

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF KANSAS**

IN RE:	)	
	)	
TIAT CORPORATION	)	Case No. 16-10764
	)	Chapter 11
Debtor	)	
_____	)	

**DEBTOR TIAT CORPORATION’S FIRST AMENDED  
CHAPTER 11 DISCLOSURE STATEMENT DATED SEPTEMBER 12, 2016**

**I. INTRODUCTION**

The Debtor TIAT Corporation (hereinafter “Debtor”), submits as proponent this First Amended Chapter 11 Disclosure Statement (the “Disclosure Statement”) in connection with its First Amended Chapter 11 Plan (the Plan”), as those terms are defined in the definitional section found at Article III herein. This Disclosure Statement is submitted in compliance with the provisions of the Bankruptcy Code requiring adequate information to be supplied to creditors in order to arrive at an informed decision in exercising their right to vote for acceptance or rejection of the Plan. A copy of the First Amended Chapter 11 Plan (the “Plan”) will accompany this Disclosure Statement. Terms used in this Disclosure Statement shall have the meaning set forth in the definitional section of Article III herein.

**II. HISTORY OF DEBTOR**

The Debtor is a Kansas corporation. It operates an 88 room hotel located at 2280 N. Tara Circle, Wichita, KS 67226 and called The Inn at Tallgrass (the “Hotel”). The Plan provides for the reorganization of the Debtor.

Debtor acquired the Hotel in August 2006 from Inntel Corporation of America (“Inntel”). In calendar year 2015, gross revenues from the Hotel fell by approximately \$300,000 from 2014. This was a \$700,000 drop from historical highs. Debtor attributes the revenue decline to a drop in its primary source revenue source, which are corporate customers purchasing extended stay housing

for their employees. In addition, Debtor's status as a non-flagged extended stay hotel puts it at a competitive disadvantage with that portion of its competition enjoying a national reservation system that rewards customer loyalty with points and discounts.

Debtor has now stabilized its revenue loss. With the reduction of its installment debts per this Plan, the Reorganized Debtor can operate profitably.

Debtor's primary creditor was U.S. Bank National Association, as Trustee for the registered holders of Citigroup Commercial Mortgage Trust 2006-C5, Commercial Mortgage Pass-Through Certificates, Series 2006-C5 ("U.S. Bank"). U.S. Bank held a claim against Debtor in the approximate amount of \$4,596,648.50. The claim is secured by a first lien in the Hotel, rents, equipment, inventory and accounts receivable (collectively the "Collateral").

After the bankruptcy case was filed, U.S. Bank sold its claim at a public auction conducted by Ten-X Commercial. The Bank's claim was purchased by SBNV ITG LLC (hereinafter "SBNV") for a reported price of \$1,820,000. SBNV has filed pleadings in this case confirming its status as assignee of all claims of U.S. Bank.

Debtor's remaining secured creditor is Kansas State Bank in the amount of \$20,000 (Proof of Claim 4 filed herein) secured by Debtor's 2004 Ford Freestar automobile.

Debtor owes priority tax claims to the Kansas Department of Revenue ("KDOR") for: (a) unpaid sales taxes (\$139,195.83 – KDOR Proof of Claim 1 filed herein); and (b) unpaid transient guest taxes (\$8,748.84 – KDOR Proof of Claim 2 filed herein).

All of Debtor's remaining creditors are general unsecured claimants.

### **III. DEFINITIONS**

The following terms when used in this Plan shall, except where the context otherwise requires, have the following meaning:

1. Administrative Claim: An administrative expense which is entitled to priority pursuant to § 507(a)(1) of the Bankruptcy Code and allowed under § 503 of the Code.
2. Confirmation Date: The date of the entry of an order of the Bankruptcy Court confirming the Plan.
3. Effective Date: The date on which the Order of the Bankruptcy Court confirming the Plan has become final and no appeal therefrom is pending. If no appeal is taken, this will be fourteen (14) days after the Confirmation Date.
4. Filing Date: April 29, 2016.
5. The Plan: This term means TIAT Corporation's First Amended Chapter 11 Plan, and any modifications to said Plan.
6. Debtor. This term means TIAT Corporation, the Debtor in this case.
7. SBNV. This term means SBNV ITG LLC.
8. KSB. This term means Kansas State Bank.
9. Confirmation Rate. This term means an interest rate of 5.0% per annum.
10. Cash Collateral Order. This term means the *Final Order Authorizing Debtor's Use of Cash Collateral* entered herein on June 9, 2016 (Dkt. 47), which Order has been extended through September 30, 2016 by subsequent Court Order.
11. Disclosure Statement. Debtor's First Amended Chapter 11 Disclosure Statement filed herein, and any modifications to said Disclosure Statement.

#### **IV. SUMMARY OF THE PLAN**

The Plan provides for full payment of all timely filed and allowed administrative, secured and priority claims. The Plan provides for the prospective payment of a portion of all timely filed and allowed general unsecured claims. Creditor claims will be paid by the Reorganized Debtor from income generated by ongoing operations and the sale of the stock in the Reorganized Debtor.

## THE PLAN

Timely filed and allowed claims of unsecured priority creditors will be paid in full and in the order set forth in 11 U.S.C §507. The first priority to the unsecured funds are unpaid<sup>1</sup> administrative expenses under §503(b) for “the actual and necessary costs and expenses of preserving the estate”. The unpaid portion of these claims will be paid first from available unsecured funds. The second subcategory of priority unsecured creditors are §503(b) administrative expenses for “compensation and reimbursement awarded under §330(a) of this title”. The claims in this category include the allowed claims of Debtor’s legal counsel and its accountants. The unpaid portion of the allowed attorney fees and expenses of Debtor’s counsel and accountants will be paid next by the Reorganized Debtor from available unsecured funds.

After payment in full of all priority unsecured claims, including allowed administrative claims, the Debtor shall pay general unsecured creditors, on a prorata basis, from any funds generated from the prospective auction sale of stock in the Reorganized Debtor. The Reorganized Debtor will make no other payments to general unsecured claims. It is anticipated that general unsecured claims will receive some distribution under this Plan from the proceeds of said auction sale, after full payment of allowed administrative priority claims and the Class 3, 4 and 5 priority tax claims herein.

**Class 1 - SBNV.** SBNV, by assignment from U.S. Bank, holds a claim against Debtor in the approximate amount of \$4,596,648.50, plus interest, late fees and other charges. SBNV’s claim is secured by a first mortgage in the Hotel, and a first lien in Debtor’s equipment and inventory. Debtor will retain the Hotel, equipment, and inventory (the “Collateral”). Per 11 U.S.C.

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<sup>1</sup> Per this statute, the Debtor has previously used post-petition earnings of the estate to pay utility bills, maintenance expenses, insurance expenses, and adequate protection payments to secured lenders, all of which were necessary to preserve the assets of the estate and which were authorized by the Cash Collateral Order.

§1123(a)(5)(B), title to the Collateral, including all tax attributes of Debtor in the Collateral, shall vest in the Reorganized Debtor upon confirmation of the Plan.

SBNV's lien in the Collateral is secured to the extent of the value of the Collateral. The value of the Collateral is \$2,161,761.00, which shall be the allowed amount of SBNV's secured claim in the Collateral.

In addition, SBNV's claim is secured by rents generated by the Hotel post-petition (the "Cash Collateral"). Per the Cash Collateral Order, Debtor was authorized, for the period of time from the Filing Date through the Confirmation Date, to use the Cash Collateral to pay Debtor's post-petition expenses related to the operation and preservation of the Hotel, plus costs of administration incurred by the Debtor, all in accordance with an agreed budget attached to the Cash Collateral Order.

Per the Cash Collateral Order, Debtor has made monthly adequate protection payments to U.S. Bank (and thereafter to its assignee SBNV) in the amount of \$12,105.86 beginning in May 2016 and continuing each month thereafter.

Per the Cash Collateral Order, Debtor has set aside an amount equal to the gross rent revenues received post-filing, less budgeted items paid or accrued, less adequate protection payments paid per the Order. These funds are referred to in the Cash Collateral Order as the "Excess Funds". The Excess Funds shall vest, on the Confirmation Date, in the Reorganized Debtor to be used for payment of plan payments. The amount of the Excess Funds shall be added to the secured claim of SBNV being paid under this Plan.

SBNV's allowed secured claim of \$2,161,761.00, plus the amount of the Excess Funds, shall be paid by the Reorganized Debtor in equal monthly payments amortized over twenty-five (25) years from the Effective Date, and with interest at the Confirmation Rate. Payments shall

begin thirty (30) days from the Effective Date. The amount of SBNV's claim which exceeds its Class 1 secured claim herein shall be treated as a Class 6 general unsecured claim.

Upon confirmation, SBNV shall retain its lien in the Hotel and equipment only. SBNV's lien in the Hotel and equipment shall remain until full payment of its allowed secured claim. This claim is impaired.

**Class 2 - Kansas State Bank.** Kansas State Bank ("KSB") holds a claim against Debtor in the approximate principal amount of \$20,000, plus interest. KSB's claim is secured by a perfected security interest in Debtor's 2004 Ford Freestar automobile.

Debtor will retain the 2004 Ford Freestar automobile. Per 11 U.S.C. §1123(a)(5)(B), title to the automobile, including all tax attributes of the Debtor in said vehicle, shall vest in the Reorganized Debtor upon confirmation of the Plan.

The value of the 2004 Ford Freestar is \$15,000. The Reorganized Debtor shall pay KSB the amount of its allowed secured claim of \$15,000 in equal monthly payments amortized over thirty-six (36) months from the Effective Date, and with interest at the Confirmation Rate. Payments shall begin thirty (30) days from the Effective Date. The amount of KSB's claim which exceeds its Class 2 secured claim herein shall be treated as a Class 6 general unsecured claim.

KSB shall retain its lien in the 2004 Ford Freestar until full payment of its allowed secured claim. This claim is impaired.

**Class 3: Unsecured priority claim of Kansas Department of Revenue for sales taxes.**

Per its Proof of Claim No. 1 filed herein on May 16, 2016, the Kansas Department of Revenue ("KDOR") holds an unsecured priority claim for unpaid sales taxes accruing between 2014 and 2016 in the aggregate amount of \$131,195.83. The Reorganized Debtor shall pay the KDOR its allowed unsecured priority claim of \$131,195.83, without interest, and in equal monthly payments over 50 months, beginning thirty (30) days from the Effective Date.

The amount of the KDOR claim which exceeds its Class 3 priority claim herein shall be treated as a Class 6 general unsecured claim.

The Reorganized Debtor shall pay, on a current basis, all post-filing sales taxes accruing. This claim is impaired.

**Class 4: Unsecured priority claim of Kansas Department of Revenue for transient guest taxes.**

Per its Proof of Claim No. 2 filed herein on May 16, 2016, the Kansas Department of Revenue (“KDOR”) holds an unsecured priority claim for unpaid transient guest taxes accruing between 2014 and 2016 in the aggregate amount of \$8,748.84. The Reorganized Debtor shall pay the KDOR its allowed Class 4 unsecured priority claim of \$8,748.84, without interest, and in equal monthly payments over 50 months, beginning thirty (30) days from the Effective Date.

The amount of the KDOR claim which exceeds its Class 4 priority claim herein shall be treated as a Class 6 general unsecured claim.

The Reorganized Debtor shall pay, on a current basis, all post-filing transient guest taxes accruing. This claim is impaired.

**Class 5: Unsecured priority claim of Internal Revenue Service (“IRS”).**

The Internal Revenue Service (“IRS”) asserts a priority claim of \$250 for estimated 2016 corporate income taxes. Debtor anticipates it will owe no income tax for 2016 and that this claim of the IRS will, upon filing of the 2016 return, be determined to be -0-.

**Class 6 -Unsecured Creditor Class.**

This class consists of all timely filed and allowed claims of general unsecured creditors of Debtor. On June 9, 2016 (Dkt. 46) the Court entered an Order establishing July 29, 2016 as the bar date for the filing of claims. The timely filed unsecured claims are:

Claim No. 1 - Kansas Department of Revenue	\$18,591.21
Claim No. 2 - Kansas Department of Revenue	\$1,390.01
Claim No. 5 – Intell Corporation of America	\$1,571,424.82
Claim No. 6 – TB Enterprises of Wichita, LLC	\$12,277.50

Claim No. 8 – Roofing Services Unlimited, Inc. \$9,352.42

It is anticipated that there may be payment on general unsecured claims from the proceeds of the auction of the stock in the Reorganized Debtor, after full payment of allowed administrative priority claims, and Class 3, 4 and 5 priority tax claims as set forth above.

A Liquidation Analysis of the Debtor as of the Filing Date is attached hereto as Exhibit “1”. The Liquidation Analysis is provided for creditors to compare their treatment under the Plan with the results of a hypothetical Chapter 7 case.

Creditor Inntel Corporation of America (“Intell”) has filed a claim herein in the amount of \$1,571,424.82. The claim is collateralized by non-estate assets, namely the existing stock in Debtor owned by Donald Kennedy. The Plan provides that upon Confirmation, Kennedy’s stock in the Debtor shall be cancelled and stock in the Reorganized Debtor issued and sold at auction. Intell’s claim shall be treated, in its entirety, as a Class 6 general unsecured claim herein.

**Class 7: Interest owners in Debtor.**

Donald Kennedy is the sole shareholder in the Debtor. On the Confirmation Date, Kennedy’s stock in the Debtor shall be cancelled. All assets of the Debtor, including its tax attributes such as loss carry forwards, shall vest in the Reorganized Debtor on the Confirmation Date.

Consistent with *Bank of America v. 203 North LaSalle Street Partnership*, 526 U.S. 434 (1999), as soon as practicable after the Effective Date, all stock in the Reorganized Debtor shall be auctioned by Debtor and sold to the highest bidder. The proceeds from said auction sale shall be used to first pay administrative priority claims, then Class 3, 4 and 5 priority tax claims, and then Class 6 general unsecured claims.

The bidding procedure for said auction sale will be as follows. Notice of the auction sale and the bidding procedures will be given to all creditors and parties in interest of record, any person



or entity requesting such notice, and any person or entity the Reorganized Debtor believes, or is notified by any creditor or party in interest, may have an interest in bidding.

Any person or entity expressing an interest in bidding must submit a Bid by a bid deadline to be established. Any such Bid must: (1) identify the bidder, including any party for whom it may be bidding with or on behalf of, and whether the bidder is a party to any agreement with Donald Kennedy relating to said Bid; (2) be accompanied by evidence satisfactory to the Debtor that the bidder is financially qualified to perform upon any bid it may submit; and (3) be submitted to counsel for Debtor no later than the bid deadline to be set. Any bid that meets the foregoing requirements shall be considered a "Qualified Bid".

Counsel for Debtor shall, as soon as practicable, evaluate the Qualified Bids and identify the Qualified Bid that is the highest qualified bid (the "Starting Bid"). If Debtor determines that one or more Bids are Qualified Bids, the Debtor will conduct an auction of the stock in the Reorganized Debtor as soon as practicable thereafter at the offices of counsel for Debtor. The auction will be conducted in accordance with the following procedures (the "Auction Procedures"): (1) the Qualified Bidders, or their duly authorized representative, shall appear in person or by phone at the auction; (2) only Qualified Bidders shall be entitled to bid at the auction; (3) bidding at the auction shall begin at the Starting Bid; (4) subsequent bids at the Auction shall be made in minimum increments of \$5000, or as otherwise agreed by the Bidders; (5) no credit bids will be allowed; and (6) the auction shall be governed by such other procedures as may be announced by Debtor or his counsel at the auction, provided that any such other procedures shall not be inconsistent with any Order entered in Debtor's bankruptcy case.

Upon conclusion of auction (if an auction is conducted), the Debtor shall identify the highest bid (the "Successful Bid"). The Qualified Bidder having submitted the Successful Bid will be deemed the "Successful Purchaser". The Successful Purchaser and the Debtor shall, as soon as

practicable, complete and sign all agreements evidencing and containing the terms upon which the Successful Bid was made. The Debtor will thereafter file an appropriate motion with the Court to approve the sale.

### **Payment of Administrative Claims**

The allowed administrative claims of Debtor's counsel and its accountants will be paid in full from available unsecured funds as said funds become available.

### **Executory Contracts and Unexpired Leases.**

Pursuant to 11 U.S.C. §365, the Reorganized Debtor shall assume the following unexpired leases and executory contracts:

1. Guest contracts with guests at the Hotel.
2. Lease contract with Jetz Vending Inc. on washer and dryer equipment.

Debtor rejects all other unexpired leases and executory contracts.

### **Pending Litigation.**

As of the Filing Date, the following lawsuits were pending involving the Debtor:

1. *U.S. Bank, N.A. vs. TIAT Corporation, et.al.*, Sedgwick County Case No. 16 CV 620.

Per the automatic stay which arose upon the filing of the bankruptcy case, the above action has been stayed and will be dismissed.

### **Avoidable Transfers.**

In the year prior to the Filing Date, the Debtor made four (4) payments to its sole shareholder, Donald Kennedy, in repayment of loan advances made by Kennedy to the Debtor. The payments to Kennedy, disclosed in Debtor's bankruptcy schedules, are: 9-29-15 - \$10,000; 2-8-16 - \$20,000; 3-22-16 - \$25,000 and 4-16-16 - \$19,785.

Kennedy has asserted that the 9-29-15 payment of \$10,000 is not avoidable because: (1) it was a repayment of a short term advance of the identical amount made by Kennedy to Debtor on 9-

16-15 and constitutes a contemporaneous exchange for new value making the transfer not avoidable per 11 USC §547(c)(1); and (2) after this transfer was made, Kennedy transferred an additional \$80,000 in loan advances to Debtor for which he was not reimbursed, making the transfer not avoidable per 11 USC §547(c)(4). Kennedy has asserted that the 2-8-16 payment of \$20,000 is not avoidable because it was a repayment of a short term advance of the identical amount made by Kennedy to Debtor on 1-29-16 and constitutes a contemporaneous exchange for new value making the transfer not avoidable per 11 USC §547(c)(1). Kennedy has asserted that the 4-4-16 payment of \$19,785 is not avoidable because it was a repayment of a short term advance of the identical amount made by Kennedy to Debtor on that same day and constitutes a contemporaneous exchange for new value making the transfer not avoidable per 11 USC §547(c)(1).

In regard to the March 22, 2016 loan payment by Debtor to Kennedy of \$25,000, Kennedy submits that after this transfer was made, he transferred additional consideration to Debtor for which he was not reimbursed, in the form of direct payments on the Class 4 claim of KSB, thus making the transfer, in part, not avoidable per 11 USC §547(c)(4). Based upon the above, Debtor has proposed that Kennedy pay to Debtor \$35,000 on or before the Effective Date in full satisfaction of all such avoidance claims against him.

**Tax Ramifications.**

Debtor submits its reorganization case will not be adversely affected by future tax obligations. Debtor is a subchapter S corporation. All tax consequences of Debtor pass through to its shareholders.

Debtor's 2015 federal tax return shows a loss of \$484,641 on gross receipts of \$1,663,711, which tax loss carry forward shall vest in the Reorganized Debtor. It is anticipated that there will be minimal income tax obligations to the Reorganized Debtor during the initial few years of the Plan, as virtually all income will be offset by expense deductions, including depreciation, and tax loss

carryforwards of Debtor which vest in the Reorganized Debtor on the Confirmation Date. After that time, the Reorganized Debtor will be able to pay any ongoing income tax obligations out of income.

### **Post-Confirmation Management and Implementation of Plan**

Creditor claims will be paid from income generated by the Reorganized Debtor from ongoing operations. Donald Kennedy shall continue to receive a monthly salary for his ongoing services.

Debtor's Disclosure Statement includes a schedule of projected income and expenses for the first three (3) years of this Plan. The projections are attached to the Disclosure Statement as Exhibit "2". For historical profit and loss information, Debtor shall provide, upon request, to any creditor requesting same, its 2013, 2014 and 2015 federal tax returns. In addition, Debtor refers creditors to the detailed monthly operating reports filed herein for each month after the Filing Date.

This Court previously entered an Order authorizing the employment of attorneys for the bankruptcy estate, that Order being entered June 1, 2016 (Dkt. 37). That Order authorized the employment of Mark J. Lazzo and Mark J. Lazzo P.A ("Lazzo) as counsel to the estate on the terms set forth in the Order.

The employment Order shall remain in effect post-confirmation. Lazzo is authorized, on behalf of the Debtor and the Reorganized Debtor, to take all actions under the Bankruptcy Code that can be taken by a Trustee or Debtor in Possession, and empowered to prosecute such Causes of Actions that a Trustee or Debtor in Possession could prosecute under Article 5 of the Bankruptcy Code for recovery of funds or assets due the estate.

## **VI. SOLICITATION AND VOTING**

### **A. Solicitation**

Debtor may solicit your vote. No one shall receive any compensation for such solicitation.

NO REPRESENTATION CONCERNING THE DEBTOR OR ITS PLAN IS AUTHORIZED OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHALL NOT BE RELIED UPON, AND SUCH REPRESENTATIONS OR INDUCEMENTS SHALL BE REPORTED TO THE DEBTOR OR ITS COUNSEL, WHO SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT.

**B. Requirements of the Disclosure Statement**

Pursuant to the terms of the Code, this Disclosure Statement has been presented to and approved by the Bankruptcy Court. Such approval is required under the Code to provide assurance that this Disclosure Statement contains information adequate to enable the holders of claims to make an informed judgment about the Plan. Court approval does not, in any way, constitute a judgment by the Court as to the desirability of the Plan or the value of any consideration offered thereby. Interested parties are referred to § 1125 of the Code, which reads in part:

\* \* \*

(b) An acceptance or rejection of a plan may not be solicited after the commencement of a case under this title from a holder of a claim or interest with respect to such claim or interest, unless, at the time of or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and hearing, by the court as containing adequate information. The court may approve a disclosure statement, without a valuation of the debtor or an appraisal of the debtor's assets.

\* \* \*

(d) Whether a disclosure statement contains adequate information is not governed by any otherwise applicable non-bankruptcy law, rule, or regulation, but an agency or official whose duty it

is to administer or enforce such a law, rule or regulation may be heard on the issue of whether a disclosure statement contains adequate information. Such an agency or official may not appeal from an order approving a disclosure statement.

\* \* \*

(e) A person that solicits acceptance or rejection in good faith and in compliance with the applicable provisions of this title, or that participate, in good faith and in compliance with the applicable provisions of this title, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan of the debtor, or of a new organized successor to the debtor under the plan, is not liable, on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

**C. Limitations of Disclosure Statement**

THE DEBTOR HAS PREPARED THIS DISCLOSURE STATEMENT IN ORDER TO DISCLOSE THAT INFORMATION WHICH, IN ITS OPINION, IS MATERIAL, IMPORTANT, AND NECESSARY TO AN EVALUATION OF ITS PLAN. THE INFORMATION HEREIN CONTAINED IS INTENDED TO BE USED SOLELY FOR THE PURPOSE OF EVALUATING THE PLAN, AND SOLELY FOR THE USE OF KNOWN CREDITORS OF THE DEBTOR AND, ACCORDINGLY, MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON THE PLAN. IN ADDITION, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, MATERIALS CONTAINED IN THIS DISCLOSURE STATEMENT ARE NOT INTENDED TO BE ADEQUATE FOR THE FORMATION OF A JUDGMENT BY ANY CREDITOR AS TO THE PREFERABILITY OF ANY ALTERNATIVE TO THE PLAN. MATERIALS REFERRING TO ALTERNATIVES TO THE PLAN ARE LIMITED BY BOTH THE PRACTICAL CONSIDERATIONS OF SPACE AND THE OPINION OF THE DEBTOR REGARDING SAME.

Certain of the materials contained in this Disclosure Statement are taken directly from other readily accessible instruments or documents or are digests of other instruments or documents. While the Debtor has made every effort to retain the meaning of such other instruments or the portions thereof, they urge that any reliance on the contents of such other instruments should depend on a thorough review of the instruments themselves.

THE STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF OR AS OF SPECIFIED DATES IDENTIFIED IN CERTAIN MATERIALS. THE DEBTOR CANNOT WARRANT OR REPRESENT THAT CHANGES HAVE NOT OCCURRED SINCE THE DATE HEREOF.

A COPY OF THE PLAN ACCOMPANIES THIS DISCLOSURE STATEMENT. EACH RECIPIENT IS URGED TO READ AND REVIEW FULLY THIS DISCLOSURE STATEMENT, THE PLAN AND ALL ACCOMPANYING EXHIBITS AND DOCUMENTS.

**D. Acceptance of the Plan**

The Plan establishes six (6) classes of creditors. All classes are impaired. All creditors will be bound by the Plan if confirmed.

Dated this 12<sup>th</sup> day of September, 2016.

/s/Mark J. Lazzo  
Mark J. Lazzo, #12790  
MARK J. LAZZO, P.A.  
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Wichita, Kansas 67226  
(316) 263-6895  
Attorney for Debtor TIAT Corporation

**EXHIBIT "1"**

**TIAT CORPORATION LIQUIDATION ANALYSIS**

ASSETS:	Value (4/29/16)
Real Estate, equipment, machinery, inventory and furniture. . . . .	\$2,161,761.00
Accounts receivable. . . . .	\$58,935.00
Vehicles . . . . .	\$13,000.00
Bank Deposits/Security Deposits . . . . .	\$ 3,500.00
TOTAL	\$2,237,196.00

**LIQUIDATION DEDUCTIONS:**

Estimated Chapter 11 Administrative Expenses . . . . .	<\$60,000.00>
Estimated Liquidation Costs, Chapter 7 Fees, etc. . . . .	<\$35,000.00>
TOTAL . . . . .	< \$95,000.00>

**PAYMENT OF SECURED CLAIMS:**

SBNV (Class 1 claim) . . . . .	<\$4,596,648.50>
Kansas State Bank (Class 2 claim) . . . . .	<\$15,000.00>
Total	\$4,611,648.50

ASSETS. . . . .	\$2,237,196.00
<LESS LIQUIDATION DEDUCTIONS>	< \$95,000.00>
<LESS PAYMENT OF SECURED CLAIMS>	<\$4,611,648.50>

**NET AVAILABLE TO UNSECURED CREDITORS - 0-**



THE INN AT TALLGRASS: Performance: August 2018 - July 2019

	2018-2019												TOTAL		
	August	September	October	November	December	January	February	March	April	May	June	July			
Number of Rooms	88	88	88	88	88	88	88	88	88	88	88	88	88		
Available Room Nights	2,728	2,640	2,728	2,640	2,728	2,728	2,640	2,728	2,640	2,728	2,728	2,640	2,728		32,120
Average Occupancy %	72%	68%	73%	65%	53%	56%	62%	64%	67%	77%	79%	82%	80%		68.45%
Occupied Room Nights	1,951	1,793	2,002	1,727	1,457	1,539	1,538	1,751	1,779	2,084	2,193	2,175	2,193		21,988
Average Daily Rate (ADR)	\$98.25	\$87.77	\$96.35	\$98.75	\$87.02	\$87.30	\$87.60	\$89.01	\$89.25	\$90.14	\$90.67	\$90.14	\$89.86		\$89.86
Revenue	\$172,433	\$157,333	\$172,293	\$153,432	\$126,767	\$134,319	\$134,688	\$155,890	\$158,808	\$187,869	\$197,240	\$197,091	\$197,091		\$1,948,273
Expenses	\$790	\$836	\$642	\$817	\$714	\$704	\$763	\$848	\$828	\$894	\$952	\$926	\$926		\$9,714
Net (less) fee service other miscellaneous charges	\$172,223	\$158,169	\$173,545	\$154,049	\$127,481	\$133,023	\$135,451	\$156,738	\$159,636	\$189,763	\$198,192	\$198,017	\$198,017		\$1,957,987
Cost of Services	\$916	\$941	\$1,032	\$911	\$745	\$730	\$824	\$961	\$928	\$1,034	\$1,128	\$1,085	\$1,085		\$11,235
Front Desk	\$27,691	\$28,093	\$28,767	\$27,359	\$27,609	\$29,664	\$26,065	\$28,538	\$27,490	\$28,609	\$29,545	\$29,183	\$29,183		\$338,613
Saleses & Benefits for FDC, FOM, RA, Cable, Wfr, CC, TA Commissions, Uniforms, Equipment	\$12,282	\$11,754	\$11,869	\$10,950	\$9,918	\$10,613	\$10,145	\$11,386	\$11,064	\$13,485	\$14,523	\$13,733	\$13,733		\$141,722
Comp Guest Services	\$25,787	\$19,373	\$27,653	\$19,666	\$17,511	\$17,774	\$21,769	\$23,217	\$19,990	\$24,128	\$28,121	\$19,616	\$19,616		\$284,605
Breakfast, Hospitality, Newspapers, Health Club	\$2,710	\$2,640	\$2,743	\$2,631	\$2,661	\$2,573	\$2,369	\$2,638	\$2,554	\$2,659	\$2,692	\$2,758	\$2,758		\$31,628
Saleses and Benefits for Laundry Staff, Supplies	\$9,822	\$9,395	\$13,767	\$8,435	\$9,760	\$7,735	\$8,848	\$6,952	\$10,250	\$11,322	\$12,545	\$10,737	\$10,737		\$121,568
Saleses and benefits for the Maintenance Staff, Contract Services, Supplies, etc	\$16,699	\$14,433	\$12,184	\$11,401	\$10,774	\$13,371	\$10,523	\$11,566	\$9,585	\$9,160	\$11,054	\$17,592	\$17,592		\$147,342
Utilities	\$1,850	\$1,200	\$2,350	\$4,760	\$1,335	\$1,785	\$1,450	\$1,300	\$1,600	\$1,585	\$1,350	\$1,500	\$1,500		\$22,065
Electricity, Gas, Water, Trash	\$7,609	\$6,959	\$7,636	\$6,778	\$5,609	\$5,941	\$5,960	\$6,896	\$7,024	\$8,306	\$8,720	\$8,713	\$8,713		\$86,151
Saleses and Benefits for Sales, Gifts, Advertising, etc	\$24,365	\$24,365	\$25,115	\$24,765	\$28,915	\$24,541	\$24,915	\$24,429	\$26,065	\$29,740	\$24,365	\$24,465	\$24,465		\$306,045
Carpet window, balcony/replacement other various improvements															
General & Administrative															
Salaries and Benefits, Office Supplies, Postage, Forms, Licenses, Fees, Accounting, Insurance, Traveler Fees, Attorney Fees															
Property Taxes - Electrow	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944		\$95,328
Property Tax Total	\$137,675	\$127,097	\$141,060	\$125,600	\$122,781	\$122,671	\$120,612	\$127,827	\$123,484	\$137,972	\$141,987	\$137,236	\$137,236		\$1,566,302
Total Expenses	\$95,249	\$31,672	\$32,485	\$28,449	\$4,699	\$12,352	\$14,639	\$28,911	\$36,142	\$50,791	\$56,204	\$60,691	\$60,691		\$381,685
NET INCOME FROM OPERATIONS															\$95,328



THE INN AT TALLGRASS - Performance: August 2017 - July 2018

	2017-2018												TOTAL	
	August	September	October	November	December	January	February	March	April	May	June	July		
Number of Rooms Available Room Nights	88	88	88	88	88	88	88	88	88	88	88	88	88	
Average Occupancy %	2,728	2,640	2,728	2,640	2,728	2,728	2,464	2,728	2,640	2,728	2,640	2,728	2,728	32,120
Occupied Room Nights	69%	67%	72%	65%	53%	54%	61%	64%	67%	75%	82%	79%	79%	67,27%
Average Daily Rate (ADR)	1,869	1,779	1,961	1,771	1,443	1,484	1,508	1,732	1,764	2,032	2,152	2,161	2,161	21,606
Revenue	\$87,511	\$87,25	\$85,90	\$89,05	\$86,90	\$86,74	\$87,02	\$88,25	\$88,75	\$89,32	\$89,00	\$88,94	\$88,94	
Suites	\$163,528	\$155,249	\$168,487	\$153,280	\$125,405	\$128,725	\$131,223	\$152,874	\$156,512	\$181,530	\$191,492	\$191,946	\$191,946	\$1,900,254
Other	\$790	\$836	\$642	\$817	\$714	\$704	\$763	\$848	\$828	\$894	\$952	\$926	\$926	\$9,714
Pre/fee, fax service other miscellaneous charges														
Total Revenue	\$164,318	\$156,085	\$169,129	\$154,097	\$126,120	\$129,429	\$131,986	\$153,722	\$157,340	\$182,424	\$192,444	\$192,872	\$192,872	\$1,909,968
Expenses														
Cost of Services	\$916	\$941	\$1,032	\$911	\$745	\$730	\$824	\$961	\$928	\$1,034	\$1,128	\$1,085	\$1,085	\$11,235
Firedept, Guest sundry items														
Front Desk	\$27,691	\$28,093	\$28,767	\$27,359	\$27,609	\$29,664	\$26,065	\$28,538	\$27,490	\$28,609	\$29,545	\$29,183	\$29,183	\$380,613
Salaries & Benefits for FDC, FOM, MA, Cable, W/F, CC, TA Commission, Uniforms, Equipment Maint														
Comp Guest Services	\$12,282	\$11,754	\$11,869	\$10,950	\$9,918	\$10,613	\$10,145	\$11,386	\$11,064	\$13,485	\$14,523	\$13,733	\$13,733	\$141,722
Salaries & Benefits for Concierge, Guest Breakfast, Hospitality, Newspaper, Health Club Housekeeping	\$25,787	\$19,373	\$27,653	\$19,666	\$17,511	\$17,774	\$21,769	\$23,217	\$19,990	\$24,128	\$28,121	\$19,616	\$19,616	\$264,605
Salaries & Benefits for Supervisor, Troler, Housekeepers, Cleaning Supplies, Uniforms, Laundry	\$2,710	\$2,640	\$2,743	\$2,831	\$2,661	\$2,573	\$2,369	\$2,638	\$2,554	\$2,659	\$2,692	\$2,758	\$2,758	\$31,628
Salaries and Benefits for Laundry Staff, Supplies Maintenance	\$9,822	\$9,395	\$13,767	\$8,435	\$9,760	\$7,735	\$8,848	\$8,952	\$10,250	\$11,322	\$12,545	\$10,737	\$10,737	\$121,568
Salaries and benefits for the Maintenance staff, Contract Services, Supplies, etc														
Utilities	\$16,699	\$14,433	\$12,184	\$11,401	\$10,774	\$13,371	\$10,523	\$11,566	\$8,585	\$9,160	\$11,054	\$17,592	\$17,592	\$147,342
Electricity, Gas, Water, Trash														
Salaries and Benefits for Sales, Gifts, Sales	\$1,850	\$1,200	\$2,350	\$4,760	\$1,335	\$1,785	\$1,450	\$1,300	\$1,600	\$1,585	\$1,350	\$1,500	\$1,500	\$22,065
Advertising, etc														
Carpet, window, balcony replacement other	\$7,230	\$6,888	\$7,442	\$6,780	\$5,549	\$5,695	\$5,807	\$6,764	\$6,923	\$8,027	\$8,468	\$8,486	\$8,486	\$84,039
General & Administrative														
Salaries and benefits, office supplies, postage, forms, licenses, fees, accounting, insurance, trustee fees, attorney fees	\$24,365	\$24,365	\$25,115	\$24,765	\$28,915	\$24,541	\$24,915	\$24,429	\$26,065	\$29,740	\$24,365	\$24,465	\$24,465	\$300,045
Property Taxes - Escrow														
Property Tax Total	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$95,328
Total Expenses	\$137,296	\$127,006	\$140,866	\$125,602	\$122,721	\$122,425	\$120,659	\$127,695	\$123,383	\$137,693	\$141,795	\$137,099	\$137,099	\$1,564,190
NET INCOME FROM OPERATIONS	\$27,022	\$29,079	\$28,263	\$28,485	\$3,399	\$7,004	\$11,327	\$26,027	\$33,947	\$44,732	\$50,710	\$55,772	\$55,772	\$345,778

THE INN AT TALLGRASS: Performance: August 2016 - July 2017

	2016 - 2017													
	August	September	October	November	December	January	February	March	April	May	June	July	TOTAL	
Number of Rooms	88	88	88	88	88	88	88	88	88	88	88	88	88	
Available Room Nights	2,728	2640	2728	2640	2728	2728	2464	2728	2640	2728	2640	2728	2728	32,120
Average Occupancy %	64%	67%	71%	65%	52%	53%	60%	63%	67%	72%	81%	78%	78%	66.11%
Occupied Room Nights	1,746	1,777	1,948	1,719	1,405	1,446	1,478	1,719	1,769	1,964	2,138	2,128	2,128	21,236
Average Daily Rate (ADR)	\$86.30	\$86.86	\$83.57	\$89.05	\$87.57	\$86.00	\$87.00	\$88.00	\$88.00	\$88.50	\$89.00	\$86.00	\$86.00	
Revenue														
Suites	\$150,673	\$154,326	\$162,777	\$153,045	\$123,029	\$124,342	\$128,621	\$151,240	\$155,654	\$173,828	\$190,318	\$182,994	\$182,994	\$4,850,847
Other	\$790	\$836	\$642	\$817	\$714	\$704	\$763	\$848	\$828	\$894	\$952	\$926	\$926	\$9,714
Per fees for service other miscellaneous charges														
Total Revenue	\$151,463	\$155,162	\$163,419	\$153,862	\$123,743	\$125,046	\$129,384	\$152,088	\$156,482	\$174,722	\$191,270	\$183,920	\$183,920	\$4,860,561
Expenses														
Cost of Services	\$916	\$941	\$1,032	\$911	\$745	\$730	\$824	\$961	\$928	\$1,034	\$1,128	\$1,085	\$1,085	\$11,235
Firelogs, Guest sundry items														
Front Desk	\$27,691	\$28,093	\$28,767	\$27,359	\$27,609	\$29,664	\$26,065	\$28,538	\$27,490	\$28,609	\$29,545	\$29,183	\$29,183	\$338,613
Wife, CC, TA Commissions, Uniforms, Equipment Maint														
Comp Guest Services	\$12,282	\$11,754	\$11,869	\$10,950	\$9,918	\$10,613	\$10,145	\$11,366	\$11,064	\$13,485	\$14,523	\$13,733	\$13,733	\$141,722
Solates & Benefits for Concierges, Guest Breakfast, Hospitality, Newspapers, Health Club														
Housekeeping	\$25,787	\$19,373	\$27,653	\$19,666	\$17,511	\$17,774	\$21,769	\$23,217	\$19,990	\$24,128	\$28,121	\$19,616	\$19,616	\$264,605
Housekeepers, Cleaning Supplies, Uniforms, Linen, Awards														
Laundry	\$2,710	\$2,640	\$2,743	\$2,631	\$2,661	\$2,573	\$2,369	\$2,638	\$2,554	\$2,659	\$2,692	\$2,758	\$2,758	\$31,628
Solates and Benefits for Laundry Staff, Supplies														
Maintenance	\$9,822	\$9,395	\$13,767	\$8,435	\$9,760	\$7,735	\$8,948	\$8,952	\$10,250	\$13,322	\$12,545	\$10,737	\$10,737	\$121,568
Solates and benefits for the Maintenance staff, Contract Services, Supplies, etc														
Utilities	\$16,699	\$14,433	\$12,184	\$11,401	\$10,774	\$13,371	\$10,523	\$11,566	\$8,585	\$9,160	\$11,054	\$17,592	\$17,592	\$147,342
Electricity, Gas, Water, Trash														
Solates and Benefits for Sales, Gifts, Advertising, etc	\$1,850	\$1,200	\$2,350	\$4,760	\$1,335	\$1,785	\$1,450	\$1,300	\$1,600	\$1,585	\$1,350	\$1,500	\$1,500	\$22,065
Solates and Benefits for Sales, Gifts, Advertising, etc														
Routine Capes	\$6,664	\$6,827	\$7,190	\$6,770	\$5,445	\$5,502	\$5,693	\$6,692	\$6,885	\$7,688	\$8,416	\$8,092	\$8,092	\$81,865
Carpet, window, balcony replacement other various improvements														
General & Administrative	\$24,365	\$24,365	\$25,115	\$24,765	\$28,915	\$24,541	\$24,915	\$24,429	\$26,065	\$29,740	\$24,365	\$24,465	\$24,465	\$306,045
Solates and Benefits, Office Supplies, Postage, Firms, Licenses, Fees, Accounting, Insurance, Trustee Fees, Attorney Fees														
Property Taxes - Escrow	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$95,328
Property Tax Total	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$7,944	\$95,328
Total Expenses	\$136,730	\$126,965	\$140,614	\$125,592	\$112,617	\$122,232	\$120,545	\$127,623	\$123,355	\$137,354	\$141,683	\$136,705	\$136,705	\$1,562,016
NET INCOME FROM OPERATIONS	\$14,733	\$28,197	\$22,805	\$28,270	\$11,126	\$2,814	\$8,839	\$24,465	\$33,127	\$37,368	\$49,587	\$47,215	\$47,215	\$298,546

**Attachment A**

<b>THE INN AT TALLGRASS: Expense Details</b>	
<b>EXPENSES</b>	<b>Monthly</b>
<b>General &amp; Administrative</b>	
Salary and Benefits for GM	\$9,967
Health Insurance	\$1,476
Office Supplies, Postage, Forms	\$400
Employee Awards, Contract Services	\$1,165
Meals, Licenses, Dues and Subscriptions	\$577
Accounting Services	\$2,000
Trustee Fee	\$2,000
Liability, Property, Work Comp & Unemployment Insurance	\$6,780
<b>Total</b>	<b>\$24,365</b>