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11 UNITED STATES BANKRUPTCY COURT

12 EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

13 In re:

14 SILO CITY, INC.

15 Debtor-in-Possession.

16 Case No. 17-10238-B-11

17 Chapter 11

18 DC No. KDG-8

19 Date: February 8, 2018

20 Time: 10:30 A.M.

21 Place: United States Bankruptcy Court
510 19th Street

22 Bakersfield, California

23 Judge: Honorable Rene Lastreto II

24

25 **DISCLOSURE STATEMENT DATED DECEMBER 6, 2017**

26 I. **Introduction**

27 This is the Disclosure Statement (the "Disclosure Statement") in the Chapter 11 case of
28 SILO CITY, INC. ("Debtor"). Debtor filed a Voluntary Petition under Chapter 11 of the
United States Bankruptcy Code on January 25, 2017. This Disclosure Statement contains
information about Debtor and the terms of repayment of claims against Debtor and Property of
the Estate. ***Your rights may be affected. You should read the Disclosure Statement carefully
and discuss them with your attorney. If you do not have an attorney, you may wish to
consult one.***

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP

4550 CALIFORNIA AVENUE, SECOND FLOOR

BAKERSFIELD, CALIFORNIA 93309

1 The proposed treatment and distributions to creditors holding claims are discussed Plan at
2 pages 2 through 9. Debtor will seek approval of this Disclosure Statement as containing
3 adequate information under 11 U.S.C. § 1125. After approval of the Disclosure Statement as
4 containing adequate information, Debtor will seek confirmation of its Plan of Reorganization
5 ("the Plan"). The Plan is attached hereto has Exhibit "A."

6 **A. Purpose of This Document**

7 This Disclosure Statement:

8 • Describes the Debtor and significant events during the bankruptcy case,
9 • Describes the classification and treatment claims or equity interests of the type
10 you hold as provided for in the Plan (*i.e.*, what you will receive on your claim or
11 equity interest if the plan is confirmed),
12 • Explains how Debtor will execute the terms of the Plan,
13 • Explains how claims will be handled and paid,
14 • Explains who can vote on or object to the Plan,
15 • Explains what factors the Bankruptcy Court (the "Court") will consider when
16 deciding whether to confirm the Plan,
17 • Explains why Debtor believes the Plan is feasible, and how the treatment of your
18 claim or equity interest under the Plan compares to what you would receive on
19 your claim or equity interest in liquidation, and
20 • Explains the effect of confirmation of the Plan.

21 The Plan will establish your rights with respect to your claim against Debtor if
22 confirmed. The disclosures contained in this Disclosure Statement are provided to the holders
23 of claims for the purpose of providing adequate information to claimants so that claimants can
24 arrive at an informed decision in exercising their right to accept or reject the Plan.

25 Your vote to accept or reject the Plan is important. The Plan can be confirmed by the
26 Court if it is accepted by the holders of claims in each class of claims voting on the Plan.
27 Furthermore, the Court can confirm the Plan if it finds that the Plan accords fair and equitable
28 treatment to the class rejecting it if the requisite acceptances are not obtained. Debtor will seek
 confirmation of the Plan whether the Plan is accepted by all classes of creditors or not.

1 EVERY ATTEMPT HAS BEEN MADE TO PROVIDE ACCURATE
2 INFORMATION IN THIS DISCLOSURE STATEMENT. HOWEVER, THE
3 INFORMATION HAS NOT BEEN SUBJECT OF A CERTIFIED AUDIT. NO
4 REPRESENTATIONS ARE AUTHORIZED BY DEBTOR EXCEPT AS SET FORTH IN
5 THE DISCLOSURE STATEMENT. THE INFORMATION CONTAINED IN THE
6 DISCLOSURE STATEMENT COMES FROM DEBTOR AND ITS ATTORNEYS.
7 HOWEVER, MICHAEL CLIFT, THE SOLE SHAREHOLDER AND PRESIDENT OF
8 DEBTOR, IS THE PRIMARY SOURCE OF INFORMATION CONTAINED IN THE
9 DISCLOSURE STATEMENT AND REPRESENTS THE BEST SOURCE OF
10 INFORMATION CONCERNING DEBTOR AND ITS ASSETS AND LIABILITIES.

11 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

12 The Court has not yet confirmed the Plan. Following the hearing on adequacy of the
13 information contained in the Disclosure Statement, Debtor will provide a separate notice of the
14 confirmation hearing that will include the procedures pursuant to which the Plan will or will
15 not be confirmed including deadlines for voting and objecting to confirmation. If you want
16 additional information about the Disclosure Statement and Plan, you should contact Jacob L.
17 Eaton, Esq., 4550 California Avenue, 2nd Floor, Bakersfield, California 93309.

18 **II. Background**

19 **A. Description and History of the Debtor**

20 Debtor is a corporation owned by Michael Clift. Debtor has no employees. Mr. Clift's
21 mother, Patricia Clift, and sister, Marcia Clift, assist him in managing Debtor. Debtor owns
22 real property including 3.30 acres and holds a ground lease for an additional 1.24 acres and
23 improvements with a warehouse, shop and offices, truck scale, multiple silos, storage yard and
24 rail transfer station located in north Bakersfield next to California State Road 99. Additionally,
25 Debtor owns equipment including two high-end bagging systems that are capable of bagging
26 bulk materials such as cement, gravel, fertilizer, or kitty litter, among other equipment.

27 Prior to the commencement of its Chapter 11 case, Debtor leased its warehouse space
28 and some of the yard area on a month-to-month bases to an affiliated company, 7th Standard

1 Milling, Inc. (“7th Standard”). However, 7th Standard’s only customer, Heart of Nature,
2 stopped placing orders with 7th Standard when Heart of Nature’s organic certification was lost.
3 As a result, Debtor became delinquent on its mortgage loans and equipment loans. A
4 foreclosure was commenced against the real property and attempts to repossess the equipment
5 have been made. Therefore, it became necessary for Debtor to file this Chapter 11 case in order
6 to stay collection actions against Debtor’s assets and reorganize Debtor’s business and debts in
7 an orderly manner.

8 **B. Description of Debtor’s Principals and Insiders**

9 As indicated above, Debtor a corporation whose stock is owned by Michael Clift. Mr.
10 Clift oversees and participates in Debtor’s day-to-day operations.

11 Mr. Clift has managed the business operations of Debtor since Debtor was formed with
12 the assistance of his parents and sister.

13 **C. Background of Events Leading to the Chapter 11 Filing**

14 Debtor filed for relief under Chapter 11 to reorganize its business and financial affairs
15 when a foreclosure was commenced against the real property and attempts to repossess the
16 equipment have been made.

17 **D. Significant Events in Chapter 11 Case**

18 Debtor has performed or has been involved in the following significant events since
19 filing its Voluntary Petition:

20 **1. Continued Operation of the Business.**

21 Debtor has operated as debtor in possession since it commenced its case on January 25,
22 2017, and no trustee has been sought or appointed. Debtor has negotiated two long-term leases
23 related to the Property that will generate \$34,000 per month in rents. The leases are with non-
24 affiliated parties. One of the leases requires that Debtor’s lenders holding deeds of trust against
25 the Property sign a Subordination, Non-Disturbance, and Attornment Agreement before the
26 lease becomes effective.

27

28

2. Employment of Professionals

a. Debtor filed an application for authorization to employ Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP as its attorneys on February 13, 2017 [Doc No. 18]. The Court entered an order authorizing the employment of Klein, DeNatale on February 16, 2017 [Doc No. 31]. Klein, DeNatale's services have assisted Debtor in its reorganization efforts, increasing Debtor's ability to repay its creditors.

b. Debtor filed an application for authorization to employ Daniells, Phillips, Vaughan & Bock, Certified Public Accounts (“DPV&B”), as its accountants on February 13, 2017 [Doc No. 23]. The Court entered an order authorizing the employment of DPV&B on April 10, 2017 [Doc No. 52]. DPV&B prepared the tax returns for Debtor for the years ending 2015 and 2016.

c. Debtor filed an application for authorization to employ Cordano Packaging Engineers, LLC, a Georgia limited liability company (“Cordano”), as its equipment broker on February 13, 2017 [Doc No. 23]. The Court entered an order authorizing the employment of Cordano on September 19, 2017 [Doc No. 133]. Cordano has been employed to market and sell packaging equipment owned by Debtor.

E. TCF Equipment Finance Motion for Relief from Automatic Stay.

TCF Equipment Finance filed a Motion for Relief from Stay in Debtor's Chapter 11 case ("the TCF Motion for Relief from Stay") seeking relief from stay to repossess a component of one of Debtor's bagging machines. The TCF Motion for Relief from Stay was resolved by stipulation.

F. Debtor's Motion to Approve Lease Agreement.

Debtor filed a Motion to Approve Lease Agreement between Debtor and American Bio-Mineral Technologies on November 16, 2017, that seeks Court approval of a 3-year lease between Debtor, as landlord, and American Bio-Minerals Technologies (“ABMT”), as tenant, that requires payment of \$27,000.00 per month for rent. Allstar Growth Fund, LLC (“Allstar”) objected to the approval of the Lease. A continued hearing on the Motion to Approve the Lease is set for December 14, 2017.

1 **G. Allstar Growth Fund Motion for Relief from Automatic Stay.**

2 Allstar filed a Motion for Relief from Stay in Debtor's Chapter 11 case ("the Allstar
3 Motion for Relief from Stay") seeking relief from stay to foreclose against the Property. The
4 Allstar Motion for Relief from Stay is set for hearing on December 14, 2017. Debtor opposes
5 the Allstar Motion for Relief from Stay.

6 **H. Projected Recovery of Avoidable Transfers**

7 Debtor did not transfer any property before filing this Chapter 11 case. Debtor does not
8 believe any preference payments or other avoidable transfers were made. Therefore, Debtor
9 does not intent to pursue the recovery of any avoidable transfers.

10 **I. Claims Objections**

11 Debtor reserves the right to object to claims. Therefore, even if your claim is allowed
12 for voting purposes, you may not be entitled to a distribution if an objection to your claim is
13 later upheld. The procedures for resolving disputed claims are set forth in Article IV of the
14 Plan at page 13.

15 **J. Current and Historical Financial Conditions**

16 The identity and value of the estate's assets are listed in Exhibit "B." The value of the
17 real property scheduled by Debtor was estimated to be about \$4,700,000.00 on the Petition
18 Date. The scheduled value of the real property was based on Debtor's opinion of value.
19 Debtor has not commissioned an appraisal of the value of the real property. However, Allstar
20 commissioned an appraisal that was prepared by Valbridge Property Advisors Michael Burger
21 and Associates that was included in *Allstar Growth Fund, LLC's Exhibits in Support of Motion*
22 *for Relief from Automatic Stay* filed November 29, 2017 [Doc 211-213] as Exhibit "J"
23 ("Appraisal"). The Appraisal valued the real property at not more than \$1,460,000.00.
24 Therefore, for purposes of the Plan, Debtor believes the value of the real property to be
25 \$1,460,000.00.

26 Debtor leased its real property in the past and generated gross rents of \$360,000.00 in
27 2015 and \$297,529.00 in 2016. Debtor is in the process of procuring two non-affiliate lessees
28 and anticipates that the tenants will take occupancy prior to the end of 2017.

1 A copy of Debtor's Projected Operating Budget for the next 60 months is attached as
2 Exhibit "C." The accounting method used to produce the information contained in the
3 Disclosure Statement and Plan and Exhibits is the cash method of accounting. Debtor's fiscal
4 year is January 1 through December 31.

5 Any tax implications of the Plan will remain with Debtor.

6 **III. Classification and Treatment of Claims and Equity Interests**

7 As required by the Code, the Plan places claims and equity interests in various classes
8 and describes the treatment each class will receive. The Plan also states whether each class of
9 claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery
10 will be limited to the amount provided by the Plan. Creditors should refer to the Plan at pages
11 2 through 10 for a discussion of the classification and treatment of claims and equity interests.
12 See Exhibit "A" at pages 15 through 23. The classification and treatment of claims and equity
13 interests discussed in the Plan is incorporated herein by reference.

14 The Plan provides that Debtor will lease its real and personal property for an amount
15 sufficient to pay the creditors secured by real or personal property the full amount of their
16 claims, with interest and attorney's fees, if the value of the collateral is greater than the amount
17 of the claim. Amounts owed to the secured creditors that are greater than the value of the
18 collateral that secures repayment of the claim will be included in the general unsecured class.
19 Unsecured creditors, including creditors who are undersecured and general unsecured creditors
20 will receive a pro-rata share of \$810,870.93 over the five year term of the Plan. Priority Claims
21 will be paid in full, with interest, within one year of the Effective Date.

22 Certain types of claims are automatically entitled to specific treatment under the Code.
23 They are not considered impaired, and holders of such claims do not vote on the Plan. They
24 may, however, object if, in their view, their treatment under the Plan does not comply with that
25 required by the Code.

26 **IV. Means for Executing the Plan**

27 Creditors should refer to the Plan at pages 10 through 12 for a discussion of the means
28 by which Debtor intends to execute the Plan. See Exhibit "A" at pages 23 through 25. The

1 Debtor's Means for Executing the Plan discussed in the Plan is incorporated herein by
2 reference.

3 **V. Claims Handling and Payments to Creditors under the Plan**

4 Creditors should refer to the Plan at pages 12 through 14 for a discussion of the Claims
5 Handling and Payments to Creditors under the Plan. See Exhibit "A" at pages 25 through 27.
6 The Claims Handling and Payments to Creditors under the Plan discussed in the Plan is
7 incorporated herein by reference.

8 **VI. Confirmation Requirements and Procedures**

9 To be confirmable, the Plan must meet the requirements listed in 11 USC §§ 1129(a) or
10 (b). These include the requirements that: the Plan must be proposed in good faith; at least one
11 impaired class of claims must accept the plan, without counting votes of insiders; the Plan must
12 distribute to each creditor and equity interest holder at least as much as the creditor or equity
13 interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity
14 interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are
15 not the only requirements listed in 11 USC § 1129, and they are not the only requirements for
16 confirmation.

17 **A. Who May Vote or Object?**

18 Any party in interest may object to the confirmation of the Plan if the party believes that
19 the requirements for confirmation are not met.

20 Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A
21 creditor or equity interest holder has a right to vote for or against the Plan only if that creditor
22 or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for
23 voting purposes and (2) impaired.

24 In this case, Debtor believes that Classes One through Eleven are impaired and that
25 holders of claims in those classes are entitled to vote to accept or reject the Plan. Debtor
26 believes that there are no unimpaired classes who do not have the right to vote to accept or
27 reject the Plan. The Court has not made a determination as to which classes are eligible to vote.

1 **1. What Is an Allowed Claim or an Allowed Equity Interest?**

2 Only a creditor or equity interest holder with an allowed claim or an allowed equity
3 interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if
4 either (1) Debtor has scheduled the claim on Debtor's schedules, unless the claim has been
5 scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim
6 or equity interest, unless an objection has been filed to such proof of claim or equity interest.
7 When a claim or equity interest is not allowed, the creditor or equity interest holder holding the
8 claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules
9 the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a)
10 of the Federal Rules of Bankruptcy Procedure.

11 *The deadline for filing a proof of claim for non-governmental agencies in this case
12 was May 31, 2017.*

13 *The deadline for filing a proof of claim for governmental agencies in this case was
14 July 24, 2017.*

15 *The deadline for filing objections to claims in this case is 60 days after the Effective
16 Date.*

17 **2. What Is an Impaired Claim or Impaired Equity Interest?**

18 As noted above, the holder of an allowed claim or equity interest has the right to vote
19 only if it is in a class that is *impaired* under the Plan. As provided in 11 USC § 1124, a class is
20 considered impaired if the Plan alters the legal, equitable, or contractual rights of the members
21 of that class.

22 **3. Who is Not Entitled to Vote?**

23 The holders of the following five types of claims and equity interests are *not* entitled to
24 vote:

- 25 • holders of claims and equity interests that have been disallowed by an order of
26 the Court;
- 27 • holders of other claims or equity interests that are not "allowed claims" or
28 "allowed equity interests" (as discussed above), unless they have been
 "allowed" for voting purposes.
- 29 • holders of claims or equity interests in unimpaired classes;
- 30 • holders of claims entitled to priority pursuant to 11 USC §§ 507(a)(2), (a)(3),
31 and (a)(8);
- 32 • holders of claims or equity interests in classes that do not receive or retain any
33 value under the Plan; and
- 34 • administrative expenses.

1 *Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the*
2 *Confirmation of the Plan.*

3 **4. Who Can Vote in More Than One Class?**

4 A creditor whose claim has been allowed in part as a secured claim and in part as an
5 unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject
6 a Plan in each capacity, and should cast one ballot for each claim.

7 **B. Votes Necessary to Confirm the Plan**

8 The Court cannot confirm the Plan unless (1) at least one impaired class of creditors has
9 accepted the Plan without counting the votes of any insiders within that class, and (2) all
10 impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by
11 “cram down” on non-accepting classes, as discussed later in Section B.2.

12 **1. Votes Necessary for a Class to Accept the Plan**

13 A class of claims accepts the Plan if both of the following occur: (1) the holders of more
14 than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the
15 Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in
16 the class, who vote, cast their votes to accept the Plan.

17 A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in
18 amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

19 **2. Treatment of Non-accepting Classes**

20 Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm
21 the Plan if the non-accepting classes are treated in the manner prescribed by 11 USC § 1129(b).
22 A plan that binds non-accepting classes is commonly referred to as a “cram down” plan. The
23 Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all
24 the requirements for consensual confirmation except the voting requirements of 11USC §
25 1129(a)(8), does not “discriminate unfairly,” and is “fair and equitable” toward each impaired
26 class that has not voted to accept the Plan.

27 To the extent any Class impaired under the Plan and entitled to vote does not accept the
28 Plan by the requisite statutory majority provided in 11 USC § 1126(c) as discussed above in

1 Section B.1., or is deemed to have rejected the Plan, Debtor will request confirmation of the
2 Plan under 11 USC § 1129(b).

3 **C. Liquidation Analysis**

4 To confirm the Plan, the Court must find that all creditors and equity interest holders
5 who do not accept the Plan will receive at least as much under the Plan as such claim and
6 equity interest holders would receive in a Chapter 7 liquidation.

7 Debtor believes that creditors will receive a greater dividend in their Chapter 11 case
8 than would be available in a Chapter 7 case. Currently the only assets of the estate are (1) the
9 real property and (2) the equipment. Debtor believes that a greater dividend will be paid to
10 creditors through the Plan than would be received by creditors in a Chapter 7 case because the
11 Plan provides that all allowed secured claims will be paid the full amount of their claim based
12 upon the value of the collateral to secure said claim, with interest, after confirmation of the
13 Plan. The Plan provides that deficiencies owed to undersecured claimants will be treated and
14 paid as general unsecured claims. However, if Debtor's case were converted to a case under
15 Chapter 7, Debtor believes that Allstar Financial Services, Inc. ("Allstar") would be granted
16 relief from the automatic stay and permitted to foreclose against its collateral because Allstar is
17 secured by a deed of trust in first position against the real property owned by Debtor. A
18 foreclosure by Allstar would result in Allstar owning the real property rather than being paid
19 the value of its collateral. Furthermore, the Claim held by the Investment Grade Loans, Inc.
20 ("IGL") would become unsecured that would receive nothing after payment of Chapter 11 and
21 7 administrative expenses rather than payment of its claim in full with interest as provided
22 under the Plan.

23 Furthermore, Debtor believes that the parties secured by the equipment owned by
24 Debtor would also be granted relief from the automatic stay and permitted to repossess the
25 equipment. This would leave nothing for distribution to unsecured or undersecured creditors.
26 A liquidation analysis prepared by Debtor is attached as Exhibit "D."

27

28

1 **D. Feasibility**

2 The Court must find that confirmation of the Plan is not likely to be followed by the
3 liquidation, or the need for further financial reorganization, of Debtor or any successor to
4 Debtor, unless such liquidation or reorganization is proposed in the Plan.

5 **1. Ability to Initially Fund Plan**

6 Debtor believes that it will have enough cash on hand on the Effective Date to pay all
7 the claims and expenses that are entitled to be paid on that date as indicated in the Budget.

8 **2. Ability to Make Future Plan Payments and Operate Without Further
9 Reorganization**

10 Debtor must also show that it will have enough cash over the life of the Plan to make
11 the required Plan payments. Debtor has provided projected financial information in the Budget
12 attached as Exhibit "C." Debtor's financial projections show that the Debtor will have
13 sufficient income to pay the Plan payments of about \$32,000.00 per month.

14 **VII. Effect of Confirmation of Plan**

15 Creditors should refer to the Plan at pages 15 and 16 for a discussion of the effect of
16 confirmation of the Plan. See Exhibit "A" at pages 28 and 29. The Effect of Confirmation of
17 Plan discussed in the Plan is incorporated herein by reference.

18 **VIII. Amendments or Modifications to the Plan**

19 Creditors should refer to the Plan at pages 16 and 17 for a discussion of Debtor's rights
20 to amend or modify the Plan. See Exhibit "A" at pages 29 and 30. The Amendments or
21 Modifications to the Plan discussed in the Plan is incorporated herein by reference.

22 **IX. Remedies upon Default**

23 Creditors may request appropriate relief by filing a motion and setting it for hearing
24 pursuant to Local Bankruptcy Rule 9014-1 if Debtor defaults under the Plan. This relief may
25 consist of, without limitation, dismissal of the case, conversion of the case to Chapter 7, or
26 relief from the automatic stay to pursue rights against collateral.

27 **X. Risk Factors**

1 Debtor believes that there is risk to creditors associated with the confirmation of the
2 Plan. The primary risk to creditors is failure by Debtor to complete the payments required by
3 the Plan and dismissal of the Chapter 11 case. Dismissal of the Chapter 11 would allow Allstar
4 to foreclose against its collateral. Debtor believes that foreclosure of collateral would result in
5 payment of less than \$1,460,000.00 to Allstar and nothing to IGL or unsecured creditors.
6 Debtor believes that the benefits associated with the Plan outweigh the risks associated with the
7 Plan.

8 **XI. Alternative to Plan**

9 Dismissal of the case or conversion to Chapter 7 are alternatives available to Debtor if
10 the Plan is not confirmed. Debtor believes that confirmation of the Plan is preferable to the
11 dismissal of its case because dismissal of the case would result in foreclosure by Allstar on the
12 real property and termination of the business operated by Debtor.

13 **XII. Definitions**

14 The definitions contain in the Plan at pages 20 through 22 are incorporated herein by
15 reference and all capitalized terms contained herein shall have the meaning ascribed to the term
16 by the Plan. See Exhibit "A" at pages 33 through 35.

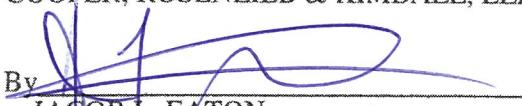
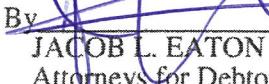
17 Date: December 6, 2017 SILO CITY, INC.

18
19 By 
Michael Clift, President and sole shareholder

20 **APPROVED:**

ORIGINAL

21 KLEIN, DeNATALE, GOLDNER,
22 COOPER, ROSENLIEB & KIMBALL, LLP

23 
24 By 
JACOB L. EATON
25 Attorneys for Debtor in Possession,
SILO CITY, INC.

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9 Attorneys for Debtor-in-Possession

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11 UNITED STATES BANKRUPTCY COURT

12 EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

13 In re:

14 SILO CITY, INC.

15 Debtor-in-Possession.

16 Case No. 17-10238-B-11

17 Chapter 11

18 DC No. KDG-6

19 Date: February 8, 2018

20 Time: 10:30 A.M.

21 Place: United States Bankruptcy Court
510 19th Street

22 Bakersfield, California

23 Judge: Honorable Rene Lastreto II

24

25 **PLAN OF REORGANIZATION DATED DECEMBER 6, 2017**

26 I. Introduction

27 Pursuant to section 1121(e) of the Code,¹ SILO CITY, INC., Debtor in the above-
captioned business Chapter 11 case, respectfully proposes the following Plan. Debtor is the
proponent of this Plan under section 1129 of the Code.

28 The Plan contemplates the reorganization of Debtor and the resolution of all outstanding
Claims against and interests in Debtor. If any Impaired Class of Claims against Debtor entitled
to vote on this Plan does not accept the Plan by the requisite majority required by section

29

30 ¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in
Section XI of this Plan.

1 1126(c) of the Code, then Debtors will proceed to confirm the Plan under section 1129(b) of
2 the Code.

3 Under section 1125(b) of the Code, votes to accept or reject a plan of reorganization
4 cannot be solicited from holders of Claims or Interests entitled to vote on the plan until a
5 disclosure statement has been approved by a bankruptcy court and distributed to such holders.
6 The Disclosure Statement that was filed on December 6, 2017, and approved by the Court on
7 _____ contains, among other things, a discussion of the Debtor's history,
8 business, property, and operations, projections for the operations, risk factors associated with
9 the business and the Plan, and a summary and analysis of the Plan and certain related matters.

10 **II. Classification and Treatment of Claims and Equity Interests**

11 **A. Unclassified Claims**

12 Under 11 USC § 1123(a), administrative expense claims and priority tax claims are not
13 in classes. As such, Debtor has *not* placed the following claims in any class:

14 **a. Creditors Having Administrative Expense Claims**

15 Administrative expenses are costs or expenses of administering the Debtor's Chapter 11
16 case which are allowed under 11 USC § 507(a)(2). Administrative expenses also include the
17 value of any goods sold to Debtor in the ordinary course of business and received within 20
18 days before the date of the bankruptcy petition. The Code requires that all administrative
19 expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a
20 different treatment.

21 Debtor has incurred administrative expenses since the filing of its Voluntary Petition
22 ("Administrative Claims"). Debtor believes that the Administrative Claims will be the
23 following amounts on the Effective Date of the Plan:

24 ///

25 ///

26 ///

27 ///

28 ///

| Type | Estimated Amount Owed | Proposed Treatment |
|--|-------------------------|--|
| Expenses Arising in the Ordinary Course of Business After the Petition Date | \$7,154.53 ² | Paid in full on the effective date of the Plan, or according to terms of obligation if later |
| The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date | \$0.00 | Paid in full on the effective date of the Plan, or according to terms of obligation if later |
| Professional Fees, as approved by the Court. | \$65,000.00 | Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan |
| Clerk's Office Fees | \$0.00 | Paid in full on the effective date of the Plan |
| Other administrative expenses | \$0.00 | Paid in full on the effective date of the Plan or according to separate written agreement |
| Office of the U.S. Trustee Fees | \$325.00 | Paid in full on the effective date of the Plan |
| TOTAL | \$72,479.53 | |

Any unpaid Administrative Claims will be paid after Court approval if Court approval is required. Debtor estimates the administrative claims will be \$72,479.53 on the Effective Date. Except as provided below, any application for approval of a Administrative Claims must be filed and served no later than thirty days after Debtor gives notice of said requirement to the affected creditors, *except* applications for approval of any professional fee claims may be made at any time during the Term of the Plan. Professionals employed by Debtor shall not be required to seek approval of fees for services provided after confirmation of the Plan. This paragraph shall not apply to U.S. Trustee fees, postpetition taxes, utility bills, postpetition debts owed to trade creditors, and any other postpetition debts incurred in the ordinary course of Debtors' business. All such postpetition obligations shall be paid when they come due under applicable law without court order.

² This claim represents the property taxes for the current year that are owed to the Kern County Tax Collector as represented by Proof of Claim No. 11. These taxes are not yet delinquent and will be paid as they come due under the law.

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1 **B. Classes of Claims and Equity Interests**

2 The following is the classification and treatment of claims and equity interests:

3 **a. Classes of Secured Claims**

4 Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy
5 estate to the extent allowed as secured claims under 11 USC § 506.

6 **a) Class One Claim: Secured Claim of Kern County Tax Collector**

7 The Class One Claim consists of the Allowed Secured Claim of Kern County Tax
8 Collector ("KCTC") by liens against the Real Property and personal property owned by
9 Debtor for delinquent property taxes represented by Proof of Claim No. 10 (\$26,732.64) and
10 Proof of Claim No. 11 (\$7,154.53), both filed on April 28, 2017. The balance of the Class
11 One Claim was \$33,887.17 on the Petition Date. Debtor estimates that the Class One Claim
12 will be about \$3,577.27 on the Effective Date, which represents the amount owed to the Class
13 One Claimant for the 2017 real property taxes which aren't delinquent until April 10, 2018,
14 and will be paid by Debtor in the ordinary course of business. The remainder of the Class One
15 Claim will be paid in full before the Effective Date. If any delinquent amounts remain owing
16 on the Class One Claim on the Effective Date, those amounts will be treated as follows.

17 ***Treatment of the Class One Claim:*** The Class One Claim is impaired. The Class One
18 Claimant retains its lien. All defaults are cured on confirmation if there was a prepetition
19 default on any claim held by the Kern County Tax Collector. The Class One Claim will be
20 paid as follows:

21 a. Interest shall accrue at the rate of 18% per annum from and after the later
22 of the Effective Date of the Plan or the date the taxes become delinquent.

23 b. Debtor shall pay the Class One claim in full within 30 days after the
24 Effective Date.

25 **b) Class Two Claim: Secured Claim of Allstar Growth Fund, LLC**

26 The Class Two Claim consists of the Allowed Secured Claim of Allstar Growth Fund,
27 LLC ("Allstar") secured by a lien against the Real Property. The balance on the Class Two
28 Claim was \$2,830,303.25 on the Petition Date. As of the Petition Date, the value of the Class

1 Two Claimants collateral was \$1,460,000.00³. Therefore, the total amount of the Class Three
2 Claimant's secured claim was \$1,460,000.00. The estimated deficiency balance for the Class
3 Two Claimants is \$1,370,303.25 and will be treated in Class Eleven.

4 ***Treatment of the Class Two Claim:*** The Class Two Claim is impaired. The Class Two
5 Claimant retains its lien. All defaults are cured on confirmation if there was a prepetition
6 default on any claim held by Allstar. The Class Two Claim will be paid as follows:

7 a. Debtor shall make payments totaling \$9,040.82 per month beginning on
8 the first day of the first month after the Effective Date. The \$9,040.82 payment is based upon a
9 20-year amortization of \$1,460,000.00 at the rate of 4.25% per annum, and continuing until the
10 earlier of (i) the Class Two Claim is paid in full, (ii) the date on which the Class Two Claim is
11 all due and payable, or (iii) until the sale of the Real Property securing repayment of the Class
12 Two Claim.

13 b. Notwithstanding the foregoing, the Class Two Claim shall be all due and
14 payable on the date that is 10 years after the Effective Date.

15 c) **Class Three Claim: Secured Claim of Investment Grade Loans,**
16 **Inc. Trustee for Beneficiaries listed in Proof of Claim No. 19 filed**
17 **on May 30, 2017**

18 The Class Three Claim consists of the Allowed Secured Claim of Investment Grade
19 Loans, Inc., Trustee for Beneficiaries listed in Proof of Claim No. 19 filed on May 30, 2017
20 ("Investment Grade") secured by a lien against the real and personal property owned by
21 Debtor. The balance on the Class Three Claim was \$968,894.00 on the Petition Date. As of
22 the Petition Date, the value of the Class Three Claimant's collateral was \$127,594.92.
23 Therefore, the total amount of the Class Three Claimant's secured claim was \$127,594.92. The
24 estimated deficiency balance for the Class Three Claimants is \$841,299.08 and will be treated
25 in Class Eleven.

27 ³ See Declaration of Michael C. Burger in Support of Allstar Growth Fund, LLC's Motion for Relief from
28 Automatic Stay [Doc No. 206] and Exhibit J of Allstar Growth Fund, LLC's Exhibits in Support of Allstar Growth
Fund, LLC's Motion for Relief from Automatic Stay filed on November 29, 2017 [Doc No. 211-213].

1 ***Treatment of the Class Three Claim:*** The Class Three Claim is impaired. The Class
2 Three Claimant retains its lien. All defaults are cured on confirmation if there was a prepetition
3 default on any claim held by Investment Grade. The Class Three Claim will be paid as follows:

4 a. Debtor shall make payments totaling \$2,526.53 per month beginning on
5 the first day of the first month after the Effective Date. The \$2,526.53 payment is based upon a
6 5-year amortization of \$127,594.92 at the rate of 7% per annum, and continuing until the earlier
7 of (i) the Class Three Claim is paid in full, or (ii) until the sale of the personal property securing
8 repayment of the Class Three Claim.

9
10 d) **Class Four Claim: Secured Claim of Amur Equipment Finance,**
11 **Inc. fka Axis Capital, Inc.**

12 The Class Four Claim consists of the Allowed Secured Claim of Amur Equipment
13 Finance, Inc. formerly known as Axis Capital, Inc. (“Amur”) secured by a UCC Financing
14 Statement against the a packing system owned by Debtor. The balance of the Class Four Claim
15 was \$136,822.45 on the Petition Date. Debtor estimates that the Class Four Claim will be
16 \$136,822.45 on the Effective Date.

17 ***Treatment of the Class Four Claim:*** The Class Four Claim is impaired. The
18 Class Four Claimant retains its lien. All defaults are cured on confirmation if there was a
19 prepetition default on any claim held by Amur. The Class Four Claim will be paid as follows:

20 a. Debtor shall make payments totaling \$2,709.25 per month beginning on
21 the first day of the first month after the Effective Date. The \$2,709.25 payment is based upon a
22 5-year amortization of \$136,822.45 at the rate of 7% per annum, and continuing until the earlier
23 of (i) the Class Four Claim is paid in full, or (ii) until the sale of the personal property securing
24 repayment of the Class Four Claim at which time the Class Four Claim will be paid in full.

25 e) **Class Five Claim: Secured Claim of US Bank National**
26 **Association**

27 The Class Five Claim consists of the Allowed Secured Claim of US Bank national
28 Association (“US Bank”) secured by a UCC Financing Statement against a 2012 Technipes
Tecno-V GTE owned by Debtor. The balance of the Class Five Claim was \$32,542.49 on the

1 Petition Date. Debtor estimates that the Class Five Claim will be \$32,542.49 on the Effective
2 Date.

3 ***Treatment of the Class Five Claim:*** The Class Five Claim is impaired. The
4 Class Five Claimant retains its lien. All defaults are cured on confirmation if there was a
5 prepetition default on any claim held by US Bank. The Class Five Claim will be paid as
6 follows:

7 a. Debtor shall make payments totaling \$644.38 per month beginning on
8 the first day of the first month after the Effective Date. The \$644.38 payment is based upon a
9 5-year amortization of \$32,542.49 at the rate of 7% per annum, and continuing until the earlier
10 of (i) the Class Five Claim is paid in full, or (ii) until the sale of the personal property securing
11 repayment of the Class Five Claim at which time the Class Five Claim will be paid in full.

12 **f) Class Six Claim: Secured Claim of TCF Equipment Finance**

13 The Class Six Claim consists of the Allowed Secured Claim of TCF Equipment Finance
14 ("TCF") secured by a UCC Financing Statement against a 2012 Technipes Tecno-V VFFS
15 Packing System owned by Debtor. The balance of the Class Six Claim was \$53,657.55 on the
16 Petition Date. Debtor estimates that the Class Six Claim will be \$58,657.55 on the Effective
17 Date.

18 ***Treatment of the Class Six Claim:*** The Class Six Claim is impaired. The Class
19 Six Claimant retains its lien. All defaults are cured on confirmation if there was a prepetition
20 default on any claim held by US Bank. The Class Six Claim will be paid as follows:

21 a. Debtor shall make payments totaling \$1,161.49 per month beginning on
22 the first day of the first month after the Effective Date. The \$1,161.49 payment is based upon a
23 5-year amortization of \$32,542.49 at the rate of 7% per annum, and continuing until the earlier
24 of (i) the Class Six Claim is paid in full, or (ii) until the sale of the personal property securing
25 repayment of the Class Six Claim at which time the Class Six Claim will be paid in full.

26 **g) Class Seven Claim: Secured Claim of Bank of the West**

27 The Class Seven Claim consists of the Allowed Secured Claim of Bank of the West
28 ("BOW") secured by a UCC Financing Statement against a Packing System owned by Debtor.

1 The balance of the Class Seven Claim was \$45,700.38 on the Petition Date. Debtor estimates
2 that the Class Seven Claim will be \$45,700.38 on the Effective Date.

3 ***Treatment of the Class Seven Claim:*** The Class Seven Claim is impaired. The
4 Class Seven Claimant retains its lien. All defaults are cured on confirmation if there was a
5 prepetition default on any claim held by BOW. The Class Seven Claim will be paid as follows:

6 a. Debtor shall make payments totaling \$904.92 per month beginning on
7 the first day of the first month after the Effective Date. The \$904.92 payment is based upon a
8 5-year amortization of \$45,700.38 at the rate of 7% per annum, and continuing until the earlier
9 of (i) the Class Seven Claim is paid in full, or (ii) until the sale of the personal property
10 securing repayment of the Class Seven Claim at which time the Class Seven Claim will be paid
11 in full.

12 h) **Class Eight Claim: Secured Claim of Key Equipment Finance**

13 The Class Eight Claim consists of the Allowed Secured Claim of Key Equipment
14 Finance (“Key Equipment”) secured by a UCC Financing Statement against a Label Machine
15 owned by Debtor. The balance of the Class Seven Claim was \$13,307.50 on the Petition Date.
16 Debtor estimates that the Class Eight Claim will be \$13,307.50 on the Effective Date.

17 ***Treatment of the Class Eight Claim:*** The Class Eight Claim is impaired. The
18 Class Eight Claimant retains its lien. All defaults are cured on confirmation if there was a
19 prepetition default on any claim held by Key Equipment. The Class Eight Claim will be paid
20 as follows:

21 a. Debtor shall make payments totaling \$263.50 per month beginning on the first
22 day of the first month after the Effective Date. The \$263.50 payment is based upon a 5-year
23 amortization of \$13,307.50 at the rate of 7% per annum, and continuing until the earlier of (i)
24 the Class Eight Claim is paid in full, or (ii) until the sale of the personal property securing
25 repayment of the Class Eight Claim at which time the Class Eight Claim will be paid in full.

26 i) **Class Nine Claim: Secured Claim of Signature Financial LLC**

27 The Class Nine Claim consists of the Allowed Secured Claim of Signature Financial
28 LLC (“Signature”) secured by a UCC Financing Statement against a Winner 600 Robot

1 Palletizer owned by Debtor. The balance of the Class Seven Claim was \$47,906.79 on the
2 Petition Date. Debtor estimates that the Class Nine Claim will be \$47,906.79 on the Effective
3 Date.

4 ***Treatment of the Class Nine Claim:*** The Class Nine Claim is impaired. The
5 Class Nine Claimant retains its lien. All defaults are cured on confirmation if there was a
6 prepetition default on any claim held by Signature. The Class Nine Claim will be paid as
7 follows:

8 a. Debtor shall make payments totaling \$948.61 per month beginning on
9 the first day of the first month after the Effective Date. The \$948.61 payment is based upon a
10 5-year amortization of \$47,906.79 at the rate of 7% per annum, and continuing until the earlier
11 of (i) the Class Nine Claim is paid in full, or (ii) until the sale of the personal property securing
12 repayment of the Class Nine Claim at which time the Class Nine Claim will be paid in full.

13 b. **Classes of Priority Unsecured Claims**

14 a) Class Ten Claim: Priority Unsecured Claims

15 Class Ten Claims are priority claims as defined by Section 507(a)(4)-(7). Class Ten
16 Claims will be paid in accordance with the Code. The Class Ten Claims shall accrue interest at
17 the rate of 4.0% per annum and will be paid in equal monthly payments over a one-year period.

18 c. **Class of General Unsecured Claims**

19 a) Class Eleven Claims: General Unsecured Claims

20 Class Eleven Claims consist of the Allowed Claims of general unsecured creditors, the
21 unsecured portion of any Allowed Claim that is undersecured, and claims for rejection damages
22 related to unexpired leases and executor contracts. Debtor believes that the Class Eleven
23 Claims consists of claims totaling about \$2,500,000.00. The Class Eleven Claims will be paid
24 in accordance with the Code. Class Eleven Claimants will receive equal monthly payments in
25 over five years with no interest. The monthly installments will be paid pro rata to the Class
26 Eleven Claimants and be no less than \$13,500.00 per installment. The monthly payments to the
27 Class Eleven Claimants will begin on the date that is 60 days after the Effective Date and
28 continue on the first day of each month thereafter until 60 monthly installments are paid.

d. Class of Equity Interest Holders

a) Class Twelve Claim: Interests of Michael Clift

Class Twelve Claim is the interests of Michael Clift, the sole stockholder in Debtor.

The Class Twelve Claim is unimpaired. The Class Twelve Claimant retains his interest in Debtor.

e. **Provisions for Interests of Debtor**

a) Class Thirteen Claims: Interests of Debtor

The Class Thirteen Claims are the claims or interests held by Debtor. Debtor retains its assets and will not be required to liquidate any of its assets except as provided in the Plan.

Additionally, Debtor will manage its affairs subject to the provisions of the Plan without the appointment of a trustee or other outside management or control. The assets owned by Debtor shall revest in Debtor upon the Effective Date.

f. Provisions for Executory Contracts and Unexpired Leases

a) Class Fourteen: Assumed Leases and Contracts

The Class Fourteen Claims are the claims or interest of the parties to executory contracts and unexpired leases that are not Debtor. The unexpired lease agreement with Union Pacific Railroad Company dated September 22, 2004 is assumed. Assumption means that Debtor has elected to continue to perform the obligations under the unexpired lease with Union Pacific Railroad Company. Debtor does not believe that it is party to any other existing executory contracts or unexpired leases where it is either a tenant or lessee. However, if any other executory contracts or unexpired leases are determined to exist, such executory contracts and unexpired leases are rejected. Any general unsecured claim arising out of the rejection of executory contracts and unexpired leases by Debtor will be treated as a Class Eleven Claim.

III. Means for Executing the Plan

A. Debtor's Continued Operations

Debtor will continue to operate its business after confirmation of the Plan. Debtor will lease its Real Property and equipment to at least two non-affiliate entities for an amount sufficient to fund the Plan.

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1 **B. Source of Payments—Current Operations**

2 Debtor intends to pay the payments required by the Plan from the income generated
3 from the current operations of Debtor's business that includes the lease of its real and personal
4 property to non-affiliate entities. Debtor anticipates that it will enter into at least two (2)
5 separate real property lease agreements and one or more personal property lease and/or lease to
6 own agreements that will generate monthly income of at least \$37,500.00. In addition to the
7 leases, Debtor intends to collect past due rent owed to it by 7th Standard Milling, Inc.

8 Based upon these agreements and the collection of past due rents, Debtor projects that
9 its business will generate sufficient income to make the proposed payments as described in the
10 Budget. As reflected in the Budgets, Debtor's ongoing operations will be sufficient to meet
11 ongoing expenses and make the payments under the Plan.

12 **C. Post-confirmation Management**

13 Michael Clift will be the post-confirmation manager of Debtor.

14 **D. Continued Operation of Rental Business**

15 **a. Debtor's Operations**

16 Debtor will manage Debtor's operations including, but not limited to, collecting rents
17 and managing its real and personal property, including without limitation:

18 a. Debtor is authorized to employ officers, managers, agents, brokers,
19 representatives and attorneys to carry out any activity authorized by this Plan;

20 b. Debtor is authorized to pay ordinary operating costs and current taxes without
21 further order of the Court;

22 c. Debtor retains the right to prosecute all claims arising from any dispute
23 involving Debtor or any property within its control;

24 d. Except as otherwise provided in the Plan, Debtor is authorized to distribute its
25 property and the proceeds from any sale of its property to the creditors of Debtor and those
26 entitled to receive such distribution under the terms of this Plan.

27

28

1 e. Debtor may, but is not required to, prosecute any claims against other entities
2 including, but not limited to, any avoidance actions to recover fraudulent transfers or
3 preferential payments.

4 f. Debtor may, but is not required to, object to any claim pursuant to the Plan,
5 whether in the Chapter 11 Case or otherwise, and may pursue such litigation as is appropriate
6 to resolve such disputes and objections.

7 g. Debtor may, but is not required to, pursue any claim for monetary damages that
8 Debtor determines are appropriate, against any person or entity.

9 h. Debtor is authorized to make disbursements to its member or members if
10 sufficient funds are available to Debtor and such disbursements are permissible under the law.

11 **b. Prosecution of Lawsuits and Claims**

12 Debtor will prosecute any Claims pending on the Effective Date for the benefit of
13 creditors. Debtor will distribute the net proceeds of the litigation, after payment of attorney's
14 fees and costs, to Class Eleven Claimants as set forth in this Plan.

15 **c. Post-Confirmation Expenses**

16 The reorganized Debtor is entitled to expend funds reasonably necessary to carry out
17 the terms of the Plan. Pre-confirmation professional fees and costs will be paid only upon
18 application to and approval of the Court. Expenses that can be paid in the ordinary course of
19 business, including post-confirmation professional fees, will continue to be paid in the ordinary
20 course of business.

21 **IV. Claims Handling**

22 **A. Ownership and Transfer of Claims**

23 For purposes of any Distribution under the Plan, Debtor has no obligation to recognize
24 any transfer of Claims occurring on or after the Distribution date. Debtor is permitted to
25 recognize and deal for all purposes with only those Claimants of record stated on the claims
26 docket maintained by the Court, or scheduled in the list of creditors filed with the Court under
27 Bankruptcy Rule 1007 and not listed as disputed, contingent, or unliquidated as to amount, and
28 to which no objection has been interposed.

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1 **B. Amendments to Claims**

2 In order for Debtor to settle disputes and otherwise implement the Plan, a timely filed
3 proof of claim may be amended to increase or liquidate the amount or priority of such Claim,
4 but only as agreed upon by Debtor and the holder of such Claim, or as otherwise permitted by
5 the Court, the Bankruptcy Rules, or applicable law. Without limiting the previous sentence in
6 any manner, unless otherwise provided in the Plan, proofs of claim may not be filed or
7 amended after Confirmation of the Plan unless the amendment is solely to decrease the amount
8 or priority of the Claim.

9 **C. Disputed Claims and Objection Date**

10 Except as otherwise provided in the Plan, Debtor may object to the allowance of Claims
11 filed with the Court if Debtor disputes liability, priority, or amount, including, without
12 limitation, objections to Claims that have been assigned and the assertion of the doctrine of
13 equitable subordination with respect thereto. All objections may be litigated to Final Order, or
14 compromised, or withdrawn. Unless otherwise ordered by the Court, Debtor will file and serve
15 all objections to Disputed Claims no later than 60 days after the Effective Date or such other
16 date as may be approved by the Court.

17 **D. Estimation of Claims.**

18 Unless otherwise limited by a Final Order of the Court, Debtor may at any time request
19 the Court to estimate for final distribution purposes any contingent, unliquidated, or Disputed
20 Claim pursuant to 11 USC § 502(c) or otherwise, regardless of whether Debtor or others
21 previously objected to such Claim, and the Court retains jurisdiction to estimate any Claim at
22 any time during litigation concerning any objection to any Claim, including, without limitation,
23 during the pendency of any appeal relating to any such objection. If the Court estimates any
24 contingent, unliquidated, or Disputed Claim, the estimated amount constitutes either the
25 allowed amount of such Claim or a maximum limitation on such Claim, as determined by the
26 Bankruptcy Court; provided, however, that, if the estimate constitutes the maximum limitation
27 on such Claim, Debtor may elect to pursue supplemental proceedings to object to any ultimate
28

1 allowance of such Claim. All of the aforementioned Claims objection, estimation, and
2 resolution procedures are cumulative and not necessarily exclusive of one another.

3 **E. Allowance of Disputed Claims.**

4 When a Disputed Claim becomes, in whole or in part, an Allowed Claim, Debtor will
5 distribute to the Claimant the distributions the Claimant is then entitled to under the Plan,
6 together with any permitted interest. Such distribution, if any, will be made on or after the date
7 that the order or judgment of the Court allowing such Disputed Claim becomes a Final Order,
8 or after amendment, but not more than thirty (30) days thereafter.

9 **V. Payments to Creditors under the Plan**

10 **A. Distributions**

11 There will be an initial distribution and subsequent distributions to creditors under the
12 Plan. Timing of such distributions is governed by the Plan.

13 **B. Method of Payment**

14 The method of payment is at the election of Debtor, but may include, without limitation,
15 bank check, business check, or wire transfer.

16 **C. Means of Distribution**

17 Distributions by mail to holders of Allowed Claims will be made as follows: (1) at the
18 addresses set forth on the respective proofs of claim by such holders; (2) at the addresses set
19 forth in any written notices of address changes delivered to Debtor after the date of any related
20 proof of claim; or (3) at the address designated in any written agreement between Debtor and such
21 Claimants or so designated by order of the Court.

22 **D. Holding of and Failure to Claim, Undeliverable Distributions**

23 All Distributions are to be made by Debtor to the holder of each Allowed Claim at the
24 holder's address as described under Section VI.C. immediately above. If any holder's
25 Distribution is returned as undeliverable, no further Distributions to such holder must be made
26 unless and until Debtor is notified of such holder's then current address, at which time all
27 required Distributions will be made to such Claimant. Undeliverable Distributions will be held
28 by Debtor until such Distributions are claimed, so long as they are claimed within ninety (90)

1 days following a Distribution. After 90 days, all unclaimed Distributions revert to Debtor, and
2 the Claim of any Claimant or its successor with respect to the Distribution will be discharged and
3 forever barred, notwithstanding any federal or state escheat laws to the contrary.

4 **VI. Voting**

5 **A. Acceptance/Rejection Votes**

6 To the extent any Class impaired under the Plan and entitled to vote does not accept the
7 Plan by the requisite statutory majority provided in section 1126(c) of the Code, or is deemed
8 to have rejected the Plan, Debtor will request confirmation of the Plan under section 1129(b) of
9 the Code.

10 **B. Impaired Classes to vote**

11 Each holder of a Claim in an impaired Class is entitled to vote separately to accept or
12 reject this Plan, unless such holder is deemed to accept or reject this Plan.

13 **C. Acceptance by Class of Creditors**

14 An impaired Class of holders of Claims accepts this Plan if this Plan is accepted by at
15 least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed
16 Claims of such Class that have voted to accept or reject this Plan. Holders of a Class of Claims
17 is deemed to accept this Plan in the event that no holder of a Claim within that Class submits a
18 ballot by the deadline for the return of ballots. Proponent requests Confirmation of this Plan
19 under sections 1129(a) and 1129(b) of the Code.

20 **VII. Effect of Confirmation of Plan**

21 **A. Terms Binding**

22 On the Effective Date, all provisions of this Plan are binding upon Debtor, all
23 Claimants, and all other individuals and entities who are affected in any manner by the Plan.

24 **B. Discharge of Debtor**

25 On the Effective Date, Debtor will be discharged from any debt that arose before
26 confirmation of the Plan, subject to the occurrence of the Effective Date, to the extent specified
27 in 11 USC § 1141(d)(1)(A), except that Debtor will not be discharged of any debt imposed by
28 the Plan.

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1 **C. Injunction**

2 Claimants are permanently enjoined from commencing or continuing any action to
3 collect, recover, or offset any released Claim as a personal liability of Debtor, to the fullest
4 extent permitted by 11 USC §§ 1141(d)(1) and 524.

5 **D. Preservation of Avoidance Actions Claims and Rights**

6 On and after the Effective Date, Debtor retains any avoidance actions, including any
7 preference claims or fraudulent conveyance claims. Debtor may also assert such avoidance
8 actions in the context of defeating any Disputed Claim. Except for the releases and waivers
9 expressly stated in this Plan, nothing in the Plan waives the avoidance and other powers of
10 Debtor under the Code or the Bankruptcy Rules. Debtor retains after Confirmation and after
11 the Effective Date, all powers granted by the Code and the Bankruptcy Rules, including but not
12 limited to all claims held by a trustee or debtor in possession arising on or before the Effective
13 Date. Confirmation of the Plan does not release any Claim held by Debtor or the estate, unless
14 the Plan or Confirmation Order specifically and unambiguously so provide.

15 **E. Statutes of Limitation**

16 All applicable statutes of limitations and extensions thereto, including but not limited to
17 any applicable state law statute of limitations and 11 USC §§ 108, 546, and 550, remain in full
18 force and effect and available to Debtor as if Debtor was a trustee in bankruptcy.

19 **VIII. Amendments or Modifications to the Plan**

20 **A. Modification of Plan**

21 Debtor may modify the Plan at any time before confirmation of the Plan. However, the
22 Court may require a new disclosure statement and/or revoting on the Plan. A holder of a Claim
23 that has accepted or rejected this Plan is deemed to have accepted or rejected, as the case may
24 be, this Plan as modified, unless, within applicable time periods, such holder changes its
25 previous acceptance or rejection.

26 After the Confirmation of the Plan and before substantial consummation of the Plan as
27 defined in 11 USC § 1101(2), Debtor may, under Code section 1127(b), institute proceedings in
28 the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the

1 Plan, the Disclosure Statement, or the Confirmation order, and such matters as may be
2 necessary to carry out the purposes and effects of the Plan, so long as such proceedings do not
3 materially and adversely affect the treatment of holders of Claims under the Plan; provided,
4 that prior notice of such proceedings is served in accordance with the Bankruptcy Rules or
5 applicable order of the Bankruptcy Court. At any time after Confirmation of the Plan, Debtor
6 may modify the Plan so long as such modification is accomplished consistent with the Code.

7 **B. Revocation or Withdrawal of the Plan**

8 Debtor reserves the right to revoke or withdraw this Plan at any time before
9 Confirmation of the Plan.

10 **C. Reservation of Rights**

11 Neither the filing of the Disclosure Statement and Plan, or provisions contained in the
12 Disclosure Statement and Plan, nor the taking by any party in interest of any action with respect
13 to the Plan, shall (a) be or be deemed to be an admission against interest, and (b) until the
14 Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i)
15 against any other party in interest, or (ii) in any of the assets of any other party in interest, and,
16 until the Effective Date, all such rights are specifically reserved. In the event that the Plan is
17 not confirmed or fails to become effective, the Disclosure Statement and Plan may not be used
18 or relied upon in any manner in any suit, action, proceeding, or controversy within or without
19 this Chapter 11 Case involving Debtor or the estate, except with respect to Confirmation of the
20 Plan.

21 **IX. Miscellaneous Provisions**

22 **A. Jurisdiction of the Court**

23 The Court will retain jurisdiction after confirmation of the Plan to the extent permitted
24 by applicable law. Any litigation involving primarily matters of state law shall be prosecuted
25 in the state court.

26 **B. Final Decree**

27 Debtor must file a motion with the Court to obtain a Final Decree to close the case after
28 the estate has been fully administered as required by Rule 3022 of the Federal Rules of

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1 Bankruptcy Procedure. Alternatively, the Court may enter such a final decree on its own
2 motion.

3 **C. Taxes**

4 Each holder of an Allowed Claim that has received a Distribution has sole
5 responsibility for the satisfaction or payment of any tax obligation imposed by any
6 governmental unit. For tax purposes, Distributions received in respect of Allowed Claims will
7 be allocated first to unpaid accrued interest, then to the principal amount of such Claims.

8 **D. Severability**

9 If any provision of this Plan is determined to be unenforceable, the enforceability,
10 operation, or effect of any other provision of this Plan is not affected. So long as the Plan still
11 fulfills its essential purpose, any unenforceable provision is severed from the Plan.

12 **E. Successor and Assigns**

13 The rights and obligations of any party in interest to this Plan are binding on, and inure
14 to the benefit of, the successors and assigns of such party in interest.

15 **F. Effectuating Documents; Further Transactions**

16 Debtor is authorized and directed to take such actions as may be necessary or
17 appropriate to effectuate and further evidence the terms and conditions of the Plan and the
18 Confirmation order, and to take all actions necessary or appropriate to effectuate the provisions
19 of this Plan. Debtor may engage counsel to assist in its duties, including counsel who may
20 have previously represented Debtor or the debtor-in-possession.

21 **G. Modification of Payment Terms**

22 At any time after the Effective Date, Debtor may modify the treatment of any Allowed
23 Claim if the holder whose Allowed Claim is being adversely affected consents in writing.

24 **H. De Minimis Distributions**

25 Notwithstanding anything to the contrary contained in the Plan, Debtor will not disburse
26 cash to the holder of an Allowed Claim in an impaired class of claims if the amount of cash
27 otherwise due for such distributions is less than \$50.00.

28

1 **I. Incorporated Provisions to Reconcile with the Disclosure Statement.**

2 Because the Plan and the Disclosure Statement are interactive, they should be
3 reconciled and consistent with each other. However, the terms of this Plan supersede any
4 statements in the Disclosure Statement and shall control.

5 **X. Payment of Quarterly Fees and Post Confirmation Status Reports**

6 **A. Payment of Quarterly Fees**

7 Debtor will pay Quarterly Fees to the United States Trustee after the Effective Date and
8 until the Court enters an order concluding and terminating the case. Debtor will pay the
9 Quarterly Fees owed to the United States Trustee from income generated by the operation of its
10 business and the payment of Quarterly Fees will not affect the feasibility of the Plan.

11 **B. Post-Confirmation Status Reports**

12 Debtor will file quarterly Post-confirmation Status Reports with the Bankruptcy Court
13 until the dismissal of the case, conversion of the case, or entry of a Final Decree closing the
14 case. The Post-confirmation Status Reports will explain the progress made by Debtor toward
15 substantial consummation of the Plan. A Post-confirmation Status Report will be filed with the
16 Court for the quarter within which the Plan is confirmed. Subsequent Post-confirmation Status
17 Reports will be filed at the expiration of each quarter thereafter until dismissal of the case,
18 conversion of the case, or entry of a Final Decree closing the case. Post-confirmation Status
19 Reports will be filed with the Court and served on the United States Trustee not later than
20 twenty days after the expiration of a reporting period. The Post-confirmation Status Reports
21 will include information to enable the Court to determine:

22 a. whether the order Confirming the Plan of Reorganization has become a Final
23 Order;

24 b. whether deposits required by the Plan have been distributed;

25 c. whether any property proposed by the Plan to be transferred has been
26 transferred;

27 d. whether the reorganized Debtor has assumed the business or management of
28 property dealt with under the Plan;

1 e. whether payments under the Plan have been commenced;
2 f. whether fees owed to the United States Trustee pursuant to 28 U.S.C. § 1930
3 have been paid to the date of the Post-confirmation Status Report; and
4 g. whether all motions, contested matters, adversary proceedings, and other
5 litigation involving Debtor has been concluded.

6 **XI. Definitions and Rules of Interpretation**

7 **A. Definitions**

8 **“Administrative Claim”** means a Claim for payment of an administrative expense of a
9 kind specified in 11 USC § 503(b) and entitled to priority under 11 USC § 507(a)(1) including,
10 but not limited to, claims for unpaid post-petition rents filed on or before the Administrative
11 Claims Bar Date and Professional Fee Claims.

12 **“Administrative Claims Bar Date”** means 30 days after the entry of the Order
13 confirming the Plan.

14 **“Allowed Claim”** means a claim: (a) for which a proof of claim has been filed within
15 the period fixed by Bankruptcy Rule 3003 or Final Order of the Court; or (b) scheduled in the
16 list of creditors filed with the Court pursuant to Bankruptcy Rule 1007(b) and not listed as
17 disputed, contingent, or unliquidated as to amount and to which no objection has been
18 interposed.

19 **“Budget”** means the Debtor’s Projected Operating Budget that is attached to the
20 Disclosure Statement as Exhibit C.

21 **“Claim”** means any right to payment against Debtor in existence upon the Confirmation
22 of the Plan, whether or not such right to payment is reduced to judgment, liquidated,
23 unliquidated, disputed, undisputed, legal, secured, or unsecured.

24 **“Claimant”** means the person or entity asserting, or capable of asserting, a Claim.

25 **“Class”** means any category into which Claims are organized under the Plan.

26 **“Code”** means Title 11 of the United States Code.

27 **“Confirmation”** means the entry of an order of the Court confirming the Plan.

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BAKERSFIELD, CALIFORNIA 93309

1 **“Confirmation Date”** means the date of the entry of an order of the Court confirming
2 the Plan.

3 **“Court”** means the United States Bankruptcy Court for the Eastern District of
4 California, Fresno Division.

5 **“Debtor”** means Silo City, Inc.

6 The **“Disclosure Statement”** means the *Disclosure Statement Dated December 6, 2017*
7 filed in conjunction with the Plan, Docket Control No. KDG-8.

8 **“Disputed Claims”** means claims for payment filed by individuals or entities seeking
9 payment from assets of the estate that Debtor believes are not owed, are not owed in the
10 amount of the claim filed, or assert improper priority, and to which Debtor objects on or before
11 the date required by this Plan.

12 **“Distributions”** means payments to the holder of an Allowed Claim as provided by the
13 Plan.

14 **“Effective Date”** means the 15th day after the Court enters an Order confirming the
15 Plan.

16 **“Executory Contracts”** means contracts and unexpired leases that were executory on
17 the Petition Date within the meaning of 11 USC § 365.

18 **“Final Decree”** means the Final Order of the Court determining that Debtor’s estate has
19 been fully administered, the Plan has been substantially consummated, and closing the case.

20 **“Final Order”** means an order or judgment of the Court or other court of competent
21 jurisdiction that has not been reversed, stayed, modified or amended, and for which the time to
22 appeal has expired without such an appeal.

23 **“Impaired Claim”** means a Claim that will not receive full payment under the Plan
24 consistent with the contractual rights of the claimant.

25 **“Petition Date”** means January 25, 2017, the date on which Debtor commenced its
26 Chapter 11 case, and, where relevant, the time of the filing of Debtor’s Chapter 11 petition.

27 **“Plan”** means this Plan of Reorganization as amended or modified in accordance with
28 the Code.

1 **“Professional Fee Claims”** means an Administrative Claim of a professional for
2 compensation for services rendered or reimbursement of costs, expenses, or other charges and
3 disbursements incurred during the period from the Petition Date through the last day of the
4 calendar month immediately preceding the date of Confirmation.

5 **“Real Property”** means the real property owned by Debtor or leased by debtor, as
6 tenant, under a long-term, pre-paid ground lease from Union Pacific Railroad Company located
7 at 34716 7th Standard Road, Bakersfield, California 93314 (APN’s 482-070-24, 482-070-26,
8 which are owned by Debtor, and portion of 482-070-19, which is leased by Debtor)

9 **“Term of the Plan”** means the time period from the date that Debtor filed its Voluntary
10 Petition to the date that the Court enters an order closing this case.

11 **“Unimpaired Claim”** means a Claim that will receive full payment under the Plan
12 consistent with the contractual rights of the Claimant.

13 **B. Rules of Interpretation**

14 Unless otherwise specified, all article, section, exhibit, or schedule references in this
15 Plan are to the respective article in, section in, exhibit to, or schedule to the Plan, as the same
16 may be amended, waived, or modified from time to time. Whenever from the context it is
17 appropriate, each term, whether stated in the singular or the plural, includes both the singular
18 and the plural and any pronoun stated in the masculine, feminine, or neuter gender includes the
19 masculine, feminine, and neuter gender. Captions and headings in the Plan are inserted for
20 convenience only and are not intended to be a part of or to affect the interpretation of the Plan.
21 Whenever the words “include,” “includes,” or “including” are used in this Plan, they must be
22 deemed to precede the words “without limitation,” whether or not they in fact follow those
23 words or words of like import.

24 References from or through any date mean, unless otherwise specified, from and
25 including or through and including, respectively. Any references in the Plan to a contract,
26 instrument, release, indenture, or other agreement, or document being in a particular form or on
27 particular terms and conditions means that such document will be substantially in such form or
28 substantially on such terms and conditions. In the event that a particular term contained in the

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1 Plan (including any exhibits or schedules) conflicts with a particular term of the definitive
2 documentation implemented under the terms of the Plan, or any settlement or other agreement
3 contemplated under the Plan, the definitive documentation controls and is binding on the
4 parties to the definitive documentation.

5 Where reference is made in this Plan to a consent, approval, or acceptance by any party
6 that must not be unreasonably withheld, or to an issue, agreement, order or other document (or
7 the terms thereof) that shall be reasonably acceptable to any such party, such consent, approval
8 or acceptance must not be unreasonably conditioned, delayed, or withheld.

9 **C. Computation of Time**

10 In computing any period of time prescribed or allowed by the Plan, unless otherwise
11 expressly provided, the provisions of Bankruptcy Rule 9006(a) apply. In the event that any
12 payment, distribution, act, or deadline under the Plan that requires payment, performance, or
13 occurrence on a day that is not a business day, then the making of such payment or distribution,
14 the performance of such act or the occurrence of such deadline, is deemed to be on the next
15 succeeding business day without interest, but will be deemed to have been completed or to have
16 occurred as of the required date.

17 **D. References to Monetary Figures**

18 All references in the Plan to monetary figures refer to currency of the United States of
19 America, unless otherwise expressly provided.

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22 ///

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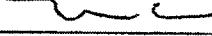
1 **E. Exhibits; Schedules**

2 All exhibits and schedules to the Disclosure Statement are incorporated into and are a
3 part of the Plan as if set forth in full in the Plan. To the extent any exhibit or schedule is
4 inconsistent with the terms of the Plan, unless otherwise ordered by the Court, the non-exhibit
5 or non-schedule portion of the Plan controls.

6 The undersigned, on behalf of Debtor, submits and agrees to be bound by the terms of the Plan.

7 Date: December 6, 2017

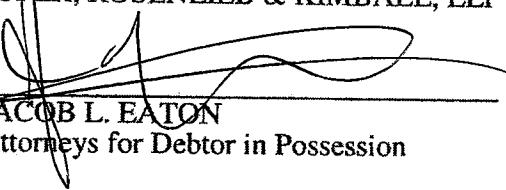
SILO CITY, INC.

8 By 

9 Michael Clift, President and sole shareholder

10 **APPROVED:**

11 KLEIN, DeNATALE, GOLDNER,
12 COOPER, ROSENLEIB & KIMBALL, LLP

13 By 

14 JACOB L. EATON

15 Attorneys for Debtor in Possession

16 KLEIN, DeNATALE, GOLDNER,
17 COOPER, ROSENLEIB & KIMBALL, LLP
18 4550 CALIFORNIA AVENUE, SECOND FLOOR
19 BAKERSFIELD, CALIFORNIA 93309

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ASSETS OF THE ESTATE

| Real Property | Market Value |
|---|---------------------|
| 34716 7 th Standard Road Bakersfield CA 93314 (APN's 482-070-24-00-5 and 482-070-26-1) | \$ 1,460,000.00 |

Total Value Real Property \$ 1,460,000.00

| Personal Property | Market Value |
|--------------------------------------|---------------------|
| Money on Deposit | \$ 10,216.10 |
| Bagging Machine 1 (Valve Packer) | \$ 150,000.00 |
| Bagging Machine 2 (Form Fill & Seal) | \$ 190,000.00 |
| Label Machine | \$ 11,700.00 |
| Other tools and equipment | \$ 102,000.00 |

Total Value Personal Property \$ 463,916.10

Total Value Real and Personal Property \$ 1,923,916.10

SILO CITY, INC.
 DISPOSABLE INCOME PROJECTION FOR FIVE YEAR PLAN
 2018

| 2017/2018 Cash Flow | | Dec-17 | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | TOTAL |
|---------------------------------|--|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| INCOME | | Beginning Balance | 10,000 | 72,919 | 124,137 | 106,329 | 106,724 | 62,567 | 62,961 | 63,356 | 62,776 | 62,081 | 62,476 | 35,871 | 36,266 |
| ABMT Lease | | 81,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 0 | 27,000 | 27,000 |
| Alliance Lease | | 21,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 297,000 |
| Bagging Machines | | 7,000 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 84,000 |
| Past Due Rent | | 0 | 30,000 | | | | | | | | | | | | 30,000 |
| Total Income | | 119,000 | 67,500 | 37,500 | 453,000 |
| Total Cash Available | | 129,000 | 140,419 | 161,637 | 143,829 | 144,224 | 100,067 | 100,461 | 100,856 | 100,276 | 99,581 | 72,976 | 73,371 | 73,766 | 525,919 |
| EXPENSES | | | | | | | | | | | | | | | |
| Insurance | | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 6,060 |
| Employee Expenses | | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| Maintenance | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| Real Property Taxes | | 10,536 | | | | 3,577 | | | | | | | | | 3,577 |
| Unsecured Property Taxes | | 33,089 | | | | | | | | | | | | | 1,089 |
| Utilities | | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| Professional fees | | 24,189 | 40,000 | 40,000 | 40,000 | | | | | | | | | | 80,000 |
| UST Fees | | 975 | | 975 | | | 975 | | | | | | | | 2,925 |
| Miscellaneous | | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Total Operating Expenses | | 72,919 | 6,080 | 45,105 | 5,105 | 49,657 | 5,105 | 6,080 | 6,194 | 5,105 | 5,105 | 5,105 | 5,105 | 5,105 | 152,429 |
| Chapter 11 Plan Payments | | 0 | 10,202 | 10,202 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 340,407 |
| Total Cash Disbursements | | 72,919 | 16,282 | 55,307 | 37,105 | 81,658 | 37,105 | 38,080 | 38,194 | 37,105 | 37,105 | 37,105 | 37,105 | 37,105 | 492,836 |
| Ending Balance | | 72,919 | 124,137 | 106,329 | 106,724 | 62,567 | 62,961 | 63,356 | 62,776 | 62,081 | 62,476 | 35,871 | 36,266 | 33,083 | 33,083 |

SILO CITY, INC.
DISPOSABLE INCOME PROJECTION FOR FIVE YEAR PLAN
2019

| 2019 Cash Flow | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Total |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Beginning Balance | 33,083 | 33,478 | 33,873 | 34,267 | 31,085 | 31,480 | 31,874 | 32,269 | 31,575 | 31,969 | 32,364 | 32,759 | 33,083 |
| INCOME | | | | | | | | | | | | | |
| ABMT Lease | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 324,000 |
| Alliance Lease | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 84,000 |
| Bagging Machines | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 42,000 |
| Owner Contribution | | | | | | | | | | | | | 0 |
| Total Income | 37,500 | 450,000 |
| Total Cash Available | 70,563 | 70,973 | 71,373 | 71,767 | 68,585 | 68,980 | 69,374 | 69,769 | 69,075 | 69,469 | 69,864 | 70,259 | 483,083 |
| EXPENSES | | | | | | | | | | | | | |
| Insurance | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 6,060 |
| Employee Expenses | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| Maintenance | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| Real Property Taxes | | | | 3,577 | | | | | | | | | 7,155 |
| Unsecured Property Taxes | | | | | | | | | 1,089 | | | | 1,089 |
| Utilities | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| Professional fees | | | | | | | | | | | | | 0 |
| UST Fees | | | | | | | | | | | | | 0 |
| Miscellaneous | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Total Operating Expenses | 5,105 | 69,504 |
| Chapter 11 Plan Payments | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 384,003 |
| Total Cash Disbursements | 37,105 | 37,105 | 40,683 | 37,105 | 37,105 | 37,105 | 38,194 | 37,105 | 37,105 | 37,105 | 40,683 | 453,507 | |
| Ending Balance | 33,478 | 33,873 | 34,267 | 31,085 | 31,480 | 31,874 | 32,269 | 31,575 | 31,969 | 32,364 | 32,759 | 29,576 | |

SILO CITY, INC.
DISPOSABLE INCOME PROJECTION FOR FIVE YEAR PLAN
2020

| 2020 Cash Flow | | | | | | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | TOTAL |
| Beginning Balance | 29,576 | 29,971 | 30,366 | 30,761 | 27,578 | 27,973 | 28,368 | 28,762 | 28,068 | 28,463 | 28,857 | 29,252 | 29,576 |
| INCOME | | | | | | | | | | | | | |
| ABMT Lease | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 324,000 |
| Alliance Lease | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 84,000 |
| Bagging Machines | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 42,000 |
| Owner Contribution | | | | | | | | | | | | | 0 |
| Total Income | 37,500 | 450,000 |
| Total Cash Available | 67,076 | 67,471 | 67,866 | 68,261 | 65,078 | 65,473 | 65,868 | 66,262 | 66,568 | 65,963 | 66,357 | 66,752 | 479,576 |
| EXPENSES | | | | | | | | | | | | | |
| Insurance | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 6,060 |
| Employee Expenses | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| Maintenance | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| Real Property Taxes | | | | | | | | | | | | | 7,155 |
| Unsecured Property Taxes | | | | | | | | | | | | | 1,089 |
| Utilities | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| Professional fees | | | | | | | | | | | | | 0 |
| UST Fees | | | | | | | | | | | | | 0 |
| Miscellaneous | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Total Operating Expenses | 5,105 | 69,504 |
| Chapter 11 Plan Payments | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 384,003 |
| Total Cash Disbursements | 37,105 | 37,105 | 40,683 | 37,105 | 37,105 | 38,194 | 37,105 | 37,105 | 37,105 | 37,105 | 40,683 | 453,507 | |
| Ending Balance | 29,971 | 30,366 | 30,761 | 27,578 | 27,973 | 28,368 | 28,762 | 28,068 | 28,463 | 28,857 | 29,252 | 26,070 | |

SILO CITY, INC.
DISPOSABLE INCOME PROJECTION FOR FIVE YEAR PLAN
2021

| 2021 Cash Flow | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | TOTAL |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Beginning Balance | 26,070 | 26,464 | 26,859 | 27,254 | 24,071 | 24,466 | 24,861 | 25,256 | 24,561 | 24,956 | 25,351 | 25,745 | 26,070 |
| INCOME | | | | | | | | | | | | | |
| ABMT Lease | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 324,000 |
| Alliance Lease | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 84,000 |
| Bagging Machines | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 42,000 |
| Owner Contribution | | | | | | | | | | | | | 0 |
| Total Income | 37,500 | 450,000 |
| Total Cash Available | 63,570 | 63,964 | 64,359 | 64,754 | 61,571 | 61,966 | 62,361 | 62,756 | 62,061 | 62,456 | 62,851 | 63,245 | 476,070 |
| EXPENSES | | | | | | | | | | | | | |
| Insurance | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 6,060 |
| Employee Expenses | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| Maintenance | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| Real Property Taxes | | | | 3,577 | | | | | 1,089 | | | | 3,577 |
| Unsecured Property Taxes | | | | | | | | | | | | | 7,155 |
| Utilities | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,089 |
| Professional fees | | | | | | | | | | | | | 1,200 |
| UST Fees | | | | | | | | | | | | | 0 |
| Miscellaneous | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Total Operating Expenses | 5,105 | 5,105 | 8,682 | 5,105 | 5,105 | 6,194 | 5,105 | 5,105 | 5,105 | 5,105 | 8,682 | 8,682 | 69,504 |
| Chapter 11 Plan Payments | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 384,003 |
| Total Cash Disbursements | 37,105 | 37,105 | 40,653 | 37,105 | 37,105 | 38,194 | 37,105 | 37,105 | 37,105 | 37,105 | 40,653 | 40,653 | 453,507 |
| Ending Balance | 26,464 | 26,859 | 27,254 | 24,071 | 24,466 | 24,861 | 25,256 | 24,561 | 24,956 | 25,351 | 25,745 | 22,563 | 22,563 |

SILO CITY, INC.
DISPOSABLE INCOME PROJECTION FOR FIVE YEAR PLAN
2022

| 2022 Cash Flow | Jan | Feb | Mar | April | May | June | July | Aug | Sept | Oct | Nov | Dec | TOTAL |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Beginning Balance | 22,563 | 22,958 | 23,352 | 23,747 | 20,565 | 20,959 | 21,354 | 21,749 | 21,055 | 21,449 | 21,844 | 22,239 | 22,563 |
| INCOME | | | | | | | | | | | | | |
| ABMT Lease | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 | 324,000 |
| Alliance Lease | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 84,000 |
| Bagging Machines | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 42,000 |
| Owner Contribution | | | | | | | | | | | | | 0 |
| Total Income | 37,500 | 450,000 |
| Total Cash Available | 60,063 | 60,458 | 60,852 | 61,247 | 58,055 | 58,459 | 58,854 | 59,249 | 58,555 | 58,949 | 59,344 | 59,739 | 472,563 |
| EXPENSES | | | | | | | | | | | | | |
| Insurance | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 505 | 6,060 |
| Employee Expenses | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| Maintenance | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| Real Property Taxes | | | | 3,577 | | | | | | | | | 3,577 |
| Unsecured Property Taxes | | | | | | | | | | | | | 7,155 |
| Utilities | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,089 |
| Professional fees | | | | | | | | | | | | | 0 |
| UST Fees | | | | | | | | | | | | | 0 |
| Miscellaneous | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Total Operating Expenses | 5,105 | 5,105 | 8,682 | 5,105 | 5,105 | 6,194 | 5,105 | 5,105 | 5,105 | 5,105 | 5,105 | 5,105 | 69,504 |
| Chapter 11 Plan Payments | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 384,003 |
| Total Cash Disbursements | 37,105 | 37,105 | 40,683 | 37,105 | 37,105 | 38,194 | 37,105 | 37,105 | 37,105 | 37,105 | 37,105 | 40,683 | 453,507 |
| Ending Balance | 22,958 | 23,352 | 23,747 | 20,565 | 20,959 | 21,354 | 21,749 | 21,055 | 21,449 | 21,844 | 22,239 | 19,056 | 19,056 |

SCHEDULE OF CHAPTER 11 PLAN PAYMENTS

| Class | Creditor | Amount of Claim | Lien | Interest | Term in Years | Payments Per Year | Monthly Payment | Balloon |
|-------|--------------------------------------|-----------------|--------|----------|---------------|-------------------|--------------------|---------|
| 1 | KCTTC - Current Real Property Tax | \$ - | Paid | | | | | |
| 1 | KCTTC - Unsecured Property Tax | \$ - | Paid | | | | | |
| 2 | Allstar Financial | \$ 1,460,000.00 | 1st TD | 4.25% | 20 | 12 | \$9,040.82 | 10 |
| 3 | Investment Grade | \$ 127,594.92 | UCC | 7.00% | 5 | 12 | \$2,526.53 | |
| 4 | Amur Equipment Finance | \$ 136,822.45 | UCC | 7.00% | 5 | 12 | \$2,709.25 | |
| 5 | US Bank | \$ 32,542.49 | UCC | 7.00% | 5 | 12 | \$644.38 | |
| 6 | TCF Equipment | \$ 58,657.55 | UCC | 7.00% | 5 | 12 | \$1,161.49 | |
| 7 | Bank of the West (Western Equipment) | \$ 45,700.38 | UCC | 7.00% | 5 | 12 | \$904.92 | |
| 8 | Key Equipment Finance | \$ 13,307.50 | UCC | 7.00% | 5 | 12 | \$263.50 | |
| 9 | Signature Financial | \$ 47,906.79 | UCC | 7.00% | 5 | 12 | \$948.61 | |
| 10 | Priority Creditors | \$ 3,361.50 | | 4.00% | 1 | 12 | \$286.23 | |
| 11 | Unsecured Creditors | \$ 810,870.93 | | 0.00% | 5 | 12 | \$13,514.52 | |
| | Total Monthly Payment | | | | | | \$32,000.26 | |

CHAPTER 7 LIQUIDATION ANALYSIS

| Real Property | Amount of Claim | Amount | Equity Available |
|---|-------------------|------------|-------------------|
| Sale price | | \$860,000* | |
| Less Secured Claims: | | | |
| Kern County Tax Collector | \$ (10,536.00) | | |
| Allstar Financial | \$ (2,830,303.25) | | |
| Estimated Attorneys fees for Allstar | \$ (25,000.00) | | |
| Investment Grade Financial, Inc. | \$ (968,894.00) | | |
| Estimated Attorneys fees for Investment | \$ (5,000.00) | | |
| Less Cost of Sale 8% | \$ (144,000.00) | | |
| | \$ (3,983,733.25) | | |
| Total Equity - Real Property | | | \$ (3,123,733.25) |

| Personal Property | Amount of Claim | Market Value | Equity Available |
|--|-----------------|---------------|------------------|
| Money on Deposit | | \$ 136.10 | \$ 136.10 |
| Bagging Machine 1 (Automated Bagging System) | | \$ 150,000.00 | |
| Less claim held by Amur Equipment Finance | \$ (136,822.45) | | |
| Less claim held by Investment Grade | \$ (13,177.55) | | \$ - |
| Baggin Machine 2 (Form Fill & Seal) | | \$ 190,000.00 | |
| Less claim held by TCF Equipment Finance | \$ (58,657.55) | | |
| Less claim held by US Bank | \$ (32,542.49) | | |
| Less claim held by Western Equipment | \$ (45,700.38) | | |
| Less claim held by Signature Financial | \$ (47,906.79) | | |
| Less claim held by Investment Grade | \$ (12,417.37) | | \$ (7,224.58) |
| Label Machine | | \$ 11,700.00 | |
| Less claim held by Key Equipment Finance | \$ (13,307.50) | | |
| Other tools and equipment | | \$ 102,000.00 | |
| Less claim held by Investment Grade | \$ (102,000.00) | | \$ - |
| Total Equity - Personal Property | | | \$ (7,088.48) |

| | |
|-------------------------------------|----------------------|
| Net Proceeds from Real Property | \$ - |
| Net Proceeds from Personal Property | \$ (7,088.48) |
| Net for Unsecured Creditors | \$ (7,088.48) |

*Liquidation Value of the Real Property assumes the value of the property without the leases because the leases would not be entered into if the property were to be liquidated in Chapter 7.