

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
ALEXANDRIA DIVISION**

IN RE:

REVOLUTION ALUMINUM PROPCO, LLC

CASE NO. 16-81024

DEBTOR

CHAPTER 11

**FOURTH AMENDED DISCLOSURE STATEMENT FOR FOURTH AMENDED PLAN
OF REORGANIZATION DATED APRIL 11, 2018**

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LIST OF EXHIBITS TO DISCLOSURE STATEMENT

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INTRODUCTION

Revolution Aluminum Propco, LLC (“Propco” or “Debtor”) is a Louisiana limited liability company established in 2015. Propco is the owner of certain real estate comprised of approximately 1,400 acres in Pineville, Louisiana on which an industrial site is planned (the “Property”). This Third Amended Disclosure Statement (“Disclosure Statement”) was prepared by the Chapter 11 Trustee, Lucy G. Sikes (“Trustee”) for use in soliciting acceptances from all creditors of its Fourth Amended Plan of Reorganization, dated April 11, 2018 (“Plan”).

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the background and financial condition of the Debtor have been prepared from information furnished by the Debtor in its Schedules and Statement of Affairs, the Monthly Operating Reports and other pleadings filed by the Debtor, creditors, or other parties in interest in this bankruptcy proceeding. All exhibits to the Disclosure Statement are incorporated into and made a part of the Disclosure Statement.

Capitalized terms used herein have the meaning as set forth in Section I of the Plan, or as otherwise defined in the Plan or herein. In the event of a conflict or difference between the definitions used and provisions contained in this Disclosure Statement and the Plan, the definitions and provisions contained in the Plan shall control. **The Disclosure Statement is just a summary of the Plan terms, and the language of the Plan will govern in the event of any discrepancy between the terms of the Disclosure Statement and the Plan.**

I. PURPOSE AND SUMMARY OF THE PLAN

THE DESCRIPTION OF THE PLAN SET FORTH BELOW CONSTITUTES A SUMMARY ONLY. HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW AND ANALYZE THE PLAN IN ITS ENTIRETY.

II. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

A. TREATMENT OF CLAIMS AND INTERESTS

The Plan proposes to cancel existing equity in the Debtor and reissue new equity interests to an approved purchaser of such new equity interests. Net cash from the sale of such new equity, after payment of Agent commission and other costs of sale as may be approved by the Bankruptcy Court, shall be apportioned between a reserve for the benefit of certain alleged secured creditors of the Estate and the unsecured creditors of the Estate (80% of proceeds shall be designated for the Lienholders' Reserve, and 20% of the proceeds shall be designated for use free of Property lienholder creditor claims. The Plan establishes a liquidating trust which, post-confirmation, will hold the remaining funds from the sale of the new equity interest and any other recovered proceeds. Once the Bankruptcy Court has fixed the extent and priority of certain lien claims in, to and upon the immovable property owned by the Estate, the liquidating trust will then be authorized to distribute funds held as the Lienholders' Reserve in accordance with the final orders of the Bankruptcy Court. The Liquidating Trust shall use the remaining funds to investigate causes of action against third parties which may result in greater recovery for unsecured creditors, and to distribute the funds not subject to reserve to unsecured creditors in the priority established in the Plan.

B. CLAIMS AND INTERESTS UNDER THE PLAN

The following is a summary of the classification and treatment of Claims and Interests under the Plan:

CLASS	TREATMENT
<p>Unclassified: Allowed Administrative Expense Claims and Gap Claims</p> <p>An estimation of the approximately \$400,000.00 owed collectively to Steffes, Vingiello & McKenzie, LLC (\$100,000.00), Gold, Weems, Brusser, Sues & Rundell, APLC (\$75,000.00) for professional services rendered; counsel for the trustee and trustee fees (\$175,000.00), to the Office of the U.S. Trustee for quarterly fees incurred through closure of the case (\$1,300.00), the premium for maintenance of the bond (\$41,146.00), and fees to the trustee for the Solid Waste Facility Trust required by the LDEQ (\$6,000.00) These are estimates only and may be higher due to factors such as length of time to confirmation and need to revise or address concerns with the Plan or Disclosure Statement. Additionally, the Trustee is aware that the Bankruptcy Court may have approved a 507(a)(3) gap claim in the amount of \$60,000.00 in favor of the Debtor's counsel who performed services after the date of the filing of the petition but prior to the date of entry of the order for relief.</p>	<p>The holders of Allowed Administrative Expense Claims and Allowed Gap Claims against the Debtor, unless otherwise agreed or set forth in the Plan, are entitled to priority under Sections 507(a)(2) and (3) of the Bankruptcy Code and shall be paid in Cash from the net proceeds of the Sale not held by the Liquidating Trust in the Lienholders' Reserve as soon as practicable after closing of the Sale and the occurrence of the Effective Date. Except as provided below with respect to payment of Professional fees and expenses as set forth in Article 6.1 below, an Entity entitled to payment pursuant to Sections 546(c) or 553 of the Bankruptcy Code (11 U.S.C. §§ 546 or 553), and an Entity entitled to payment of administrative expenses pursuant to Sections 503 and 507(a) and 507 (a)(3) of the Bankruptcy Code (11 U.S.C. §§ 503 and 507(a)), shall receive from the Debtor, on account of such Allowed Claim, Cash in the amount of such Allowed Administrative Expense or Allowed Gap Claim on the Effective Date unless otherwise agreed to between the parties. Notwithstanding the foregoing, outstanding operating payables incurred in the ordinary course of business of the Debtor subsequent to the Petition Date which are not disputed will be paid as Administrative Expense Claims without the requirement of filing requests for allowance. Any Professional's fees and expenses for services rendered after the Confirmation Date will be paid by the Estate or Liquidating Trust in the ordinary course of business from the proceeds of the Sale. To the extent the Estate incurs any post-petition federal tax liabilities (including tax, interest, and penalties) which come due prior to the Effective Date, the Estate or Liquidating Trust will pay such tax liabilities in full within thirty (30) days of the Effective Date.</p> <p>Applications for allowance and payment of Administrative Expense Claims and Gap Claims must be filed on or within thirty (30) days after the Confirmation Date, except for a Professional's Claim for fees and expenses as to which the deadline shall be forty-five (45) days from the Effective Date. The Court shall not consider any applications for the allowance of an Administrative Expense Claim or Gap Claim filed after such dates. All Administrative Expense Claims and Gap Claims that become Allowed Administrative Expense or Gap Claims after the Confirmation Date will be treated like other Allowed Administrative Expense or Gap Claims and will be paid on the later of the Effective Date or within thirty (30) days after becoming an Allowed Administrative Expense or Gap Claim in Cash from the net proceeds of the Sale not held by the Liquidating Trust in the Lienholders' Reserve as soon as practicable after closing of the Sale and the occurrence of the Effective Date unless otherwise ordered by the Bankruptcy Court or agreed to by the parties.</p> <p>If Allowed Administrative Expense Claims and Allowed Gap Claims exceed the net proceeds of the Sale not held by the Liquidating Trust in the Lienholder's Reserve, such Claims will be paid in the priority established under the Bankruptcy Code, i.e., Allowed Administrative Claims shall be paid before Allowed Gap Claims. The Trustee does not expect Allowed</p>

<p>Unimpaired. Not entitled to vote.</p>	<p>Administrative Expense Claims and Allowed Gap Claims to exceed projected net proceeds of the Sale not held by the Liquidating Trust in the Lienholders' Reserve.</p> <p>Estimated percentage recovery: 100%</p>
<p>Unclassified: Allowed Priority Tax Claims.</p> <p>The total estimate of Allowed Priority Tax Claims is \$0, The Priority Claim of Rapides Parish was disallowed by Order entered August 3, 2017.</p> <p>Unimpaired. Not entitled to vote.</p>	<p>The holders of Allowed Tax Claims, if any, shall receive Cash in the amount of such Allowed Tax Claims upon the Closing of the Sale. Such payment shall be made out of the net proceeds of the Sale not held by the Liquidating Trust in the Lienholder's Reserve. Any penalties due with respect to Allowed Tax Claims are deemed non-pecuniary and subordinate to Class 3 as permitted under 11 U.S.C. § 727(b)(4) and, accordingly, the holders of Allowed Tax Claims shall receive no distributions by virtue of such tax penalties and such tax penalties shall be deemed discharged.</p> <p>Estimated percentage recovery: 100%</p>
<p>Class 1: Any Allowed Secured Claim of Acadiana Railway Company, Inc. ("Acadiana").</p> <p>The total estimate of the Allowed Class 1 Claim is approximately \$0.00.</p> <p>Impaired. Entitled to vote.</p>	<p>Any Allowed Class 1 Claim shall be paid in Cash from the Lienholders' Reserve in accordance with orders of the Bankruptcy Court establishing the extent, priority and allowance of such Claims</p> <p>Estimated percentage recovery: Unknown due to pending litigation</p>
<p>Class 2: Allowed Secured Claim of Cervenka & Lukes Mortgage Corp.</p> <p>The total estimate of the Allowed Class 1 Claim is approximately \$1,503,500.00, plus interest and reasonable fees (capped at \$200,000), costs or charges provided for under the agreements, and allowed under 11 U.S.C. §506(b).</p>	<p>The Allowed Class 2 Claim shall be paid in Cash from the Lienholders' Reserve in accordance with orders of the Bankruptcy Court establishing the extent, priority and allowance of such Claims</p> <p>Estimated percentage recovery: Unknown due to pending litigation</p>

Impaired. Entitled to vote.	
Class 3: Any Allowed Secured Claim of Carr's Dirt Works and Pipeline Services, Inc. The total estimate of the Allowed Class 3 Claim is approximately \$0. Impaired. Entitled to vote.	Any Allowed Class 3 Claim shall be paid in Cash from the Lienholders' Reserve in accordance with orders of the Bankruptcy Court establishing the extent, priority and allowance of such Claims Estimated percentage recovery: Unknown due to pending litigation.
Class 4: Allowed Unsecured Claims. The total estimate of the Allowed Class 3 Claims is \$3,223,067.62. Impaired. Entitled to Vote.	The Holders of the Allowed Class 4 Claims shall receive a pro rata distribution, up to the Allowed amount of each Class 4 Claim, from the Liquidating Trust in accordance with the provisions governing distribution of funds from the liquidating trust. Estimated percentage recovery: 10-15%, but could be enhanced if avoidance and preservation claims in pending litigation are realized
Class 5: Equity Interests. Impaired. Presumed to Reject.	All Equity Interests in the Debtor shall be cancelled and new membership interests shall be issued by the Debtor and sold in accordance with procedures established by the Court. Estimated percentage recovery: 0%

III. GENERAL OVERVIEW AND BACKGROUND INFORMATION

A. BACKGROUND AND GENERAL INFORMATION

1. Overview and Background of the Debtor

Propco was formed in 2015 and is 100% owned by its parent company, Revolution Aluminum, LLC ("Aluminum"). Propco was managed by Roger Boggs ("Dr. Boggs"). Propco's sole asset is the Property it owns in Pineville, Louisiana. The Property is an industrial park and

the former site of a paper mill. There are commercial infrastructures on the property in addition to raw land and timber. Propco has no current business operations and has no employees.

The Property is located on the former site of the International Paper Company and is comprised of approximately 1,400 acres, 400 of which are developed and suitable for immediate use. The Property has a railroad track and immovable office building structures.

Propco purchased the Property in part with funds utilized from the entering into of multiple short-term loan commitments as well as traditional mortgage financing as the funds were meant to be on a short-term basis until “traditional” long term was obtained. The Debtor had been working with Bank of Montgomery and Southern Heritage Bank to obtain long term financing and satisfy the short-term loan commitments and mortgage in full when the involuntary was initiated.

This bankruptcy case was commenced by the filing of an involuntary petition under Title 11 of the United States Code by the creditors of the Debtor on September 15, 2016 (“Petition Date”) in the above captioned Chapter 11 bankruptcy proceeding. The Court entered an order for relief on February 1, 2017. The Court further directed the appointment of a chapter 11 trustee by the Office of the United States Trustee on September 25, 2017. The Office of the United States Trustee filed an application to confirm the appointment of Trustee on September 29, 2017, and the Bankruptcy Court approved such appointment on October 2, 2017. The appointment of the Trustee relieved the Debtor of its status as debtor-in-possession and since that time, Trustee has managed the Estate.

As a result of the commencement of the involuntary proceeding, the financial institutions who, it is believed, the Debtor hoped would provide long-term financing would not agree to fund. Although the Debtor was able to obtain various loan commitments (“Loan Commitments”) from

Thomas Tucker (“Tucker”), John M. Tudor and Bayou Engineering, LLC (“Bayou”)¹ in the hope of re-financing the Property and distributing the proceeds to the creditors of Propco, these Loan Commitments did not come to fruition since appraisals and additional information from the proposed lenders were needed which could not be obtained in the short time period required. The appraisals needed would have taken an estimated twelve weeks, insufficient for these proposed lenders to work within the confines previously ordered by the Court. Thus, none of the Loan Commitments were funded.

Additionally, the lenders claimed that they were not obligated to provide any funds under the Loan Commitments as the “obligation to fund the loan shall be conditioned...on other such conditions considered customary and appropriate by the lenders for this type of financing transaction”. The proposed lenders were seeking financing for the Loan Commitments made to the Debtor from Chase Bank (“Chase”). One of the conditions Chase imposed was obtaining appraisals and ultimately mortgages or security interests on certain assets that belonged to Tucker or Bayou, a condition that was not envisioned when the Loan Commitments were made. Finally, at the time the Loan Commitments were made, the parties did not realize the extent of time it would take to finalize any transaction with Chase. Although a *Motion for Sanctions Pursuant to this Court’s Inherent Powers and for Civil Contempt of Court Sanctions for Defiance of this Courts’ Order dated September 20, 2016* [Doc. 99] (the “Sanctions Motion”) was filed by the Petitioning Creditors seeking damages for the failure of the parties to make the loan commitments

¹ Of note, the Trustee points out that Bayou is a party to a lease agreement with the Debtor’s parent ostensibly allowing Bayou to lease a portion of the Debtor’s property for a \$1.00 per year rental rate. The Trustee further notes that Bayou may have received moneys or property valued at \$109,156.88 for services performed as identified in the Debtor’s response to Question 13 of the Statement of Financial Affairs filed in the record of this case at Doc. 178. A copy of the Schedules and Statements of Financial Affairs originally filed at Doc. 113 on March 1, 2017, and subsequently amended at Doc. 178 filed by the Debtor on March 31, 2017, is attached hereto, *in globo*, as Exhibit “C.”

among other allegations was filed, that matter was settled and an order dismissing the Sanctions Motion was entered on July 18, 2017 [Doc. 289].

2. Environmental Issues

The Property contains a solid waste disposal facility which requires a permit issued by the Louisiana Department of Environmental Quality for which the owner must obtain a bond. The Debtor provided a bond on January 29, 2016 but the fees associated with the bond are in arrears. The Trustee is working with the former trustee of the Solid Waste Standby Trust required by the Louisiana Department of Environmental Quality to reinstate such party as trustee for such trust. The Trustee expects to have such arrangements complete prior to confirmation.

3. Debtor's Corporate Structure

Propco is owned one hundred percent (100%) by Aluminum and was managed by Dr. Boggs, who also, to the knowledge of the Trustee, manages Aluminum. As will be discussed, the Estate may have potential claims against Aluminum which the Liquidating Trustee may seek to recover following Confirmation.

B. THE DEBTOR'S MANAGEMENT

Propco was managed by Dr. Boggs. Since the appointment of the Trustee, the Trustee has managed the affairs of the Debtor.

1. Director, Officer Compensation

There are no directors or officers compensated by Propco. The Trustee will receive compensation, as may be Allowed by the Court pursuant to the statutory requirements of 11 U.S.C. §326.

2. Insider Compensation

The Trustee has not employed any insiders.

3. Employee Compensation

The Estate has no employees

C. THE DEBTOR'S DEBT STRUCTURE

The following are the creditors of Propco:

*Disputed Secured Claim which was filed by Acadiana Railway Company, Inc. in the amount of \$1,360,678.83*². The Trustee values this Claim at \$0, but the Bankruptcy Court may approve an amount up to the face value of the Claim

Secured Claim of Cervenka & Lukes Mortgage Corp. - \$1,503,500.00, plus interest at the contractual rate and reasonable fees, costs or charges provided for under the agreement and which may be allowed under 11 U.S.C. §506(b).

*Disputed Claim which was filed as a Secured Claim by Carr's Dirt Works and Pipeline Services, Inc. in the amount of \$3,197,949.46*³. The Trustee values this claim at \$0, but the Bankruptcy Court may approve an amount up to the face value of the Claim.

Priority Tax Claims – \$0.00. A priority tax claim filed by Rapides Parish was disallowed by Order entered August 3, 2017.

General Unsecured Claims – The Debtor filed schedules and statements of financial affairs which list \$4,879,776.70 in secured claims and \$3,823,629 in undisputed unsecured claims. The Claims register shows that general unsecured claims in the amount of \$5,083,396.41 have been filed. The Trustee notes that claims deemed objectionable may be disputed prior to confirmation,

² Acadiana Railway Company, Inc. ("Acadiana") has filed proof of claim number 14 in the amount of \$1,360,678.83 which represents work performed, monthly switching fees, interest and attorney's fees. An objection has been filed [Doc. 224] to a portion of the claim and the extent of the validity of the lien.

³ Carr's Dirt Works and Pipeline Services, Inc. ("Carr's") has filed proof of claim number 1 in the amount of \$3,197,949.46 alleging it has a valid lien against the Property for work it performed under contract with another entity. The Estate disputed the validity of the lien and does not believe any portion of the Carr's claim will be deemed Allowed.

or the Liquidating Trust may object to claims after confirmation and a final reconciliation of amounts may not occur until all such objections have been resolved.⁴

The Trustee reserves the right to object to the Allowance of any and all claims asserted against the Estate and to whether and/or the extent to which any such Claims are secured by Valid Liens not subject to avoidance, and such preservation of rights shall inure to the benefit of the Liquidating Trust.

D. EVENTS LEADING TO THE CHAPTER 11 CASE

The Debtor sought investors to assist it in purchasing the Property and was unable to pay back the promissory notes and short-term loans within the previously agreed to time. The Debtor also sought to enter into contracts with railway companies and other parties for the storage of tanker cars on the Property. None of these potential contracts came to fruition though efforts were made to enter into contracts which would generate revenue for the Debtor. After an unsuccessful demand for payment, three creditors initiated an involuntary chapter 11 proceeding against Propco on September 15, 2016. Following months of attempts to resolve the case and have the involuntary dismissed, the Court entered an order for relief on February 1, 2017.

1. Historical Financial Information

As the Debtor has no business operations, it does not have any financial information to provide as it does not maintain balance sheets or profit and loss statements.⁵ Further, as the Plan proposes a reorganization for the entity, but essentially all claims attaching to a liquidating

⁴ The Trustee has identified at least one claim, Claim #16-1 filed by Carr's to which the Trustee intends to object as it appears it was untimely filed and furthermore, that any money loaned, if loaned at all, was given to the Debtor's parent, not the Debtor.

⁵ For performance post-petition, creditors and parties in interest may review the monthly operating reports filed in the record of this matter. The Trustee is in the process of preparing outstanding operating reports for performance of the Estate post-trustee appointment and will have such filed on or before the deadline for objecting to confirmation.

trust for the benefit of claimants, payment on claims is not dependent on the future operations of the Reorganized Debtor, but on the proceeds of the sale of the equity. Thus, a financial forecast is unnecessary.

E. SIGNIFICANT POST-PETITION EVENTS

Shortly after the commencement of the case, the Debtor entered into an agreed order⁶ whereupon it consented to the hiring of an investment banking firm or firms or other entity suitable to efficiently market the Debtor's real property and improvements thereon and/or its business for the highest and best offer obtainable under current market conditions if all of the deemed allowed claims of the Debtor's creditors have not been paid in full on or before May 1, 2017. Since that time, the Debtor and subsequently, the Trustee, have marketed the Property for sale. The Court approved the hiring of Beau Box Real Estate (the "Agent") to handle the marketing and sale of the Property. To date, the Agent has conducted site tours and collected relevant information from the Debtor, Louisiana Department of Environmental Quality ("LDEQ"), Louisiana Economic Development ("LED"), CLECO, Rapides Parish, and the City of Alexandria. The property information has been posted on LoopNet, a Louisiana Commercial Database, and the LED website. Information has also been provided to CLECO to use in their economic development activities. A comprehensive flyer of the Property has been created for the property to distribute to prospects. The Agent has also made cold calls to potential users or investors trying to create interest and field calls and emails from prospects. Finally, the Agent has been in continuous contact with officials from LED to be aware of any potential users of the site. The Agent has worked with the Trustee in an attempt to market the property and provide the Estate with

⁶ Doc. 146.

information regarding the merchantability of the Estate's immovable property asset. While a sale of real estate might be appropriate in other circumstances, the Trustee has concluded that, due to certain bonding requirements imposed by the LDEQ with regard to the Property, that a sale of equity interests in the Debtor would bring more value to the Estate than a simple property conveyance.

The Debtor hired an appraiser, Cook, Moore and Associates, to assist with a determination of the fair market value of the Property. The Estate has been provided with an appraisal conducted by Cook Moore Davenport & Associates, a reputable real estate appraisal firm, dated July 24, 2-017 which estimates the value of the Property through a "fee simple" conveyance at \$4,875,000.00. This appraisal is subject to a number of assumptions regarding the Property. Of note, the Louisiana Department of Environmental Quality has required the Debtor, upon purchase, to maintain a bond to cover performance of obligations owed to the LDEQ in the nominal amount of \$2,000,000.00. Any purchaser of the Property would need to obtain, in addition to the sale price, a bond for \$2,000,000.00. Combined these two assets form the basis of valuation for the sale of equity interests. Due to difficulties in an outright transfer of the bonding obligation to a third-party purchaser, the Trustee has determined to cancel old Equity Interests and issue new membership interests to a purchaser approved by the Bankruptcy Court in accordance with procedures to be established by the Bankruptcy Court. The new purchaser will own the equity in the Debtor, or Reorganized Debtor and thus, effectively own the property and the bond rights therein or thereto. Creditors, meanwhile, will receive the same benefits of a sale of property as well as monetization of the bond rights. It is the Trustee's belief that such a mechanism will provide for the same, actually better, resolution than an outright sale of the underlying immovable property, while maximizing the value of the Estate's assets.

1. Continuation of Business; Automatic Stay.

The Bankruptcy Court has certain supervisory powers over the Debtor's operations during the pendency of the Chapter 11 Case, including the power to approve any transactions that are outside the ordinary course of the Debtor's business. An immediate effect of the filing of a bankruptcy case is the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins any action to obtain possession of property of the estate or exercise control over property of the estate. This injunction will remain in effect until the Effective Date unless modified or lifted.

Although originally commenced against Propco involuntarily, the Chapter 11 case has benefited the creditors of the Debtor as the automatic stay has given the Estate a breathing spell, allowing the Estate to ascertain available avenues for which it can obtain funding to satisfy all or part of its Allowed Claims.

2. First Day Pleadings

Following the entry of the order for relief, Propco filed, among other pleadings, the following "first day pleadings" with the Bankruptcy Court:

- a. Application to Employ William E. Steffes and the law firm of Steffes, Vingiello & McKenzie, LLC as Attorneys for Debtor [Doc.75];
- b. Chapter 11 Supplemental Schedule [Doc. 81];
- c. *Ex Parte* Motion to Extend Deadline to File Schedules, Statements and/or Plan or Provide Required Information with Certificate of Service [Doc. 89]; and,
- d. *Ex Parte* Motion to Set Last Day to File Proof of Claim with Certificate of Service [Doc. 134]

3. Compliance with Bankruptcy Code, Bankruptcy Rules, Local Court Rules, and U.S. Trustee Deadlines.

On March 1, 2017, Propco filed its Statement of Financial Affairs, Schedules of Assets and Liabilities, and Schedules of Executory Contracts and Unexpired Leases [Doc. 113], as amended by Doc. 178 on March 31, 2017. Pursuant to section 341 of the Bankruptcy Code, a meeting of creditors for the Debtor was held and concluded on March 22, 2017. The Trustee anticipates filing all outstanding monthly operating reports for the Estate within two weeks of the date of the filing of this Disclosure Statement. The Trustee further anticipates that all outstanding quarterly fees will be paid on or before confirmation of the Plan.

IV. THE PLAN

The Trustee has proposed the Plan based on what she believes to be the best interests of the Estate. The Debtor, as noted above, does not operate but holds two illiquid assets – the immovable property and the bond rights covering the immovable property. Continued maintenance of the business going forward almost certainly would not result in a substantial (if at all) recovery to creditors. A sale of the assets and distribution of the proceeds, would be preferable. Due to the presence of the bond rights as a component asset of the Estate's patrimony, the mechanism to cancel old equity and sell new equity interests will allow the purchaser of such new equity to own the land and bond rights free and clear of liens claims and interests under the Plan (as lien rights and all other claims shall be transferred to the proceeds from such sale) as well as providing a path to monetize the bond rights. Such sale should provide for greater recovery to creditors of the estate in a much, more timely fashion than an extended marketing and sale process which may be complicated by the bond monetization issues. The Trustee believes that the classification and treatment of Claims and Interests provided for in the Plan are consistent with the requirements of the Bankruptcy Code. Under the Bankruptcy Code, holders of Allowed Claims against in the Estate that are Impaired and that receive distributions under the Plan are entitled to

vote on the Plan. A copy of the Plan accompanies this Disclosure Statement as Exhibit “A.” A summary of the classification and treatment of Claims and Interests under the Plan is set forth above in this Disclosure Statement.

A. VALUATION OF THE DEBTOR

Propco is a single asset real estate entity and its sole asset is the land, certain improvements, and infrastructure located at 300 Williams Lake Road in Pineville, Louisiana. The Property is subject to a mortgage in favor of Cervenka & Lukes Mortgage Corp (“Cervenka & Lukes”). Although Carr’s filed a privilege (lien) against the property in 2016, the Trustee has disputed whether Carr’s has a valid claim against the Estate, and whether Carr’s holds a valid lien right. The Carr’s claim is subject to an Adversary Proceeding bearing case number 17-8004 seeking to determine if any amount is owed by the Estate and the validity of any lien. Acadiana has also asserted a privilege (lien) in an unspecified portion of the Property and filed an adversary proceeding bearing case number 17-08009 (collectively, the “Adversary Proceedings”). The resolution of the Adversary Proceedings will determine how many creditors have a lien against the Property and the amount of any such liens. The Trustee has also disputed whether (i) Acadiana has a valid claim against the Estate in any amount or that, in the event the Court finds Acadiana does a claim against the Estate, whether (ii) such claim is secured.

B. TREATMENT OF UNCLASSIFIED CLAIMS UNDER THE PLAN

The Plan provides for the payment of Claims against the Estate, including the treatment of Unclassified Claims. The principal Priority Tax Claim known to the Trustee is the property taxes for year 2017 which will be due to Rapides Parish. The Estate is current on all other tax obligations. The principal Administrative Claims known to the Trustee include the fees and expenses of counsel to the Debtor, Steffes, Vingiello & McKenzie, LLC; the fees and expenses owed to the

Petitioning Creditors; the fees and expenses owed to counsel for the Official Committee of Unsecured Creditors, Gold, Weems, Brusser, Sues & Rundell, APLC, LLC; the fees owed to Stewart Robbins & Brown, LLC as counsel to the Trustee, the Trustee's fees, the fees for maintenance of the Bond, fees to Whitney Bank as trustee for the Solid Waste Facility Trust required by the LDEQ and, the estimation of quarterly fees due to the Office of the U.S. Trustee through closure of the case. It also includes the Gap Claims that may be owed by the Debtor.

C. MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

1. Effective Date.

The "Effective Date" of the Plan is the date on which the Plan shall take effect and is the day after which all of the following have occurred:

- (1) the Confirmation Order has been entered by the Bankruptcy Court;
- (2) the Confirmation Order has become a Final Order (this requirement may be waived by mutual agreement of the Debtor and the Purchaser);
- (3) the Sale has been approved by the Court; and,
- (4) the Liquidating Trust agreement has been executed and implemented.

2. Means to Implement the Plan.

The Trustee has filed or will file a motion with the Court seeking the approval of certain bidding procedures for the new membership interests to be created in accordance with the Plan. If the Plan is confirmed, the Trustee shall cause the Debtor to cancel all prior existing Equity Interests in the Debtor, and shall reissue new membership interests to such approved purchaser for cash. Presently, the Trustee has an offer from Beaver Lake Industrial Park, L.L.C. ("Beaver Lake") for a cash purchase of the newly issued membership units for the price of \$5,000,000.00, but such offer shall be subject to overbid in accordance with procedures established by the Bankruptcy

Court. The net cash remaining after payment of Agent commission and other costs of the sale as may be approved by the bankruptcy court shall be apportioned as provided above (80% to the Lienholders' Reserve and the remaining 20% to be used to pay general administrative, priority and unsecured claims in accordance with the terms of the Liquidating Trust Agreement. A copy of the Liquidating Trust Agreement is attached hereto as Exhibit "B." The Liquidating Trust shall have the power to litigate the Adversary Proceedings to judgment to establish the extent, priority and allowance of disputed lienholder claims, and shall distribute the funds held in the Lienholders' Reserve according to orders entered by the Bankruptcy Court. Further, the Liquidating Trust shall have the ability to use non-Lienholders' Reserve funds for payment of administrative, priority, and general unsecured claims in accordance with the Liquidating Trust Agreement.

D. OBJECTIONS TO CLAIMS/ADMINISTRATIVE CLAIMS/INTERESTS

1. Objections to Claims or Interests; Prosecution of Disputed Claims or Disputed Interests.

The Trustee and, after Confirmation, the Liquidating Trustee shall share the responsibility and authority for administering, disputing, objecting to, compromising and settling or otherwise resolving and finalizing Distributions (if any) with respect to all Claims.

2. Estimation of Disputed Claims.

The Trustee or the Liquidating Trustee, after Confirmation, may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor, the Estate, the Trustee or any other party in interest has previously objected to such Claim.

3. No Distribution on Account of Disputed Claims.

If a Claim or any portion of a Claim is disputed, no payment or Distribution shall be made on account of the disputed portion of such Claim (or the entire Claim, if the entire Claim is

disputed), unless such Disputed Claim or portion thereof becomes an Allowed Claim. The Trustee has not yet conducted a comprehensive review of claims filed to determine whether such claims are objectionable. The Trustee notes that the Debtor, prior to the appointment of Trustee, objected to certain claims and certain orders may have been entered with regard to such objections.

E. CLAIMS AGAINST OTHERS AND LITIGATION

Except as set forth in the Plan, the Estate, acting through a duly appointed Liquidating Trustee as defined further herein, shall retain the authority to and may enforce all Bankruptcy Causes of Action. Unless otherwise provided herein, such Claims and Bankruptcy Causes of Action of the Estate against third parties may be used by the Estate, to offset any payment due to such Entity under the Plan.

As of the date of the Plan, the Debtor believes that it has valid Avoidance Actions against Bayou Engineering Company, to avoid and annul a lease of property of the Debtor dated as of April 1, 2016 for inadequate consideration. Bayou has indicated to the Trustee that it will voluntarily cancel the lease if Beaver Lake is not the approved purchaser under the bidding procedures to be established by the Bankruptcy Court. The Trustee believes the Estate has reasonable cause to dispute the validity of Acadiana and Carr's, Liens. The Estate may also have Causes of Action against its parent company, Aluminum, for certain avoidable transfers and fraudulent conveyances in addition to a potential action to determine whether or not Aluminum is liable with the Debtor for certain Allowed Claims as a single business enterprise. If Avoidance Actions against those entities have not been commenced prior to Confirmation of the Plan, such causes of action shall be reserved and preserved and shall be brought after Confirmation. Furthermore, any and all other Avoidance Actions or Causes of Action of any kind and nature

belonging to the Debtor or to its Estate not commenced prior to Confirmation of the Plan shall be reserved and preserved and may be brought after Confirmation.

At this point, due to the speculative nature of litigation, and potential for recovery as a result of litigation, it is not possible to state with certainty a projected realization from such Avoidance Actions, especially against the parent company of the Debtor. However, the Trustee notes that with regard to actions to avoid liens held by Acadiana and Carr's, along with the pending lien ranking proceedings, the Estate (or Liquidating Trust) could realize significant benefits from success in such litigation.

For instance, the three competing lienholders assert claims approximately as follows: Cervenka & Lukes --\$1.75MM (with fees and costs), Acadiana -- \$1.36MM, and Carr's -- \$3.20MM. The total aggregate amount of these claims exceeds the initial amount to be obtained by the Lienholders' Reserve. However, if (and the following is purely an example) the Bankruptcy Court were to rank the priority of liens as (1) Cervenka & Lukes, (2) Acadiana, and (3) Carr's, and the Estate or Liquidating Trust was successful in avoiding the Acadiana lien but unsuccessful in avoiding the Carr's lien, then the first \$1.75MM of the Lienholders' Reserve would be paid to Cervenka & Lukes, but the Estate or Liquidating Trust would step in to the Acadiana position and receive the next \$1.36MM from the Lienholder's Reserve (a significant boost to proceeds available for general Liquidating Trust purposes including distributions to other Claim holders), with Carr's receiving the remaining funds of the Lienholders' Reserve. Correlatively, under the same ranking structure, if the Estate or Liquidating Trust were successful in avoiding both the Acadiana and Carr's lien positions and preserving those for the benefit of the Estate or Liquidating Trust under 11 U.S.C. § 550, then after payment of the Cervenka & Lukes position, the Estate would receive the remaining \$2MM plus in proceeds from the Lienholder's Reserve. Furthermore, if the

Bankruptcy Court were to issue a judgment holding a different lien priority and the Estate or Liquidating Trust had success avoiding one or more liens, the recoveries could differ. At this point, these are merely hypothetical outcomes, and the Trustee at this point cannot state with any degree of certainty what ranking the Bankruptcy Court will give to the challenged liens or whether the Bankruptcy Court will agree that any such liens can be avoided. Nonetheless, from the above examples, it is quite apparent that an avoidance of one or more liens could have a significant impact on distributable funds possessed by the Liquidating Trust.

The Liquidating Trust shall be empowered to handle and resolve all Causes of Action, Objections to Claims, and distribution of funds derived from the sale of the new membership interests.

F. EXECUTION OF DOCUMENTS AND CORPORATE ACTION

The Plan shall provide that the Trustee is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and to take such actions as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of the Plan.

G. POST-CONFIRMATION MANAGEMENT

Post-confirmation, the Debtor shall be managed by the person or persons as designated by the purchaser of the new equity interests, and shall operate as the Reorganized Debtor. It is anticipated that if Beaver Lake is the approved purchaser, that Thomas Tucker will manage the Reorganized Debtor. However, until the Bankruptcy Court approves the purchaser, management of the Reorganized Debtor shall not be known. But given that the plan will effectuate a transfer of all liens, claims and interests in, to and upon the Estate to the Liquidating Trustee, and payment of any claims will not be dependent upon the Reorganized Debtor, the Trustee believes that

identification of future management is unnecessary to form a reasoned opinion on the terms and conditions of the Plan.

**V. TREATMENT OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES**

A. ASSUMPTION

Except for the Bond, and any executory contract or unexpired lease that has otherwise been assigned or assumed or renegotiated and either assumed or rejected on renegotiated terms, pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, all executory contracts and unexpired leases between the Debtor or the Estate and any Person, shall be rejected pursuant to section 365(a) of the Bankruptcy Code as of the Effective Date. Entry of the Confirmation Order shall constitute approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of executory contracts and unexpired leases and for the rejection provided for herein.

B. REJECTION

On the Effective Date, unless the counter-party to such assumed lease or executory contract agrees to a less favorable treatment, the Estate or Liquidating Trust (a) shall cure or provide adequate assurance that it shall cure any and all undisputed defaults under any Assumed Contract, and (b) compensate or provide adequate assurance that it shall promptly compensate the other parties to such executory contract or unexpired lease for the agreed amount of any actual pecuniary loss to such party resulting from such undisputed default in accordance with section 365(b) (1) of the Bankruptcy Code. In the event that the Estate or Liquidating Trust disputes the existence of a default, or the nature, extent or amount of any required cure, adequate assurance or compensation, the obligations of the Debtor or the Estate, under section 365(b) of the Bankruptcy Code, shall be determined at the Confirmation Hearing or at any other hearing ordered by the Bankruptcy Court, and any such obligations shall be performed by the Estate or Liquidating Trust within thirty (30)

days after the Effective Date unless otherwise provided in the Confirmation Order or by other order of the Bankruptcy Court. **THE TRUSTEE ALLEGES THAT THERE ARE NO “CURE” REQUIREMENTS DUE TO ANY OTHER PARTY TO AN ASSUMED CONTRACT**, other than the Bond, to the extent it is an executory contract subject to assumption, which has a cure amount of \$41,146.00. **The Debtor and Acadiana entered into an executory contract on December 13, 2016 (the “Acadiana Contract”) which terminates by its own terms in the event Propco enters into bankruptcy proceedings. To the extent the Acadiana Contract is not terminated by its own terms, the Estate expressly rejects the Acadiana Contract.**

If the rejection of an executory contract or unexpired lease by the Debtor (pursuant to the Plan or otherwise) results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtor, the Estate, the Liquidating Trust, and/or the Reorganized Debtor unless a Proof of Claim is filed and served upon counsel for the Trustee or Liquidating Trustee no later than (i) the date on which an order previously rejecting the claim provided, or (ii) thirty (30) days after the earlier of (a) entry of the Confirmation Order, or (b) entry of an order approving such rejection and providing for a date in which the Proof of Claim must be filed. Unless otherwise ordered by the Bankruptcy Court, all Claims arising from the rejection of executory contracts and unexpired leases shall be treated, to the extent they are Allowed Claims, as an Allowed Class 4 Claim.

C. CURE PAYMENTS, COMPENSATION FOR PECUNIARY LOSS, AND ADEQUATE ASSURANCE

On the Effective Date, the Estate or Liquidating Trust shall cure or provide adequate assurance that it shall cure any and all undisputed defaults under any Assumed Contract, and (b) compensate or provide adequate assurance that it shall promptly compensate the other parties

to such executory contract or unexpired lease for the agreed amount of any actual pecuniary loss to such party resulting from such undisputed default in accordance with section 365(b)(1) of the Bankruptcy Code. In the event that the Debtor disputes the existence of a default, or the nature, extent or amount of any required cure, adequate assurance or compensation, the obligations of the Debtor under section 365(b) of the Bankruptcy Code shall be determined at the Confirmation Hearing or at any other hearing ordered by the Bankruptcy Court, and any such obligations shall be performed by the Debtor within thirty (30) days after the Effective Date unless otherwise provided in the Confirmation Order or by other order of the Bankruptcy Court. The Trustee asserts that the Bond has a cure amount of \$41,146.00. **The Trustee is not aware of any other cure payments or adequate assurance payments it will owe on the Effective Date as it remains current on its executory contract obligations.**

VI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

A. INTRODUCTION

THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN OF THE SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO THE DEBTOR AND TO HOLDERS OF CLAIMS AND EQUITY INTERESTS AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986 (TITLE 26, UNITED STATES CODE), AS AMENDED TO THE DATE HEREOF (THE "TAX CODE"), TREASURY REGULATIONS PROMULGATED AND PROPOSED THEREUNDER, JUDICIAL DECISIONS AND PUBLISHED ADMINISTRATIVE RULES AND PRONOUNCEMENTS OF THE IRS AS IN EFFECT ON THE DATE HEREOF. CHANGES IN SUCH RULES OR NEW INTERPRETATIONS THEREOF COULD SIGNIFICANTLY AFFECT THE TAX CONSEQUENCES DESCRIBED BELOW. NO RULINGS HAVE BEEN REQUESTED FROM

THE IRS. MOREOVER, NO LEGAL OPINIONS HAVE BEEN REQUESTED FROM COUNSEL WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN.

THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN TO THE HOLDERS OF CLAIMS AND EQUITY INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. IN ADDITION, THIS DISCUSSION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTOR OR THE HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS (SUCH AS HOLDERS WHO DO NOT ACQUIRE THEIR CLAIM ON ORIGINAL ISSUE), NOR DOES THE DISCUSSION DEAL WITH TAX ISSUES PECULIAR TO CERTAIN TYPES OF TAXPAYERS (SUCH AS DEALERS IN SECURITIES, S CORPORATIONS, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX-EXEMPT ORGANIZATIONS AND FOREIGN TAXPAYERS). NO ASPECT OF FOREIGN, STATE, LOCAL OR ESTATE AND GIFT TAXATION IS ADDRESSED.

THE FOLLOWING SUMMARY IS, THEREFORE, NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR EQUITY INTEREST. HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES PECULIAR TO THEM UNDER THE PLAN. THE DEBTOR ASSUME NO RESPONSIBILITY FOR THE TAX EFFECT THAT CONFIRMATION AND RECEIPT OF ANY DISTRIBUTION UNDER THE PLAN MAY HAVE ON ANY GIVEN CREDITOR OR OTHER PARTY IN INTEREST.

B. CONSEQUENCES TO HOLDERS OF CLAIMS

1. Realization and Recognition of Gain or Loss in General

The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder's Claim becomes an Allowed Claim, when the holder receives payment in respect of such Claim, whether the holder reports income using the accrual or cash method of accounting, whether the holder has taken a bad debt deduction or worthless security deduction with respect to such Claim, and whether the holder's Claim constitutes a "security" for federal income tax purposes.

Generally, a holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Allowed Claim for stock and other property (such as Cash and new debt instruments), in an amount equal to the difference between (i) the sum of the amount of any Cash and the issue price of any debt instrument, (other than any consideration attributable to a Claim for accrued but unpaid interest), and (ii) the adjusted basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). The treatment of accrued but unpaid interest and amounts allocable thereto varies depending on the nature of the holder's Claim and is discussed below.

Whether or not such realized gain or loss will be recognized (i.e., taken into account) for federal income tax purposes will depend in part upon whether such exchange qualifies as a recapitalization or other "reorganization" as defined in the Tax Code, which may in turn depend upon whether the Claim exchanged is classified as a "security" for federal income tax purposes. The term "security" is not defined in the Tax Code or in the Treasury Regulations. One of the most significant factors considered in determining whether a particular debt instrument is a security is the original term thereof. In general, the longer the term of an instrument, the greater the likelihood

that it will be considered a security. As a general rule, a debt instrument having an original term of 10 years or more will be classified as a security, and a debt instrument having an original term of fewer than five years will not. Debt instruments having a term of at least five years but less than 10 years are likely to be treated as securities, but may not be, depending upon their resemblance to ordinary promissory notes, whether they are publicly traded, whether the instruments are secured, the financial condition of the debtor at the time the debt instruments are issued, and other factors. Each holder of an Allowed Claim should consult his or her own tax advisor to determine whether his or her Allowed Claim constitutes a security for federal income tax purposes.

C. CONSEQUENCES TO DEBTOR

1. Discharge-of-Indebtedness Income Generally

The Debtor, as limited liability company, neither pays nor reports income tax—its revenues and expenses and other taxable transactions and events and taxable income generated thereby, if any, are reported on the return filed by its owner[s] each year.

VII. LIQUIDATION ANALYSIS UNDER CHAPTER 7

A. LIQUIDATION UNDER CHAPTER 7.

1. Generally

The Local Rules of this Court require that this Disclosure Statement contain an analysis of the projected effect of liquidation of the Debtor under Chapter 7 of the bankruptcy code so that creditors can analyze the Plan treatment against recovery that might occur upon liquidation. In a Chapter 7 case, a trustee would be elected or appointed to liquidate the Debtor's assets. The proceeds of the liquidation, augmented by the Debtor's cash and any recoveries from third parties, would be distributed to the respective holders of Claims in accordance with the priorities established by the Bankruptcy Code. The trustee also would be entitled to compensation

representing a statutorily fixed portion of the distributions made to Creditors. As discussed above and in the following paragraphs, the Trustee believes that the proceeds received by the Estate pursuant to a bankruptcy trustee's liquidation sale of the Estate's assets will result in significantly less recovery to creditors than provided for in the Plan.

2. LIQUIDATION ANALYSIS

The Trustee has considered liquidation in the context of a chapter 7 proceeding. In a chapter 7 liquidation, the trustee would also have to pay the Trustee Fees and commission as well as the Professionals hired in the chapter 7 Proceeding. The Trustee believes the property is worth approximately \$4 million dollars. As such, the validity and amounts of liens subject to the Adversary Proceedings filed against Carr's and by Acadiana will determine whether or not there will be funds available to pay to unsecured creditors. Based upon an estimated value of \$4 million dollars, the Debtor believes that a Chapter 7 liquidation would result in more fees and commissions being paid and less money would be available for distribution to general unsecured claimants than would be available in a Chapter 11 case. Moreover the mechanism of the sale of the new equity interests provides an avenue to monetize the value of the bond rights attaching to the land, thus freeing up cash to pay claims outside of the immovable property lienholder claims. Furthermore, in a chapter 7 proceeding the Estate would have the additional expense of the commission of the trustee in addition to further professional fees.

As evidenced by the above liquidation analysis, the Trustee believes that the creditors of the Estate will receive at least as much if not more on account of their claims under the terms of the Plan than they would in a Chapter 7 case.

VIII. CONFIRMATION PROCEDURE

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

A. VOTING AND OTHER PROCEDURES

A Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims that are entitled to vote to accept or reject the Plan. Each holder of a Claim or Interest in Classes 1, 3, 4 and 5 shall be entitled to vote to accept or reject the Plan. Pursuant to the provisions of the Bankruptcy Code, only holders of claims or interests in classes that are impaired under the terms and provisions of a Chapter 11 plan and are to receive distributions thereunder are entitled to vote to accept or reject the plan. Classes of claims or interests in which the holders of claims and interests will not receive or retain any property under a Chapter 11 plan are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan. Classes of claims or interests in which the holders of claims or interests are unimpaired under a Chapter 11 plan are deemed to have accepted the plan and also are not entitled to vote to accept or reject the plan.

The Bankruptcy Code defines “acceptance” of a plan by a class of: (i) Claims, as acceptance by creditors actually voting in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims; and (ii) Interests, as acceptance by interest holders in that class actually voting that hold at least two-thirds in number of ownership shares of the common stock of a debtor.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or otherwise in accordance with the provisions of the Bankruptcy Code.

With respect to the Plan, any holder of a Claim in an Impaired Class (i) whose Claim has been listed by either Debtor in the Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated), or (ii) who filed a proof of

claim on or before the applicable bar date (or, if not filed by such date, any proof of claim filed within any other applicable period of limitations or with leave of the Bankruptcy Court), which Claim has not been disallowed and is not the subject of an objection, is entitled to vote. Holders of Claims that are disputed, contingent and/or unliquidated are entitled to vote their Claims only to the extent that such Claims are Allowed for the purpose of voting pursuant to an order of the Bankruptcy Court. The Trustee may seek a determination that any Class of Claims that is entitled to vote to accept or reject the Plan that does not vote to accept or reject the Plan be deemed to accept the Plan, as applicable.

After carefully reviewing this Disclosure Statement, including any exhibits, each holder of an Allowed Claim or Equity Interest entitled to vote may vote whether to accept or reject the Plan. A Ballot for voting on the Plan accompanies this Disclosure Statement. If you hold a Claim or Equity Interest in more than one Class and you are entitled to vote Claims in more than one Class, you may receive a Ballot or Ballots, which will permit you to vote in all appropriate Classes of Claims. Please vote and return your Ballot to Stewart Robbins & Brown, LLC as follows, whether by U.S. Mail, or by hand delivery or courier service:

Stewart Robbins & Brown, LLC
Attention: P. Douglas Stewart, Jr.
301 Main St., Ste. 1640
Baton Rouge, Louisiana 70801

ANY EXECUTED BALLOT THAT FAILS TO INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED. BALLOTS RETURNED TO STEWART ROBBINS & BROWN, LLC BY FACSIMILE TRANSMISSION OR ANY OTHER ELECTRONIC MEANS WILL NOT BE COUNTED.

APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS

OF THE PLAN. ALL CREDITORS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

If you are entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact P. Douglas Stewart, Jr. at the following telephone number: (225) 231-9998 or email address: dstewart@stewartrobins.com.

B. DISCLAIMERS AND ENDORSEMENTS

This Disclosure Statement contains information about the Plan. Holders of Claims and Interests are urged to study the text of the Plan carefully to determine the impact of the Plan on their Claims or Interests and to consult with their financial, tax and legal advisors.

Nothing contained in this Disclosure Statement or the Plan will be deemed an admission or statement against interest(s) that can be used against the Debtor, the Estate, the Liquidating Trust, or the Reorganized Debtor in any pending or future litigation. Any reference to creditors or Claims or Interests in this Disclosure Statement is not an admission with respect to the existence, ownership, validity, priority, or extent of any alleged Lien, Claim, Equity Interest or encumbrance.

Certain statements and assertions in this Disclosure Statement may be subject to dispute by parties in interest.

C. THE CONFIRMATION HEARING

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing with respect to the Plan. The Confirmation Hearing in respect to the Plan has been scheduled for the date and time set forth in the accompanying notice before the Honorable John W. Kolwe, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Western

District of Louisiana, on June 20, 2018, at 9:30 CDT. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice other than an announcement of the adjourned date made at the Confirmation Hearing or posted at the courthouse at the Confirmation Hearing or at an adjournment thereof. Any objection to confirmation (i) must be made in writing, (ii) must specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or a description of the interest in the Debtor held by the objector, and (iii) must be timely made. Any such objections must be filed with the Bankruptcy Court and served so that they are received by the Bankruptcy Court, and the following counsel, on or before the date and time set forth in the accompanying notice:

Counsel to the Trustee:

Stewart Robbins & Brown, LLC
P. Douglas Stewart, Jr.
301 Main St., Ste. 1640
Baton Rouge, Louisiana 70801
Telephone: (225) 231-9998

D. CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan if the requirements of Section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all Impaired Classes of Claims or, if rejected by an Impaired Class, that the plan “does not discriminate unfairly” and is “fair and equitable” as to such Class, (ii) feasible, and (iii) in the “best interests” of creditors that are Impaired under the Plan.

E. UNFAIR DISCRIMINATION AND FAIR AND EQUITABLE TESTS

Under the Bankruptcy Code, a plan does not have to be accepted by every class of creditors or interest holders to be confirmed. If a class of claims or interests rejects a plan or is deemed to

reject a plan, the plan proponent has the right to request confirmation of the plan pursuant to Section 1129(b) of the Bankruptcy Code, the so-called “cram down” provision of the Bankruptcy Code. Section 1129(b) permits the confirmation of a plan notwithstanding the non-acceptance of such plan by one or more impaired classes of claims and interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each non-accepting class, and meets the other legal criteria for confirmation.

In the event that any Class of Claims or Interests fails to accept the Plan in accordance with section 1129(a)(8) of the Bankruptcy Code, the Trustee requests that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

Accordingly, to obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan does not “discriminate unfairly” and is “fair and equitable” with respect to each Impaired, non-accepting Class. The Bankruptcy Code provides a nonexclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cram down” tests for Classes of Secured Claims, Unsecured Claims and Interests that do not accept the plan, as follows:

1. Secured Creditors

Either (a) each Impaired class of secured creditor(s) retains the Liens securing its Secured Claim and receives on account of its Secured Claim deferred cash payments (x) totaling at least the Allowed Amount of the Secured Claim and (y) having a present value at least equal to the value of the secured creditor’s collateral, (b) each Impaired secured creditor realizes the “indubitable equivalent” of its Allowed Secured Claim, or (c) the property securing the Claim is sold free and clear of Liens with the secured creditor’s Lien to attach to the proceeds of the sale and such Lien is treated in accordance with clause (a) or (b) of this subparagraph. As to the three

potential secured Claims in Classes 1, 2, and 3, the Plan meets the requirement under subsection (c) above.

2. Unsecured Creditors

Either (a) each Class of Impaired unsecured creditors receives or retains under the plan property of a value equal to the amount of its Allowed Claim, or (b) the holders of Claims and Interests that are junior to the Claims of the dissenting Class will not receive any property under the plan, and the “best interest” test is met so that each Impaired unsecured creditor recovers at least what that creditor would receive if the case was converted to a chapter 7 case.

3. Holders of Interests

Either (a) a holder of Impaired Interests receives or retains under the plan property of a value equal to the greatest of the Allowed Amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest, or (b) no holder of junior interests receives or retains any property, and the “best interest” test is met, so that each Impaired Equity Interest holder recovers at least what that Equity Interest holder would receive if the case was converted to a chapter 7 case.

4. No Unfair Discrimination

In addition, the “cram down” standards of the Bankruptcy Code prohibit “unfair discrimination” with respect to the claims of any impaired, non-accepting class. While the “unfair discrimination” determination depends upon the particular facts of a case and the nature of the claims at issue, in general, courts have interpreted the standard to mean that the impaired, non-accepting class must receive treatment under a plan of reorganization which allocates value to such class in a manner that is consistent with the treatment given to other classes with claims against the debtor of equal or junior status.

All Classes of creditors may receive distributions under the Plan; thus, no Class of creditors is conclusively presumed to have rejected the Plan. The Debtor believes that the treatment of all Classes of Claims and Interests under the Plan satisfies the “no unfair discrimination” requirement for nonconsensual confirmation of the Plan under section 1129(b) of the Bankruptcy Code.

With respect to any Impaired, non-accepting Class, if any, there is no Class of equal priority receiving more favorable treatment under the Plan, and no Class that is junior to such Impaired, non-accepting Class that will receive or retain any property under the Plan on account of the Claims or Interests in such Class.

F. FEASIBILITY

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless the liquidation of the Debtor is provided for in the plan. Here, the Trustee is proposing to liquidate the assets of the Estate through the plan, although, the Debtor will continue to exist as the Reorganized Debtor. The liquidation is proposed in the plan.

G. BEST INTEREST TEST

In order to confirm a plan of reorganization, the Bankruptcy Court must determine that the plan is in the best interests of all classes of creditors and equity security holders impaired under that plan. The "best interest" test requires that the Bankruptcy Court find that the plan provides to each member of each impaired class of claims and interests (unless each such member has accepted the plan) a recovery which has a value at least equal to the value of the distribution that each creditor or interest holder would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code.

As reflected in the discussion above, and as demonstrated in the liquidation analysis contained in this Disclosure Statement, the Debtor believes that the Plan provides to each holder of a Claim and Interest holder a value at least equal to the value of the distribution that each holder would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

H. CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN (AND ANY DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE), BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND THE IMPLEMENTATION OF THE PLAN.

The major risk factor is that the approved purchaser fails to close the purchase of the new membership interests and the plan does not become effective.

The Estate and/or Liquidating Trust may be unsuccessful in avoiding either the Acadiana, Cervenka & Lukes, and/or Carr's lien positions, which would not provide additional recovery for the estate.

I. CERTAIN BANKRUPTCY CONSIDERATIONS

1. Risk of Liquidation of the Debtor's Estate

The plan proposes a liquidation of the assets of the Estate, with all claims attaching to the proceeds as provided in the Plan. Future operations of the Reorganized Debtor are not of consequence to holders of Claims.

2. Risk of Non-Occurrence of the Effective Date

The occurrence of the Effective Date in the Plan is conditioned upon the happening of certain events. There can be no assurance that all of these events will occur or that those that do not occur will be waived. Accordingly, even if the Plan is confirmed, there can be no assurance that the Effective Date will occur.

IX. CONCLUSION AND RECOMMENDATION

The Trustee believes that confirmation and implementation of the Plan is preferable to any alternative. In addition, any other alternative would involve significant delay and substantial additional administrative costs. The Trustee urges holders of Impaired Claims to vote in favor of the Plan.

Dated: April 11, 2018

Respectfully submitted:

Chapter 11 Trustee

By: /s/ Lucy G. Sikes

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