

**In the United States Bankruptcy Court
Western District of Louisiana
Shreveport Division**

In the Matter Of:	}	
	}	Case No. 16-11226
Red River South Enterprises, LLC	}	
	}	Chapter 11
Debtor	}	

**DISCLOSURE STATEMENT IN SUPPORT
OF DEBTOR'S PLAN OF REORGANIZATION
DATED NOVEMBER 18, 2016**

Dated: November 18, 2016

Respectfully submitted,

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- A. Summary of Debtor's Schedules
- B. Debtor's Schedule A and Schedule B
- C. Debtor's Post-Petition Monthly Operating Reports Through September 30, 2016
- D. Red River South Marina, LLC Plan Guaranty Agreement
- E. Red River South Travel Center, LLC Plan Guaranty Agreement
- F. Leon S. Miletello, Jr., Plan Guaranty Agreement
- G. Debtor's Financials
- H. Debtor's Financial Projections

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**DISCLOSURE STATEMENT IN SUPPORT OF DEBTOR’S PLAN OF
REORGANIZATION DATED NOVEMBER 18, 2016**

Red River South Enterprises, LLC (the “Debtor”), hereby submits this Disclosure Statement (the “Disclosure Statement”) in support of the Debtor’s Plan of Reorganization dated November 18, 2016 (the “Plan”).

**ARTICLE I
INTRODUCTORY STATEMENT AND DISCLOSURES**

On July 21, 2016, the Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et. seq. (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the “Bankruptcy Court”), thereby initiating this bankruptcy case (the “Chapter 11 Case”).

Pursuant to the terms of the Bankruptcy Code, this Disclosure Statement has been approved by the Bankruptcy Court. Such approval is required by statute and will not constitute a judgment by the Bankruptcy Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereby.

Contained in the packet of documents which has been sent to you by the Debtor is the Disclosure Statement in Support of Debtor’s Plan of Reorganization (the “Disclosure Statement”), the Debtor’s Plan of Reorganization (the “Plan”), the Ballot for Voting on the Plan of Reorganization (the “Ballot”) and the Order Approving Disclosure Statement and Fixing Time for Filing Acceptance or Rejection of Plan, Combined with Notice Thereof. Please read all of these materials carefully. Please note that in order for your vote to be counted, you must 1) include your name and address, 2) fill in, date, and sign the enclosed Ballot and 3) return it to the attorney for the Debtor by the date and time specified on the Ballot.

A. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, a debtor in possession attempts to reorganize its business for the benefit of the debtor,

its creditors and other parties in interest. The present Chapter 11 Case commenced with the filing of the voluntary Chapter 11 petition by the Debtor on the Petition Date.

The commencement of a Chapter 11 case creates an estate comprising of all legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107 and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the bankruptcy court orders the appointment of a trustee. In the present Chapter 11 Case, the Debtor remains in possession of its property and continues to operate its business as a debtor in possession.

Additionally, upon the commencement of a case under chapter 11 of the Bankruptcy Code, Section 362 of the Bankruptcy Code provides for an automatic stay of all attempts to collect from a debtor any claims which arose prior to the bankruptcy filing or otherwise to interfere with a debtor’s property or business. Unless otherwise ordered by the Bankruptcy Court, the automatic stay remains in full force and effect until the Effective Date of a confirmed plan of reorganization.

B. THE PLAN OF REORGANIZATION

Purpose of the Plan: The Debtor has filed contemporaneously herewith its Plan of Reorganization with the Bankruptcy Court. The purpose of the Debtor’s Plan is to provide a mechanism for the reorganization of the Debtor’s assets and for the payment of the Debtor’s Creditors. The Plan was developed by the Debtor and proposes, among other things, the means by which all Claims against the Debtor will be finally resolved and treated for distribution purposes, consistent with the provisions and priorities mandated by the Bankruptcy Code. The Plan is essentially a new contract between the Debtor and its Creditors, proposed by the Debtor to its Creditors for approval. Creditors approve or disapprove of the Plan by voting their Ballots on the Plan, if they are in a Class entitled to vote, and, if appropriate, by objecting to confirmation of the Plan. However, the Plan can be confirmed by the Bankruptcy Court even if fewer than less than all Creditors or Classes accept the Plan and, in such an instance, the Plan will still be binding on those Creditors or Classes that reject the Plan. Approval and consummation of the Plan will enable the Chapter 11 Case to be finally concluded.

The Debtor believes that the Plan is more attractive than other alternatives, such as conversion to Chapter 7 liquidation or dismissal of this Chapter 11 Case. The alternatives to the Plan are more fully discussed on page 30 of this Disclosure Statement. Each creditor is urged to read the plan prior to voting.

C. THE DISCLOSURE STATEMENT

Why You Have Received This Disclosure Statement: You have received this Disclosure Statement because the Debtor has proposed a Plan with the Bankruptcy Court to satisfy its debts and provide for a reorganization of the Debtor’s business. The Bankruptcy Court held a hearing and approved this Disclosure Statement on [**Date to be inserted here after Court Approval**]. A copy of the Plan is enclosed with the materials that you have received. This Disclosure Statement, as required by 11 U.S.C. § 1125, is being provided to all known Creditors and other parties-in-interest

whose claims are Impaired in connection with the solicitation and acceptance of the Plan proposed by the Debtor.

Purpose of this Disclosure Statement: The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor typical of the Holders of Claims against the Debtor to make an informed judgment in exercising its right either to accept or reject the Plan.

Sources of Information: The information contained in this Disclosure Statement has been submitted by the Debtor unless specifically stated to be from other sources. Certain of the materials contained in this Disclosure Statement are taken directly from other, readily accessible instruments or are digests of other instruments. While the Debtor has made every effort to retain the meaning of such other instruments or the portions transposed, the Debtor urges that any reliance on the contents of such other instrument should depend on a thorough review of the instruments themselves.

Voting on the Plan: ***Your Acceptance of the Plan Is Important.*** A Creditor or Interest Holder, in order to vote on the Plan, must have filed a proof of claim or interest on or before the Bar Date, unless the Debtor did not schedule the claim as disputed, liquidated or contingent. Any Creditor whose Claim is not scheduled as disputed, liquidated or contingent is, to the extent scheduled, deemed to have filed a Claim and, absent objection, such Claim is deemed Allowed. A Creditor or Interest Holder may vote to accept or reject the Plan by filling out and mailing to counsel for the Debtor the Ballot which has been provided in this package of information.

In order for the Plan to be accepted by a class of Creditors, more than one half in number and at least two-thirds in amount of such class of Claims must vote to accept the Plan. Only those Claim Holders that actually vote are considered in the calculations. In order for the Plan to be accepted by Interest Holders, at least two-thirds in amount of interests must vote to accept the plan. Again, only voting Interest Holders are considered in the calculation. You are, therefore, urged to fill in, date, sign and promptly mail and/or email or fax the enclosed Ballot which has been furnished to you to counsel for the Debtor as follows:

Robert W. Raley
Ayers, Shelton, Williams, Benson & Paine, LLC
Suite 1400, Regions Tower
333 Texas Street (71101)
P. O. Box 1764
Shreveport, Louisiana 71166-1764
Telephone: 318-227-3500
Facsimile: 318-227-3822
E-mail: rrbankruptcy@arklatexlaw.com

Please be sure to complete properly the form and identify legibly the name of the claimant or interest holder.

The Court has fixed [**Date to be Fixed by the Court and Inserted Here**], as the last date by which Ballots must be served on counsel for the Debtor. Except to the extent allowed by the Bankruptcy Court, Ballots that are received after such time will not be counted. Ballots of Holders of Impaired Claims received pursuant to this solicitation and which are signed but are not expressly voted for acceptance or rejection of the Plan will be counted as Ballots for accepting the Plan. A Ballot accepting the Plan may not be revoked, except by order of the Bankruptcy Court.

D. IMPORTANT DISCLOSURES

THIS DISCLOSURE STATEMENT IN SUPPORT OF THE DEBTOR'S PLAN OF REORGANIZATION, FILED BY THE DEBTOR, SUMMARIZES CERTAIN PROVISIONS OF THE DEBTOR'S PLAN OF REORGANIZATION (THE "PLAN"), INCLUDING PROVISIONS RELATING TO THE PLAN'S TREATMENT OF CLAIMS AGAINST THE DEBTOR. THE DISCLOSURE STATEMENT ALSO SUMMARIZES CERTAIN FINANCIAL INFORMATION CONCERNING THE DEBTOR AND CLAIMS ASSERTED AGAINST THE DEBTOR IN THE CHAPTER 11 CASE. WHILE THE DEBTOR BELIEVES THAT THE DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITH RESPECT TO THE INFORMATION SUMMARIZED, CREDITORS SHOULD REVIEW THE ENTIRE PLAN AND EACH OF THE DOCUMENTS REFERENCED HEREIN AND SHOULD SEEK THE ADVICE OF THEIR OWN COUNSEL BEFORE CASTING THEIR BALLOTS.

ONLY THOSE REPRESENTATIONS SET FORTH IN THIS DISCLOSURE STATEMENT ARE AUTHORIZED BY THE DEBTOR. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS ANOTHER DATE IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. DEBTOR IS UNABLE TO GUARANTEE THAT THE INFORMATION CONTAINED IN THE PLAN AND THIS DISCLOSURE STATEMENT IS ENTIRELY WITHOUT ERROR, BUT ALL REASONABLE EFFORTS HAVE BEEN MADE TO ENSURE THAT ALL REPRESENTATIONS ARE AS ACCURATE AS POSSIBLE AS OF THE DATE OF ENTRY OF AN ORDER APPROVING THIS DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. § 1125.

THE SOURCE OF INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS THE DEBTOR OR ITS AGENTS AND EMPLOYEES AND HAS

NOT BEEN SUBJECT TO AN AUDIT UNLESS OTHERWISE SPECIFICALLY NOTED. THE STATEMENTS MADE HEREIN LIKEWISE HAVE NOT BEEN VERIFIED BY DEBTOR'S COUNSEL, ALTHOUGH AN ATTEMPT HAS BEEN MADE TO BE CONSERVATIVE AND REALISTIC. NEITHER THE DEBTOR NOR ITS COUNSEL REPRESENT OR WARRANT THE ACCURACY OF DISCUSSIONS CONTAINED HEREIN REGARDING EVENTS.

AS STATED PREVIOUSLY, YOU ARE URGED TO REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN TO ENSURE A COMPLETE UNDERSTANDING OF THE TRANSACTIONS CONTEMPLATED UNDER THE PLAN AND HOW THOSE TRANSACTIONS WILL AFFECT YOUR CLAIM AGAINST, OR INTEREST IN THE DEBTOR.

THE DEBTOR WILL, IF NECESSARY, SEEK CONFIRMATION UNDER THE CRAMDOWN PROVISION OF SECTION 1129(b) OF THE BANKRUPTCY CODE AND HEREBY GIVES NOTICE OF INTENT TO INVOKE THE CRAM DOWN PROVISIONS OF SECTION 1129(b).

ARTICLE II DEFINITIONS

In addition to terms defined elsewhere in this Disclosure Statement, the following terms, as used in this Disclosure Statement, shall have the following meanings, and such meanings shall be equally applicable to the singular and plural forms of the terms defined, unless the context otherwise requires. Further, terms which are used in this Disclosure Statement which are defined in Article I of the Plan, pages 1 through 7, shall have the meaning ascribed to them in the Plan and shall have the same meaning in this Disclosure Statement. A copy of the Plan is included in the materials you received. If you did not, for whatever reason, receive a copy of the Plan, or your copy of the Plan is illegible, you may contact counsel for the Debtor, Robert W. Raley, PO Box 1764, Shreveport, Louisiana 71166, Facsimile (318) 227-3822, email at rrbankruptcy@arklatexlaw.com, in writing, via facsimile, email or mail to request another copy of the Plan.

Voting Deadline: [Deadline to be Fixed by the Court]

ARTICLE III DEBTOR'S BACKGROUND INFORMATION

A. HISTORY OF THE DEBTOR

Red River South Enterprises, LLC is a Louisiana Limited Liability Company that was engaged in the business of Development and Operation of Commercial Properties. Debtor was formed on May 8, 2003.

The Debtor, Red River South Enterprises, LLC, developed the projects known as Red River South Travel Center and Red River South Marina. The Louisiana Federal Land Bank Association, FLCA provided an initial development loan to the debtor. Financing during project development, financing after project completion and then the long term financing provided by MidSouth Bank took different forms as the businesses evolved. Generally, during the development phase, the immovable property was acquired and owned by the Debtor and financing was obtained by the Debtor. Thereafter, the property utilized by the Red River South Travel Center was titled in the name of Red River South Travel Center, LLC which became the property owner and principal borrower, and the entity through which the project was operated by Debtor. Similarly, the property utilized by the Red River South Marina was titled in the name of Red River South Marina LLC which became the property owner and principal borrower and the entity through which the project was operated by Debtor.

Red River South Travel Center, LLC and Red River South Marina LLC are Debtor's affiliates that are now single member LLCs, and the member interest in each is held by Leon Miletello, Jr. He is also the single member of the Debtor, Red River South Enterprises LLC.

On or about November 8, 2011, when the current financing through MidSouth Bank was put into place, MidSouth Bank requested that Red River South Travel Center, LLC and Red River South Marina, LLC transfer the immovable property to Debtor, Red River South Enterprises, LLC, which became the principal debtor and sole mortgagor on the MidSouth Bank loan. Leon Miletello, Jr., is the guarantor. On December 8, 2014, to supplement the Prepetition Credit Agreement, Secured Lender was granted additional and supplemental collateral in the form of second mortgages on (i) immovable property owned by 7 Grand LLC, commonly known as 1116 Hawn Avenue, Shreveport, Bossier Parish, Louisiana, together with all improvements thereon; and (ii) immovable property owned by Leon S. Miletello, Jr. and Sharron Gayle Miletello, commonly known as 205 acres, more or less, of farmland located in Bossier Parish, Louisiana. (MidSouth Bank asserts that it holds liens on certain other assets, but Debtor disputes that assertion.)

The Debtor continued to operate the Red River South Travel Center through Red River South Travel Center, LLC and Red River South Marina through Red River South Marina LLC.

B. EVENTS LEADING UP TO BANKRUPTCY

Principally the unprecedented floods of 2015 and 2016 and extreme high water level on the Red River damaged portions of the Red River South Marina resulting in extensive repair expenses and a substantial loss of revenue otherwise derived from Red River fishing and water sports events. Those events had a lesser but related impact on the Red River South Travel Center operations.

The Debtor worked diligently to preserve as much value as possible for the Red River South Marina. The Debtor completed repairs and attempted to jump start operations. Red River South Marina's 2016 end of year P&L reflects a loss of \$64,557.43 (excluding depreciation and interest on the MidSouth Bank loan). As a result of those efforts, Red River South Marina's January through

July 2016 P&L reflects positive net income during the seven month period in the amount of \$2,394.76 (excluding depreciation and interest on the MidSouth Bank loan).

Although the Debtor, utilizing the resources of other affiliates, was prepared and able to pay the full monthly installment, MidSouth Bank gave the Debtor written instructions not to pay the note and demanded that the loan be paid in full. MidSouth Bank refused to renew the note, enter into any further Change in Terms Agreements or accept the full monthly payments from Debtor and/or its affiliates.

ARTICLE IV

ASSETS AND LIABILITIES OF THE DEBTOR

A. OVERVIEW OF ASSETS AND LIABILITIES AT THE TIME OF THE FILING

Attached hereto as Exhibit A is a Summary of the Debtor's Schedules reflecting the Debtor's estimation of its assets and liabilities as of the Petition Date. A complete copy of the Debtor's Schedules, including Schedule A (Real Property), Schedule B (Personal Property), Schedule D (Creditors Holding Secured Claims), Schedule E (Creditors Holding Unsecured Priority Claims), Schedule F (Creditors Holding Unsecured Nonpriority Claims) and Schedule G (Executory Contracts and Expired Leases) is available upon written request submitted to counsel for the Debtor via either facsimile at (318) 227-3822 or via email at rbrbankruptcy@arklatexlaw.com. (All pleadings, documents, exhibits or plan supplements referred to in this Plan may be viewed and printed by logging on to PACER at www.lawb.uscourts.gov. To obtain a password, you may register at <http://pacer.psc.uscourts.gov> or call PACER Service Center at 1-800-676-6856.)

PLEASE NOTE THAT ANY REVIEW OF THE SCHEDULES MAY NOT PRESENT THE COMPLETE FINANCIAL PICTURE OF THE DEBTOR. THE SCHEDULES MUST BE REVIEWED ALONG WITH, INTER ALIA, THE CLAIMS REGISTER AND ANY ORDERS OF THE BANKRUPTCY COURT RELATING SPECIFICALLY TO CLAIMS IN THIS CHAPTER 11 CASE.

B. DEBTOR'S ASSETS AT THE TIME OF THE FILING AND AFTERWARDS

Attached hereto as Exhibit B are Schedule A-Real Property and Schedule B-Personal Property, reflecting the Debtor's statement of its assets as of the Petition Date. In addition, and only to the extent not previously included on Debtor's Schedules, the Debtor may have other assets, some of which constitute specific claims, Causes of Action or other litigation rights that arose upon the filing of the Chapter 11 Case. A more specific description of such Causes of Action is described and outlined in Article VI.F of this Disclosure Statement.

C. CLAIMS ASSERTED AGAINST THE DEBTOR

The Claims scheduled in the Debtor's Schedules in this Chapter 11 Case are less than \$6,00,0000. The chart in *Part VI.B* of this Disclosure Statement specifies the estimated amount of claims in each Class. Claims filed against the Debtor may not necessarily have become Allowed

Claims. The Debtor is in the process of analyzing these Claims and may file objections to one or more of such Claims. Pursuant to the Plan, the Debtor has ninety (90) days after the Effective Date to file any objections to Claims. The Court's register for Claims filed against the Debtor (the "Claims Register") is publicly available for viewing between the hours of 8:30 a.m. to 4:00 p.m. at the Bankruptcy Clerk's Office, U.S. Bankruptcy Court Western District of Louisiana, 300 Fannin Street, Suite 2201, Shreveport, LA 71101-3141 or electronically at pacer.lawb.uscourts.gov for a fee. The Claims Register may contain some Claims that have been paid, resolved in lower amounts, are duplicative, or are disputed by the Debtor. The Debtor reserves all rights to object to any and all Claims, liens and Interests filed or asserted against the Debtor or its property or property interest notwithstanding any discussions or treatment herein.

ARTICLE V

SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

A. FIRST DAY PLEADINGS AND HEARING

Shortly after filing its voluntary petition, the Debtor filed one "first day" pleading: (a) a Motion for Interim and Final Orders (i) Authorizing the Debtor to use Cash Collateral and (ii) Authorizing and Approving Grant of Adequate Protection. On October 6, 2016, the Bankruptcy Court entered an Interim Order Granting Authority to use Cash Collateral and to Provide Adequate Protection and Notice of Final Hearing.

B. SCHEDULES, IDI AND 341 MEETING

On August 18, 2016, the Debtor filed its schedules of assets and liabilities and statement of financial affairs. Both the schedules and statement of financial affairs are available for review on the docket of the Chapter 11 Case.

On August 9, 2016, the United States Trustee convened the Initial Debtor Interview. The Debtor, through its counsel and its representatives, appeared at the interview held at the office of the United States Trustee.

On October 18, 2016, the United States Trustee convened the meeting of creditors held pursuant to Section 341 of the Bankruptcy Code, of which notice was provided to the Debtor's known creditors at that time. The Debtor, through its counsel and its representatives, appeared at the meeting held at the office of the United States Trustee.

C. RETENTION OF PROFESSIONALS

Employment of Legal Counsel: On August 1, 2016, the Debtor filed an Application to Employ the law firm of Ayres, Shelton, Williams, Benson & Paine, LLC, as counsel for the Debtor. On August 3, 2016, the Bankruptcy Court entered an order approving the employment of Ayres, Shelton, Williams, Benson & Paine, LLC, as counsel for the Debtor on an interim basis, retroactive to the petition date. On August 23, 2016, the Bankruptcy Court entered an order approving the employment of Ayres, Shelton, Williams, Benson & Paine, LLC, as counsel for the Debtor.

Employment of Accountant: On August 12, 2016, the Debtor filed an Application to employ William C. Kostelka, with Rachel & Kostelka, LLC, as accountant for the Debtor. On September 13, 2016, the Bankruptcy Court entered an order approving the employment of William C. Kostelka, with Rachel & Kostelka, LLC, as accountant for the Debtor.

D. POST-PETITION OPERATIONS OF DEBTOR

The Debtor's monthly operating reports reflecting post-petition operations through September 30, 2016 are attached hereto as Exhibit C and incorporated by reference herein. Generally, the Debtor has collected the payments from The Travel Center Guests, the Marina Customers, lease payments, and contributions from Leon S. Miletello, Jr.

ARTICLE VI SUMMARY OF THE PLAN

A. OVERVIEW OF THE PLAN

THE FOLLOWING DISCUSSION IS A GENERAL OVERVIEW OF THE PLAN ONLY. IT IS NOT INTENDED TO MODIFY THE TERMS OF THE PLAN IN ANY WAY. THE PLAN IS ENCLOSED WITH THIS DISCLOSURE STATEMENT. CREDITORS ARE URGED TO READ THE PLAN IN ITS ENTIRETY IN DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN.

The Plan provides for a reorganization of all liabilities owed by the Debtor, as described herein.

B. CLASSES AND DISTRIBUTIONS

The Plan separates Claims against the Debtor, the Estate and its property into Unclassified Claims and Classified Claims.

Unclassified Claims are generally post-petition Claims that must be paid in full and which do not vote on the Plan, and may consist of the following: (i) Allowed Administrative Claims; and (ii) Allowed Priority Claims.

Classified Claims and Interests are classified in the Plan pursuant to the provisions of Section 1122 of the Bankruptcy Code into the following classes:

- Class 1: Secured Claim of Citizens National Bank (Impaired)
- Class 2: Secured Claim of MidSouth Bank (Impaired)
- Class 3: General Unsecured Claims (Impaired)
- Class 4: Equity Interest Holders (Impaired)

The Chart below summarizes and demonstrates the classification and treatment of classified and unclassified Claims under the Plan. In preparing and submitting the chart, the Debtor emphasizes and makes clear the following:

The chart is an estimate only, based on reasonable assumptions, but as an estimate it is subject to change and uncertainty based on future events.

The Debtor reserves its right to object to any claim not allowed in the Plan, and it informs all Creditors that it may prosecute multiple claim objections, including after the Effective Date, regardless of whether the affected Creditor accepts the Plan (unless the Claim is Allowed in the Plan).

Category	Class	Impaired	Estimated Claims in Category	Estimated Recovery
Allowed Administrative Claims	Unclassified	---	None	N/A
Allowed Professional Claims	Unclassified	---	1. <u>Claim of Debtor's Counsel</u> : anticipated remaining fees of \$43,000; \$38,362.11 in trust. 2. <u>Claim of Debtor's Accountant</u> : anticipated remaining fees of \$5,000.	100%
Allowed Priority Tax Claims	Unclassified	---	None	N/A
Secured Claims of Citizens National Bank	Class 1	Yes	\$297,097.30	100%
Secured Claims of MidSouth Bank	Class 2	Yes	\$5,649,521.65	100%
General Unsecured Claims	Class 3	Yes	Contingent upon valuation of MidSouth Secured Claim - the only unsecured claim	100%
Equity Interest Holders	Class 7	Yes	---	N/A

C. TREATMENT OF UNCLASSIFIED CLAIMS UNDER THE PLAN

The Plan classifies and treats various classes of Creditors of the Debtor's Estate. The following is a summary of the classification and treatment of Creditors' Claims under the Plan. The Debtor reserves all rights to object to any and all Claims, Liens, and interests filed or asserted against the Debtor or the Property notwithstanding any discussion or treatment herein or in the Plan. The following is a summary only, and the Plan controls in all events. Thus, close reference to the Plan is required to fully understand any Class's treatment under the Plan.

Administrative Claims: Administrative Claims consist of any claim for payment of any cost or expense of administration of the Chapter 11 Bankruptcy Proceeding entitled to priority in accordance with Sections 503(b) and 507(b)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Debtor's Estate and operating its business from and after the Petition Date to and including the Confirmation Date (other than such Claims or portions thereof which, by their express terms, are not due or payable by the Distribution Date) and all allowances of compensation and reimbursement approved by the Court in accordance with the Bankruptcy Code and any fees or charges assessed against the Debtor's Estate under Chapter 11 of the Bankruptcy Code.

Administrative Claim Applications and Deadline: Holders of Administrative Claims, including Professional Claims, other than: (a) Allowed Administrative Claims as of the Effective Date; (b) Administrative Claims that represent liabilities incurred on or after the Petition Date, but prior to the Effective Date, in the ordinary course of the Debtor's business which may be paid in the ordinary course of the Debtor's business without order of the Bankruptcy Court; and (c) Administrative Claims that constitute fees or charges assessed against the Estate under Chapter 123, Title 28, United States Code, must by no later than the Administrative Claim Bar Date: (i) file an application with the Bankruptcy Court for allowance of the Administrative Claim; and (ii) serve a copy of such application on the Debtor, the United States Trustee and all other parties entitled to notice thereof. Failure to file and serve such application by the Administrative Claim Bar Date or Professional Claim Bar Date, whichever date is applicable, shall result in the Administrative Claim being forever barred and discharged. Except as specifically provided in the Plan, nothing in the Plan alters the law applicable to, and governing, the allowance of Administrative Claims (including Professional Claims) under the Bankruptcy Code and/or the Bankruptcy Rules.

Treatment of Administrative Claims: To the extent that the Debtor and the Holder of an Administrative Claim may otherwise agree in writing, Administrative Claims which are Allowed Claims prior to the Effective Date of the Plan shall be paid in full in Cash on or before the Effective Date of the Plan. Administrative Claims that become Allowed Claims after the Effective Date of the Plan shall be paid in full in Cash on or before ten (10) business days following the date the Administrative Claim becomes an Allowed Claim by Final Order of the Bankruptcy Court.

Treatment of Professional Claims: Professional Claims become Allowed the same as Administrative Claims in Section 4.1 of the Plan, and are treated the same as Administrative Claims in Section 4.2 of the Plan, except that: (i) a Professional Claim that has been previously Allowed on

a final (not interim) basis by Final Order of the Bankruptcy Court is not subject to the requirement of filing an application as provided in Section 4.1; (ii) a Professional Claim that has been Allowed on an interim basis (not final) in whole or in part, shall with respect to being Allowed on a final basis, be subject to the filing of an application for its allowance as provided for in Section 4.1, but shall be filed by the Professional Claims Bar Date (as opposed to the Administrative Claim Bar Date) and shall be subject to such law, rules and procedures as would be otherwise applicable to the same outside of the Plan; (iii) a Professional Claim that has been previously Allowed and paid on a final basis by Final Order of the Bankruptcy Court, but subject to disgorgement in the event of administrative insolvency, shall cease being subject to said disgorgement in the event of administrative insolvency, shall cease being subject to said disgorgement ten (10) days after the Professional Claims Bar Date unless, upon motion and notice, the Bankruptcy Court extends such period; (iv) any interim payments on account of a Professional Claim shall be credited against the payment of the final Allowed amount of such Professional Claim; and (v) any retainer provided on account of a Professional Claim may be credited and applied against the payment of the final Allowed amount of such Professional Claim once such Professional Claim is Allowed on a final basis.

Post-Confirmation Fees and Expenses: Upon the Confirmation Date, any requirement that Professionals comply with Bankruptcy Code sections 327 through 331 and 1103 in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any professional for services rendered or expenses incurred after the Confirmation Date in the ordinary course of business without any further notice to any party or action (including, without limitation, the need to file a fee application), order or approval of the Bankruptcy Court.

Priority Tax Claims: NONE

Payments to the United States Trustee: The Reorganized Debtor shall be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to 28 U.S.C. 1930(a)(6). Any fees due as of the date of the Confirmation Hearing will be paid in full on the Effective Date of the Plan. After confirmation, the Reorganized Debtor shall pay United States quarterly fees as they accrue until this case is closed by the Bankruptcy Court. The Reorganized Debtor shall file with the Bankruptcy Court and serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the case remains open in a format prescribed by the United States Trustee.

D. TREATMENT OF CLASSIFIED CLAIMS UNDER THE PLAN

The following is a summary of the treatment of the various classified claims under the Plan, and the provision identifiers are the same identifiers used in the Plan. It is important to note that the Plan provides the specific terms of the treatment, and that the Plan is the operative document that must be consulted for an exact understanding and explanation of the Plan's effect on classified Claims. Furthermore, although the alleged liens and security interest of classified Creditors are described below, that description is not to be considered an agreement that any lien or security interest is valid, enforceable, perfected, and not avoidable by the Debtor, and this Disclosure

Statement is without prejudice to those issues. The Debtor reserves the right to contest the validity, extent, priority, perfection and avoidance of any alleged lien or security interest except where (i) a previous order of the Bankruptcy Court has been entered relating to the validity, enforceability, perfection and avoidance of a lien or security interest; or (ii) the Plan provides for the validity, extent, priority, perfection and non-avoidance thereof, including by allowing a fully secured claim or by releasing any potential lien or security interest holder.

5.1 Secured Claim of Citizens National Bank: (Class 1)

5.1.1 The Class 1 Claim of Citizens National Bank (“Citizens”) shall be treated as a fully Secured Claim under §506(b) in the approximate amount of \$297,097.30. Citizens’ claim shall be allowed. Citizens’ collateral shall be valued at \$583,640.

5.1.2 The Reorganized Debtor shall assume that certain Promissory Note dated February 20, 2015, in the original principal amount of \$328,547.70 that is secured by a Multiple Indebtedness Mortgage filed and recorded in the mortgage records of Bossier Parish, Louisiana, on April 11, 2008 (collectively, the “Citizens Loan Documents”). Citizens shall retain its mortgage. The Citizens Loan Documents shall govern, save and except the following modifications:

- (i) The maturity date of the Citizens Note shall be June 20, 2019 (the “Citizens Maturity Date”);
- (ii) The interest rate on the Citizens Note shall be, for all purposes, four and seven-tenths percent (4.7%) per annum;
- (iii) On the Petition Date, the principal amount owing under the Citizens Note was \$295,561.38. Commencing on the 20th Day of the first month following the Plan’s Effective Date, the Debtor will pay Citizens four monthly interest only payments. Commencing on the 20th Day of the fifth month following the Plan’s Effective Date, the Debtor will resume paying Citizens the full monthly payment in the amount of \$3200;
- (iv) On the Maturity Date, Debtor will pay one irregular last payment estimated to be approximately \$231,757.24. This final payment may be greater as a result of the four interest only payments and the allowed legal fees and expenses incurred by Citizens in these proceedings. For the purpose of clarity, the final irregular payment shall be in an amount sufficient to extinguish the unpaid principal balance, accrued interest, late charges, fees and cost and any other sums remaining due and payable;
- (v) The Reorganized Debtor shall have the right to prepay any or all of the balance of the Citizens Note prior to the Maturity Date with no prepayment penalties or interest;

- (vi) The Bankruptcy Court shall have the exclusive jurisdiction to adjudicate any disputes relating to the Citizens Loan Documents, this Plan or any order confirming this Plan; and
- (vii) Citizens and the Reorganized Debtor shall execute any documents necessary to effectuate the foregoing within thirty (30) days after the Effective Date of the Plan. Citizens shall be provided drafts of any such documents on or before the date that is fifteen days after the Confirmation Date. With regard to any attorney's fees or closing costs incurred by the Reorganized Debtor or Citizens regarding any documents related to the foregoing treatment, each party shall be responsible for its own attorneys' fees and costs.

5.1.3 The Class 1 Claim of Citizens Bank is Impaired under the Plan.

5.2 Secured Claim of MidSouth Bank: (Class 2) Option No. 1

Unless MidSouth Bank, the holder of the Class 2 Allowed Secured Claim, files a ballot accepting the Plan under Option No. 2 or Option No. 3, MidSouth Bank's Class 2 Claim will be treated as follows:

5.2.1 The Class 2 Claim of MidSouth Bank shall be treated as a fully Secured Claim under §506(b) in the amount of \$5,649,521.65. The collateral, Red River South Marina and Red River South Travel Center, is valued at \$6,700,000.

5.2.2 The Reorganized Debtor shall assume that certain Promissory Note dated November 8, 2011, in the original principal amount of \$6,300,000 (subject to various Change in Terms Agreements) which is secured by a Multiple Indebtedness Mortgage filed and recorded in the mortgage records of Bossier Parish, Louisiana, on April 11, 2008, certain assignments and a UCC Financing Statement by and between the Debtor and MidSouth Bank (collectively, the "MidSouth Bank Loan Documents"). MidSouth Bank shall retain its mortgage/liens. The MidSouth Bank Loan Documents shall govern, save and except the following modifications:

- (i) The maturity date of the MidSouth Bank Note shall be March 15, 2035 (the "MidSouth Bank Maturity Date");
- (ii) The interest rate on the MidSouth Bank Note shall be, for all purposes, four percent (4%) per annum;
- (iii) On the Petition Date, the approximate principal amount owing under the MidSouth Bank Note was \$5,649,521.65. Commencing on the 15th Day of the first month following the Plan's Effective Date, the Debtor will begin paying

MidSouth Bank the first of 215 monthly payments in the amount of \$36,733.06;

- (iv) On the Maturity Date, Debtor will pay one irregular last payment (the 216th payment). This final payment may be greater as a result of allowed legal fees and expenses incurred by MidSouth Bank in these proceedings or otherwise allowed under the MidSouth Bank Loan Documents. For the purpose of clarity, the final irregular payment shall be in an amount sufficient to pay and extinguish the unpaid principal balance, accrued interest, late charges, fees and cost and any other sums remaining due and payable;
- (v) The Reorganized Debtor shall have the right to prepay any or all of the balance of the MidSouth Bank Note prior to the Maturity Date with no prepayment penalties or interest;
- (vi) The Bankruptcy Court shall have the exclusive jurisdiction to adjudicate any disputes relating to the MidSouth Bank Loan Documents, this Plan or any order confirming this Plan; and
- (vii) MidSouth Bank and the Reorganized Debtor shall execute any documents necessary to effectuate the foregoing within thirty (30) days after the Effective Date of the Plan. MidSouth Bank shall be provided drafts of any such documents on or before the date that is fifteen days after the Confirmation Date. With regard to any attorney's fees or closing costs incurred by the Reorganized Debtor or MidSouth Bank regarding any documents related to the foregoing treatment, each party shall be responsible for its own attorneys' fees and costs.

5.2.3 The Class 2 Claim of MidSouth Bank is Impaired under the Plan.

5.2.4 Secured Claim of MidSouth Bank: (Class 2) Option No. 2

If MidSouth Bank, the holder of the Class 2 Allowed Secured Claim, (i) files a ballot accepting the Plan under Option No. 2 and (i) if it is determined that its claim is not fully secured, MidSouth Bank makes an 1111(b) election before the hearing on Plan Confirmation, MidSouth Bank's Class 2 Claim will be treated as follows:

5.2.5 The Class 2 Claim of MidSouth Bank shall be treated as a fully Secured Claim under §506(b), or 1111(b) as the case may be, in the amount of \$5,649,521.65.

5.2.6 The Reorganized Debtor shall assume that certain Promissory Note dated November 8, 2011, in the original principal amount of \$6,300,000 (subject to various Change in Terms Agreements) which is secured by a Multiple Indebtedness Mortgage filed and recorded in the mortgage records of Bossier Parish, Louisiana, on April 11, 2008,

certain assignments and a UCC Financing Statement by and between the Debtor and MidSouth Bank (collectively, the “MidSouth Bank Loan Documents”). MidSouth Bank shall retain its mortgage/liens. The MidSouth Bank Loan Documents shall govern, save and except the following modifications:

- (i) The maturity date of the MidSouth Bank Note shall be March 15, 2022 (the “MidSouth Bank Maturity Date”);
- (ii) The interest rate on the MidSouth Bank Note shall be, for all purposes, four percent (4%) per annum;
- (iii) On the Petition Date, the approximate principal amount owing under the MidSouth Bank Note was \$5,649,521.65. Commencing on the 15th Day of the first month following the Plan’s Effective Date, the Debtor will begin paying MidSouth Bank the first of 59 monthly payments in the amount of \$36,733.06;
- (iv) On the Maturity Date, Debtor will pay one irregular last payment. This final payment may be greater as a result of allowed legal fees and expenses incurred by MidSouth Bank in these proceedings or otherwise allowed under the MidSouth Bank Loan Documents. For the purpose of clarity, the final irregular payment shall be in an amount sufficient to pay and extinguish the unpaid principal balance, accrued interest, late charges, fees and cost and any other sums remaining due and payable;
- (v) The Reorganized Debtor shall have the right to prepay any or all of the balance of the MidSouth Bank Note prior to the Maturity Date with no prepayment penalties or interest;
- (vi) The Bankruptcy Court shall have the exclusive jurisdiction to adjudicate any disputes relating to the MidSouth Bank Loan Documents, this Plan or any order confirming this Plan; and
- (vii) MidSouth Bank and the Reorganized Debtor shall execute any documents necessary to effectuate the foregoing within thirty (30) days after the Effective Date of the Plan. MidSouth Bank shall be provided drafts of any such documents on or before the date that is fifteen days after the Confirmation Date. With regard to any attorney’s fees or closing costs incurred by the Reorganized Debtor or MidSouth Bank regarding any documents related to the foregoing treatment, each party shall be responsible for its own attorneys’ fees and costs.

5.2.7 The Class 2 Claim of MidSouth Bank is Impaired under the Plan.

5.2.8 Secured Claim of MidSouth Bank: (Class 2) Option No. 3

5.2.9 If MidSouth Bank, the holder of the Class 2 Allowed Secured Claim, files a ballot accepting the Plan under the Option No. 3, MidSouth Bank's Class 2 Claim will be treated as follows:

- (i) The Reorganized Debtor shall assume that certain Promissory Note dated November 8, 2011, in the original principal amount of \$6,300,000 (subject to various Change in Terms Agreements) which is secured by a Multiple Indebtedness Mortgage filed and recorded in the mortgage records of Bossier Parish, Louisiana, on April 11, 2008, certain assignments and a UCC Financing Statement by and between the Debtor and MidSouth Bank (collectively, the "MidSouth Bank Loan Documents"). MidSouth Bank shall retain its mortgage/liens. The MidSouth Bank Loan Documents shall govern, save and except the following modifications:
- (ii) The maturity date of the MidSouth Bank Note shall be October 15, 2018 (the "MidSouth Bank Maturity Date");
- (iii) The interest rate on the MidSouth Bank Note shall be, for all purposes, four percent (4%) per annum;
- (iv) On the Petition Date, the approximate principal amount owing under the MidSouth Bank Note was \$5,649,521.65. Commencing on the 15th Day of the first month following the Plan's Effective Date, the Debtor will begin paying MidSouth Bank the first of 18 monthly payments in the amount of \$22,500, applied first to interest.
- (v) On or before the effective date, the Debtor will initiate the aggressive marketing of Red River South Marina and Red River South Travel Center (the "Properties"). The Debtor will employ a Realtor who is qualified by experience and reputation to market the Properties. The Marketing Period for the Properties shall be through the MidSouth Bank Maturity Date, approximately eighteen months after confirmation.
- (vi) Debtor and MidSouth Bank, pursuant, to 11 U.S.C. 506(a) and Rule 3012 of the Federal Rules of Bankruptcy Procedure, will obtain a valuation of MidSouth Bank's secured claim.
 1. If the value of the Properties is determined to be less than the entire MidSouth Bank claim and the Properties are sold for or less than the secured claim's value, MidSouth Bank will accept the secured claim's value as full payment of the entire debt which will be extinguished,

leaving no remaining obligation of the debtor or any guarantor, whether such claim has been reduced to judgment or not.

2. If the Properties are sold for or more than MidSouth Bank's secured claim's value, all sale proceeds up to the entire remaining balance due on MidSouth Bank's entire allowed claim(s) will be paid to MidSouth Bank which will accept that sum as payment of the entire debt which will be extinguished, leaving no remaining obligation of the debtor or any guarantor, whether such claim has been reduced to judgment or not.
 3. If the properties are sold for enough to pay 100% of the remaining balance due on MidSouth Bank's entire allowed claim(s), MidSouth Bank's allowed claim(s) will be paid in full, and thereafter, all remaining sale proceeds will be paid to the Debtor.
- (vii) Pending the closing of a sale of the Properties, the Debtor shall exercise the rights and perform the duties imposed by the MidSouth Bank Loan Documents that are not inconsistent herewith. The Debtor shall generally manage, maintain, secure and preserve the Properties. Accordingly, the Debtor shall, among other things, collect the rents and all other monies to which it is entitled under the lease agreements, and shall pay or reserve for all costs and expenses incurred in the management, maintenance, and securing of the Properties, including without limitation real property taxes and assessments, premiums for casualty and liability insurance; cost of repairs to and general upkeep and maintenance of the building, parking areas and grounds; costs of alarm service and, as needed, guard service; compensation and benefits for management and supervisory personnel; and utilities (to any extent that lessees or tenants are not required to pay them).
- (viii) If the Debtor has not closed a sale of the Properties by the MidSouth Bank Maturity Date, or otherwise paid the secured claim's value pursuant to the provisions of Plan §5.2.9(vi), within ten days Debtor shall pay the allowed secured claim's value and that payment will be treated pursuant to those provisions. In default thereof, MidSouth Bank shall be free to exercise all of its state law remedies against the Debtor and any of the Debtor's guarantors.
- (ix) The Debtor will file a Plan Supplement regarding the Marketing of Red River Marina and Red River Travel Center. The Plan Supplement will have no material impact on any other claim or on feasibility. It will address, *inter alia*, MidSouth Bank's participation in the sale process, a general marketing plan and a method to implement the sequential sale of the Properties.

5.2.10 The Class 2 Claim of MidSouth Bank is Impaired under the Plan.

5.3 General Unsecured Claims: (Class 3) -- Class 3 shall consist of all other Allowed Claims against the Debtor not placed in any other Class. Creditors holding Allowed Class 3 General Unsecured Claims shall be paid 100% of their Allowed Claims. On the 15th Day of the first month following the Plan's Effective Date, the Debtor shall pay the first of 216 *Debtor's Pro-rata Class 3 Plan Payments*. The amount of those payments shall be based on a 216 month amortization with interest at the rate of 4%. The 216th Debtor's Pro-rata Class 3 Plan Payment will be a final irregular payment in an amount sufficient to pay and extinguish the unpaid principal balance and accrued interest remaining due and payable.

5.3.1 The Class 3 General Unsecured Claims are Impaired under the Plan.

5.4 Equity Interest Holders: (Class 4) -- Class 4 Equity Interest Holders shall retain their Equity Interests in the Reorganized Debtor, but will receive nothing additional under the Plan.

5.4.1 The Class 4 Equity Interest Holder Claim is Impaired under the Plan.

E. IMPLEMENTATION OF THE PLAN

Continued Operations of Red River South Enterprises, LLC: The term "Continued Operations of Red River South Enterprises, LLC shall include, but is not limited to, the continued Operations of Red River South Enterprises, LLC, the continued operations of Red River South Marina by Red River South Marina LLC and the continued operations of Red River South Travel Center by Red River South Travel Center LLC. The Reorganized Debtor shall only be required to dedicate sufficient revenues to fund operations and all obligations contained in the Plan.

Plan Funding: Plan funding includes, but is not limited to, the Debtor's *Net Plan Implementation Income* which is defined as all income generated by the Reorganized Debtor, Red River South Marina LLC and Red River South Travel Center LLC less all operating and other expenses, including provisions for income, sales, *ad valorem* and other taxes and fees, necessary extraordinary items, costs of goods sold, overhead and capital expenditures made or incurred.

Supplemental Plan Funding: Pursuant to the *Leon S. Miletello, Jr., Plan Guaranty Agreement*, Leon S. Miletello, Jr., to the extent necessary, will supplement the Debtor's *Net Plan Implementation Income* so that the Debtor can make payments as they come due under the Plan, of all sums, including interest, owing to holders of Claims in Classes 1, 2 and 3.

Plan Guaranty Agreements: In order to implement the provisions contained in Plan §§ 6.1, 6.2 and 6.3, on the Effective Date, Red River South Marina LLC will execute the *Red River South Marina LLC Plan Guaranty Agreement*, a copy of which is attached to the Plan as Exhibit D; Red River South Travel Center LLC will execute the *Red River South Travel Center LLC Guaranty Agreement*, a copy of which is attached to the Plan as Exhibit E; and Leon S. Miletello, Jr., the single member of Red River South Enterprises LLC, Red River South Marina LLC and Red River South

Travel Center LLC will execute the *Leon S. Miletello, Jr., Plan Guaranty Agreement*, a copy of which is attached to the Plan as Exhibit F.

MidSouth Bank Option 3: If MidSouth Bank elects Plan Option 3, the treatment of MidSouth Bank's Claim(s) shall be implemented by operation of Plan §§ 5.2.8 through 5.2.10.

Post Effective Date Management: The Reorganized Debtor shall continue to exist after the Effective Date in accordance with the applicable laws of the State of Louisiana, in which it was formed, for the purposes of operating the Reorganized Debtor, the Properties, either directly or through Red River South Marina LLC and/or Red River South Travel Center LLC, and satisfying its obligations under the Plan. The Reorganized Debtor shall be owned by the Equity Interest Holder, upon the Confirmation Order becoming a Final Order. The Post Effective Date Management will be provided by Leon S. Miletello, Jr., and he will receive no compensation.

"Corporate" Action: The entry of the Confirmation Order shall constitute authorization for the Reorganized Debtor to take or cause to be taken all "corporate" actions (actions taken by the LLC managing member) necessary or appropriate to implement all provisions of, and to consummate, the Plan on and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation. The management of the Reorganized Debtor is authorized and directed to do all things and to execute and deliver all agreements, documents, instruments, notices and certificates as are contemplated by the Plan and to take all necessary actions required in connection therewith, in the name of and on behalf of the Debtor and Reorganized Debtor.

Documents. All documents necessary for the implementation of this Plan shall be executed by all necessary parties in interest on the Effective Date, unless an earlier date is provided for a particular document or documents under this Plan. To the extent that the parties in interest herein are unable to agree on the form or substance of such documents, such unresolved issues shall be submitted to the Court for determination. Upon the Effective Date, or as soon as practicable thereafter, the Court shall have resolved said issues and all such documents shall be binding on the Debtor, the Creditors, and all other parties hereto.

Re-Vesting of Assets: On the Effective Date, except as otherwise provided in this Plan, title to all of the Debtor's assets shall vest in the Reorganized Debtor free and clear of all liens, claims, Causes of Action, interests, security interest and other encumbrances and without further order of the Bankruptcy Court. On and after the Effective Date, except as otherwise provided in this Plan, the Reorganized Debtor may operate its businesses and may use, acquire and dispose of their assets free of any restriction of the Bankruptcy Code.

F. DISPOSITION OF CAUSES OF ACTION

The Debtor has not yet concluded its analysis of existing claims and Causes of Action and expressly reserves the right to continue such analysis. All Claims and Causes of Action owned by the Debtor, Causes of Action that could have been brought by a Creditor on behalf of the Debtor, and all Causes of Action created by the Bankruptcy Code not expressly waived or released under the Plan may be pursued by the Reorganized Debtor for the benefit of the Creditors, as provided herein, including but not limited to all Avoidance Actions and all Causes of Action arising in and under Chapter 5 of the Bankruptcy Code. Specifically, the Reorganized Debtor shall have the exclusive right to settle or compromise all such Causes of Action subject to Court approval. Court approval is not required to settle or compromise any collection activities relating to any and all accounts receivable. Furthermore, the Debtor expressly reserves all rights and remedies with respect to potential preference or otherwise voidable transfers pursuant to Sections 544, 545, 547, 548 549 or 550 of the Bankruptcy Code.

G. EXECUTORY CONTRACTS AND LEASES

General Assumption and Assignment: All executory contracts and unexpired leases of the Debtor (including, but not limited to, those listed on the Debtor's Schedules) which are not expressly rejected on or before ninety (90) days after the Confirmation Date or not otherwise specifically treated in the Plan or in the Confirmation Order shall be deemed to have been assumed on the Confirmation Date. The Bankruptcy Court shall retain jurisdiction to effectuate any post-confirmation assumption and assignment of leases, and such assumption and assignments shall be performed pursuant to Section 365 of the Bankruptcy Code. Each prepetition executory contract and unexpired lease will be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract or lease as an executory contract or unexpired lease will not constitute an admission by the Debtor, or the Debtor-in-Possession that such contract or lease is an executory contract or unexpired lease or that any Debtor, or the Debtor-in-Possession has any liability thereunder. The Confirmation Order shall constitute an Order of the Bankruptcy Court approving assumption under Section 365 of the Bankruptcy Code as of the Effective Date. The Reorganized Debtor shall continue to have all rights of assignment contained in 11 U.S.C. § 365 of any executory contract or unexpired lease following Confirmation of this Plan.

Cure of Assumed Executory Contracts and Unexpired Leases: In order to assume an executory contract, the Bankruptcy Code requires that the Debtor cure all monetary defaults under the executory contract or lease. Section 7.2 of the Plan specifically provides that, to the extent necessary, and to the extent that such claim is not otherwise treated in the Plan, the Debtor shall cure all defaults existing under any assumed executory contract or unexpired lease by paying the amount, if any, claimed by any party to such executory contract or unexpired lease as set forth in a proof of claim, which shall be filed with the Bankruptcy Court by the earlier of (a) 30 days after express notice is given of the Debtor's intent to assume such Executory Contract or (b) within sixty (60) days after the Confirmation Date. Such proof of claim shall be titled "Assumption Cure Proof of Claim." Alternatively, the Reorganized Debtor may pay such amount as may be agreed upon between the

Reorganized Debtor and any party to such Executory Contract, provided an Assumption Cure Proof of Claim is timely filed within thirty (30) days after the Confirmation Date.

The Debtor shall have the right to file within forty-five (45) days of the filing of an Assumption Cure Proof of Claim an objection in writing to the amount set forth in the Assumption Cure Proof of Claim and the Bankruptcy Court shall determine the amount actually due and owing with respect to the defaults.

Payment of such Claims shall be made by the Reorganized Debtor on the later of: (i) ten (10) Business Days after the expiration of the forty-five day (45) period for filing an objection to any Assumption Cure Proof of Claim filed pursuant to this section; or (ii) when a timely objection is filed, within ten (10) Business Days after an order of the Court allowing such Claim becomes a Final Order.

Claims for Damages: Any Claims based upon rejection of an executory contract or unexpired lease under the Plan must be filed with the Bankruptcy Court and served on the Reorganized Debtor such that they are actually received within thirty (30) days of the entry of an order rejecting such contract or lease. Objections to any such proof of claim shall be filed not later than thirty (30) days after receipt of such claim. The Court shall determine any such objections, unless they are otherwise resolved. All Allowed Claims for rejection damages shall be treated as a Class 3 Claim. Any Claim not filed within such time will be forever barred from assertion against the Debtor or its Estate.

Reservation of Rights: The Debtor reserves the right to file applications for the assumption or rejection of any executory contract or unexpired lease at any time prior to ninety (90) days after the Confirmation Date.

H. RESOLUTION OF DISPUTED CLAIMS

Only Allowed Claims will be paid by Debtor according to the Plan. An Allowed Claim is any Claim against the Debtor for which a proof of claim was timely and properly filed or is deemed to have been timely and properly filed because the Debtor has or hereafter does not list such Claim on its schedules as unliquidated, disputed or contingent.

Effect of Bar Date: In accordance with Federal Rule of Bankruptcy Procedure 3003(c), any Creditor whose claim was not scheduled, or holds a Contingent Claim, Unliquidated Claim, or Disputed claims, and did not file a proof of claim before the Bar Date, shall not be treated as a Creditor with respect to such claim for purposes of voting or distribution.

Objection Deadline: Within ninety (90) days from the Effective Date, unless such date is extended by Order of the Court after notice and hearing, the Reorganized Debtor may file with the Court objections to Claims and interests and shall serve a copy of each such objection upon the Holder of the Claim or Interest to which such objection pertains. Unless arising from an Avoidance Action, any proof of Claim filed after the Effective Date shall be of no force and effect and need not

be objected to. Any Undetermined Claim may be litigated to Final Order. The Reorganized Debtor may compromise and settle any Undetermined Claim without the necessity of any further notice or approval of the Bankruptcy Court, and Bankruptcy Rule 9019 shall not apply to any settlement of an Undetermined Claim after the Effective Date. Nothing in this Plan extends the Bar Date set in the Chapter 11 Case or grants any Creditor any greater rights with respect to a late-filed Claim than such Creditor otherwise has. Unless otherwise ordered by the Court, the Reorganized Debtor shall litigate to judgment, settle or withdraw objections to contested Claims.

Creditor Response to Objection: With respect to any objection to a Claim when such objection is filed after the Effective Date but otherwise in compliance with the Plan, the Creditor whose Claim was the subject of the objection must file with the Bankruptcy Court and serve a response to the objection upon the Reorganized Debtor and the objecting party no later than thirty (30) days from the date of service of any such objection. Failure to file and serve such a response within the thirty (30) days shall cause the Bankruptcy Court to enter a default judgment against the non-responding Creditor and thereby grant the relief requested in the objection without further notice to such Creditor. Any such objection shall contain prominent negative notice language informing the objected-to creditor of the same.

No Payment Pending Allowance: Notwithstanding any other provision in the Plan, if any portion of a Claim is disputed or is an Undetermined Claim, then no payment or distribution hereunder shall be made on account of any portion of such Claim unless and until such Disputed Claim becomes an Allowed Claim. Such distributions shall be made in the manner provided for by the Plan and the terms of any Final Order of the Court with respect to such Allowed Claim. In the event that the Debtor makes any distributions to Creditors at any time prior to a determination of allowance of an Undetermined Claim, payments on such Undetermined Claim will commence and be due and payable on the first quarterly payment date following the date of the Order allowing such Claim, and shall be re-amortized to equal an amount sufficient to fully pay the Allowed Claim.

Estimation of Claims: The Debtor or the Reorganized Debtor may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to 11 U.S.C. § 502(c), regardless of whether the Debtor or the Reorganized Debtor previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim, or Disputed Claim, the amount so estimated shall constitute either the allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtor or the Reorganized Debtor may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated subsequently and compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

I. RETENTION OF JURISDICTION

Purposes: Notwithstanding entry of the Confirmation Order, the Bankruptcy Court shall retain jurisdiction in the following matters after Confirmation of the Plan:

(i) to determine any and all objections to the allowance of Claims or interests, both before and after the Confirmation Date, including any objections to the classification of any Claim or interest;

(ii) to determine any and all applications for fees and expenses authorized to be paid or reimbursed in accordance with Section 503(b) of the Bankruptcy Code or the Plan;

(iii) to determine any and all pending applications for the assumption or rejection of executory contracts or for the rejection or assumption and assignment, as the case may be, of unexpired leases to which the Debtor is a party or with respect to which it may be liable; to hear and determine any actions to void or terminate unexpired contracts or leases; and to hear and determine and, if need be, to liquidate any and all Claims arising therefrom;

(iv) to hear and determine any and all actions initiated by the Debtor and/or Reorganized Debtor, whether by motion, complaint or otherwise;

(v) to determine any and all applications, motions, adversary proceedings and contested matters pending before the Bankruptcy Court on the Confirmation Date or filed or instituted after the Confirmation Date;

(vi) to modify the Plan, the Disclosure Statement or any document created in connection with the Plan or remedy any defect or omission or reconcile any inconsistency in any Order of the Court, the Plan, the Disclosure Statement or any document created in connection with the Plan, in such manner as may be necessary to carry out the purposes and effects of the Plan to the extent authorized by the Bankruptcy Code;

(vii) to ensure that the distribution is accomplished in accordance with the provisions of the Plan;

(viii) to allow, disallow, determine, liquidate or estimate any Claim or interest and to enter or enforce any Order requiring the filing of any such Claim or interest before a particular date;

(ix) to enter such Orders as may be necessary to interpret, enforce, administer, consummate, implement and effectuate the operative provisions of the Plan, the Confirmation Order and all documents and agreements provided for herein or therein or executed pursuant hereto or thereto including, without limitation, entering appropriate Orders to protect the Debtor from Creditor actions;

- (x) to hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code;
- (xi) to enter and implement such Orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or vacated;
- (xii) to determine such other matters as may arise in connection with the Plan, this Disclosure Statement or the Confirmation Order;
- (xiii) to enforce all Orders, judgments, injunctions, and rulings entered in connection with the Chapter 11 Case;
- (xiv) to determine all issues relating to the Claims of any taxing authorities, state or federal;
- (xv) to determine any avoidance actions brought pursuant to the provisions of the Bankruptcy Code;
- (xvi) to enter a Final Order and final decree closing the Chapter 11 Case; and
- (xviii) in rem jurisdiction over all collateral of Secured Creditors.

Exclusive Jurisdiction: The Bankruptcy Court shall have exclusive jurisdiction to resolve all controversies, suits and disputes that may arise in connection with the interpretation, enforcement, consummation, implementation or administration of the Plan, the Confirmation Order or the Disclosure Statement and all entities shall be enjoined from commencing any legal or equitable action or proceeding with respect to such matters in any other court or administrative or regulatory body.

Abstention: If the Court abstains from exercising jurisdiction or is otherwise without jurisdiction over any matter arising out of the Chapter 11 Case, including the matters set forth in Article XI of the Plan, Article XI of the Plan shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

J. DISCHARGE

If the Plan is confirmed by the Bankruptcy Court, the Debtor will receive a discharge under Chapter 11 of the Bankruptcy Code. In conjunction with that discharge, the Bankruptcy Code automatically imposes certain injunctions, which generally prohibit a Creditor from pursuing or collecting on a discharged Claim as against the Reorganized Debtor or its property. All Creditors would be able to pursue Claims and seek recovery only under the terms of the Plan, and not against the Reorganized Debtor or its property except as provided for in the Plan. Collection activities on account of discharged Claims could constitute serious violations of the law and could subject the violator to serious penalties, including contempt, money damages, and punitive damages.

THE PLAN CONTAINS PERMANENT INJUNCTIONS THAT MAY PREVENT YOU FROM SEEKING TO ASSERT OR COLLECT YOUR CLAIM EXCEPT THROUGH THE PLAN. YOUR RIGHTS MAY BE SEVERELY IMPACTED. STUDY THE PLAN CLOSELY AND CONSIDER CONSULTING WITH LEGAL COUNSEL REGARDING THE PLAN AND YOUR RIGHTS AND LIMITATIONS THEREUNDER.

Discharge of Debtor. Any consideration distributed under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever against the Debtor or any of its assets or properties. Upon the Effective Date, the Debtor shall be deemed discharged and released to the extent permitted by § 1141 of the Bankruptcy Code from any and all Claims, including but not limited to demands and liabilities that arose before the Effective Date, whether or not (a) a proof of claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under Section 502 of the Bankruptcy Code; or (c) the Holder of the Claim based upon such debt has accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtor. Pursuant to Section 524 of the Bankruptcy Code, such discharge shall void any judgment against the Debtor at any time obtained to the extent it relates to a Claim discharged, and operates as an injunction against the prosecution of any action against the Debtor or the property of the Debtor, to the extent it relates to a Claim discharged.

Injunctive Relief: Separate and apart from the discharge of the Debtor, the Plan contains injunctions and exculpation provisions that are standard and necessary for the confirmation of the Plan and the Debtor's future operations. Except as provided herein, on and after the Confirmation Date, all Creditors and persons acting in concert with them are enjoined and restrained pursuant to Section 105 of the Code from taking any action to collect or enforce any Claim directly or indirectly against the Reorganized Debtor in any manner inconsistent with the terms contained in the Plan.

ARTICLE VII

VOTING PROCEDURES AND REQUIREMENTS

A. CREDITORS SOLICITED TO VOTE

Each Creditor holding a Claim in a Class that is Impaired under the Plan is being solicited to vote on the Plan. As to any Claim for which a proof of claim was filed and as to which an objection has been lodged, however, if such objection is still pending as of the Voting Deadline, the Creditor's vote associated with such Claim will not be counted to the extent of the objection to the Claim, unless and to the extent the Bankruptcy Court temporarily allows the Claim upon motion by such Creditor in an amount determined by the Bankruptcy Court. Such motion must be heard and determined by the Bankruptcy Court prior to the date and time scheduled by the Bankruptcy Court for a hearing determining the confirmation of the Plan. Further, the Creditor's vote may be disregarded if the Bankruptcy Court determines that the Creditor's acceptance or rejection of the

Plan was not solicited or procured in good faith or in accordance with the provision of the Bankruptcy Code.

B. DEFINITION OF IMPAIRMENT

Pursuant to Section 1124 of the Bankruptcy Code, a Class of Claims is Impaired under a Plan unless, with respect to each Claim of such Class, the plan does at least one of the following two (2) things:

- (i). leaves unaltered the legal, equitable and contractual rights to which such Claim entitles the holder of such Claim; or
- (ii). notwithstanding any contractual provision or applicable law that entitles the holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default:
 - (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code;
 - (b) reinstates the maturity of such claim as it existed before the default;
 - (c) compensates the holder of such Claim for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and
 - (d) does not otherwise alter the legal, equitable, or contractual rights to which such claim entitles the holder of such Claim.

The Plan identifies the classes of Creditors and Interests that the Debtor believe are Impaired or Unimpaired under the Plan. The Plan cannot and does not change the law on what is an Impaired class and, to the extent a Creditor disagrees with the Debtor's identification of Impaired or unimpaired classes, the Creditor may object to the Plan and the Bankruptcy Court will decide the dispute.

C. CLASSES IMPAIRED UNDER THE PLAN

All Classified Classes of Claims are Impaired under the Plan. All Creditors holding Claims within Classes 1, 2 and 3 are being solicited to vote on the Plan. Class 4 consists of equity of the Debtor and, while entitled to vote on the Plan, the votes of Class 4 would not count towards the tabulation of votes for cramdown purposes, if the Debtor seeks confirmation of the Plan pursuant to the cramdown provisions of Section 1129(b) of the Bankruptcy Code.

With respect to the foregoing, the Debtor specifically reserves its right to determine and contest, if necessary: (a) the Impaired or Unimpaired status of a Class under the Plan; and (b) whether any Ballots cast by Creditors holding Claims within such a class should be counted for purposes of confirmation of the Plan.

D. VOTE REQUIRED FOR CLASS ACCEPTANCE

Pursuant to the Bankruptcy Code, a Class of Claims under the Plan shall be deemed to have accepted the Plan if the Plan is accepted by Creditors holding at least two-third (2/3) in amount and more than half (1/2) in number of the Claims within such Class who are entitled to vote and who actually vote using a properly completed and signed Ballot which is returned to the Balloting Agent by no later than the Voting Deadline. It is important to note that, pursuant to the Bankruptcy Code, a Class vote in favor of the Plan will be binding even on those creditors in the Class who vote against the Plan, so long as the requisite voting percentages are obtained in favor of the Plan.

E. SPECIFIC CONSIDERATIONS IN VOTING

While the Plan provides for certain payments at Confirmation, such payments will only apply to Allowed Claims including Claims arising from defaults. Under the Bankruptcy Code, a Claim may not be paid until it is Allowed. A Claim will be Allowed in the absence of objection.

A Claim, including a Claim arising from default, which has been objected to will be heard by the Court at a regular, evidentiary hearing and Allowed in full or in part or disallowed. While the Debtor bears the principal responsibility for Claim objections, any interested party, including Creditors, may file claim objections. Accordingly, payment on some Claims, including Claims arising from defaults, may be delayed until objections to such Claims are ultimately settled. Parties should also read and consider the Risk Factors discussed and analyzed in Article IX of this Disclosure Statement.

ARTICLE VIII LIQUIDATION AND PLAN ALTERNATIVES

A. LIQUIDATION ANALYSIS

In order to confirm a Plan, the Bankruptcy Code requires that each Impaired class of claims must receive or retain at least the amount of value, on the effective date, it would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The Debtor's primary assets are the Real Property and its improvements located at the site of the Red River South Travel Center and Red River South Marina operations, together with an adjacent unimproved tract of land available for future expansion. The only two creditors in this case are Citizens National Bank and MidSouth Bank, Debtor's secured creditors. Based on debtors

valuation of the property, Debtor believes that all secured claims would be paid in full and there would be no unsecured claims. If the proposed court valuation of MidSouth Bank's claim results in an unsecured claim, it will be the only unsecured claim in the case. Therefore, the holder of such unsecured claim may receive less in a Chapter 7 case than it would under the Plan.

The chart below demonstrates the estimated results of a liquidation of the Debtor. The Debtor would note that this projection is uncertain, and is by definition speculative. The Debtor has not retained a third party to perform the estimate and thus the numbers and figures are based upon the Debtor's best educated and good faith analysis of the value of the assets and their distribution under the liquidation scheme of Chapter 7 of the Bankruptcy Code. Further, the Debtor advises its Creditors of the following facts, all affecting the liquidation analysis:

- (i) In the event of a liquidation, the Debtor's immovable property together with the improvements located thereon and its de minimis cash would result in maximum proceeds of \$7,283,699.61. From those liquidation proceeds, the trustee would pay net proceeds to secured lenders in the amount of \$5,946,618.95.
- (i) Thereafter, the trustee would pay substantial costs for taxes, maintenance, brokers and other costs of disposition of the Debtor's assets, which would amount to approximately \$218,509.20. Next, from those liquidation proceeds, it would be necessary to pay the Chapter 7 trustee a section 326 commission estimated to be \$63,362.42; the estimated chapter 7 cost of administration, \$7,500; and estimated remaining Chapter 11 administrative expenses in the amount of \$5,000. The sum of \$1,042,709.04 would be available for distribution to the holders of unsecured claims. THIS DISCUSSION ASSUMES THAT THE PROPERTY IS SOLD AT DEBTOR'S VALUATION.
- (ii) In a Chapter 7 case, Chapter 7 administrative claims must be paid in full prior to any other claims being paid. This would mean that the administrative claims of the Chapter 7 trustee and his counsel (and other professionals) would have to be paid in full, to the extent allowed by the Bankruptcy Court. Next, unpaid Chapter 11 administrative claims would have to be paid in full before any distribution to Priority Claims and Unsecured Claims.
- (iii) If the liquidation of Debtor's property generates liquidation proceeds that are less than \$6,240,990.57, the liquidation will create a Secured Creditor deficiency claim that would be added to the body of Unsecured Claims. The creation of a deficiency claim resulting from the sale of collateral for less than \$6,240,990.57, will result in no funds being available for distributions to Unsecured Claims. Liquidation proceeds in excess of \$6,240,990.57, however, would be paid pro rata on unsecured claims.

DEBTOR'S LIQUIDATION ANALYSIS	
Estimated Cash	\$59.61
Real Property with Improvements	\$7,283,640.00
Total Assets for Distribution to Unsecured Claims	\$7,283,699.61
Cost of Disposition (including brokerage and one year of taxes)	\$218,509.20
Net Proceeds to Secured Lenders (real property and FFE)	\$5,946,618.95
Chapter 7 Trustee Commission (estimate) Section 326	\$63,362.42
Chapter 7 Cost of Administration (estimate)	\$7,500.00
Estimated Chapter 11 Costs of Administration (Atty Fees)	\$5,000.00
Available for Unsecured Claims	\$1,042,709.04
Estimated Unsecured Claims (including deficiency)	\$0.00
Percent Distribution to Unsecured Creditors	100%

Therefore, in a liquidation, Unsecured Claims could possibly receive substantially less than under the Plan. Further, distributions, if any, to Unsecured Claims would not be made for a period of 1 to 2 years after conversion of the Bankruptcy Case. Consequently, the Debtor believes that the Plan is a far superior alternative for Creditors.

B. ALTERNATIVES TO CONFIRMATION OF THE PLAN

The Debtor has evaluated several alternatives to the Plan, including the liquidation of the Debtor or the Sale of the Property. After reviewing the analysis of these alternatives, the Debtor concluded that the Plan is the best alternative and will maximize recoveries by holders of Claims, assuming confirmation of the Plan. As noted, liquidating the Debtor's business would not maximize the value of the assets and could lead to its Creditors receiving less than the amounts proposed in the Plan. The Plan will also enable the Debtor to continue operations and fund full payments to its Creditors, for the benefit of all Creditors and Interest Holders. The following provides a summary of the Debtor's analysis leading to its conclusion that the Plan will provide the highest value to the Holders of Claims.

C. LIQUIDATION ALTERNATIVE THROUGH CHAPTER 7

The Debtor has analyzed whether a chapter 7 liquidation of its assets would be in the best interests of the Claim and Interest Holders. That analysis reflects a liquidation value that could be substantially lower than the value that may be realized through continued operations of the Debtor should the Plan be confirmed. As shown graphically above, Unsecured Creditors could receive a

full recovery or little or no recovery. The Debtor believes that liquidation would result in substantial diminution in the value to be realized by Holders of Unsecured Claims because:

- (i) the failure to realize the greater going-concern value of the Debtor's assets;
- (ii) additional administrative expenses involved in the appointment of a trustee, attorneys, accountants, and potentially other professionals to assist such trustee in the case of a chapter 7 proceeding;
- (iii) a threat to the gaming license that is absolutely necessary to the continued operations of the Travel Center Casino; and
- (iv) the substantial time which would elapse before the Creditors would receive any distribution in respect to their Claims.

Consequently, the Debtor believes that the Plan provides a better and more immediate return to Holders of Claims than would a liquidation through Chapter 7.

D. DISMISSAL ALTERNATIVE

Dismissal of the Chapter 11 Case would most likely lead to the same unsatisfactory result as a Chapter 7 liquidation.

E. FUTURE PROJECTIONS

For all of these and other reasons, the Debtor believes that continuing to operate its business and reorganizing is much preferable to the alternatives listed and explained herein and is in the best interest of the Debtor and its Creditors. The Debtor has analyzed its anticipated future financial performance and business operations, and believes that it will be able to fund and pay all obligations required by the Plan, including all future operational expenses, taxes and other ongoing obligations.

As discussed in detail in Disclosure Statement § VI.E regarding Implementation and § VI.D regarding Treatment of Classified Claims under the Plan, the term "Continued Operations of Red River South Enterprises, LLC shall include, but is not limited to, the continued operations of Red River South Enterprises, LLC, the continued operations of Red River South Marina by Red River South Marina LLC and the continued operations of Red River South Travel Center by Red River South Travel Center LLC. Therefore, the 2014 Balance Sheet and Profit & Loss Sheet for Red River South Enterprises, LLC; the 2015 Balance Sheet and Profit & Loss Sheet for Red River South Enterprises, LLC; the 2014 Balance Sheet and Profit & Loss Sheet for Red River South Marina, LLC; the 2015 Balance Sheet and Profit & Loss Sheet for Red River South Marina, LLC; the 2014 Balance Sheet and Profit & Loss Sheet for Red River South Travel Center, LLC; and the 2015 Balance Sheet and Profit & Loss Sheet for Red River South Travel Center, LLC, and the 2016 January through July Balance Sheet and Profit & Loss Sheet for Red River South Travel Center, LLC, are attached as Exhibit G in globe.

The Debtor's past performance must be considered in light of significant negative external factors that have been or are on the verge of being remediated. The unprecedented floods of 2015 and 2016 and extreme high water levels on the Red River damaged portions of the Red River South Marina resulting in extensive repair expenses and a substantial loss of revenue otherwise derived from Red River fishing and water sports events. Very recently the markets have registered a new confidence in the future of the overall economy, and political changes portend well for the stability and resurgence of the economy in the Ark-La-Tex which is dependant on the national and local oil and gas industry. A resurgence of the oil and gas industry will invariably drive up the profitability of Debtor's operations.

Upon the occurrence of a month or of months during which the Debtor has insufficient revenue from its operations, additional funding to pay Debtor's cost of operations and plan obligations will be provided by Debtor's sole member, Leon S. Miletello, Jr. Pursuant to the *Leon S. Miletello, Jr., Plan Guaranty Agreement*, Leon S. Miletello, Jr., has committed himself, to the extent necessary, to supplement the Debtor's *Net Plan Implementation Income* to insure that the Debtor can make payments, as they come due under the Plan, of all sums, including interest, owing to holders of Claims in Classes 1, 2 and 3. This is not a mere promise or hope, but is a continuation of the actual historical record. There was no default on the Class 1 Claim. There was no monthly default to the Class 2, Claim, MidSouth Bank. Exercising its rights under the loan documents, MidSouth Bank concluded that it no longer desired to be the holder of Debtor's note and refused to accept further payments. Ultimately, MidSouth Bank foreclosed. Historically, Leon S. Miletello, Jr., has provided necessary supplemental revenue for Debtor's operations, and the *Leon S. Miletello, Jr., Plan Guaranty Agreement* is significant. Debtor's Financial Projections are attached hereto as Exhibit H.

ARTICLE IX **RISK FACTORS**

A. ESTIMATED RECOVERY RISKS

The Plan will be funded through two primary sources. The Plan will initially be funded by cash on hand at confirmation and the Debtor's operations. To the extent necessary supplemental funding will be provided pursuant to the *Red River South Marina LLC Plan Guaranty Agreement*, the *Red River South Travel Center LLC Guaranty Agreement* and the *Leon S. Miletello, Jr., Plan Guaranty Agreement*.

With respect to Claims to be paid out over time under the Plan, including the Secured Claims and the General Unsecured Claims, if any, there is more risk as payments to these Creditors will be made from the revenue and cash flow of the Debtor's future operations and the Supplemental Plan Funding Provisions discussed in Section E of this Disclosure Statement. Therefore, these Creditors will have more risk in obtaining full payment given the always present uncertainty concerning future events. Here, many factors will affect the Debtor's future performance: advertising (both nationally and locally), consumer gaming patterns and water way recreational and tournament preferences, the overall economy, the stability and resurgence of the economy in the Ark-La-Tex and of the national

and local oil and gas industry, and performance under the Leon S. Miletello, Jr., Plan Guaranty Agreement. A full discussion of these factors and issues is outside the scope of this Disclosure Statement, except to note that the Debtor's future performance and revenue, and therefore future payments to Creditors under the Plan is subject to risk that should be taken into account when voting on the Plan.

However, the Debtor believes that this risk is nominal and that it is not so material as to jeopardize recoveries under the Plan. The Debtor's financial projections attached to this Disclosure Statement demonstrate that the Debtor will be able to make all future payments required by the Plan.

Thus, for these and other reasons, the Debtor believes that it will be able to pay in full all future obligations under the Plan, and while it advises affected Creditors of the risk of future payment, it encourages those Creditors to consider the Debtor's projections and other factors discussed above.

B. BANKRUPTCY RISKS

Insufficient Acceptances: For the Plan to be confirmed, each Impaired Class of Claims is given the opportunity to vote to accept or reject the Plan. With regard to such Impaired voting Classes, the Plan will be deemed accepted by a Class of Impaired Claims if the Plan is accepted by Claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor intends to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code if necessary, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims has not accepted the Plan. However, there can be no assurance that any Impaired Class of Claims under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

Confirmation Risks: The following specific risks exist with respect to confirmation of the Plan:

- a. Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.
- b. Since the Debtor may seek to obtain approval of the Plan over the rejection of one or more Impaired Classes of Claims, the cramdown process could delay confirmation.

Conditions Precedent: Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur, including but not limited to the

Confirmation Order being entered by the Bankruptcy Court. The Debtor, however, will work diligently with all parties in interest to ensure that all conditions precedent are satisfied.

ARTICLE X
CERTAIN TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain considerations that may affect the anticipated federal income tax consequences of the implementation of the Plan to the Debtor, the holders of Claims, and the holders of Equity Interests. It does not address all federal income tax consequences of the Plan nor does it address the state or local income tax or other state and local tax consequences of implementation of the Plan to holders of claims against and interests in the Debtor. Counsel for the Debtor are not tax attorneys and have not, and will not, render any opinion concerning the tax consequences of the Plan to the Debtor or any other entity or person.

The description of the federal tax consequences of implementing the Plan is based on the interpretation of the applicable provisions of the Internal Revenue Code of 1986 (the “Tax Code”), the Treasury regulations promulgated thereunder, judicial authorities and current administrative ruling, and practices now in effect, all of which are subject to change at any time by legislative, judicial, or administrative action. Any such change could be retroactively applied in a manner that could adversely affect the Debtor, holders of Claims and holders of Equity Interests. In addition, certain aspects of the following discussion are based on proposed Treasury regulations. The tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority, and may be subject to administrative or judicial interpretations that differ from the discussions below.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DEBTOR AND ITS COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN, WITH RESPECT TO THE DEBTOR HOLDERS OF CLAIMS OR HOLDERS OF EQUITY INTERESTS. NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES.

Federal Income Tax Consequences to the Debtor: In general, the Debtor does not expect to incur any substantial tax liability as a result of the implementation of the Plan.

Tax Code, with certain exceptions, provides that taxpayers realize a “cancellation of indebtedness” must include the amount of canceled indebtedness in gross income to the extent that the indebtedness canceled exceeds any consideration given for such cancellation. The Tax Code further provides, however, that where the taxpayer is in a Chapter 11 case, the cancellation of

indebtedness is pursuant to a plan approved by the Bankruptcy Court, such cancellation of indebtedness will not be included in gross income, but the taxpayer must generally reduce tax attributes in a specified order.

The Debtor expects to realize only a limited amount of cancellation of indebtedness (“COD”) income as a result of the Plan. With certain exceptions, to the extent that any creditor receives from Debtor a distribution under the Plan in an amount less than such creditor’s Claim, the Debtor will realize COD income. Because the Debtor is in bankruptcy, however, it will not be required to include COD income in taxable income, but rather will be required to reduce its net operating losses or certain other tax attributes, including the tax basis of assets.

Federal Income Tax Consequences to Holders of Claims: Holders of Claims may be required to recognize income or may be entitled to a deduction as a result of implementation of the Plan. The exact tax treatment depends on, among other things, each holder’s method of accounting, the nature of each holder’s Claim, the fair market value of any property received, and whether and to what extent such holder has taken a bad debt deduction in prior tax years with respect to the particular debt owed to it by the Debtor. A holder’s method of accounting and the extent such holder has taken a bad debt deduction determines a holder’s “tax basis” in its Claim. To the extent that the fair market value of property received under the Plan exceeds the tax basis in the Claim, taxable income must be recognized by a holder. To the extent the tax basis in a holder’s Claim is greater than the fair market value of property received under the Plan, a loss may be recognizable.

ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF IMPLEMENTATION OF THE PLAN TO THEM UNDER APPLICABLE FEDERAL, STATE AND LOCAL TAX LAWS.

Federal Income Tax Consequences to Holders of Equity Interests: The most common tax consequence to holders is potential entitlement to a deduction (or to claim an ordinary loss) as a result of implementation of a Plan for the cancellation of equity or of any and all previously issued patronage credits or dividends. The Debtor’s Proposed Plan, however, does not modify any holder’s equity interests, and those consequences are not implicated. The Debtor is a Limited Liability Company, and it is a “pass through entity.” The holder’s exact tax treatment depends on, among other things, each holder’s method of accounting and the nature of each holder’s equity interests.

ALL HOLDERS OF EQUITY INTERESTS AND PATRONS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF IMPLEMENTATION OF THE PLAN TO THEM UNDER APPLICABLE FEDERAL, STATE AND LOCAL TAX LAWS.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Disclosures Required by the Bankruptcy Code. The Bankruptcy Code requires disclosure of certain facts:

- (i) There are no payments made or promises of the kind specified in Section 1129(a)(4) of the Bankruptcy Code which have not been disclosed to the Court.
- (ii) Counsel to the Debtor has advised the Debtor that the Debtor will require legal services in connection with this case after confirmation which will require reimbursement. Debtor may continue to use Robert W. Raley & Associates, as counsel after confirmation.

Certain Rights Unaffected: Except as otherwise provided in the Plan, any rights or obligations which the Debtor's Creditors may have amongst them as to their respective claims or the relative priority or subordination thereof are unaffected.

Binding Effect: As of the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtor, Reorganized Debtor, the Holders of the Claims, and their respective successors and assigns.

Exculpations: Debtor's professionals shall not have or incur any liability to any Holder of a Claim for any act, event, or omission in connection with, or arising out of, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence.

Injunctive Relief: Except as provided herein, on and after the Confirmation Date, all Creditors and persons acting in concert with them are enjoined and restrained pursuant to § 105 of the Bankruptcy Code from taking any action to collect or enforce any Claim directly or indirectly against the Debtor's assets or properties in any manner inconsistent with the terms contained in the Plan. The discharge granted by this Plan voids any judgment at any time obtained with respect to any debt discharged.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, NEITHER THE GUARANTORS, INSIDERS, OFFICERS, DIRECTORS, EMPLOYEES NOR THE INTEREST HOLDERS OF THE DEBTOR SHALL BE DISCHARGED AND RELEASED FROM LIABILITY, IF ANY, FOR CLAIMS AND DEBTS ARISING UNDER OR IN CONNECTION WITH THE DEBTORS OR THIS CHAPTER 11 CASE AND/OR OTHERWISE ADDRESSED AND/OR TREATED IN THIS PLAN. HOWEVER, ABSENT FURTHER COURT ORDER UPON NOTICE AND HEARING, THE EXCLUSIVE REMEDY FOR PAYMENT OF ANY CLAIM OR DEBT ADDRESSED IN THIS PLAN, SO LONG AS THE PLAN IS NOT IN DEFAULT, SHALL BE THE PLAN AND ALL PARTIES CLASSIFIED IN AND UNDER ARTICLES 4 AND 5 HEREIN ARE ENJOINED FROM TAKING ANY ACTION INCONSISTENT HERewith, INCLUDING, BUT NOT LIMITED TO, ANY ACTION TO PROSECUTE OR COLLECT ANY DEBT OR CLAIM AGAINST ANY GUARANTOR, INSIDERS, OFFICER, DIRECTOR, EMPLOYEE OR INTEREST HOLDER. TO THE EXTENT

NECESSARY, ANY APPLICABLE STATUTE OF LIMITATIONS AGAINST COLLECTION FROM ANY THIRD PARTY IS SPECIFICALLY TOLLED FROM THE PERIOD OF TIME FROM THE PETITION DATE UNTIL THE DATE UPON WHICH THE DEBTOR FAILS TO CURE ANY WRITTEN NOTICE OF DEFAULT AS SET FORTH IN THE PLAN AND/OR IN ANY APPLICABLE LOAN DOCUMENTS.

Notices: All notices, requests or demands in connection with the Plan shall be in writing and shall be deemed to have been given when received or, if mailed, five (5) days after the date of mailing, provided such writing shall have been sent by registered or certified mail, postage prepaid, return receipt requested, and sent to the following parties, addressed to:

Debtor:

Red River South Enterprises, LLC
PO Box 78255
Shreveport, LA 71137-8255

All notices and request to Holders of Claims and Interests shall be sent to the address listed on the last-filed proof of claim and if no proof of claim is filed, at the address listed in the Debtor's Schedules.

ARTICLE XII
CONCLUSION

The Debtor respectfully submits that the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, including the "best interest of creditors" and "feasibility" requirements and that it should be confirmed even in the event a class of claims does not vote for acceptance of the Plan. The Debtor believes that the Plan "is fair and equitable" and "does not discriminate unfairly." Additionally, the Debtor believes that the Plan has been proposed in good faith.

The Debtor respectfully requests that this Disclosure Statement be approved for circulation to the creditors of the Debtor and that it be permitted to solicit votes for acceptance of the Plan.

Dated: November 18, 2016

Red River South Enterprises, LLC

By: /s/ Leon S. Miletello, Jr.
Leon S. Miletello, Jr.
Managing Member - Single Member LLC

Respectfully submitted,

/s/ Robert W. Raley

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