

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	Case No. 16-21735-TBM
BOWER CONTRACTING, INC.)	
)	Chapter 11
Debtor.)	
)	
Address: 3375 WM 800 B)	
Mosca, CO 81146)	
)	
Employer's Tax Identification No.:)	
33-1019741)	
)	

IN RE:)	
)	Case No. 16-21737-TBM
DAVID RAY BOWER,)	
)	Chapter 11
Debtor.)	
)	
Address: 3375 WM 800 B)	
Mosca, CO 81146)	
)	
Last four digits of SS#: 0360)	

**JOINT DISCLOSURE STATEMENT TO ACCOMPANY
JOINT PLAN OF REORGANIZATION DATED SEPTEMBER 28, 2017**

I. INTRODUCTION

Bower Contracting, Inc. ("BCI") and David Bower, individually ("Bower" and collectively the "Debtors") prepared this Disclosure Statement to accompany their Chapter 11 Joint Plan of Reorganization dated September 28, 2017 (the "Plan"), which was filed in the above-captioned Chapter 11 cases. This Disclosure Statement is being provided to all creditors and Interest holders of the Debtors. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. § 1125 by the United States Bankruptcy Court for the District of Colorado as containing adequate information to enable creditors and Interest holders to determine whether to accept the Debtors' Plan. The Court's approval of this Disclosure Statement does not constitute a decision on the merits of the Plan. Issues related to the merits of the Plan and its confirmation will be the subject of a confirmation hearing which is scheduled for

_____2017 at __:__ .m. at the United States Bankruptcy Court for the District of Colorado, Courtroom E.

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

The Plan is the governing document or contract with creditors once it is confirmed by the Court. In the event of any inconsistencies between the Plan and this Disclosure Statement, the Plan supersedes the Disclosure Statement and will be the sole Court-approved document that governs the post-confirmation relationship and agreements between the parties.

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

Jeffrey S. Brinen
Keri L. Riley
Kutner Brinen, P.C.
1660 Lincoln Street
Suite 1850
Denver, CO 80264

This Ballot must be received by Kutner Brinen, P.C. no later than **5:00 p.m. on _____** which is the date set by the Court as the last day to vote on the Plan. Capitalized terms contained in this Disclosure Statement that are defined in the Plan have the same meaning as set forth in the definitional section of the Plan, Article II.

Recommendation. As discussed more fully below, the Debtors firmly believe that the Plan represents the best alternative for providing the maximum value for creditors. The Plan provides creditors with a distribution on their Claims in an amount greater than any other potential known option available to the Debtor. **Again, the Debtors strongly believe that confirmation of the Plan is in the best interest of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.**

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

Voting Classes. Each holder of an Allowed Claim in Classes 2 – 14 and D – I shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code. Classes 1, 15, A, B, C, and J are unimpaired under the Plan.

Deemed Rejection of Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code. There are no Classes that receive or retain nothing under the Plan.

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

I. CHAPTER 11 AND PLAN CONFIRMATION

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows the Debtors to retain their assets during the administration of the Chapter 11 case as debtors-in-possession. Following confirmation of the Plan, Chapter 11 allows the Debtors to retain their assets as reorganized debtors or as otherwise provided in the Plan. If the Plan is approved by the Court, the Plan is the permanent restructuring of the Debtors’ financial obligations. The Plan also provides a means through which the Debtors will restructure or repay their obligations. The Plan will provide the Debtors with an opportunity to pay all creditors through the sale of assets and the generation of income from the sale of assets.

The Plan divides creditors into Classes of similarly situated creditors. All creditors of the

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

Each Debtor filed separate Applications requesting that the Court set a deadline for filing Proofs of Claim and certain administrative expense claims. On December 19, 2016, the Court entered orders in each of the cases establishing February 2, 2017, as the last day: (a) for filing of any Proof of Claim for a pre-petition claim or interest; and (b) by which motions or requests for allowance of administrative expense claims pursuant to 11 U.S.C. § 503(b)(9) must be filed with the Court (“Bar Date”). The Plan provides that Claims and Interests of all Classes shall be allowed only if such Claims are either: (a) evidenced by a timely filed Proof of Claim or Interest; or b) appear in the Schedules filed by the Debtors and are not scheduled as disputed, contingent or unliquidated, unless subsequently allowed by the Court. Creditors may check as to whether or not their Claims are scheduled as disputed, contingent or unliquidated by reviewing the Schedules and the amendments thereto filed by the Debtors in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for the Debtors or the Debtors directly in order to determine how their claim was scheduled.

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

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

for further financial reorganization of the Debtors.

II. OVERVIEW OF THE PLAN AND MEANS OF EXECUTION

A. Bower Contracting

The Plan divides creditors and Interest holders of BCI into the following fifteen (15) Classes. Treatment of each of the Classes is discussed in greater detail below and in the Plan. The following table summarizes the fifteen (15) Classes, whether or not each such Class is impaired, and, to the extent determinable, the treatment of each Class.

<u>CLASS</u>	<u>IMPAIRMENT</u>	<u>TREATMENT</u>
1 – Allowed Claims Arising Under 11 U.S.C. § 507(a)(4) and (5)	Unimpaired	Paid in full on the Effective Date of the Plan
2 – Security Service Federal Credit Union (2006 Ford F150)	Impaired	Allowed secured claim paid in full on the Effective Date of the Plan
3 – Security Service Federal Credit Union (2013 Ford F150)	Impaired	Allowed secured claim of \$14,500 amortized and paid over three (3) years in nine equal monthly installments each year beginning in April and ending in December, with interest at a rate of 2.95% per annum
4 – Wells Fargo Vendor Services	Impaired	Allowed secured claim amortized and paid over six (6) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 5.70% per annum
5 – Citizens Bank, N.A. (2015 Dodge 2500)	Impaired	Allowed secured claim of \$23,000 amortized and paid over five (5) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 3.99% per annum
6 – Citizens One Auto Finance (2016 Dodge 2500)	Impaired	Allowed secured claim of \$25,000 amortized and paid over five (5) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 3.99% per annum
7 – DeLage Laden Financial	Impaired	Allowed secured claim amortized and paid over seven (7) years in nine

Services, Inc.		equal monthly installments each year beginning in April and ending in December with interest at a rate of 5.75% per annum
8 – Direct Capital Corporation	Impaired	Allowed secured claim of \$66,000 amortized and paid over five (5) year in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 5.99% per annum
9 – Direct Capital Corporation (2000 Peterbilt)	Impaired	Allowed secured claim amortized and paid over two (2) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 5.75% per annum
10 – Direct Capital Corporation (2010 Ford F250, 2008 Ford F550)	Impaired	Allowed secured claim of \$20,200 amortized and paid over two (2) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 5.75% per annum
11 – First Interstate Bank	Impaired	Allowed secured claim of \$40,000 amortized and paid over fifteen (15) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 4.25% per annum
12 – Merchants Bank Equipment Finance	Impaired	Allowed secured claim amortized and paid over two (2) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 5.25% per annum
13 – Merchants Bank Equipment Finance	Impaired	Allowed secured claim of \$21,115 amortized and paid over two (2) years in nine equal monthly installments each year beginning in April and ending in December with interest at a rate of 4.9% per annum
14 – Unsecured Claims	Impaired	Allowed claims receive a pro rata distribution of 5% of gross revenue per month; Funds shall be deposited into segregated account and disbursed every 3 months

15 – Interests in Bower Contracting, Inc.	Unimpaired	Interest Holders retain their interests on the Effective Date
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B. David Bower

The Plan divides creditors and Interest holders of Bower into the following ten (10) Classes. Treatment of each of the Classes is discussed in greater detail below and in the Plan. The following table summarizes the ten (10) Classes, whether or not each such Class is impaired, and, to the extent determinable, the treatment of each Class.

<u>CLASS</u>	<u>IMPAIRMENT</u>	<u>TREATMENT</u>
A – Allowed Claims Arising Under 11 U.S.C. § 507(a)(4) and (5)	Unimpaired	Paid in full on the Effective Date of the Plan
B – New American Funding (Residence)	Unimpaired	Paid pursuant to contract terms
C – New American Funding (3025 Caliente Drive)	Unimpaired	Paid pursuant to contract terms
D – Security Service Federal Credit Union (2011 Chrysler Sedan)	Impaired	Allowed secured claim of \$5,500, amortized and paid over two (2) years with interest at a rate of 2.99% per annum
E – Security Service Federal Credit Union	Impaired	Allowed secured claim of \$15,000, amortized and paid over four (4) years with interest at a rate of 2.99% per annum
F – Space Age Credit Union	Impaired	Allowed secured claim of \$6,000 amortized and paid over three (3) years with interest at a rate of 2.99% per annum
G – Bank of the West (2014 Jayco Granite Ridge Motorhome)	Impaired	Allowed secured claim amortized and paid over eight (8) years at rate of 5.5% per annum
H – Bank of the West (2015 Moomba Mojo)	Impaired	Allowed secured claim amortized and paid over thirteen (13) years with interest at a rate of 5.5% per annum
I – Allowed Unsecured Claims	Impaired	Pro rata distribution of \$550 per month; Debtor will segregate funds and disburse funds to creditors every twelve (12) months

J – Interests in Bower	Unimpaired	Interest Holders retain their interests on the Effective Date
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The Plan provides for the reorganization of the Debtors under Chapter 11 of the Bankruptcy Code. The Debtors believes that the Plan represents the best way for creditors to recover the maximum amount on their claims.

III. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

BCI is a Colorado corporation that was formed in 2002 by David Bower to provide excavation, ditching, and drilling services to companies running underground telecommunication and broadband cabling. BCI is owned by Bower and his wife and operates out of a shop located at their primary residence. BCI operates year round, but performs most of its work between April and October. Bower is an individual living in Mosca, Colorado with his wife and children. He is the 51% owner and CEO of BCI, and his income is derived solely from its operations.

Pre-petition, in August 2012, BCI entered into a verbal business agreement with Joe Slane (“Slane”), an individual living Alamosa County, Colorado, pursuant to which Slane would purchase a horizontal directional drill, and BCI would employ Slane as an independent contractor. Slane and Bower had been close friends since childhood prior to entering into a business agreement with BCI, and the purchase of the horizontal directional drill was discussed with Bower prior to the initial purchase. Because of their years of close friendship, their business agreements were never put in writing.

Sometime between December 2012 and March 2013, Slane and BCI agreed that Slane would contribute the horizontal directional drill, related equipment, and a Ford F350 to BCI in exchange for a partial ownership interest. While the terms of the agreement were never memorialized in writing, it was intended that Slane would eventually receive a 25% ownership interest in BCI, which would eventually increase up to 50% after a few years. After that time, Slane was held out as an owner of BCI with Bower and Slane was given an input in business decisions. Slane disagrees with Bower’s position, and asserts that Bower wrongfully traded in the equipment in 2014.

In or around April 2015, Slane left BCI for another employment opportunity. At the time of leaving BCI, Slane did not request return the return of the equipment, nor did he demand payment for his ownership interest. On or about January 7, 2016, Slane filed a Complaint

against BCI and Bower in the District Court for Alamosa County, Case No. 2016CV30000. The Complaint alleged claims for breach of contract, conversion, unjust enrichment and civil theft based on BCI's trade-in of the horizontal drill and related equipment contributed by Slane in 2014. While the Debtors believed they would ultimately prevail at trial, the Debtors were forced to expend significant amounts on attorney fees in defending against the claims. As a result of the financial strain imposed by the ongoing litigation, and the need to restructure their obligations, the Debtors filed their voluntary petitions for relief pursuant to Chapter 11 of the Bankruptcy Code on December 2, 2016 in an effort to reorganize and continue their operations.

IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

The Debtors have complied with all requirements of the Bankruptcy Code and of the Office of the U.S. Trustee, including attending the Initial Debtor Interview and its Meeting of Creditors, and the filing of monthly operating reports.

A. *Bower Contracting, Inc.*

On April 19, 2017, Citizens Bank, N.A. ("Citizens Bank") filed a Motion for Relief from Stay with respect to a 2015 Dodge Ram. BCI filed an Objection to the Motion for Relief from Stay on May 4, 2017. On May 10, 2017, Citizens Bank filed a Motion to Approve Agreed Order Denying Motion for Relief from Stay. The Agreed Order was entered by the Court on May 10, 2017 pursuant to which BCI required to make monthly adequate protection payments to Citizens Bank.

On May 11, 2017, Wells Fargo Equipment Finance, Inc. ("Wells Fargo") filed a Motion for Relief from Stay with respect to a Bobcat E35 Mini Excavator. On May 22, 2017, the BCI and Wells Fargo filed a Stipulation of Relief from Stay which required BCI to make monthly adequate protection payments. The Stipulation was approved by the Court on May 23, 2017.

On August 16, 2017, the United States Trustee filed a Motion to Dismiss or, in the Alternative Convert ("Motion to Dismiss"), seeking to dismiss or covert BCI and Bower's bankruptcy cases. The Motion to Dismiss is currently pending before the Court. The Debtors filed their Response on September 18, 2017, and the Motion to Dismiss is currently pending before the Court.

B. David Bower

On April 4, 2017, Slane filed a Complaint to Determine Dischargeability, seeking to have his debt declared non-dischargeable pursuant to 11 U.S.C. § 523(a)(4). The Adversary Proceeding is currently pending before the Court, and is set for a one (1) day trial on December 8, 2017.

V. DESCRIPTION OF ASSETS

The values of the Debtors' assets, owned on the petition date, are set forth in the following chart. All values are as of the Petition Date unless otherwise specified. Additional information about the Debtors' assets can be found in their respective schedules.

A. Bower Contracting

<u>Asset</u>	<u>Value</u>
San Luis Valley Federal Bank Checking Account (Approximate Current Value)	\$185,000
Office Furniture and Equipment	\$75.00
Vehicles and Trailers	\$287,615.00
Heavy Machinery and Equipment	\$402,575.00
Shop Located at 3375 WM 800B, Mosca, CO 81146	\$40,000.00
Accounts Receivables (Approximate Current Value)	\$15,000
Total	\$930,265.00

The asset values set forth above represent a gross value for each asset, not a value net of liens. The values for all assets represent the values as listed in BCI's Schedules or generally as determined by the BCI based on their knowledge of the assets and the market, as well as based on relevant appraisals.

BCI has valued its equipment, furniture, and machinery based on the amount it believes it would receive at auction. The value set forth above for the shop located at 3375 WM 800B represents the cost value of the improvements to the building. The shop is located at Bower's personal residence, and likely could not be severed and sold separately. As such, BCI does not believe that the shop has any independent liquidation value.

B. David Bower

Asset	Value
San Luis Valley Federal Bank (Current Value)	\$3,500
50% Ownership Interest in Real Property Located at 3375 WM 800B, Mosca, CO 81146	\$90,000
50% Ownership Interest in 3025 Caliente Drive, Lake Havasu City, AZ 86404	\$90,000
Vehicles	\$22,000
Trailers	\$6,000
Recreational Vehicles (Motorcycles, ATVs, etc.)	\$19,000
50% Ownership Interest in Jayco Granite Ridge Motorhome	\$10,000
50% Ownership Interest in Moomba Mojo	\$27,500
50% interest in Household Goods and Furnishings	\$2,837.50
Clothing	\$1,000
Hobby and Sports Equipment	\$2,900
Firearms	\$1,400
Total	\$276,137.50

The asset values set forth above represent a gross value for each asset, not a value net of liens. Bower has based the values above based on the liquidation value that would be received if the asset was sold at auction. Bower's Schedule A/B lists a higher value for certain assets, including the recreational vehicles, hobby and sports equipment, and firearms. These values were previously based on replacement cost, and did not take into consideration the use and damage to the items, nor the value that would be lost in the event of a liquidation.

Avoidance Actions

The Debtors are reserving the right to bring avoidance actions pursuant to 11 U.S.C. §§ 545 through 550 and state and bankruptcy law fraudulent conveyance actions. At present, the Debtors do not believe any preference payments were made to creditors within the 90 days prior to the Petition Date, nor does the Debtor believe that any fraudulent conveyance actions exist.

VI. DESCRIPTION OF LIABILITIES

A. *Priority Claims*

1. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority in payment under § 507(a) of the Code, excluding any Administrative Claim or Tax Claim. The Debtors do not believe that any such claims exist.

2. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in either § 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to § 507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estates and operating the businesses of the Debtor, including wages, salaries, or commissions for services rendered after the commencement of these Chapter 11 Cases; (b) Professional Fee Claims; (c) all fees and charges assessed against the estate under 28 U.S.C. §1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code.

a. Professional Fees

The Debtors retained Kutner Brinen, P.C. (“KB”) as their bankruptcy counsel. KB has maintained separate accounts for BCI and Bower. With respect to its representation of BCI, through September 25, 2017, KB has incurred fees and costs in the amount of approximately \$17,126.00, and has received payments in the amount of \$9,563 from a pre-petition retainer, resulting in a total outstanding balance on September 25 of \$8,263. Fees and costs are estimated increase another \$10,000 assuming there is moderate litigation over confirmation of the Plan and the UST’s pending Motion to Dismiss. With respect to its representation of Bower, through September 25, 2017, KB has incurred fees and costs in the amount of approximately \$18,261, and has received payments in the amount of \$11,603, resulting in an outstanding balance on September 25 of \$6,658. Fees and costs are anticipated to increase an additional \$15,000 assuming moderate litigation over confirmation of the Plan, and a trial in the pending Adversary Proceeding against Joe Slane.

The Debtor also employed Martinez & Associates as their accountants. The Debtors estimate that the total accounting fees and costs owed to Martinez & Associates at the time of confirmation of the Plan will be approximately \$3,000 for BCI, and \$1,000 for Bower.

b. Other Administrative Expenses

The Court set February 2, 2017 as the administrative claim bar date for §503(b)(9) claims. Debtor has paid his administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe there will be any other material administrative Claims asserted against the estate.

3. Tax Claims

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

BCI: The IRS filed Proof of Claim No. 1-2 stating that it was not owed a claim on the Petition Date.

Bower: The IRS has not filed a Proof of Claim in Bower's case, nor does Bower believe any amount is owed to the IRS.

B. Secured Claims

BCI

1. **Class 2, Security Service Federal Credit Union ("Security Service").** The Class 2 Claim is secured by a lien on BCI's 2006 Ford F150. BCI's books and records reflect that the principal balance owed on account of the Class 2 Claim is \$6,963.80. BCI believes that the Class 2 Claim is fully secured by the value of the collateral.

2. **Class 3, Security Service Federal Credit Union.** The Class 3 Claim is secured by a lien on BCI's 2013 Ford F150. BCI's books and records reflect that the principal balance owed on account of the Class 3 Claim is \$24,552.68. BCI believes that the Class 3 Claim is undersecured by the value of the collateral.

3. **Class 4, Wells Fargo Vendor Services ("Wells Fargo").** The Class 4 Claim is secured by a lien on BCI's 2015 Bobcat Mini Excavator E35. Pursuant to the Motion for Relief from Stay filed by Wells Fargo Vendor Services, the principal balance of the Class 4 Claim is \$35,891.62. BCI believes that the Class 4 Claim is undersecured by the value of the collateral.

4. **Class 5, Citizens Bank, N.A. (“Citizens Bank”).** The Class 5 Claim is secured by a lien on BCI’s 2015 Dodge Ram 2500. Citizens Bank filed Proof of Claim No. 2-1 asserting a secured claim in the principal amount of \$37,901.53. BCI believes that the Class 5 Claim is undersecured by the value of the collateral.

5. **Class 6, Citizens One Auto Finance (“Citizens One”).** The Class 6 Claim is secured by a lien on BCI’s 2016 Dodge Ram 2500. The Debtor’s books and records reflect that the principal balance owed on account of the Class 6 Claim is \$61,181.35. BCI believes that the Class 6 Claim is undersecured by the value of the collateral.

6. **Class 7, DeLage Landen Financial Services (“DeLage”).** The Class 7 Claim is secured by a lien on a 2013 Vermeer RTX1250, 2016 Vermeer 24x40 Series III Drill, two 2016 Vermeer MX240s, 2016 Felling FT-30-2LP Trailer, 2007 Freightliner Coronado Truck, 2015 Vermeer 20X22 Series II Navigator with 400’ rod, 2015 DCI F5 Locator system, 2015 Felling FT-201 trailer, 2015 MX125 mix system, 2010 Vermeer LM-42, 2015 Felling FT-14 XP Trailer, and 2012 McLaughlin V500LE. On January 13, 2017, DeLage filed Proof of Claim No. 5-1 asserting a secured claim in the principal amount of \$533,736.88. BCI believes that the Class 7 Claim fully secured by the value of the collateral.

7. **Class 8, Direct Capital Corporation (“Direct Capital”).** The Class 8 Claim is secured by a lien on a Bobcat Compact Excavator, a 24” Class 4 Trenching Bucket, a 18” Class 4 Standard Bucket, a Bobcat Skid-Steer Loader, and 80” C1 Bucket HD. BCI’s books and records reflect that the principal balance owed on account of the Class 8 Claim is approximately \$110,942.31. BCI believes that the Class 8 Claim is undersecured by the value of the collateral.

8. **Class 9, Direct Capital Corporation.** The Class 9 Claim is secured by a lien on BCI’s 2000 Peterbilt. BCI’s books and records reflect that the principal balance owed on account of the Class 9 Claim is \$13,656.24. BCI believes that the Class 9 Claim is fully secured by the value of the collateral.

9. **Class 10, Direct Capital Corporation.** The Class 10 Claim is secured by a lien on BCI’s 2010 Ford F250 and 2008 Ford F550. BCI’s books and records reflect that the principal balance owed on account of the Class 10 Claim is \$33,695.92. BCI believes that the Class 10 Claim is undersecured by the value of the collateral.

10. **Class 11, First Interstate Bank (“First Interstate”).** The Class 11 Claim is secured by a purchase money security interest in BCI’s 2005 Fleetwood Discovery RV. First

Interstate filed Proof of Claim No. 10-1 asserting a secured claim in the principal balance of \$65,479.40. BCI believes that the Class 11 Claim is undersecured by the value of the collateral.

11. **Class 12, Merchants Bank Equipment Finance (“Merchants Bank”).** The Class 12 Claim is secured by a lien on 2012 Vermeer RTX 1250 Trencher. Merchants Bank filed Proof of Claim No. 7-1 asserting a claim in the total amount of \$42,616.32. BCI believes that the Merchant’s Bank is fully secured by the value of the collateral.

12. **Class 13, Merchants Bank Equipment Finance.** The Class 13 Claim is secured by a lien on BCI’s 2014 Larson LCT-7500 Reel Trailer and 1991 Chicago Pneumatic CPS 185 Air Compressor. Merchants Bank filed Proof of Claim No. 6-1 asserting a claim in the total amount of \$34,334.51. BCI believes that the Class 13 Claim is undersecured by the value of the collateral.

Bower

13. **Class B, Broker Solutions, Inc. d/b/a New American Funding (“New American”).** The Class B Claim is secured by a mortgage on Bower’s real property located at 3375 WM 800 B, Mosca, CO 81146. New American filed Proof of Claim No. 7-2 asserting a claim in the total amount of \$110,235.07. Bower believes that the Class B Claim is fully secured by the value of the collateral.

14. **Class C, Broker Solutions, Inc. d/b/a New American Funding.** The Class C Claim is secured by a mortgage on Bower’s real property located at 3025 Caliente Drive, Lake Havasu City, Arizona. New American filed Proof of Claim No. 8-1 asserting a claim in the total amount of \$94,786.94. Bower believes that Class C Claim is fully secured by the value of the collateral.

15. **Class D, Security Service Federal Credit Union.** The Class D Claim is secured by a lien on Bower’s 2011 Chrysler 200 Sedan. Bower’s books and records reflect that the principal balance owed on account of the Class D Claim is approximately \$10,346. Bower believes that the Class D Claim is undersecured by the value of the collateral.

16. **Class E, Security Service Federal Credit Union.** The Class E Claim is secured by a lien on Bower’s 2014 Ford Fusion. Bower’s books and records reflect that the principal balance owed on account of the Class E Claim is approximately \$19,728.87. Bower believes that the Class E Claim is undersecured by the value of the collateral.

17. **Class F, Security Service Federal Credit Union.** The Class F Claim is secured by a lien on Bower's 2014 Ducati Multistrada. Bower's books and records reflect that the principal balance owed on account of the Class F Claim is approximately \$7,151.08. Bower believes that the Class F Claim is unsecured by the value of the collateral.

18. **Class G, Bank of the West.** The Class G Claim is secured by a lien on Bower's 2004 Jayco Granite Ridge Motorhome. Bank of the West filed Proof of Claim No. 3-1 asserting a claim in the total amount of \$37,501.20. Bower believes that the Class G Claim is fully secured by the value of the collateral.

19. **Class H, Bank of the West.** The Class H Claim is secured by a lien on Bower's 2015 Moomba Mojo. Bank of the West filed Proof of Claim No. 2-2 asserting a claim in the total amount of \$46,910.84. Bower believes that the Class H Claim is fully secured by the value of the collateral.

C. *Non-Priority Unsecured Creditors*

1. Class 14, Unsecured Creditors of BCI. Class 14 consists of the general unsecured claims against BCI, a list of which is attached hereto as Exhibit A. The total amount of general unsecured claims in Class 14, including the anticipated deficiency claims of secured creditors and disputed claims, is approximately \$314,753.87

2. Class I, Unsecured Creditors of Bower. Class I consists of the general unsecured claims against BCI, a list of which is attached hereto as Exhibit B. The total amount of general unsecured claims in Class I, including the anticipated deficiency claims of secured creditors and disputed claims, is approximately \$181,573.63.

D. *Leases*

BCI listed a number of leases on its Schedule G. Upon further review, BCI determined that the leases listed on Schedule G were disguised security interests, as opposed to true leases. As such, BCI has provided treatment for these creditors as secured creditors. There are no other lease that would be subject to assumption or rejection under the Plan.

VII. DESCRIPTION OF THE PLAN

General Description

The Debtors filed their Plan of Reorganization with the United States Bankruptcy Court

for the District of Colorado on September 28, 2017. The Plan may be amended prior to confirmation. The Plan provides for the reorganization of the Debtors under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtors shall restructure their debts and obligations and continue to operate in the ordinary course of business. Funding of the Plan will be derived from the revenues derived from BCI's revenues from ongoing operations, and Bower's salary from BCI.

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

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

B. Claims

1. **Unclassified Priority Claims**

a. Administrative Claims

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

The Debtors intend to pay their administrative expenses in the ordinary course during the bankruptcy case and therefore do not believe that any material administrative claim exists against the bankruptcy estate, except for the administrative claims of the Debtors' professionals as set forth below.

Counsel for BCI and Bower

Kutner Brinen, P.C. (“KB”) has received pre-petition retainers and post-petition payments from BCI and Bower in the following amounts:

BCI: \$9,563

Bower: \$11,603

As of September 25, 2017, KB’s fees totaled approximately \$17,826 for BCI and \$18,261 for Bower. KB has been authorized to be paid 75% of monthly fees and 100% of costs on an ongoing basis, resulting in a total balance owed as of August 31, 2017 of approximately \$8,263 for BCI, and approximately \$6,658 for Bower. Total fees incurred in connection with KB’s representation of the Debtors is anticipated to increase \$10,000 for BCI assuming moderate litigation over the Plan, Disclosure Statement, and \$15,000 for Bower assuming that there is a trial in the Adversary Proceeding. The amounts owed to KB will be paid in full following the filing of interim fee applications, or upon allowance following the Effective Date of the Plan or as otherwise agreed to by KB and the Debtors.

Accountant for BCI and Bower

The Debtors retained the accounting firm of Martinez and Associates (“Accountant”) to provide accounting services to the Debtor during this case. The amount due to Accountant as of September 25, 2017 is approximately:

BCI: \$3,000

Bower: \$1,000

All Administrative Claims of professionals are subject to Court approval on notice to creditors with an opportunity for a hearing. Certain professional fees may be paid pursuant to interim fee applications and upon Court allowance. The amounts owed to Accountant will be paid upon allowance following the Effective Date of the Plan or as otherwise agreed to by Accountant.

b. Tax Claims

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. §507(a)(8). The Debtors do not believe that any Tax Claims exist.

c. United States Trustee Fees

The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the

U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed. The BCI shall request entry of a final decree within 90 days of the Effective Date of the Plan, and Bower shall request entry of a final decree and discharge upon satisfaction of the Debtor's Plan obligations to Class I general unsecured creditors. Prior to seeking his discharge, Bower may seek to have his case administratively closed.

2. Classified Priority Claims

a. Class 1

The Allowed Class 1 Priority Claims shall be paid in full on the Effective Date. The Class 1 Claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. BCI does not expect that any claims will exist in this class.

a. Class A

The Allowed Class A Priority Claims shall be paid in full on the Effective Date. The Class A Claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. Bower does not expect that any claims will exist in this class.

3. Secured Claims

BCI

1. Class 2, Security Service Federal Credit Union. The Class 2 Claim is secured by a lien on BCI's 2006 Ford F150. The Class 2 Claim will be allowed in the full amount owed on the Confirmation Date, and will be paid in full on the Effective Date of the Plan. BCI anticipates that the amount paid on account of the Class 2 Claim on the Effective Date will be approximately \$6,963.80.

2. Class 3, Security Service Federal Credit Union. The Class 3 Claim is secured by a lien on BCI's 2013 Ford F150. Security Service will retain its lien on the collateral and the Class 3 Claim will be allowed in the amount of \$14,500. If Security Service objects, the Class 3 Claim will be allowed in an amount agreed to by the Debtor and Security Service or set by the Court. The Class 3 Claim will be amortized over three (3) years with interest at a rate of 2.95% per annum. The Class 3 Claim will be paid in nine (9) equal monthly payments each year during

the three (3) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 3 Claim shall be treated as a Class 14 general unsecured claim.

Assuming the Class 3 Claim is set in the amount of \$14,500, the payments on account of the Class 3 Claim shall be \$562.03 per month from April through December.

3. Class 4, Wells Fargo Vendor Services. The Class 4 Claim is secured by a lien on BCI's 2015 Bobcat Mini Excavator E35. Wells Fargo will retain its lien on the collateral and the Class 4 Claim will be allowed in the amount of \$30,000.00. If Wells Fargo objects, the Class 4 Claim will be allowed an amount otherwise agreed to by the Debtor and Wells Fargo or set by the Court. The Class 4 Claim will be amortized over six (6) years with interest at a rate of 5.70% per annum. The Class 4 Claim will be paid in nine (9) equal monthly payments each year during the six (6) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 4 Claim shall be treated as a Class 14 general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming the Class 4 Claim is set in the amount of \$30,000 the payments on account of the Class 4 Claim shall be \$657.70 per month from April through December.

4. Class 5, Citizens Bank, N.A. The Class 5 Claim is secured by a lien on BCI's 2015 Dodge Ram 2500. Citizens Bank will retain its lien on the collateral, and the Class 5 Claim will be allowed in the amount of \$23,000. If Citizens Bank objects, the Class 5 Claim will be allowed in an amount otherwise agreed to by the Debtor and Citizens Bank or set by the Court. The Class 5 Claim will be amortized over five (5) years with interest at a rate of 3.99% per annum. The Class 5 Claim will be paid in nine (9) equal monthly payments each year during the five (5) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 5 Claim shall be treated as a Class 14 general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming the Class 5 Claim is allowed in the amount of \$23,000, the payments on account of the Class 5 Claim shall be \$564.92 per month from April through December.

5. Class 6, Citizens One Auto Finance. The Class 6 Claim is secured by a lien on BCI's 2016 Dodge Ram 2500. Citizens One shall retain its lien on the collateral and the Class 6 Claim shall be allowed in the amount of \$25,000. If Citizens One objects, the Class 6 Claim shall be allowed in an amount otherwise agreed to by the Debtor and Citizens One or set by the Court. The Class 6 Claim will be amortized over five (5) years with interest at a rate of 3.99%

per annum. The Class 5 Claim will be paid in nine (9) equal monthly payments each year during the five (5) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 6 Claim shall be treated as a Class 6 Claim shall be treated as a Class 14 general unsecured claim.

Assuming the Class 6 Claim is set in the amount of \$25,000, the payments on account of the Class 6 Claim shall be \$614.04 per month from April through December.

6. Class 7, DeLage Landen Financial Services. The Class 7 Claim is secured by a lien on a 2013 Vermeer RTX1250, 2016 Vermeer 24x40 Series III Drill, two 2016 Vermeer MX240s, 2016 Felling FT-30-2LP Trailer, 2007 Freightliner Coronado Truck, 2015 Vermeer 20X22 Series II Navigator with 400' rod, 2015 DCI F5 Locator system, 2015 Felling FT-201 trailer, 2015 MX125 mix system, 2010 Vermeer LM-42, 2015 Felling FT-14 XP Trailer, and 2012 McLaughlin V500LE. DeLage shall retain its lien on the collateral. The Class 7 Claim shall be allowed in the full amount owed on the Confirmation Date, or if DeLage objects, in an amount otherwise agreed to by the Debtor and the Class 7 Claimant or set by the Court. The Class 7 Claim shall be amortized over seven (7) years with interest at a rate of 5.75% per annum. The Class 7 Claim shall be paid in nine (9) equal monthly payments each year during the seven (7) year period. Payments shall begin in April and end in December of each year.

Assuming the Class 7 Claim is allowed in the amount of \$533,736.88, the payments on account of the Class 7 Claim shall be \$10,317.75 per month from April through December.

7. Class 8, Direct Capital Corporation. The Class 8 Claim is secured by a lien on a Bobcat Compact Excavator, a 24" Class 4 Trenching Bucket, a 18" Class 4 Standard Bucket, a Bobcat Skid-Steer Loader, and 80" C1 Bucket HD. Direct Capital shall retain its lien on the collateral, and the Class 8 Claim shall be allowed in the amount of \$66,000. If Direct Capital objects, the Class 8 Claim shall be allowed in an amount otherwise agreed to by the Debtor and Direct Capital or set by the Court. The Class 8 Claim shall be amortized over five (5) years with interest at a rate of 5.99% per annum. The Class 8 Claim shall be paid in nine (9) equal monthly payments each year during the five (5) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 8 Claim shall be treated as a Class 14 general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming the Class 8 Claim is set in the amount of \$66,000, the payments on account of the Class 8 Claim shall be \$1,702.09 per month from April through December.

8. Class 9, Direct Capital Corporation. The Class 9 Claim is secured by a lien on BCI's 2000 Peterbilt. Direct Capital shall retain its lien on the collateral and the Class 9 Claim shall be allowed in the amount owed on the Confirmation Date. If Direct Capital objects, the Class 9 Claim shall be allowed in an amount otherwise agreed to by the Debtor and Direct Capital or set by the Court. The Class 9 Claim shall be amortized over two (2) years with interest at a rate of 5.75% per annum. The Class 9 Claim shall be paid in nine (9) equal monthly payments each year during the two (2) year period. Payments shall begin in April and end in December of each year.

Assuming the Class 9 Claim is set in the amount of \$13,565.24, the payments on account of the Class 9 Claim shall be \$800.19 per month from April through December.

9. Class 10, Direct Capital Corporation. The Class 10 Claim is secured by a lien on BCI's 2010 Ford F250 and 2008 Ford F550. Direct Capital shall retain its lien on the collateral and the Class 10 Claim shall be allowed in the amount of \$20,200. If Direct Capital objects, the Class 10 Claim shall be allowed in an amount otherwise agreed to by the Debtor and Direct Capital or set by the Court. The Class 10 Claim shall be amortized over two (2) years with interest at a rate of 5.75% per annum. The Class 10 Claim shall be paid in nine (9) equal monthly payments each year during the two (2) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 10 Claim shall be treated as a Class 14 general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming the Class 7 Claim is set in the amount of \$20,200, the payments on account of the Class 10 Claim shall be \$1,191.56 per month from April through December.

10. Class 11, First Interstate Bank. The Class 11 Claim is secured by a lien on BCI's 2004 Fleetwood Discovery RV. First Interstate shall retain its lien on the collateral and the Class 11 Claim shall be allowed in the amount of \$40,000. If First Interstate objects, the Class 11 Claim shall be allowed in amount otherwise agreed to by the Debtor and First Interstate or set by the Court. The Class 11 Claim shall be amortized over fifteen (15) years with interest at a rate of 4.25% per annum. The Class 11 Claim shall be paid in nine (9) equal monthly payments each year during the fifteen (15) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 11 Claim shall be treated as a Class 14 general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming the Class 11 Claim is set in the amount of \$40,000 the payments on account of the Class 11 Claim shall be \$401.38 per month from April through December.

11. Class 12, Merchants Bank Equipment Finance. The Class 12 Claim is secured by a lien on BCI's 2012 Vermeer RTX 1250 Trencher. Merchants Bank shall retain its lien on the collateral and the Class 12 Claim shall be allowed in the amount owed on the Confirmation Date. If Merchants Bank objects, the Class 12 Claim shall be allowed in an amount otherwise agreed to by the Debtor and Merchants Bank or set by the Court. The Class 12 Claim shall be amortized over two (2) years with interest at a rate of 5.25% per annum. The Class 12 Claim shall be paid in nine (9) equal monthly payments each year during the two (2) year period. Payments shall begin in April and end in December of each year.

Assuming the Class 12 Claim is set in the amount of \$21,115, the payments on account of the Class 12 Claim shall be \$1,234.66 per month from April through December.

12. Class 13, Merchants Bank Equipment Finance. The Class 13 Claim is secured by a lien on BCI's 2014 Larson LCT-7500 Reel Trailer and 1991 Chicago Pneumatic CPS 185 Air Compressor. Merchants Bank shall retain its lien on the collateral and the Class 13 Claim shall be allowed in the amount of \$21,115. If Merchants Bank objects, the Class 13 Claim shall be allowed in an amount otherwise agreed to by the Debtor and Merchants Bank or set by the Court. The Class 13 Claim shall be amortized over two (2) years with interest at a rate of 5.25% per annum. The Class 13 Claim shall be paid in nine (9) equal monthly payments each year during the two (2) year period. Payments shall begin in April and end in December of each year. The remainder of the Class 13 Claim shall be treated as a Class 14 general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming the Class 13 Claim is set in the amount of \$43,686.32 the payments on account of the Class 13 Claim shall be \$2,563.75 per month from April through December.

Bower

13. Class B, Broker Solutions, Inc. d/b/a New American Funding ("New American"). The Class B Claim is secured by a mortgage on Bower's real property located at 3375 WM 800 B, Mosca, CO 81146. Class B is unimpaired under the Plan. Following confirmation of the Debtor's Plan, the Class B Claim will retain its liens on the Debtor's residence, and will be paid pursuant to the contract terms. The Debtor's wife has historically

paid the Class B Claim, and will continue to do so following confirmation of the Plan.

14. Class C, Broker Solutions, Inc. d/b/a New American Funding. The Class C Claim is secured by a mortgage on Bower's real property located at 3025 Caliente Drive, Lake Havasu City, Arizona ("Arizona House"). The Class C Claim is unimpaired under the Plan. Following confirmation of the Debtor's Plan, the Class C Claim will retain its lien on the Arizona House and will be paid by the Debtor in accordance with the terms of the contract. The monthly payment on account of the Class C Claim shall be \$647.87, subject to change based on required escrow contributions.

15. Class D, Security Service Federal Credit Union. The Class D Claim is secured by a lien on Bower's 2011 Chrysler 200 Sedan. Security Service shall retain its lien on the collateral and the Class D Claim shall be set in the amount of \$5,500. If Security Service objects, the Class D Claim shall be allowed in an amount otherwise agreed to by the Debtor and Security Service or set by the Court. The Class D Claim shall be amortized and paid in equal monthly installments over a two (2) year period with interest at a rate of 2.99% per annum. Any remaining amounts owed on account of the Class D Claim shall be treated as a Class I general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming that the Class D Claim is set at \$5,500, the monthly payment on account of the Class D Claim shall be \$236.37.

16. Class E, Security Service Federal Credit Union. The Class E Claim is secured by a lien on Bower's 2014 Ford Fusion. Security Service shall retain its lien on the collateral and the Class E Claim shall be allowed in the amount of \$15,000. If Security Service objects, the Class E Claim shall be allowed in an amount otherwise agreed to by the Debtor and Security Service or set by the Court. The Class D Claim shall be amortized and paid in equal monthly installments over a four (4) year period with interest at a rate of 2.99% per annum. Any remaining amounts owed on account of the Class E Claim shall be treated as a Class I general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming that the Class E Claim is set at \$15,000, the monthly payment on account of the Class E Claim shall be \$331.95

17. Class F, Space Age Credit Union. The Class F Claim is secured by a lien on Bower's 2014 Ducati Multistrada. Space Age shall retain its lien on the collateral and the Class F Claim shall be allowed in the amount of \$6,000. If Space Age objects, the Class F Claim shall

be allowed in an amount otherwise agreed to by the Debtor and the Class E Claimant or set by the Court. The Class F Claim shall be amortized and paid in equal monthly installments over a three (3) year period with interest at a rate of 2.99% per annum. Any remaining amounts owed on account of the Class F Claim shall be treated as a Class I general unsecured claim pursuant to 11 U.S.C. § 506.

Assuming that the Class F Claim is set at \$6,000, the monthly payment on account of the Class F Claim shall be \$174.46.

18. Class G, Bank of the West. The Class G Claim is secured by a lien on Bower's 2004 Jayco Granite Ridge Motorhome. Bank of the West shall retain its lien on the collateral and the Class G Claim shall be allowed in the amount owed on the Confirmation Date. If Bank of the West objects, the Class G Claim shall be allowed in an amount otherwise agreed to by the Debtor and Bank of the West or set by the Court. The Class G Claim shall be amortized and paid in equal monthly installments over an eight (8) year period with interest at a rate of 5.5% per annum.

Assuming that the Class G Claim is set at \$37,501.20, the monthly payment on account of the Class G Claim shall be \$483.74.

19. Class H, Bank of the West. The Class H Claim is secured by a lien on Bower's 2015 Moomba Mojo. Bank of the West shall retain its lien on the collateral and the Class H Claim shall be allowed in the amount owed on the Confirmation Date. If Bank of the West objects, the Class H Claim shall be allowed in an amount otherwise agreed to by the Debtor and the Class H Claimant or set by the Court. The Class H Claim shall be amortized and paid in equal monthly installments over a thirteen (13) year period with interest at a rate of 5.5% per annum.

Assuming that the Class H Claim is set at \$46,910.84, the monthly payment on account of the Class H Claim shall be \$421.58.

4. General Unsecured Claims

BCI

Class 14, General Unsecured Claims. Class 14 consists of those unsecured creditors of BCI who hold Allowed Claims. The total amount of Class 14 Claims currently asserted against the estate is approximately \$314,753.87. BCI has objected to the allowance of Claim No. 8-1 filed by Joe Slane. If BCI prevails in its Objection, Joe Slane's claim shall be reduced to

\$19,775.50, reducing the total amount of unsecured claims to \$201,791.43. Class 14 shall receive a pro rata distribution of 5% the gross revenue generated by the Debtor over the five (5) year period following the Effective Date of the Plan less any amount required to pay Unclassified Priority Claims that agree to accept deferred payment. BCI shall deposit the amounts for Class 14 Creditors into a segregated account each month, and shall disburse the funds first to Unclassified Priority Claims and then to Class 14 Creditors on a pro rata basis every three (3) months.

The projections attached as Exhibit E demonstrate that BCI estimates that the total amount disbursed to Class 14 Creditors will be approximately \$157,814.38 over the five (5) year period. If the total amount of general unsecured claims is \$314,753.87, then the estimated percentage payout to Class 14 will be approximately 50.1%. If the total amount of general unsecured claims is \$201,791.43, then the estimated percentage payout to Class 14 will be approximately 78.2%. The actual amounts paid to unsecured creditors will be dependent on BCI's performance during the term of the Plan.

All funds recovered by BCI or creditors on account of Avoidance Actions shall be distributed to Class 4 on a pro-rata basis, net of attorney fees and costs. Whether or not the Debtor pursues any Avoidance Actions shall be up to the Debtor and the decision to pursue such claims shall be discretionary with the Debtor. The Debtor is not aware of any potential Avoidance Actions.

Bower

Class I, General Unsecured Claims. Class I consists of those unsecured creditors of Bower who hold Allowed Claims. The total amount of Class I Claims currently asserted against the estate is approximately \$181,573.63. Bower has filed an Objection to Proof of Claim No. 6-1 filed by Joe Slane. If Bower prevails in his Objection, Joe Slane's Claim will be disallowed in its entirety, reducing the total amount of general unsecured claims to \$48,835.69. Class I shall receive a pro rata distribution of \$550 of disposable monthly income generated by the Bower over the five (5) year period following the Effective Date of the Plan less any amount required to pay Unclassified Priority Claims that agree to accept deferred payment. Bower shall deposit the amounts for Class I Creditors into a segregated account each month, and shall disburse the funds first to Unclassified Priority Claims and then to Class I Creditors on a pro rata basis every twelve (12) months. The total amount distributed to unsecured creditors will be approximately \$33,000.

If the total unsecured claims in Class I are \$181,573.63, Class I Creditors will receive approximately 18.2% on account of their claims. If the total unsecured claims in Class I are \$48,835.69, Class I Creditors will receive approximately 67.6% on account of their claims.

5. Interests

a. **Class 15, Interests in BCI.** Class 15 includes the Interests in BCI held by Sheila and David Bower. Class 15 is unimpaired by the Plan. On the Effective Date of the Plan, all Interests will be retained by Sheila and David Bower.

b. **Class J, Interests in Bower.** Class J includes the interests in Bower estate held by Bower. Class J is unimpaired by the Plan. On the Effective Date of the Plan, Bower shall retain his interest in the property he owned prior to confirmation of the Plan.

D. Default Provisions Under the Plan

In the event of default by either of the Debtors under the Plan, creditors are required to provide the Debtors with written notice of the claimed default, and provide a thirty (30) day period within which the Debtors can cure the claimed default. If the Debtors are unable to cure the default by such time, the creditor may enforce all rights and remedies against the Debtor for breach of contract. A secured creditor claiming a default under the Plan shall be entitled to enforce all rights and remedies related to their secured claim, including foreclosure of their secured interest pursuant to the terms of the document.

VIII. PLAN FEASIBILITY

The Debtors believe that the Plan, as proposed, is feasible. The Plan will be funded through revenues derived from the continued operations of BCI and from Bower's salary from BCI. As evidenced by the projections attached as Exhibit E, BCI is anticipated to have a positive net income each year of the Plan. BCI's operations have historically slowed during these months because weather conditions make BCI's drilling operations difficult. BCI has structured its Plan such that a majority of its payments due under the Plan shall occur from April through December in order to avoid draining BCI's available capital during the months when BCI has less incoming revenue. BCI has also contemplated a capital investment of excess revenue each year to replace

aging equipment, purchase new equipment, and continue to grow BCI's operations. BCI has projected that it will have positive net revenues at the end of the five-year plan.

The projections attached hereto as Exhibit F also evidence that Bower is anticipated to have positive net income throughout the term of the Plan. In addition to Bower's salary, Sheila Bower will continue to make payment on account of the mortgage encumbering the Debtor's primary residence that comprises the Class B Claim. Bower anticipates that he will have positive net income at the end of the five-year Plan.

IX. TAX CONSEQUENCE

The Debtors are not providing tax advice to creditors or interest holders. **U.S. Treasury Regulations require you to be informed that, to the extent this section includes any tax advice, it is not intended or written by the Debtor or its counsel to be used, and cannot be used, for the purpose of avoiding federal tax penalties.** Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax impact as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

X. LIQUIDATION ANALYSIS UNDER CHAPTER 7

The principal alternative to the Debtors' reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtors' assets by a Trustee who is appointed by the United States Trustee's office. In a Chapter 7 case, the Chapter 7 Trustee would take over control of the assets. Under a Chapter 7 liquidation, the secured creditors would likely obtain relief from stay and foreclose on the property securing their claims, and the Debtors' remaining non-exempt equipment, machinery, vehicles, and other personal property would be liquidated by the Chapter 7 Trustee. Any remaining assets would be liquidated and the proceeds distributed to administrative expense claims, then to the remaining creditors in order of priority. Funds would first be used to pay priority claims of the Chapter 11 case and the Chapter 7 case. Section 326 of the Bankruptcy

Code defines the limitations of compensation of the Chapter 7 Trustee. Following the payment of the Chapter 7 costs and expenses of administration, the Chapter 7 Trustee would pay the Chapter 11 costs and expenses of administration, and then other priority claims existing in the Chapter 11 bankruptcy case. Any remaining funds would be distributed to unsecured creditors on a pro rata basis. The Debtors' liquidation analyses are attached hereto as Exhibit G ("BCI Liquidation Analysis") and Exhibit H ("Bower Liquidation Analysis").

For BCI, a Chapter 7 trustee would be responsible for liquidating the unencumbered assets of the company. A majority of BCI's assets are encumbered by liens, and as a result, most of BCI's assets would be foreclosed on by secured creditors, leaving minimal personal property to be liquidated for the benefit of unsecured creditors. BCI's primary remaining assets are its bank accounts and accounts receivable. The funds in accounts would likely be diminished due to ongoing operations prior to conversion to a Chapter 7. A Chapter 7 Trustee would also likely have some difficulty in collecting on the accounts receivable, as most of the work is performed by BCI without written contracts with its customer. Based upon the BCI Liquidation Analysis, unsecured creditors would likely receive a pro rata distribution of \$126,816.70 in a Chapter 7, resulting creditors receiving 40.29% on account of their general unsecured and deficiency claims. In contrast, under the Plan, unsecured claims and deficiency claims will share in a pro rata distribution of approximately \$157,814.38 and will receive approximately 50.1%¹ on account of their claims. Additionally, if BCI is more profitable than predicted, there is the potential for unsecured creditors to receive substantially more under BCI's Plan. It is therefore in the best interest of all creditors that BCI's Plan be approved, as the recovery for creditors will be higher under the Debtor's Plan than the creditors would otherwise receive in a Chapter 7.

For Bower, the Chapter 7 Trustee would be responsible for liquidating nonexempt assets for the benefit of unsecured creditors. Like BCI, a majority of Bower's assets are encumbered by liens which would be foreclosed upon by secured creditors. The remaining assets, including recreational vehicles, sports equipment, and firearms would likely receive significantly less at auction due to the condition of the vehicles and equipment. As a result, based upon the Bower Liquidation Analysis, unsecured creditors would likely receive a pro rata distribution of

¹ Percentage assumes that the claim filed by Joe Slane will be allowed in its entirety. If disallowed, the amount will increase as set forth above.

\$11,247.82 in a Chapter 7, resulting creditors receiving 6.19% on account of their general unsecured and deficiency claims. In contrast, under the Plan, unsecured claims and deficiency claims will share in a pro rata distribution of approximately \$33,000 and will receive approximately 18.2%² on account of their claims. It is therefore in the best interest of all creditors that the Debtor's Plan be approved, as the recovery for creditors will be substantially higher under the Debtor's Plan than the creditors would otherwise receive in a Chapter 7.

DATED: September 28, 2017

Kutner Brinen, P.C. ("KB") has acted as legal counsel to BCI and Bower on bankruptcy matters during the Chapter 11 cases. KB has prepared this Disclosure Statement with information provided primarily by the debtors. The information contained herein has been approved by Barong and Sis. KBG has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Counsel to the Debtors and Debtors- In-Possession, Bower Contracting, Inc. and David Ray Bower:

KUTNER BRINEN, P.C.

By: /s/ Keri L. Riley
Jeffrey S. Brinen
Keri L. Riley
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Denver, CO 80264
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² Percentage assumes that the claim filed by Joe Slane will be allowed in its entirety. If disallowed, the amount will increase as set forth above.

CERTIFICATE OF SERVICE

The undersigned certifies that on September 28, 2017, I served by prepaid first class mail a copy of the foregoing **JOINT DISCLOSURE STATEMENT TO ACCOMPANY JOINT PLAN OF REORGANIZATION DATED SEPTEMBER 28, 2017** on all parties against whom relief is sought and those otherwise entitled to service pursuant to the FED. R. BANKR. P. and these L.B.R. at the following addresses:

Leo M. Weiss, Esq.
United States Trustee's Office
1961 Stout Street
Suite 12-200
Denver, CO 80294

Douglas W. Brown, Esq.
2000 South Colorado Blvd.
Tower Two, Suite 700
Denver, CO 80222

Daniel K. Usiak, Jr., Esq.
18 East Willamette Avenue
Colorado Springs, CO 80903

Steven P. Martinez
514 2nd Street
Alamosa, CO 81101

Joseph M. McCandlish, Esq.
3705 Marlane Drive
Grove City, OH 43123

/s/Vicky Martina
Vicky Martina

EXHIBITS TO DISCLOSURE STATEMENT

- Exhibit A: List of Class 14 Unsecured Creditor Claims
- Exhibit B: List of Class I Unsecured Creditor Claims
- Exhibit C: Amortization Schedules for BCI Secured Claims
- Exhibit D: Amortization Schedules for Bower Secured Claims
- Exhibit E: 5 Year Projections for BCI
- Exhibit F: 5 Year Projections for Bower
- Exhibit G: Liquidation Analysis for BCI
- Exhibit H: Liquidation Analysis for Bower