

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS

In re:)
)
TIAT CORPORATION,) Case No. 16-10764-REN
) Chapter 11
)
Debtor.)
_____)

CHAPTER 11 DISCLOSURE STATEMENT OF PARTY IN INTEREST
SBNV ITG LLC DATED MARCH 6, 2017

I. INTRODUCTION

This is the Chapter 11 Disclosure Statement of Party in Interest SBNV ITG LLC Dated March 6, 2017 (the "Disclosure Statement") in the bankruptcy case of TIAT Corporation (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Chapter 11 Plan of Party in Interest SBNV ITG LLC Dated March 6, 2017 (the "Plan"). A full copy of the Plan will accompany this Disclosure Statement. Your rights may be affected. ***You should read the Plan and the Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed in Article IV of the Disclosure Statement. The Plan proposes to pay creditors of the Debtor from proceeds of the Stock Auction as herein described, from funds generated from operation of the Reorganized Debtor and/or from infusion of capital from the owner of the Reorganized Debtor. The owner of the Reorganized Debtor will be determined by the Stock Auction.

The Plan classifies five classes of claims and equity interest holders. Allowed claims of general unsecured creditors will be entitled to distributions as provided in Article IV of this Disclosure Statement. The ultimate amount paid to general unsecured creditors under the Plan will depend on (i) the amount of proceeds from the Stock Auction and (ii) whether the Proponent

is the purchaser of the stock in such auction.

The Plan guarantees a minimum recovery to the allowed claims of general unsecured creditors in the event the Proponent purchases the stock in the Reorganized Debtor. This Plan also allows for competitive bidding for the stock in the Reorganized Debtor, with an opportunity for general unsecured creditors to participate in the proceeds from the Stock Auction.

II. BACKGROUND

A. History of the Debtor and Events Leading to the Chapter 11 Case

The Debtor is a Kansas corporation which owns and operates the Hotel as a single purpose entity.

The Debtor purchased the Hotel in 2006. The Debtor is indebted to SBNV, an assignee of certain loan documents entered into between the Debtor and the original lender on or about September 1, 2006. SBNV is the Debtor's principal creditor and is secured in substantially all property of the Debtor. Payments called for under SBNV's loan documents were due on a monthly basis commencing November 1, 2006, with the outstanding balance of the debt due in full on October 1, 2016.

Beginning with and continuing after the payment due September 1, 2015, the Debtor failed to make monthly payments as required under SBNV's loan documents. The Debtor fell behind with other of its creditors, including its tax obligations to the State of Kansas. The debt held by SBNV was accelerated and a Petition for Breach of Note, Foreclosure of Mortgage, Foreclosure of Personal Property Security Interests, Specific Enforcement of Assignment of Leases and Rents and Appointment of Receiver was filed against the Debtor in Sedgwick County District Court (Case No. 2016-CV-00620) on **March 15, 2016**.

The Debtor retained bankruptcy counsel on **December 4, 2015**. On **March 31, 2016**,

while represented by bankruptcy counsel, the Debtor ostensibly incurred a "debt" to Kansas State Bank, presumably to concoct an accepting class for its forthcoming Chapter 11 bankruptcy filing. *See* Proof of Claim No. 4. This debt is personally guaranteed by the Debtor's sole shareholder, Donald Kennedy, and it is principally, if not fully, secured by Mr. Kennedy's personal vehicle. Upon information, Mr. Kennedy has made all payments on this loan since the loan was made. Apparently to create an impaired class that would vote to accept its bankruptcy plan, the Debtor superficially granted Kansas State Bank a non-purchase money lien in a 12-year old van with minimal value. *See* Article IV, Class 3. The Debtor did not disclose this pre-bankruptcy transfer in its Statement of Financial Affairs.

Two days after Kansas State Bank perfected its lien in the van, the Debtor filed this case on April 29, 2016.

B. The Chapter 11 Case

The Chapter 11 Case was filed on April 29, 2016. The Debtor is represented by Mark J. Lazzo of Mark J. Lazzo, P.A. This is a single asset real estate case.

By Order of June 9, 2016, the Court set July 29, 2016 as the deadline to file claims.

By Order of January 13, 2017 after an evidentiary hearing, the Court determined the value of the value of the Hotel to be \$1,956,000 for confirmation and secured claim allowance purposes.

III. DEFINITIONS

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

1. Proponent: SBNV ITG LLC
2. Effective Date: Unless otherwise provided in the Confirmation Order, the

Effective Date of the Plan is the first business day (not a Saturday, Sunday, or legal holiday) following the date that is fourteen (14) days after the entry of the Confirmation Order. If, however, an appeal or other stay of the Confirmation Order is in effect on that date, the Effective Date will be the first business day after the date on which the stay of the Confirmation Order expires or is otherwise terminated.

3. Confirmation Date: The date of entry of an order of the Bankruptcy Court confirming the Plan.

4. Confirmation Order: The order of the Bankruptcy Court confirming the Plan.

5. Code: The United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*

6. Debtor: TIAT Corporation

7. Filing Date: April 29, 2016

8. Cash Collateral Order: The final order authorizing and conditioning the Debtor's use of SBNV's cash collateral (Doc. #47), as such order has been extended by the bankruptcy court.

9. Excess Funds: As defined in the Cash Collateral Order, the Debtor's post-petition gross rent revenues, less only those items paid or accrued pursuant to a budget agreed to by SBNV, less the adequate protection payment paid in the prior month to SBNV. The Excess Funds constitute SBNV's cash collateral. The Debtor has not been authorized by the Court to utilize the Excess Funds, and the Excess Funds will vest in the Reorganized Debtor. *See* Article IV.

10. Hotel: The Inn at Tallgrass, a hotel located at 2280 North Tara Circle, Wichita, Kansas.

11. Plan: The Chapter 11 Plan of Party in Interest SBNV ITG LLC Dated March 6,

2017, as it may be amended, modified and supplemented from time to time.

12. Disclosure Statement: The Chapter 11 Disclosure Statement of Party in Interest SBNV ITG LLC Dated March 6, 2017, as it may be amended, modified and supplemented from time to time.

13. Stock Auction: The auction of all stock in the reorganized debtor, as described in Article VI of the Plan and Article IV of the Disclosure Statement.

IV. SUMMARY OF THE PLAN AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided in the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Proponent has *not* placed the following claim in any class:

1. Administrative Expense Claims.

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under § 503 of the Code. The Code requires that all allowed administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to different treatment.

Each holder of an unpaid administrative expense claim allowed under § 503 of the Code will be paid in full on the Effective Date of the Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim. Any such claim allowed after the Effective Date will be paid, in cash, or as otherwise agreed, within seven (7) days after any Order allowing the request becomes final and non-appealable.

Bar Date. All requests for payment of an administrative expense must be filed no later than sixty (60) days after the Confirmation Date. Any timely request will be allowed only after notice and hearing. An untimely request for payment of an administrative expense will not be paid and will be forever barred.

2. Priority Tax Claims.

Priority tax claims are unsecured tax obligations described by § 507(a)(8) of the Code. Unless the holder of such claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following are the priority tax claims in this case and their proposed treatment under the Plan:

The **Kansas Department of Revenue** has filed Proof of Claim No. 1 in the total amount of \$149,787.04, with a priority amount of \$131,195.83. This claim relates to sales tax for certain periods between July 2014 and February 2016. The priority amount, less any amount paid on the priority amount pursuant to the Stock Auction, shall be paid with statutory interest in equal monthly payments commencing twenty-eight (28) days after the Effective Date, so that such priority amount is paid in full not later than April 29, 2021. The balance of the claim is filed as, and will be treated as, a general unsecured claim. *See* Article V, Class 4 of the Plan.

The **Kansas Department of Revenue** has filed Proof of Claim No. 2 in the total amount

of \$20,138.85, with a priority amount of \$8,748.84. This claim relates to transient guest tax for certain periods between December 2014 and October 2016. The priority amount, less any amount paid on the priority amount pursuant to the Stock Auction, shall be paid with statutory interest in equal monthly payments commencing twenty-eight (28) days after the Effective Date, so that such priority amount is paid in full not later than April 29, 2021. The balance of the claim is filed as, and will be treated as, a general unsecured claim. *See* Article V, Class 4 of the Plan.

The **Internal Revenue Service** has filed Proof of Claim No. 3 in the total amount of \$250.00, all of which is claimed as priority. This claim relates to corporate tax liabilities for certain periods between December 31, 2015 and December 31, 2016. This claim has been disallowed by Order entered on January 9, 2017 (Doc. #210) and is therefore not entitled to payment.

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

- Class 1:** The secured claim of SBNV ITG LLC.
- Class 2:** The secured claim of Sedgwick County.
- Class 3:** The secured claim of Kansas State Bank.
- Class 4:** Allowed claims of general unsecured creditors.
- Class 5:** Interest of Equity Holders in the Debtor.

Class	Impairment	Treatment
Class 1 – Secured Claim of	Impaired	SBNV ITG LLC ("SBNV") has a claim against the Debtor as represented in Proof of Claim No. 7. As of the date of case filing, SBNV asserts a claim in the amount of \$4,596,648.50, subject to any amendment and/or

<p>SBNV ITG LLC</p>		<p>supplementation by SBNV ("SBNV's Claim").</p> <p>SBNV is secured in substantially all assets of the Debtor (i) pursuant to SBNV's Loan Documents and (ii) pursuant to the Cash Collateral Order, in which the Debtor granted SBNV replacement liens in the Debtor's then-existing and after-acquired property as adequate protection.</p> <p>SBNV's security includes a first mortgage in the Hotel and a first priority security interest in the Debtor's property including, without limitation: all rents, leases, machinery, equipment, inventory, fixtures and accounts.</p> <p>The Court determined the value of the Hotel to be \$1,956,000 for confirmation and secured claim allowance purposes (Doc. #213). SBNV's secured claim equals \$1,956,000, plus the cumulative amount of the Excess Funds as of the Confirmation Date, and plus the value of all other personal property which comprises SBNV's security (the total value of these items is "SBNV's Secured Claim").</p> <p>SBNV's Secured Claim shall be paid in equal monthly installments amortized over a ten (10) year period, with interest shall accruing on SBNV's secured claim at the rate of 7.00% per annum, compounding monthly, from the Confirmation Date. Monthly payments shall be due on the first day of each calendar month, with payments commencing in the first full calendar month occurring after fourteen (14) days following the Effective Date. Within seven (7) days after the Effective Date, SBNV shall file an amortization schedule of payments due on its Secured Claim.</p> <p>Except as expressly provided herein to the contrary, all terms and covenants of SBNV's loan documents, including those documents attached to Proof of Claim No. 7 or related whatsoever to the Debtor or the Debtor's debt to SBNV (collectively, "SBNV's Loan Documents"), shall continue to be valid and effective after entry of the Confirmation Order.</p> <p>SBNV shall retain all of its liens in the Debtor's property until SBNV's Secured Claim, plus all unpaid interest thereon and all other amounts owed post-confirmation pursuant to SBNV's Loan Documents, has been paid in full.</p> <p>The balance of SBNV's Claim, minus all post-petition adequate protection payments, shall be a Class 4 general unsecured claim.</p>
<p>Class 2 – Secured Claim of Sedgwick County</p>	<p>Unimpaired</p>	<p>Sedgwick County has not filed a proof of claim. The county is owed <i>ad valorem</i> property taxes for 2016 as to real estate where the Hotel is situated. According to publicly available county records, property taxes for the first half of 2016 were paid late on January 17, 2017. Property taxes for the second half of 2016 remain unpaid in the approximate amount of \$47,601.55.</p>

		<p>Pursuant to the Cash Collateral Order, the Debtor was required since May 2016 to save and accrue \$7,944 per month for "Property Tax Escrow." Within seven (7) days after the Confirmation Date, the Debtor shall pay all accumulated funds for Property Tax Escrow to the County.</p> <p>Any <i>ad valorem</i> property taxes due, or becoming due, to Sedgwick County shall be timely paid. The county shall retain its rights to collect <i>ad valorem</i> property taxes and foreclose any valid tax liens as provided by state law.</p>
<p>Class 3 – Secured Claim of Kansas State Bank</p>	<p>Unimpaired</p>	<p>Kansas State Bank ("KSB") filed Proof of Claim No. 4 in the amount of \$20,083.84.</p> <p>KSB's claim relates to a loan incurred by the Debtor after the Debtor retained bankruptcy counsel (<i>See</i> Doc. #1, p. 7). KSB's loan is dated just fourteen (14) days after a petition to foreclose SBNV's mortgage was filed against the Debtor and only twenty-nine (29) days before this case was filed.</p> <p>KSB's loan is principally secured by a 2010 Ford Expedition EL Limited 4x4 belonging to Donald Kennedy, an insider guarantor of KSB's loan. However, KSB also perfected a lien in the Debtor's 2004 Ford Freestar SEL (the "Freestar") van on April 27, 2016, only two (2) days before the Debtor filed this bankruptcy case.</p> <p>KSB's loan is believed to be contractually current for all pre and post-petition payments.</p> <p>According to the Debtor's third amended plan (Doc. #229), the Freestar has a value of \$15,000, which equals the approximate current balance of KSB's loan. However, approximate NADA values for a 2004 Ford Freestar SEL range from \$850 to \$3,725. These NADA Values are attached as Exhibit 1.</p> <p>KSB's loan (i) appears to have been incurred by the Debtor in contemplation of bankruptcy for the purpose of fabricating an impaired accepting class; (ii) is principally, if not fully, secured by non-debtor assets; and (iii) is believed to be current for all pre and post-petition payments.</p> <p>KSB's petition-date claim, reduced by all post-petition payments received by KSB from any source, shall be paid in full, and in cash, on the Effective Date. Upon such payment, the Reorganized Debtor shall be subrogated to all rights of KSB under the loan documents attached to Proof of Claim No. 4.</p> <p>The Proponent reserves the right to request the Court designate KSB as provided in § 1126(e) of the Code.</p>
<p>Class 4 –</p>	<p>Impaired</p>	<p>A list of general unsecured claims is attached hereto as Exhibit 2. The</p>

Claims of General Unsecured Creditors		<p>list includes allowed, disallowed, and disputed claims. Only allowed claims may receive a distribution under the Plan. Disallowed claims will not receive any payment. Any disputed claims not resolved by the Effective Date will be allowed payment only after any order allowing the claim becomes final and non-appealable.</p> <p>No later than fourteen (14) days after (i) the Reorganized Debtor has received the proceeds from the Auction Sale, (ii) all timely filed requests for administrative expense claims have been allowed or disallowed by an order that is final and non-appealable and (iii) all disputed claims of general unsecured creditors have been allowed or disallowed by an order that is final and non-appealable:</p> <p>the allowed claims of Class 4 general unsecured creditors shall be paid, in cash and on a pro-rata basis, the remaining proceeds of the Auction Sale after full payment of allowed administrative and priority claims, provided however, that if the Proponent is the successful purchaser in the Stock Auction of all stock in the Reorganized Debtor, Proponent shall guarantee a minimum distribution of \$40,000 to the allowed Class 4 claims of general unsecured creditors (the "Minimum Unsecured Distribution"). To allow greater recovery for Class 4 claims of general unsecured creditors, Proponent's Class 4 claim shall be excluded from the Minimum Unsecured Distribution if Proponent is the successful purchaser of all stock in the Reorganized Debtor pursuant to the Stock Auction.</p>
Class 5 – Existing Equity Interests in the Debtor	Impaired	<p>Donald Kennedy is the sole shareholder in the Debtor.</p> <p>On the Confirmation Date, all existing stock in the Debtor shall be deemed cancelled, released and extinguished.</p> <p>Holders of existing stock in the Debtor will not retain any property or receive payment of any amounts or other distributions under the Plan.</p>

D. Means of Implementing the Plan

1. Cancellation of Existing Stock; Auction of Stock in Reorganized Debtor.

Donald Kennedy is the sole shareholder in the Debtor. On the Confirmation Date, all existing stock in the Debtor shall be deemed cancelled, released and extinguished. All assets of the Debtor shall vest in the Reorganized Debtor on the Confirmation Date.

In Bank of America Nat'l Trust & Savings Ass'n v. 203 North LaSalle Street Partnership,

526 U.S. 434, 457 (1999), the Supreme Court stated that, "[u]nder a plan granting an exclusive right (to purchase equity), making no provision for competing bids or competing plans, any determination that the price was top dollar would necessarily be made by a judge in bankruptcy court, whereas the best way to determine value is exposure to a market."

Consistent with the Supreme Court's preference for a competitive process or market test, the bankruptcy court shall administer an auction for all stock in the reorganized debtor immediately following the confirmation hearing during which the Plan is confirmed. The bankruptcy court shall have authority to establish bid procedures for this auction, and all stock in the Reorganized Debtor shall be sold for cash to the highest bidder.

The proceeds from the auction shall first be used to pay allowed administrative priority claims.

After all allowed administrative priority claims are paid in full, any remaining proceeds from the auction shall then be used to pay priority tax claims on a pro-rata basis.

If the proceeds from the auction are sufficient to fully pay all allowed administrative priority claims and priority tax claims, any remaining proceeds from the auction shall then be used to pay the allowed Class 4 claims of general unsecured creditors on a pro-rata basis, **provided however**, that if the Proponent is the successful purchaser in the Stock Auction of all stock in the Reorganized Debtor, Proponent shall guarantee a minimum distribution of \$40,000 to the allowed Class 4 claims of general unsecured creditors (the "**Minimum Unsecured Distribution**"). To allow greater recovery for Class 4 claims of general unsecured creditors, Proponent's Class 4 claim shall be excluded from calculation and payment of the Minimum Unsecured Distribution. The Minimum Unsecured Distribution will only be guaranteed (i) if the Plan is confirmed and (ii) if the Proponent is the successful purchaser in the Stock Auction of all

stock in the Reorganized Debtor.

2. Vesting of Assets in the Reorganized Debtor.

Except as otherwise provided in the Plan, notwithstanding any prohibition of assignability under applicable non-bankruptcy law and in accordance with § 1141 of the Code, confirmation of the Plan shall vest all property of the bankruptcy estate in the Reorganized Debtor, free and clear of all liens, claims, charges, or other encumbrances. Property of the estate vesting in the Reorganized Debtor includes, but is not limited to: all real property; all personal property; tangible property; intangible property; all rights, claims and causes of action of any kind; all avoidance claims and avoidance actions; all tax attributes including, but not limited to, tax loss carry forwards; all property acquired before or after the filing of this bankruptcy case and all Excess Funds. Aside from the Reorganized Debtor, no person or entity may bring an action based in whole or in part on facts and circumstances under which the estate could have brought an action under the Code or applicable non-bankruptcy law.

3. Lien Retention.

SBNV will retain all of its liens until full payment of its Class 1 secured claim. Sedgwick County will retain any lien related to its Class 2 secured claim for unpaid *ad valorem* property taxes. KSB will retain its lien in the 2004 Ford Freestar until full payment of its Class 3 secured claim.

4. Payments.

Payments provided for under the Plan shall first be funded by proceeds of the Stock Auction. After the proceeds of the Stock Auction are applied pursuant to the Plan, the Reorganized Debtor shall fund and distribute all payments required by the Plan.

The Plan provides for existing equity in the Debtor to be cancelled and for stock in the Reorganized Debtor to be auctioned and sold to the highest bidder.

The Proponent is an investment manager with an approximately \$350 million portfolio, supported by a large, publicly traded hedge fund. The Proponent has available cash and wherewithal to fund all payments required by the Plan, should the Proponent be the successful purchaser in the Stock Auction.

5. Post-Confirmation Management.

The successful purchaser in the Stock Auction will determine the post-confirmation management of the Reorganized Debtor.

Should the Proponent be the successful purchaser in the Stock Auction, the Reorganized Debtor will be managed by SBNV, under the direction of Steven C. Petrie. Mr. Petrie works for Summit Investment Management, which is experienced in hotel ownership and administration and currently oversees the operation of three hotels within its portfolio. Should the Proponent purchase the stock in the Stock Auction, the Hotel will be managed by K Partners Hotel Management, an experienced and award-winning full-service nationwide hotel management firm (*See <http://kpartnersusa.net/awards/>*).

Confirmation of the Plan will terminate the Debtor's status as a debtor-in-possession. The employment of Mark J. Lazzo and Mark J. Lazzo, P.A. as attorneys for the Debtor and the bankruptcy estate shall terminate upon confirmation of the Plan. The employment and authority of Donald Kennedy to manage the Hotel shall terminate upon confirmation of the Plan. The Reorganized Debtor will have authority and discretion to hire Hotel management and legal counsel of its choosing.

6. Effectuating Documents; Further Transactions.

Upon confirmation and after the Court has confirmed the Plan, the Debtor, creditors and interested parties, and their respective directors, managers, officers, attorneys, authorized persons and employees shall issue, execute, deliver, file, or record such documents, contracts, securities, instruments, releases and other agreements and take any action requested by the Reorganized Debtor in order to effectuate, implement and further evidence the terms and conditions of the Plan or to accommodate such other request of the Reorganized Debtor, without the need for any approvals, authorizations or consents from the Court or any other person or entity.

E. Executory Contracts and Unexpired Leases

1. Assumed Executory Contracts and Unexpired Leases.

The following executory contracts and/or unexpired leases shall be deemed assumed and assigned to the Reorganized Debtor:

- (1) executory contracts entered into in the ordinary course of business between the Debtor and hotel guests for accommodations at The Inn at Tallgrass; and
- (2) unexpired lease between the Debtor and Jetz Vending Inc. related to laundry equipment.

2. Rejected Executory Contracts and Unexpired Leases.

The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed in the Plan.

Bar Date/Objection. A proof of claim arising from the rejection of an executory contract or unexpired lease must be filed and served on the Proponent's counsel no later than twenty-eight (28) days after the Confirmation Date. Any claim not filed and served by that date will be conclusively disallowed. The Proponent will have twenty-eight (28) days after any

timely filed claim to object. Any such timely filed claim will be deemed a disputed claim until the objection time has expired and/or until resolved by final, non-appealable order.

F. Tax Consequences of Plan

The Debtor is a subchapter S corporation, which passes all tax consequences through to its shareholders. Based on the Debtor's description of its tax situation contained in its Disclosure Statement (Doc. #222), it is anticipated that tax consequences of the Plan on the Reorganized Debtor will be minimal. **However, Creditors and Equity Interest Holders concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys and/or advisors.**

V. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Who May Vote or Object; Votes Necessary to Confirm the Plan

Any party in interest may object to confirmation if the party believes the requirements for confirmation have not been met. However, a party has a right to vote for or against (“accept” or “reject”) the Plan only if such party has a claim that is both (1) allowed and (2) impaired.

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

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

The Proponent believes that classes 1, 4 and 5 are impaired and that holders of allowed claims or allowed equity interests in each of these classes are therefore entitled to vote to accept or reject the Plan. The Proponent believes that classes 2 and 3 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

2. Treatment of Non-accepting Classes.

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

B. Deadlines for Service of Disclosure Statement and Plan; Objections and Voting

The Court will set dates for service of the Disclosure Statement and the Plan, objection dates to the same, the deadline for receipt of ballots, and the date for hearing on Confirmation.

C. Liquidation Analysis

Confirmation of the Plan requires, among other things, that each holder of a claim in an impaired class and each holder of an interest either: (a) accepts the Plan; or (b) receives or retains under the Plan Property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. The requirement is commonly referred to as the "Best Interests Test."

The Plan satisfies the Best Interests Test by providing greater recovery to the holders of allowed general unsecured claims than such holders would receive under liquidation under chapter 7. This is true because unsecured creditors would likely not receive any recovery in a liquidation, but:

a.) The Plan allows unsecured creditors the opportunity to participate in and recover their claims from auction proceeds of stock in the Reorganized Debtor; and

b.) The Plan includes a Minimum Unsecured Distribution to allowed general unsecured claims in the event the Proponent is the successful purchaser at auction of all stock in the Reorganized Debtor. To allow greater recovery for claims of general unsecured creditors, the Proponent's general unsecured claim shall be excluded from the Minimum Unsecured Distribution.

A liquidation analysis is attached as Exhibit 3.

D. Feasibility

Payments provided for under the Plan shall first be funded by proceeds of the Stock Auction. After the proceeds of the Stock Auction are applied pursuant to the Plan, the Reorganized Debtor shall fund and distribute all payments required by the Plan.

The Plan provides for existing equity in the Debtor to be cancelled and for stock in the Reorganized Debtor to be auctioned and sold to the highest bidder.

The Proponent is an investment manager with an approximately \$350 million portfolio, supported by a large, publicly traded hedge fund. The Proponent has available cash and wherewithal to fund all payments required by the Plan, should the Proponent be the successful purchaser in the Stock Auction.

VI. EFFECT OF CONFIRMATION OF PLAN

A. Binding Effect

Upon confirmation of the Plan, the rights, benefits and obligations of any person or entity named or referred to in the Plan will be binding upon and will inure to the benefit of such person or entity, and their respective successors and assigns, including, but not limited to the Reorganized Debtor, whether or not the party has filed a claim or accepted the Plan.

B. Discharge of the Debtor

Pursuant to § 1141(d) of the Code, except as otherwise specifically provided in the Plan or in the Confirmation Order, the distributions and rights that are provided in this Plan shall be in complete satisfaction, discharge, and release of all claims, causes of action and interests in the Debtor or any of the Debtor's assets or properties, regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such claims, causes of action and interests. The Confirmation Order shall be a judicial determination of discharge of all claims against or interests in the Debtor, subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan or in the Confirmation Order.

C. Modification of Plan

The Proponent may submit modifications of this Plan to the Court any time prior to

confirmation pursuant to § 1127(a) of the Code or after confirmation pursuant to § 1127(b) of the Code.

D. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Reorganized Debtor or such other party as the Court shall designate in the Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VII. OTHER PROVISIONS

A. Disclaimers

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPONENT'S PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS FO THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. SEE § 1125(a) OF THE CODE.

FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

NO REPRESENTATIONS CONCERNING ANY ASPECT OF THE PLAN ARE AUTHORIZED BY THE PROPONENT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO

SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE FINANCIAL INFORMATION CONTAINED HEREIN IS UNAUDITED, UNLESS OTHERWISE INDICATED. PROPONENT DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF ANY INFORMATION PROVIDED BY OR FILED BY THE DEBTOR IN THIS CASE, WHICH MIGHT BE REFERENCED IN THE PROPONENT'S PLAN OR DISCLOSURE STATEMENT.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM.

B. Exculpation and Release

The Proponent and any of its respective present or former employees, advisors, officers, directors, professionals (including attorneys and accountants), agents, parents, subsidiaries and affiliates, and any of such parties' predecessors, successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, cause of action or liability to any holder of a claim or interest, or any other party in interest, or any of their respective agents, employees, representatives, advisors, officers, directors, professionals (including attorneys and accountants), parents, subsidiaries or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Debtor's bankruptcy case, the pursuit of confirmation of the Plan, the consummation of the Plan, the Disclosure Statement, the

preparation, formulation, negotiation or implementation of the Plan, any actions contemplated by the Plan or taken to effectuate and implement the Plan, the administration of the Plan or the property to be distributed under the Plan. Confirmation of the Plan will constitute an order releasing such parties from any such asserted liability.

C. Waiver of Fourteen (14) Day Stay

The Proponent requests as part of the Confirmation Order a waiver from the Court of the fourteen (14) day stay of Bankruptcy Rule 3020(e) and, to the extent applicable, a waiver of the fourteen (14) day stay of Bankruptcy Rule 6004(g).

Dated: March 6, 2017.

KLEND A AUSTERMAN LLC

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Attorneys for SBNV ITG LLC

24U4802



NADAguides Price Report

2/28/2017

2004 Ford FREESTAR-V6

Wagon 4D SEL

Values

	Rough Trade-In	Average Trade-In	Clean Trade-In	Clean Retail
Base Price	\$850	\$1,450	\$1,950	\$3,725
Mileage	N/A	N/A	N/A	N/A
Total Base Price	\$850	\$1,450	\$1,950	\$3,725
Options:				
Price with Options	\$850	\$1,450	\$1,950	\$3,725

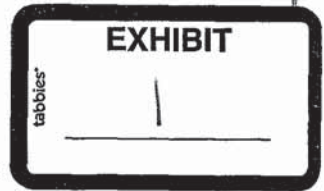
Rough Trade-In - Rough Trade-in values reflect a vehicle in rough condition. Meaning a vehicle with significant mechanical defects requiring repairs in order to restore reasonable running condition. Paint, body and wheel surfaces have considerable damage to their finish, which may include dull or faded (oxidized) paint, small to medium size dents, frame damage, rust or obvious signs of previous repairs. Interior reflects above average wear with inoperable equipment, damaged or missing trim and heavily soiled /permanent imperfections on the headliner, carpet, and upholstery. Vehicle may have a branded title and un-true mileage. Vehicle will need substantial reconditioning and repair to be made ready for resale. Some existing issues may be difficult to restore. Because individual vehicle condition varies greatly, users of NADAguides.com may need to make independent adjustments for actual vehicle condition.

Average Trade-In - The Average Trade-In values on nadaguides.com are meant to reflect a vehicle in average condition. A vehicle that is mechanically sound but may require some repairs/servicing to pass all necessary inspections; Paint, body and wheel surfaces have moderate imperfections and an average finish and shine which can be improved with restorative repair; Interior reflects some soiling and wear in relation to vehicle age, with all equipment operable or requiring minimal effort to make operable; Clean title history; Vehicle will need a fair degree of reconditioning to be made ready for resale. Because individual vehicle condition varies greatly, users of nadaguides.com may need to make independent adjustments for actual vehicle condition.

Clean Trade-In - Clean Trade-In values reflect a vehicle in clean condition. This means a vehicle with no mechanical defects and passes all necessary inspections with ease. Paint, body and wheels have minor surface scratching with a high gloss finish and shine. Interior reflects minimal soiling and wear with all equipment in complete working order. Vehicle has a clean title history. Vehicle will need minimal reconditioning to be made ready for resale. Because individual vehicle condition varies greatly, users of NADAguides.com may need to make independent adjustments for actual vehicle condition.

Clean Retail - Clean Retail values reflect a vehicle in clean condition. This means a vehicle with no mechanical defects and passes all necessary inspections with ease. Paint, body and wheels have minor surface scratching with a high gloss finish and shine. Interior reflects minimal soiling and wear with all equipment in complete working order. Vehicle has a clean title history. Because individual vehicle condition varies greatly, users of NADAguides.com may need to make independent adjustments for actual vehicle condition. Note: Vehicles with low mileage that are in exceptionally good condition and/or include a manufacturer certification can be worth a significantly higher value than the Clean Retail price shown.

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<http://www.nadaguides.com/Cars/2004/Ford/FREESTAR-V6/Wagon-4D-SEL/Values/Print>

EXHIBIT 2 TO CHAPTER 11 DISCLOSURE STATEMENT OF PARTY IN INTEREST
SBNV ITG LLC DATED MARCH 6, 2017

List of General Unsecured Claims

<u>Creditor</u>	<u>Amount</u>	<u>Allowed/Disallowed/Disputed</u>
1. Kansas Department of Revenue ("KDOR") -Proof of Claim No. 1	\$18,591.21 ¹	Allowed
2. KDOR -Proof of Claim No. 2	\$11,390.01 ²	Allowed
3. Kansas State Bank ("KSB") -Proof of Claim No. 4	\$83.84 ³	Disputed
4. Inntel Corporation of America ("Inntel") -Proof of Claim No. 5	\$1,571,424.82 ⁴	Allowed
5. TB Enterprises of Wichita, LLC -Proof of Claim No. 6	\$12,277.50 ⁵	Allowed
6. SBNV ITG LLC ("SBNV") -Proof of Claim No. 7 *Less cumulative amount of Excess Funds and Adequate Protection Payments as of the Confirmation Date and less the value of all other personal property which constitutes SBNV's security.	\$2,640,648.50* ⁶	Allowed
7. Roofing Services Unlimited, Inc. -Proof of Claim No. 8	\$9,352.42 ⁷	Allowed

¹ KDOR filed Claim No. 1 in the amount of \$149,787.04. Of this amount, \$131,195.83 is claimed as priority. The balance, set out above, is claimed as a general unsecured claim.

² KDOR filed Claim No. 2 in the amount of \$20,138.85. Of this amount, \$8,748.84 is claimed as priority. The balance, set out above, is claimed as a general unsecured claim.

³ KSB filed Claim No. 4 in the amount of \$20,083.84. Of this amount, \$20,000.00 is claimed as secured. The balance, set out above, is claimed as a general unsecured claim and is disputed for the reasons stated in Article V, Class 3. Proponent may object to this claim.

⁴ Inntel filed Claim No. 5 in the amount of \$1,571,424.82. Of this amount, \$341,761.00 is claimed as a secured claim. However, Inntel's security is comprised of non-estate property, and entirety of Inntel's claim will be treated as a general unsecured claim.

⁵ TB Enterprises of Wichita, LLC filed Claim No. 6 in the amount of \$12,277.50. The Debtor listed this claim as belonging to Butler Plumbing & Restoration in the amount of \$9,488.00 in its bankruptcy schedules. This claim will be treated as allowed as filed.

⁶ SBNV filed Claim No. 7 in the amount of \$4,596,648.50. The Court determined the value of the Hotel, SBNV's principal security, to be \$1,956,000 for confirmation and secured claim allowance purposes.

⁷ Roofing Services Unlimited, Inc. filed Claim No. 8 in the amount of \$9,352.42. The Debtor listed this claim in the amount of \$9,352.00 in its bankruptcy schedules. This claim will be treated as allowed as filed.

List of General Unsecured Claims (Cont'd.)

<u>Creditor</u>	<u>Amount</u>	<u>Allowed/Disallowed/Disputed</u>
8. Donald P. Kennedy -No Claim Filed, Insider	\$165,000.00 ⁸	Disputed
9. Tallgrass Corporate Lodging LLC ("TCL") -No Claim Filed, Insider	\$422,470.00 ⁹	Disallowed

The Debtor listed the following as general unsecured creditors in its bankruptcy schedules with claims not designated as "contingent," "unliquidated" or "disputed." Therefore, the following general unsecured claims will be treated as allowed, subject to any objection per Article VII, Section 7.03:

10. City of Wichita	\$35,815.00	Allowed
Progress Tech	\$10,325.00	Allowed
Allen Gibbs & Houlik LC	\$3,807.00	Allowed
Cartridge World	\$155.00	Allowed
Fibercare	\$3,256.00	Allowed
Home Depot	\$4,573.00	Allowed
Interstate All Battery Center	\$245.00	Allowed
Menards	\$347.00	Allowed
Schendel Pest Services	\$1,152.00	Allowed
Staples	\$337.00	Allowed
TK Fast	\$4,306.00	Allowed

⁸ The Debtor listed Donald P. Kennedy, its sole shareholder and an insider, as a general unsecured creditor in the amount of \$165,000.00 in its bankruptcy schedules. Despite receiving a timely Request for Production from SBNV for copies of loan documents, details on each purported "loan", payment histories and evidence of payment, the Debtor has refused to provide SBNV with these documents. Proponent will object to allowance of this claim.

⁹ Despite being listed as a creditor in the Debtor's bankruptcy schedules, the Debtor has admitted that TCL, an insider and an affiliate, is not a creditor of the Debtor. The Debtor removed TCL from the listed creditors in this case, and TCL did not file a proof of claim. TCL shall have no claim in this case.

EXHIBIT 3 TO CHAPTER 11 DISCLOSURE STATEMENT OF PARTY IN INTEREST
SBNV ITG LLC DATED MARCH 6, 2017

LIQUIDATION ANALYSIS

The following liquidation analysis of the Debtor is provided for comparison of what creditors would receive under Chapter 7 liquidation:

Property	Value of Asset
The Hotel – Value per Court Order.	\$1,956,000
All Deposit Accounts (the "Excess Funds")	Unknown
All Accounts Receivable	Unknown
2004 Ford Freestar SEL – Value per NADA.	\$850 - \$3,725
2004 Chevrolet Pickup – Value per schedules.	\$3,000
Food and Linen Inventory – Value per schedules.	\$5,000
Office Furniture – Value per schedules.	\$1,500
Equipment and Machinery – Value per schedules.	\$11,605
Avoidance Actions – Asset uncheduled.	Unknown
TOTAL	\$1,977,955 +/-

DISTRIBUTION IN HYPOTHETICAL CHAPTER 7

Funds of the estate	\$1,977,955.00
Less Sedgwick County – 2016 Property Tax	(\$47,601.55)
Less SBNV's secured claim	(\$4,596,648.50)
Less KSB's secured claim	(\$15,000.00) ¹
Less Chapter 7 trustee fees per § 326 of the Code	(\$82,588.65)
Less 6% auctioneer/realtor fee	(\$118,677.30)
Less Chapter 7 trustee attorney's fees	(\$10,000.00)
Less Chapter 11 administrative expenses	(\$121,000.00)
Less Priority tax claims	(\$139,944.67)

Net distribution to general unsecured creditors **\$0.00**

¹ Amount estimated. See Class 3, Claim of Kansas State Bank. The Proponent reserves the right to object to KSB's claim and all other claims, per Article VII, Section 7.03 of the Plan.