projected \$338,700 will be paid to Classes 12(b) and (c) unsecured creditors holding Allowed Claims.

The Projections for the first year of the Plan assume the Debtor will have Gross Revenue of not less than \$15,550,000. Attached hereto as Exhibit G is a list of work under contract with PPI for 2013 as of January 31, 2013, which shows PPI will generate revenues of \$11,054,367. Additional sources of revenue will be realized by the Debtor as the year progresses. Thus, the Debtor's projections for the first year of the Plan are realistic and attainable.

The Projections further assume PPI's Gross Revenue for the second year of the Plan will be \$19,900,000. PPI's cost of goods sold for the second year of the Plan is projected to be \$13,054,430. PPI's operating expenses for the second year of the Plan is projected to be \$4,993,737. Total cash flow for the second year of the Plan is projected to be \$2,401,835. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$411,796. From Gross Revenues for year two it is projected \$497,500 will be paid to Classes 12(b) and (c) unsecured creditors holding Allowed Claims.

The Projections further assume PPI's Gross Revenue for the third year of the Plan will be \$22,500,000. PPI's cost of goods sold for the third year of the Plan is projected to be \$14,759,750. PPI's operating expenses for the third year of the Plan is projected to be \$5,166,809. It is projected PPI will have net income for this period of \$3,003,422. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$531,920. From Gross Revenues for year three it is projected \$562,500 will be paid to Classes 12(b) and (c) unsecured creditors holding Allowed Claims.

The Projections further assume PPI's Gross Revenue for the fourth year of the Plan will be \$24,600,000. PPI's cost of goods sold for the fourth year of the Plan is projected to be \$ 16,137,220. PPI's operating expenses for the fourth year of the Plan is projected to be \$5,428,731. Total cash flow for the fourth year of the Plan is projected to be \$3,464,050. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$811,466. From Gross Revenues for year four it is projected \$615,000 will be paid to Classes 12(b) and (c) unsecured creditors holding Allowed Claims. It is further projected that all claims of Suncor will be satisfied in approximately the six month of Plan year three. Thus, Class 12(b), Suncor will receive \$270,929 of the payment to unsecured creditors and Class 12(c) will receive \$344,071.

The Projections further assume PPI's Gross Revenue for the fifth year of the Plan will be \$126,700,000. PPI's cost of goods sold for the fifth year of the Plan is projected to be \$17,514,690. PPI's operating expenses for the fifth year of the Plan is projected to be \$5,692,870. Total cash flow for the fifth year of the Plan is projected to be \$3,922,442. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$1,088,420. From Gross Revenues for year five it is projected \$677,500 will be paid to Class 12(c) unsecured creditors holding Allowed Claims.

The Projections further assume PPI's Gross Revenue for the sixth year of the Plan will be \$28,800,000. PPI's cost of goods sold for the sixth year of the Plan is projected to be \$18,891,660. PPI's operating expenses for the sixth year of the Plan is projected to be \$5,909,295. Total cash flow for the sixth year of the Plan is projected to be \$4,429,047. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$1,390,543. From Gross Revenues for year six it is projected \$720,000 will be paid to Class 12 (c) unsecured creditors holding Allowed Claims.

The Projections further assume PPI's Gross Revenue for the seventh year of the Plan will be \$30,900,000. PPI's cost of goods sold for the seventh year of the Plan is projected to be \$20,268,630. PPI's operating expenses for the seventh year of the Plan is projected to be \$6,128,077. Total cash flow for the seventh year of the Plan is projected to be \$4,933,294. After payments to creditors under the Plan, it is projected PPI will have net income for this period of \$1,691,016. From Gross Revenues for year seven it is projected \$772,500 will be paid to Class 12 (c) unsecured creditors holding Allowed Claims.

PERFORMANCE HISTORY

Attached hereto as Exhibit H is the Debtor performance history from 2003 through January 30, 2013.

TAX CONSEQUENCE

The Debtor is not providing tax advice to creditors or interest holders. Each party affected by

the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax impact as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

EVENTS DURING THE CHAPTER 11 CASE

Cash Collateral

On the Petition Date, the Debtor filed its Motion to Use Collateral, seeking authority to use cash collateral on an interim basis and requesting a final hearing. On April 9, 2012, the Court conducted a hearing to, among other things, consider interim approval of the Cash Collateral Motion.

At the hearing an agreed to Interim Order was presented to the Court (the "Interim Order"). The Interim Order, as approved by the Court, among other things: (1) authorized the use of cash collateral in accordance with the budget attached to the Cash Collateral Motion through the date of a final hearing; (2) set a final hearing (the "Final Hearing"); and (3) provided Wells Fargo with the right to conduct an audit of the Debtor. The Debtor and Wells Fargo entered into a Second Interim Cash Collateral Agreement, which was approved by the Court on May 29, 2012. The Second Interim Cash Collateral Agreement reset the Final Hearing. The only parties to object to the Cash Collateral Motion were Wells Fargo Bank, NA ("Wells") and the Creditors Committee. The Debtor and Wells entered into a Stipulation for the Use of Cash Collateral on a final basis through September 30, 2012, which agreement was consented to by the Committee which agreement was approved by the Court. The Debtor and Wells Fargo have consented to the continued use of cash collateral through July 1, 2013 pursuant to the nearly identical terms and budget of the Stipulation of Use of Cash Collateral.

Motion to Determine Adequate Assurance of Payment for Future Utility Services and Restraining Utilities from Discontinuing, Altering, or Refusing Service

On the Petition Date the Debtor filed its Motion to Determine Adequate Assurance of Payment for Future Utility Services and Restraining Utilities from Discontinuing, Altering, or Refusing Service. The Motion sought to establish the adequate assurance under Bankruptcy Code § 366(c)(2). The Motion asserted that a one month deposit equal to estimated post-petition utility

usage and timely ongoing payment on a monthly basis is adequate for each of the utilities at issue. No objections were lodged and the Motion was approved by the Bankruptcy Court. Deposits were paid as requested and required.

Motion to Enter into Performance Bonds and Payment Bonds

During the course of the bankruptcy case, the Debtor filed a Motion to Enter into Performance Bonds and Payment Bonds. The Motion was filed out of an abundance of caution. The Debtor, in its ordinary course of business, enters into performance bonds and payment bonds (the “Bonds”). The Debtor therefore asserted that it could, during the bankruptcy case, enter into such Bonds. The Debtor out of an abundance of caution sought relief from the Court to enter into the Bonds in its ordinary course of business without further order of the Court. No objections were lodged and the Motion was approved by the Court.

Motion to Execute Lien Releases and Waivers

During the course of the bankruptcy case, the Debtor filed a Motion to Execute Lien Releases and Waivers. The Debtor, in its ordinary course of business, executes liens releases and waivers upon completion of work and payment of subcontractors and suppliers (the “Releases”). During the bankruptcy case, a customer of the Debtor refused to pay the Debtor without an Order of the Court authorizing the Debtor to execute the Releases. The Debtor out of an abundance of caution sought relief from the Court to execute the Releases in its ordinary course of business without further order of the Court. An inability to do so would have barred the Debtor from being paid for jobs it completes. No objections were lodged and the Motion was approved by the Court.

Settlements in the Bankruptcy Case

The Debtor filed a Motion Pursuant to Bankruptcy Rule 9019 to Approve Settlement Agreement Between Debtor, Common Area Maintenance Services (“CAM”) and Interstate Highway Construction, Inc. (“Interstate”). Prior to the Petition Date, the Debtor performed paving services at Denver International Airport (“DIA”). The Debtor utilized CAM to provide services at the construction site. Interstate was the general contractor on the construction job. Prior to the bankruptcy filing, CAM initiated litigation against the Debtor and Interstate alleging it had not been

paid in full for work it performed in conjunction with the DIA job. CAM asserted it was owed \$16,404. The parties entered into a Settlement Agreement the pertinent terms which provided (a) Interstate will pay CAM \$13,804.50 in the form of a joint check made payable to CAM and the Debtor, which check shall be endorsed by the Debtor making it payable to CAM; (b) the state court action shall be dismissed and CAM shall not hold a claim in the bankruptcy case. No objections were lodged and the Motion was approved by the Court. The parties have performed under the Agreement.

The Debtor filed a Motion to approve a Stipulation between the Debtor and the County of Jefferson, Colorado (“County”) to allow the Debtor to honor its pre-petition agreement with the County. The Debtor performed construction work for the County pursuant to its pre-petition Construction Contract with the County. Pursuant to a warranty provision in the contract, the Debtor was required to correct any defects in its work that occurred within one year of November 7, 2011. No objections were lodged and the Motion was approved by the Court.

The Debtor entered into adequate protection agreements with JP Morgan Chase, Volvo Financial Services, and TransLease providing for adequate protection payments for the continued use of equipments subject to liens or lease agreements of JP Morgan Chase, Volvo Financial Services, and TransLease. No objections were lodged and the Motion was approved by the Court.

The Debtor and Suncor entered into an Agreement to treat Suncor Energy (U.S.A.) Inc. as a critical and for the Debtor to make payments of \$7,000 a month on account of Suncor’s pre-Petition Date Claim in exchange for Suncor agreeing to continue to sell materials to the Debtor. The Agreement also called for a waiver by the Debtor of all potential avoidance actions against Suncor Energy (U.S.A.) Inc. A joint motion for the approval of the Agreement was filed by the parties and approved by the Court.

Sale of Plant

Prior to the Petition Date, PPI began marketing the Plan to industry insiders in an effort to sell the asphalt plant, and the land owned by TKO where the plant is located. The sale efforts were designed to provide a pay-down on the Wells Fargo debt. PPI focused on a sale that provided a lease-back component or a supply agreement, which would enable PPI to continue operating. PPI, pre-Petition Date, received an offer for approximately \$5,000,000, which offer

was terminated because Wells Fargo would not agree to partial release of its collateral for a partial payment of its obligation.

During the bankruptcy case, PPI continued to market the property, secured a letter of intent, but never secured an offer. Therefore, on October 23, 2012, the Debtor filed an Application, which application was approved by the Court, to Approve Exclusive Right to Sell Listing Contract and Employ Broker. The Broker marketed the plant, contacting approximately 5,000 entities that could have an interest in purchasing the plant. The broker received approximately 100 inquiries. Approximately 20 potential buyers signed confidentiality agreements. One potential buyer submitted an offer of \$3,800,000 for the asphalt plant and the real property owned by TKO, LLC (the "Offer"). Approximately \$2,000,000 of the Offer is attributed to the value of the plant based upon comparables for sale of land in the area, which place the value of the land at approximately \$1,800,000. The Debtor counter-offered and has not yet received a response.

Zurich Insurance

The Debtor utilizes Zurich American Insurance Company and its affiliates (collectively, "Zurich") for a variety of its insurance needs, including for general liability, automobile liability, and workers compensation. Debtor and Zurich may in the future enter into additional policies. The Debtor is required to maintain certain insurance policies, including the policies with Zurich, in connection with the operation of its business. Zurich has conditioned its agreement to continue to provide insurance to Debtor on the Debtor's agreement to, and the Bankruptcy Court's entry of, the Amended and Restated Stipulation and Agreed Order Assuming Insurance Program with Zurich American Insurance Company (the "Zurich Stipulation"). The Zurich Stipulation call for: (a) the Debtor to assume pursuant to 11 U.S.C. § 365 all insurance policies and agreements with Zurich, (b) pay any cure obligation associated therewith, which amount is yet to be determined; (c) all obligations under the insurance program shall be treated as an administrative expense claim under § 503; and (d) various other forms of adequate assurance. A Motion to approve the Zurich Stipulation was filed, on notice to creditors, with the notice period still running, at the time of the filing of this Disclosure Statement.

LIQUIDATION ANALYSIS UNDER CHAPTER 7

The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtor's assets by a Trustee who is appointed by the United States Trustee's office. In a Chapter 7 case, the Chapter 7 Trustee would take over control of the assets. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities.

As discussed below, assets are worth less and there are additional expenses associated with a Chapter 7 that may decrease or eliminate any return to creditors. Under a Chapter 7 liquidation, in addition to any broker employed by the Chapter 7 trustee to liquidate the Debtor's assets, a trustee would take a percentage of the Debtor's liquidated assets as contemplated by Code Section 326.

Attached hereto as Exhibit I is the Debtor's liquidation analysis (the "Liquidation Analysis").

The total asset value in a Chapter 7 liquidation is estimated to be \$1,191,991 calculated as follows. Cash is determined by the amount on the April 2013 Monthly Operating Report, which cash balance was \$97,705.84. As set forth on the Liquidation Analysis, the secured claims with liens on the Debtor's cash exceed the value of the cash. Accounts Receivable is determined by the amount on the April 2013 Monthly Operating Report, which was reported at \$2,102,422. Of this amount, an estimated \$1,500,000 is on account of work fully completed by the Debtor and would remain collectable in the Chapter 7. Of this amount, 5% is considered uncollectable due to warranty claims the Debtor could not honor. Thus \$1,425,000 is deemed collectable in a Chapter 7. The remaining portion of the accounts receivable is considered uncollectable for the reasons discussed above in the "Description of Asset" section of this Disclosure Statement. Further, the secured claims exceed the value of the accounts receivable. Furniture, fixtures and equipment is valued at \$2,025,000 based upon the Offer, as described above in the "Events During the Chapter 11 Case," "Sale of Plant" section of this Disclosure Statement, which puts the value of the asphalt plant at \$2,000,000. The remaining \$25,000 is for other furniture, fixtures and equipment, such as computers, tables, chairs, file cabinets and the like. Inventory has a value on the April 2013 Monthly Operating Report of \$1,094,529. The value of the inventory was derived from what it cost the Debtor to purchase the inventory. Value from the inventory comes from the Debtor remaining in business and utilizing the

inventory. By contrast, the inventory has little value in the secondary market as used goods. Accordingly, a 35% discount is taken for the sale of the inventory on the secondary market, providing a liquidation value of \$712,094. The secured Claims encumbering the above detailed assets exceed the value of the inventory.

To further explain why the above assets have no value for unsecured creditors, even assuming there is no reduction taken on any of the assets, including a taking into consideration the uncollectability of accounts receivable and a resale discount on inventory, which is not realistic, the value of these assets total \$5,319,657. Secured claims total \$6,508,399. Thus, even in the best circumstances these assets have no value for unsecured creditors. Taking into consideration the assets values with the proposed reductions, these assets have a value of \$4,259,149. There would be a cost of liquidating these assets, which would further reduce the asset values by a projected 15%. Therefore, there is no value in the above assets for unsecured creditors.

Vehicles have an appraised value of \$1,500,000. Secured claims of \$83,099 exist against the vehicles. Assuming a liquidation value of 15%, the cost to liquidate the vehicles would be \$225,000. Thus, the vehicles provide the only means for a recovery for unsecured creditors. The value available for distribution is estimated to be \$1,191,991.

Code Section 326 defines the limitations of compensation of the Chapter 7 Trustee. Assuming an estate of \$1,191,991 after cost of liquidation, the Chapter 7 trustee compensation would be approximately \$59,010. The Liquidation Analysis also assumes there will be \$75,000 in professional fees and the administration of the Chapter 7 estate. This would include fees for an accountant and an attorney. The Chapter 7 estate would also have to pay taxes estimated to be 10% of the asset value, or \$119,199. Following the payment of the Chapter 7 cost and expenses of administration, the Chapter 7 Trustee would pay the Chapter 11 costs and expenses of administration, and then other priority claims existing in the Chapter 11 bankruptcy. Administrative and priority claims in the Chapter 11 case are expected to total not less than \$200,000. This would include fees of professionals for services performed during the Chapter 11 case. In addition, there were certain settlement agreements in the Chapter 11, which if approved by the Bankruptcy Court, and honored, have payment obligations which constitute Chapter 11 administrative expense claims.

Based upon the proceeding the amount available for distribution to Classes 12(a), (b) and (c) creditors would be \$651,711.

In a Chapter 7, the distribution to creditors to Classes 12(a), (b) and (c) creditors would be further diminished because all unsecured creditor claims will be treated equally and share in any distribution in a Chapter 7 proceeding, including Insider Claims. Further, since Wells Fargo's secured Claims would not be satisfied in full, it would hold an unsecured Claim in the amount of approximately \$400,000, further diluting the return to unsecured creditors. Accordingly, in a Chapter 7 general unsecured Claims totaling \$9,285,725, based upon the Debtor's books and records, would share on a Pro Rata basis in proceeds available for distribution, which is projected to total \$651,711. Accordingly, in a Chapter 7 liquidation it is projected Classes 12(a), (b) and (c) creditors would receive a distribution of 7%.

Given the alternative under a Chapter 7 scenario, the Debtor's proposed Chapter 11 Plan provides a substantially better alternative for unsecured creditors. With respect to Class 12(a) creditors, the Plan contemplates that such creditors will receive 50% of their Allowed Claims within one-hundred sixty days.

Classes 12(b) will receive a 100% recovery.

Under the Projections, Class 12(c) is projected to receive up to \$2,793,821 over the term of the Plan, assuming Claims asserted against the PPI estate based upon the Debtor's books and records, after subordinated the Insider Claims, totaling \$2,449,424, the pro rata distribution will be 100%. Class 12(c) will not receive more than 100% of their Allowed Claims. The Projections exceed the anticipated Class 12(c) Allowed Claim by an additional \$344,397 to address a couple of possibilities. First, the Debtor will be objecting to Proof of Claims filed by creditors which do not comport with the Debtor's books and records. While the Debtor anticipates that it will prevail on each claim objection, it may not. Further, certain parties holding Allowed Administrative Claims may seek to be paid from the Unsecured Creditor Account. The Projections project that even if the Debtor's projected amount of allowed Claims is underestimated or if Administrative Claims are paid from the Unsecured Creditor Account, Class 12(c) may still maintain a 100% recovery.

It is therefore urged by the Debtor that all creditors vote in favor of the Plan.

DATED: June 7, 2013

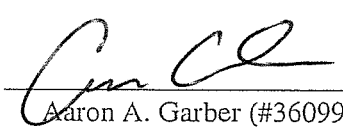
PREMIER PAVING, INC.

By: 
Russell Otterstein, President

Kutner Miller Brinen, P.C. ("KMB") has acted as legal counsel to Premier Paving, Inc. on bankruptcy matters during the Chapter 11 cases. KMB has prepared this Disclosure Statement with information provided primarily Premier Paving, Inc. The information contained herein has been approved by Premier Paving, Inc. KMB has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Counsel to the Debtor and
Debtor- In-Possession Premier Paving, Inc:

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CERTIFICATE OF SERVICE

The undersigned certifies that on June 7, 2013, I served by prepaid first class mail a copy of the foregoing **DISCLOSURE STATEMENT TO ACCOMPANY AMENDED PLAN OF REORGANIZATION DATED JUNE 7, 2013** on all parties against whom relief is sought and those otherwise entitled to service pursuant to the FED. R. BANKR. P. and these L.B.R. at the following addresses:

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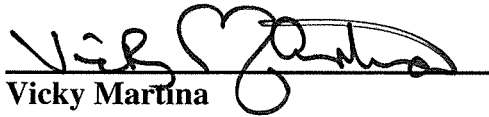
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Vicky Martina

Vendor: RUSS OTT Check Date: 4/1/2011 Sort by: Voucher Number
 To: RUSS OTT To: 3/31/2012 Include Unpaid Invoices: No

Paid Invoice Report
Premier Paving Inc.
3/18/2013

Page 1
 3/18/13 12:49
 LO 10.0.130226

Vendor: RUSS OTT Russell Otterstein

Voucher Number	Invoice Number	PO/Sub Number	Invoice Amount	Check Number	Check Date	Check	Paid	Ret.	Discount
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83528	03012011c		2,916.66	114837	4/4/2011	R	2,916.66	0.00	0.00
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83531	03012011f		583.33	114837	4/4/2011	R	583.33	0.00	0.00
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83533	30102011h		1,000.00	114837	4/4/2011	R	1,000.00	0.00	0.00
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84045	05062011		80,000.00	115721	5/6/2011	R	80,000.00	0.00	0.00
85412	08262011		30,000.00	116704	8/27/2011	R	30,000.00	0.00	0.00
85706	09162011		60,000.00	1081	9/17/2011		60,000.00	0.00	0.00
86940	12122011		61,038.34	1190	12/12/2011		61,038.34	0.00	0.00
87088	01052012		891.97	117847	1/5/2012	R	891.97	0.00	0.00
87227	12012011		101,500.00	1265	1/30/2012		101,500.00	0.00	0.00
87420	02222012		5,181.14	1274	2/22/2012		5,181.14	0.00	0.00
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			367,630.98				367,630.98	0.00	0.00

CLAIMANT	SCHEDULED AMOUNT	PROOF OF CLAIM
Advanced Backflow, LLC	\$100.00	\$0.00
AIG Life Insurance Company	\$607.35	\$0.00
Alpine Waste & Recycling	\$156.24	\$0.00
American Solution for Business	\$293.90	\$293.90
Applied Industrial Technologies	\$69.34	\$0.00
Arapahoe County Sheriff's Office	\$675.00	\$0.00
Automated Business Products	\$251.00	\$0.00
Berendsen Fluid Power	\$424.57	\$0.00
BFI-Foothills LF	\$101.02	\$0.00
C&F Rebuilders	\$204.66	\$0.00
Center Fire Services	\$781.36	\$0.00
Century Link	\$58.50	\$0.00
Century Link	\$869.12	\$261.07
Cintas Corporation #66	\$243.15	\$0.00
Colorado Outdoor Retail Group	\$4,697.02	\$0.00
Complete Compliance	\$0.00	\$566.00
Construction Software Tech	\$1,595.00	\$0.00
Denver Wire and Rope	\$81.16	\$0.00
Drug Testing Services	\$240.00	\$0.00
E&G Terminal Inc.	\$26.22	\$0.00
Earthlink Customer Service	\$43.90	\$0.00
Employee Services	\$495.00	\$0.00
Essential Safety Products	\$531.85	\$0.00
Exempla Physician Network	\$120.00	\$0.00
Fastenal Company	\$135.05	\$0.00
Fikes	\$61.00	\$0.00
Flaggers, Inc.	\$112.63	\$384.26
Foster Equipment Co., Inc.	\$584.70	\$0.00
Frontier Business Products	\$988.33	\$0.00
Harbert Machine and Welding	\$166.00	\$0.00
Hughes Net	\$79.99	\$0.00
Humbolt MFG, Co.	\$92.82	\$0.00
JA Ceasar & Associates	\$275.00	\$0.00
Jayhawk Trailers	\$112.90	\$0.00
Joes Trucking	\$507.32	\$0.00
Kelley Services	\$128.62	\$878.14
Kiewit Infastructure	\$2,000.00	\$0.00
Konica Minolta Business	\$1,605.86	\$0.00
Kroll	\$35.00	\$0.00
Kubat Equipment & Service Co.	\$172.50	\$0.00
Kuka Sales Group	\$296.43	\$0.00
Light House Inc.	\$631.25	\$0.00

Midtown Occupational	\$40.00	\$0.00
North Pecos Water & Sanitation	\$288.64	\$0.00
Northern Fluid Power	\$720.30	\$0.00
Old Republic Surety Group	\$184.00	\$0.00
Omega Engineering	\$123.56	\$0.00
Oscar Aceves Trucking	\$382.50	\$0.00
OSCS, Inc.	\$516.16	\$0.00
Pattern Industries	\$530.15	\$0.00
Pauls Custom Grinding	\$83.30	\$0.00
Pitney Bowes, Inc.	\$875.11	\$0.00
Plotter Supplies	\$65.69	\$0.00
Power Transmission Specialties	\$2,571.44	\$0.00
Pure Water Dynamics	\$68.00	\$0.00
Quick Set Auto Glass	\$525.00	\$0.00
Rexel Ryall	\$602.48	\$0.00
Rocky Mountain Bottled Water	\$269.60	\$0.00
Rocky Mountain Diesel Emmission	\$80.00	\$0.00
Rocky Mountain Waster Systems	\$708.00	\$0.00
Royal Supply	\$666.60	\$0.00
Rubber, Inc.	\$193.90	\$0.00
S&B Porta-Bowl	\$94.00	\$0.00
Safe	\$100.00	\$0.00
Safeguard	\$759.63	\$0.00
Silverstein & Pomerantz, LLP	\$187.50	\$0.00
Sptizer Industrial Products	\$7.60	\$0.00
Sure Clean Services	\$825.00	\$0.00
The Western Group	\$991.78	\$0.00
US Waste Industries, LLC	\$419.97	\$0.00
Utility Trailer	\$250.15	\$0.00
Vivid Ink and Toner	\$250.15	\$0.00
Wanco, Inc.	\$336.41	\$0.00
Wholesale Specialties	\$706.85	\$0.00
Winslow Crane	\$706.85	\$0.00

TOTAL **\$35,781.08** **\$2,383.37**

TOTAL CLAIMS ASSERTED **\$36,760.18**

Total claims asserted is comprised of the "scheduled amount" except if a proof of claim is filed, in which case the proof of determining the total claims asserts

CLAIMANT	SCHEDULED AMOUNT	PROOF OF CLAIM
2 Hi-Plains Leasing, Inc.	\$4,363.86	\$0.00
A&E Tire, Inc.	\$50,424.53	\$0.00
Active Transmission & Gear	\$2,109.46	\$0.00
Advanced Concrete Construction, Inc.	\$0.00	\$6,202.59
Albert Frei & Sons	\$80,586.48	\$87,936.87
Allied Recycle Aggregates	\$3,197.38	\$4,554.12
Altitude Steel	\$2,540.04	\$0.00
Amcast	\$2,521.30	\$0.00
American Barricade Rental	\$3,808.74	\$0.00
American Express Bank, FSB	\$0.00	\$1,142.09
American Red Cross	\$1,995.00	\$0.00
American West Construction, LLC	\$110,000.00	\$194,456.29
Argonaut Insurance Company	\$0.00	\$3,577,991.27
Bestway Concrete Company	\$100,155.76	\$123,534.47
Blackhawk Equipment Corp.	\$2,230.88	\$0.00
Bowman Construction Supply	\$1,504.87	\$1,640.29
Buckeye Welding Supply	\$5,613.14	\$0.00
Chemstation	\$1,752.33	\$0.00
Cherry Creek Valley Water	\$1,872.00	\$0.00
Citibank NA	\$0.00	\$1,861.83
CitiCorp Vendor Finance Inc	\$0.00	\$4,354.13
CMI Terex Corporation	\$9,728.42	\$0.00
Colorado Contractors Association	\$29,429.58	\$31,863.00
Colorado Outdoor Retail Group	\$4,697.02	\$0.00
Construction Software Tech	\$1,595.00	\$0.00
Denver Water Department	\$4,140.04	\$0.00
DGP, Inc.	\$3,865.40	\$3,865.40
DJ Signs	\$11,908.94	\$0.00
Dobbs Trucking	\$7,664.81	\$8,284.63
East Jordan Iron Works	\$316.04	\$0.00
Elliott Diamond, Inc.	\$1,510.00	\$0.00
Employers Mutual Casualty	\$0.00	\$91,378.71
Faris Machinery	\$1,823.78	\$0.00
Fenner Dunlop Conveyor Service	\$2,436.16	\$0.00
Ferrell Gas	\$2,298.85	\$2,298.85
GE Capital Corp	\$390,944.88	\$192,270.38
GE Capital Commerical Inc	\$0.00	\$80,367.41
Geocal	\$2,275.00	\$0.00
Grainger	\$1,108.61	\$0.00
Ground Solutions	\$0.00	\$0.00
HD Supply Waterworks	\$2,536.31	\$0.00
Hill Petroleum	\$12,715.14	\$0.00

Hi-Tec Asphalt Solutions	\$1,085.00	\$0.00
Holly Frontier Refining	\$52,291.08	\$52,291.08
Home Depot	\$3,724.20	\$0.00
Indras Net	\$1,569.93	\$0.00
Interwest Safety Supply	\$10,578.78	\$10,578.78
IPFS Corporation	\$0.00	\$195,680.09
JJ Keller & Associates Inc.	\$1,610.41	\$0.00
Kaeser Compressors, Inc.	\$3,234.13	\$0.00
Kalco Express, Inc.	\$3,613.20	\$4,155.20
Kuchar Electric	\$5,947.07	\$0.00
La Farge West, Inc.	\$465,973.45	\$554,864.48
Lawlis & Bruce	\$24,016.36	\$0.00
Lawson Products	\$0.00	\$1,982.94
Lexis Nexis OCC Health Studio	\$2,728.44	\$0.00
Littlejohns Equipment Co.	\$1,006.31	\$0.00
Martin Vejvoda & Associates	\$20,075.00	\$0.00
McCandles International Truck	\$4,908.30	\$4,113.46
McCarthy Trucking	\$74,484.00	\$84,484.00
MHC Kenworth Denver	\$0.00	\$0.00
Midwest Truck Parts & Service	\$3,230.19	\$0.00
Mile Hi Transmission, Inc.	\$0.00	\$2,337.02
Mobile Solutions	\$0.00	\$0.00
North Washington Water	\$1,256.24	\$0.00
O.J. Watson	\$3,996.41	\$0.00
Office Depot	\$1,460.83	\$0.00
Panasonic	\$3,486.05	\$0.00
Pauls Custom Grinding	\$0.00	\$4,433.17
Pete Lein & Sons, Inc.	\$41,750.88	\$40,494.50
Pinnacol Assurance	\$0.00	\$32,493.20
Pipe Valve and Fitting Co., Inc.	\$3,229.18	\$3,229.18
Pirtek	\$2,578.21	\$0.00
Power Motive Corp.	\$162,516.78	\$259,367.05
Pugmill Systems	\$1,578.87	\$1,578.87
Public Service Company	\$0.00	\$35,697.77
Recycled Aggregate Products	\$1,087.50	\$0.00
Reliance Metal Center	\$15,926.84	\$0.00
Roadsafe Traffic Systems	\$182,401.22	\$0.00
Roadtec, Inc.	\$11,812.13	\$0.00
Rocky Mountain Laser	\$1,276.78	\$0.00
Rocky Mountain Supply	\$6,622.06	\$0.00
Serck Services, Inc.	\$2,423.51	\$0.00
Severson Supply Co.	\$19,011.83	\$0.00
Sprint	\$3,838.91	\$10,508.30
Sturgeon Electric Company	\$18,301.39	\$0.00

Tire Distribution System	\$0.00	\$0.00
Toby Cordovas Trucking	\$1,653.60	\$0.00
Travelers Indemnity	\$3,541.18	\$0.00
Trench Shoring Services	\$4,241.29	\$0.00
Tri State Reclaimers	\$218,324.80	\$246,364.80
United Rentals	\$1,084.06	\$0.00
United Site Services	\$3,173.82	\$4,085.83
Vialpando Trucking, Ltd.	\$4,175.50	\$4,447.76
Waste Management of Colorado	\$417.09	\$0.00
Waste Management of Colorado	\$11,382.81	\$12,110.77
Weaver Electric	\$1,903.04	\$0.00
Western Truck Parts	\$5,249.18	\$0.00
Westtest	\$21,900.00	\$0.00
Willis of Colorado, LLC	\$27,000.00	\$0.00
Wylaco Supply Company	\$113,530.55	\$155,243.80
Xcel Energy	\$0.00	\$0.00
Zurich Insurance	\$1,546.19	\$0.00
TOTAL	\$2,449,424.33	\$6,134,544.38
TOTAL CLAIMS ASSERTED		\$6,573,306.59

Total claims asserted is comprised of the "scheduled amount" except if a proof of claim is filed, in which case the proof o
determining the total claims asserts

CLAIMANT	SCHEDULED AMOUNT	PROOF OF CLAIM
Russ Otterstein	\$3,762,000.00	\$0.00
Russell Otterstein	\$299,199.80	\$0.00
K&M Enterprises, Inc.	\$250,400.00	\$0.00
TOTAL	\$4,311,599.80	\$0.00
TOTAL CLAIMS ASSERTED		\$4,311,599.80

Total claims asserted is comprised of the "scheduled amount" except if a proof of claim is filed, in which case the proof o determining the total claims asserts

Ted W. Snailum Jr., CPA

Curriculum Vitae

Education

Bachelor of Science Accounting

Certified Public Accountant – Colorado -November 2002

Completed over 40 hours annually of continuing professional education courses on business, tax, and accounting related topics

Experience

TWS Financial (Certified Public Accountants) – President (November 1989 to present)

Asher Investments Inc.- Chief Financial Officer (1985-1989)

Van Duren & Company PC – Senior Accountant (1983-1985)

Toback & Company PC – Staff Accountant (1981-1983)

Memberships

American Institute of Certified Public Accountants

Colorado Society of Certified Public Accountants

Organizations and Associations

Denver Rescue Mission – Board Member

Asian Hope - Board Member

Burning Tree Homeowners Assoc – Board Member/Treasurer

Expert Witness Testimony/Deposition

1. DC Concrete v. Pinnacol Insurance – Workmen Compensation related issues.
2. Douglas County Concrete – Verification of wages for personal injury issues.
3. Blake Street Village Bankruptcy filing – Valuation and verification of business expenses.
4. Wilmot v Wilmot – Domestic relations – Valuation of software company.
5. Saferent v Peripheral Systems – Net loss due to non performance of contract.
6. Wilmot v Rapid Technologies – Valuation of technology company.
7. Gullion v Gullion – Domestic relations – Valuation of oil and gas company.
8. Ashgar Hajloo et al- Bankruptcy operating reports
9. Various IRS matters relating to current clients.

References

"I've known Ted personally for more than 25 years. We operate a real estate investment firm in three states managing nearly 3,000 apartments. Ted handles all the payroll, partnership returns, property tax and any IRS issues...he basically does everything we need, with great attention to detail."

- *Mike Asher, Asher Investments*

"The Roxborough Water & Sanitation District (A Colorado Special District) chose TWS Financial because we were most impressed with Ted's hands-on personal attention. He comes to all of our board meetings to truly understand our issues and therefore knows what's going on beyond numbers on spread sheets. Ted handles all of our accounting, financial statements, budgets, and interfaces with auditors. He instituted several accounting practices that have resulted in cost-savings efficiencies to the District and updated our long-range financial Master Plan through 2020. He does his homework, is easy to work with, and is more than capable of managing special district accounting requirements."

- *Larry Moore, General Manager Roxborough Park Water and Sanitation District*

"Our firm has worked with TWS for over 23 years.

We would classify Ted as a "Battled Field CPA". He is at his best when working with complex wealth accumulation and benefit strategies, never afraid to confront controversial issues when it is the right thing to do. Over the years he has become an integral advisor to many of our clients. We trust Ted, with good reason, to take care of us and our clients."

- *Patrick E. Nolen, Nolen Western Company*

Premier Paving Inc.
Income Statement Projection
No Sale of Plant
Years 1 through 7

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	Total
Income								
Sales-Paving	13,250,000	17,500,000	20,000,000	22,000,000	24,000,000	26,000,000	28,000,000	96,750,000
Sales-Asphalt Plant	2,300,000	2,400,000	2,500,000	2,600,000	2,700,000	2,800,000	2,900,000	12,500,000
Plant Sale	0							0
Plant Sale Closing Costs	0							0
Total Sales	15,550,000	19,900,000	22,500,000	24,600,000	26,700,000	28,800,000	30,900,000	109,250,000
		1.28	1.13	1.09	1.09	1.08	1.07	
Cost of Sales								
Direct Labor	2,254,750	2,885,500	3,262,500	3,567,000	3,871,500	4,176,000	4,480,500	15,841,250
Direct Labor Burden	401,190	513,420	580,500	634,680	688,860	743,040	797,220	2,818,650
Subcontractors	810,155	1,036,790	1,172,250	1,281,660	1,391,070	1,500,480	1,609,890	5,691,925
Trucking & Hauling	35,000	6,000	6,500	7,000	7,500	7,500	7,500	62,000
Fuel & Oil-Asphalt	948,550	1,213,900	1,372,500	1,500,600	1,628,700	1,756,800	1,884,900	6,664,250
Job Materials	5,629,100	7,203,800	8,145,000	8,905,200	9,665,400	10,425,600	11,185,800	39,548,500
Job Supplies	12,440	15,920	18,000	19,680	21,360	23,040	24,720	87,400
Bonds & Permits	93,300	119,400	135,000	147,600	160,200	172,800	185,400	655,500
Equipment Rental	41,985	53,730	60,750	66,420	72,090	77,760	83,430	294,975
Leaseback Expense	0	0	0	0	0	0	0	0
Other	4,665	5,970	6,750	7,380	8,010	8,640	9,270	32,775
Cost of Sales	10,231,135	13,054,430	14,759,750	16,137,220	17,514,690	18,891,660	20,268,630	71,697,225
		1.28	1.13	1.09	1.09	1.08	1.07	
Gross Profit	5,318,865	6,845,570	7,740,250	8,462,780	9,185,310	9,908,340	10,631,370	37,552,775
Operating Expenses								
Tolls	1,555	1,990	2,250	2,460	2,670	2,880	3,090	10,925
Traffic Control Payroll	55,980	71,640	81,000	88,560	96,120	103,680	111,240	393,300
Traffic Control Burden	12,440	15,920	18,000	19,680	21,360	23,040	24,720	87,400
Field Transportation Repair	311,000	398,000	450,000	492,000	534,000	576,000	618,000	2,185,000
Leases-Field Equipment	37,320	47,760	54,000	59,040	64,080	69,120	74,160	262,200
Uniforms & Safety Gear	1,555	1,990	2,250	2,460	2,670	2,880	3,090	10,925
Engineering Costs	34,210	43,780	49,500	54,120	58,740	63,360	67,980	240,350
Plans	2,000	2,000	2,000	2,000	2,000	2,000	2,000	10,000
Shop Supplies	20,215	25,870	29,250	31,980	34,710	37,440	40,170	142,025
Safety and Compliance	7,775	9,950	11,250	12,300	13,350	14,400	15,450	54,625
Officers Salaries	385,000	396,550	408,447	420,700	433,321	446,321	459,710	2,044,017
Estimators Salaries	148,000	152,440	157,013	161,724	166,575	171,573	176,720	785,752
Project Manager Salaries	377,000	388,310	399,959	411,958	424,317	437,046	450,158	2,001,544
Administrative Staff Salaries	210,000	216,300	222,789	229,473	236,357	243,448	250,751	1,114,919
Asphalt Plant Salaries	200,000	206,000	212,180	218,545	225,102	231,855	238,810	1,061,827
Shop R & M Compensation	181,935	232,830	263,250	287,820	312,390	336,960	361,530	1,278,225
Payroll Tax Expense	207,570	213,797	220,211	226,817	233,622	240,631	247,849	1,102,017
Caf 125 Plan	5,000	300,000	350,000	400,000	450,000	450,000	450,000	1,505,000
Bank Charges	4,665	5,970	6,750	7,380	8,010	8,640	9,270	32,775
Interest Expense	75,000	75,000	75,000	75,000	75,000	75,000	75,000	375,000
Dues and Subscriptions	4,665	5,970	6,750	7,380	8,010	8,640	9,270	32,775
Depreciation	790,000	550,000	430,000	430,000	430,000	430,000	430,000	2,630,000
Donations	3,110	3,980	4,500	4,920	5,340	5,760	6,180	21,850
Insurance	650,000	669,500	689,585	710,273	731,581	753,528	776,134	3,450,938
Education and Seminars	1,555	1,990	2,250	2,460	2,670	2,880	3,090	10,925
Professional Fees	50,000	52,500	55,125	57,881	60,775	63,814	67,005	276,282
Office Expense	37,320	47,760	54,000	59,040	64,080	69,120	74,160	262,200
Building Repairs and Maintenance	3,110	3,980	4,500	4,920	5,340	5,760	6,180	21,850
Equipment R&M	38,875	49,750	56,250	61,500	66,750	72,000	77,250	273,125
Rent Expense	246,000	246,000	246,000	246,000	246,000	246,000	246,000	1,230,000
Telephone	45,095	57,710	65,250	71,340	77,430	83,520	89,610	316,825
Utilities	233,250	298,500	337,500	369,000	400,500	432,000	463,500	1,638,750
Taxes & Licenses	222,365	200,000	200,000	200,000	200,000	200,000	200,000	1,022,365
Operating Expenses	4,603,565	4,993,737	5,166,809	5,428,731	5,692,870	5,909,295	6,128,077	25,885,711
		1.08	1.03	1.05	1.05	1.04	1.04	
Profit from Operations	715,300	1,851,833	2,573,441	3,034,049	3,492,440	3,999,045	4,503,293	11,667,064
		2.59	1.39	1.18	1.15	1.15	1.13	
Add: Depreciation	790,000	550,000	430,000	430,000	430,000	430,000	430,000	2,630,000
Net Cash Flow from Operations	1,505,300	2,401,835	3,003,442	3,464,050	3,922,442	4,429,047	4,933,294	14,297,064

EXHIBIT F

Plant Sale	0							0
Plant Sale Closing Costs	0							0
Net Cash Flow from Plant Sale	0							0

Payment to Secured Creditors

Wells Fargo Bank - Loan Reduction	500,000	800,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,300,000
Wells Fargo Bank - Balance Credit Lines	0	0	0	0	0	0	0	0
Chase Auto Finance	6,600	6,600	6,600	6,600	0	0	0	26,400
Volvo Financial	17,563	17,563	17,563	17,563	17,563	17,563	17,563	122,944
Pueblo Bank & Trust	79,226	79,226	79,226	79,226	79,226	79,226	79,226	554,584
Ally	11,600	11,600	11,600	2,000	0	0	0	36,800
Other Priority Claims	22,000	22,000	22,000	22,000	22,000	22,000	22,000	154,000
Total Payments Secured Creditors	<u>636,990</u>	<u>936,990</u>	<u>1,136,990</u>	<u>1,127,390</u>	<u>1,118,790</u>	<u>1,118,790</u>	<u>1,118,790</u>	<u>7,194,728</u>
Net Cash Flow from Secured Payments	-636,990	-936,990	-1,136,990	-1,127,390	-1,118,790	-1,118,790	-1,118,790	-4,957,148
Net Cash Flow from Operations	1,505,300	2,401,835	3,003,442	3,464,050	3,922,442	4,429,047	4,933,294	23,659,410
Remaining Cash	868,310	1,464,846	1,866,453	2,336,661	2,803,652	3,310,257	3,814,504	18,702,262
Percentage to Unsecured Creditors	2.50%							
Payment to Unsecured Creditors	<u>388,750</u>	<u>497,500</u>	<u>562,500</u>	<u>615,000</u>	<u>667,500</u>	<u>720,000</u>	<u>772,500</u>	<u>4,223,750</u>
Percent to Suncor	<u>80.0%</u>	<u>80.0%</u>	<u>80.0%</u>	80.0%				
Payment to Suncor	311,000	398,000	450,000	270,929	0	0	0	1,429,929
Payment to All Other Unsecured Creditors	<u>77,750</u>	<u>99,500</u>	<u>112,500</u>	<u>344,071</u>	<u>667,500</u>	<u>720,000</u>	<u>772,500</u>	<u>2,793,821</u>
Taxes	214,590	555,550	772,032	910,215	1,047,732	1,199,714	1,350,988	6,050,821
Net Cash Flow	<u>264,970</u>	<u>411,796</u>	<u>531,920</u>	<u>811,446</u>	<u>1,088,420</u>	<u>1,390,543</u>	<u>1,691,016</u>	<u>8,427,692</u>

remaining unsecured \$2,449,424.00
% 114.06%

Job No.	Job Name	Customer	Original Contract Amount	Current Contract Amount	2013 \$\$ to complete	Tons to Lay
29034	VM Fast Tracks West Corridor	Denver Transit Const. Group	\$ 190,147.19	\$ 5,105,441.20	\$ -	0
201105	Santa Fe Bridges over I-25	Hamon Contractors, Inc.	\$ 2,337,579.65	\$ 2,346,754.00	\$ 1,313,680.19	7853
201115	PAR 1085 South Secondary Impv	Western Summit/McCarthy	\$ 566,944.00	\$ 902,419.00	\$ 881,056.40	
201150	Palisade Park	Urban Frontier	\$ 1,587,760.75	\$ 1,921,155.18	\$ 730,519.64	1209
201161	Thornton Snow Removal	City of Thornton				
201167	2011/12 Snow Rmv - Patching / Chaz Roberts / Various	Various	\$ -	\$ 3,111.00	\$ -	0
201201	I-25 SB: 20th Street to Speer Blvd Operational Impv	Hamon Contractors	\$ 679,742.00	\$ 679,742.00	\$ 669,834.15	9799
201204	US 6 Over Sheridan Blvd	Edward Kraemer & Sonc, Inc.	\$ 935,725.35	\$ 935,725.35	\$ 563,890.88	7276
201205	South Broadway Recon Iowa - Wesley Stage 2	Castle Rock Construction	\$ 261,807.30	\$ 443,316.04	\$ -	0
201206	Lakewood Snow Removal	City of Lakewood	\$ -	\$ -	\$ -	0
201208	Wadsworth over Bear Creek Bridge Replacement	Lawrence Construction Company	\$ 248,514.60	\$ 247,515.00	\$ 128,312.68	1761
201210	I-225 @ Parker Road	Sema Construction	\$ 267,078.00	\$ 265,637.80	\$ 123,001.28	1237
201224	Stapleton Filing 35	Mortenson Construction	\$ 576,152.27	\$ 570,738.27	\$ 20,379.27	511
201231	Westminster 2012/13 Snow Removal	City of Westminster				
201232	Stapleton Filing 37	Mortenson Construction	\$ 395,825.00	\$ 404,822.00	\$ 111,354.46	1379
201233	Sheridan RTD Parking Garage	Swinerton Construction	\$ 131,475.00	\$ 131,475.00	\$ 131,475.00	1964
201237	CDOT FSA 1191-027, SH 119, Jay & Niwot	Jalisco	\$ 148,033.40	\$ 148,033.40	\$ 91,227.90	826
201239	Stapleton Filing 36	Mortenson Construction	\$ 2,395,061.00	\$ 2,395,061.00	\$ 1,963,367.35	23535
201240	Anthem Filing 22 Neighborhood 14 Phase 1	WS-ACB	\$ 492,199.70	\$ 492,199.70	\$ 289,816.20	2115
201243	Meridian Village Filing 7E	Richmond Homes c/o GRC Consulting	\$ 321,841.50	\$ 321,841.50	\$ 131,683.75	1330
201245	North Creek Farms Filing 3 Phase 2	Meritage Homes	\$ 201,723.85	\$ 308,123.70	\$ 51,047.45	0
201247	Alpine Lumber Reload Facility	Alpine Lumber				
201252	Flatiron Meadows Filing No. 1	Bayou Development Corp	\$ 540,489.75	\$ 560,489.75	\$ 50,706.14	0
201253	The Meadows T&M	Village Homes	\$ 8,646.40	\$ 8,646.40	\$ 8,646.40	12
201254	Wadsworth RTD Parking Garage	Swinerton Construction	\$ 132,551.00	\$ 142,550.50	\$ 97,082.50	0
201255	Aurora Connections Utilities	JBS Pipeline Contractors	\$ 37,149.20	\$ 37,149.20	\$ 37,149.20	
201256	Wilkinson Miscellaneous	Various	\$ -	\$ -	\$ -	0
201257	Lancaster Plant Modifications	Fiore & Sons	\$ 23,959.00	\$ 23,959.00	\$ 23,959.00	360
201301	Northfield Apartments	JBS Pipeline Contractors	\$ 29,864.70	\$ 29,864.70	\$ 29,864.70	175
201302	Otterstein Miscellaneous	Various	\$ -	\$ -	\$ -	0
201303	Flatiron Meadows Filing No. 3	Bayou Development Corp	\$ 146,707.75	\$ 146,707.75	\$ 146,707.75	1433
201304	Freund & Company Hourly Work	Freund & Company	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	1
201305	Miranda Miscellaneous	Meritage Homes	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	5
201306	Erie Parkway Phase 1 Improvements	Bayou Development Corp	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00	4200
201307	Buckley AFB TUAS Hangar	McCaughey Constructors	\$ 63,411.00	\$ 63,411.00	\$ 63,411.00	385
P13 SALES	2013 Denver Material Sales		\$ 3,000,000.00	\$ 123,805.45	\$ 2,876,194.55	64561.04
2/12/2013				\$ 11,054,367.84		131,927.04

Premier Paving Inc.
Earning History
April 1, 2012 thru January 31, 2013

	April	May	June	July	August	September	October	November	December	January	Total Post Petition
Gross Revenue	969,051	1,965,047	1,809,898	1,460,125	1,631,279	1,245,234	1,465,569	2,259,576	1,035,604	532,613	14,373,996
Expenses	978,883	1,649,464	1,774,228	1,390,720	1,468,862	1,236,321	1,457,592	2,223,176	1,458,876	801,822	14,439,944
Net Profit (Loss)	(9,832)	315,583	35,670	69,405	162,417	8,913	7,977	36,400	(423,272)	(269,209)	(65,948)

LIQUIDATION ANALYSIS

Cash: \$97,705.84

Less Secured Claims:

Wells Fargo: \$6,391,620

Co. Dept. of Revenue: \$46,779.25

Westminster: \$20,000 (assumes Debtor's estimated amount of claim is correct)

Denver \$50,000 (assumes Debtor's estimated amount of claim is correct)

Value for unsecured creditors: \$0.00

Accounts Receivable: \$2,102,422

Less Secured Claims:

Wells Fargo: \$6,391,620

Co. Dept. of Revenue: \$46,779.25

Westminster: \$20,000 (assumes Debtor's estimated amount of claim is correct)

Denver \$50,000 (assumes Debtor's estimated amount of claim is correct)

Uncollectability in a liquidation: \$677,422

Value for unsecured creditors: \$0.00

**Furniture, Fixtures
& Equipment:** \$2,025,000

Less Secured Claims:

Wells Fargo: \$6,391,620

Pueblo Bank & Trust: \$473,691

Volvo Financial: \$134,200

Co. Dept. of Revenue: \$46,779.25

Westminster: \$20,000 (assumes Debtor's estimated amount of claim is correct)

Denver \$50,000 (assumes Debtor's estimated amount of claim is correct)

Value for unsecured creditors: \$0.00

Inventory: \$1,094,529

Less Secured Claims:
Wells Fargo: \$6,391,620
Co. Dept. of Revenue: \$46,779.25
Westminster: \$20,000 (assumes Debtor's estimated amount of claim is correct)
Denver \$5,000 (assumes Debtor's estimated amount of claim is correct)

Discount for sale of inventory: 35%: \$383,085

Value for unsecured creditors: \$0.00

Vehicles: \$1,500,000

Less Secured Claims:
Ally Financial: \$49,860
Chase: \$33,149

Less Cost of Sale: 15%: \$225,000

Value for unsecured creditors: \$1,191,991

Total Value of Estate: \$1,191,991

Less:

Chapter 7 trustee compensation: \$59,010
Chapter 7 cost of administration: \$75,000
Taxes (10%): \$119,199
Chapter 11 administrative expenses: \$200,000
Priority claims: \$137,071

Total for Class 12(a), (b) and (c): \$651,711