

**UNITED STATES BANKRUPTCY COURT FOR THE
EASTERN DISTRICT OF PENNSYLVANIA**

IN RE:	:
	:
	: CHAPTER 11
MIRARCHI BROTHERS, INC.,	:
	: BANKRUPTCY NO. 16-12534-JKF
	:
Debtor.	:
	:

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY
CODE DESCRIBING THE THIRD AMENDED PLAN OF REORGANIZATION
PROPOSED BY MIRARCHI BROTHERS, INC.
THE DEBTOR AND DEBTOR-IN-POSSESSION**

**PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE
STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR
DECISION TO ACCEPT OR REJECT THIS PLAN OF REORGANIZATION. THE
DEBTOR BELIEVES THAT THIS PLAN OF REORGANIZATION IS IN THE BEST
INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE.
THE DEBTOR URGES THAT THE VOTER ACCEPT THIS PLAN.**

Dated: October 12, 2018

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I. INTRODUCTION

On April 8, 2016 (the “Filing Date”), Mirarchi Brothers, Inc. (the “Debtor”), commenced this bankruptcy case by filing a voluntary petition under chapter 11 of title of the United States Code, 11 U.S.C. § 101 et seq., as amended (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “Bankruptcy Court”) designated Case No.16-12534 (the “Case”). Since the Filing Date, the Debtor has continued in the operation of its business as a Debtor-in-possession pursuant to §§1107(a) and 1108 of the Bankruptcy Code. Debtor provides this disclosure statement (the “Disclosure Statement”) to all of its known Creditors and Interest Holders pursuant to Section 1125 of the Bankruptcy Code in connection with the Debtor’s Third Amended Plan of Reorganization (the “Plan”). The purpose of the Disclosure Statement is to provide Debtor’s creditors with such information as may be deemed material, important and necessary in order to make a reasonably informed decision in exercising the right to vote on the Plan. The capitalized items used in this Disclosure Statement, if not defined herein, shall have the same meaning as indicated in the Plan.

NO REPRESENTATION CONCERNING THE DEBTOR-IN-POSSESSION (INCLUDING THOSE RELATING TO FUTURE OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY, OR CREDITORS AND OTHER CLAIMS) INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED.

A. Purpose of this Document.

This Disclosure Statement summarizes what is in the Plan and tells you certain information relating to the Plan by describing the process that the Bankruptcy Court follows in determining whether or not to confirm the Plan.

**READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO
KNOW ABOUT:**

- (1) WHO CAN VOTE OR OBJECT;**
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (i.e., what your Claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION;**
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY;**
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN;**
- (5) THE EFFECT OF CONFIRMATION; AND**
- (6) THE FEASIBILITY OF THE PLAN.**

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own attorney to obtain more specific advice on how this Plan will affect you and what is the best course of action for you. Be sure to read the Plan as well as the Disclosure Statement. Capitalized terms not otherwise defined in this Disclosure Statement shall have the meaning ascribed to them in the Plan. The Plan is the legally operative document regarding the treatment of Claims and Interests and the terms and conditions of the Debtor's reorganization. Accordingly, to the extent that there are any inconsistencies between the Plan and Disclosure Statement, the Plan provisions govern.

Bankruptcy Code section 1125 requires a disclosure statement to contain "adequate information" concerning the Plan. The term "adequate information" is defined in Bankruptcy

Code section 1125(a) as information of a kind, and in sufficient detail, about a debtor and its operations that would enable a hypothetical reasonable investor typical of holders of claims or interests of the debtor to make an informed judgment about accepting or rejecting the plan. The Bankruptcy Court has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code section 1124.

This Disclosure Statement is provided to each Creditor whose Claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor and to each interest holder of record as of the date of approval of this Disclosure Statement. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, a Debtor is permitted to reorganize its business affairs for its own benefit and that of its creditors and interest holders. The objective of a Chapter 11 case is the formulation of a plan of reorganization of the Debtor and its affairs. Creditors are given an opportunity to vote on any proposed plan, and the plan must be confirmed by the Bankruptcy Court to be valid and binding on all parties. After confirmation, all Claims against the Debtor which arose before the Chapter 11 proceeding was initiated are extinguished unless specifically preserved in the Plan.

C. Disclaimers

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY

BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PLAN OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND THE STATEMENTS AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF PLAN PROPONENT.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED BY THE PLAN PROPONENT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

CERTAIN OF THE INFORMATION PROVIDED, BY ITS NATURE, IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY. PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.

II. VOTING PROCEDURE

On October 16, 2018, the Bankruptcy Court held a hearing to review the adequacy of this Disclosure Statement and subsequently entered an Order determining that these documents contain “adequate information” such that creditors can meaningfully evaluate the Plan. Only after

creditors have had an opportunity to vote on the Plan will the Court consider the Plan and determine whether it should be approved or confirmed.

All creditors entitled to vote on the Plan may cast its vote for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be received by Debtor's counsel as indicated on the Ballot Form. If you are the holder of an Unimpaired Claim you will not receive a Ballot because under the Bankruptcy Code holders of Unimpaired Claims are presumed to be in favor of the Plan. Creditors entitled to vote on the Plan must complete their Ballot and return it to the following address in the enclosed envelope:

ALBERT A. CIARDI, III, ESQUIRE
DANIEL S. SIEDMAN, ESQUIRE
Ciardi Ciardi & Astin
One Commerce Square
2005 Market Street, Suite 3500
Philadelphia, PA 19103

BALLOTS MUST BE RECEIVED ON OR BEFORE **5:00 P.M. ON _____**,
2018 TO BE COUNTED IN THE VOTING. BALLOTS RECEIVED AFTER THIS TIME WILL
NOT BE COUNTED IN THE VOTING UNLESS THE COURT SO ORDERS. THE DEBTOR
RECOMMENDS CREDITORS VOTE "FOR ACCEPTANCE" OF THE PLAN.

A. Persons Entitled to Vote on Plan

Only the votes of classes of Claimants and Interest holders which are impaired by the Plan are counted in connection with confirmation of the Plan. Generally, and subject to the specific provisions of Section 1124 of the Bankruptcy Code, this includes creditors who, under the Plan, will receive less than payment in full of its Claims.

In determining the acceptance of the Plan, a vote will only be counted if submitted by a creditor whose claim is duly scheduled by either of the Debtor as undisputed, non-contingent and unliquidated, or who has timely filed with the Court a proof of claim which has not been objected to or disallowed prior to computation of the votes on the Plan. The Ballot Form does not constitute a proof of claim. If you are in any way uncertain if your Claim has been correctly scheduled, you may check the Debtor's Schedules which are on file in the Bankruptcy Court, but it is suggested that you file a proof of claim. The Clerk of the Bankruptcy Court will not provide this information by telephone.

B. Hearing on Confirmation

The Bankruptcy Court will set a hearing to determine whether the Plan has been accepted by the requisite number of Creditors and whether the other requirements for confirmation of the Plan have been satisfied. Each Creditor will receive, either with this Disclosure Statement or separately, the Bankruptcy Court's Notice of Hearing on Confirmation of the Plan.

C. Acceptances Necessary to Confirm Plan

At the scheduled confirmation hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each Impaired Class. Pursuant to Section 1126 of the Bankruptcy Code, an Impaired Class is deemed to have accepted the Plan if at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of class members who have voted to accept or reject the Plan have voted for acceptance of the Plan. Further, unless there is acceptance of the Plan by all members of an impaired class, the Bankruptcy Court must also determine that under the Plan class members will receive property of a value, as of the Effective Date of the Plan,

that is not less than the amount that such class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

D. Confirmation of the Plan without the Necessary Acceptances

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Bankruptcy Court finds that the Plan, (1) does not discriminate unfairly against such class or classes, (2) such class or classes will receive or retain under the Plan not less than the amount the Claimant would receive if the Debtor were liquidated under Chapter 7; and (3) is fair and equitable as to such class or classes as set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that, among other things, the Claimants must either receive the full value of its Claims or, if they receive less, no class with junior priority may receive anything. If the class of Unsecured Claims does not accept the Plan and the Plan does not propose to pay the class its Allowed Claims in full, no junior class may retain its equity interest, unless the shareholders contribute new money related to its participation in equity. In short, this provision provides that creditors are entitled to priority over stock holders against the property of an insolvent corporation, to the extent of its debts. The stockholder's interest in the property is subordinate to the rights of the creditors; first of secured and then of unsecured creditors. The Debtor may, at its option, choose to rely upon this provision to seek confirmation of the Plan if it is not accepted by an impaired class or classes of Creditors.

III. BACKGROUND OF THE DEBTOR

A. Debtor's Business

The Debtor is an electrical contractor company located in Bensalem, Pennsylvania providing full-service electrical contracting services to utility companies in the Mid-Atlantic

region. Founded in September 2002, the Debtor is built on a foundation of service, quality, honesty, and innovation affording it a strong reputation throughout the utility and construction industries. The Debtor utilizes a team of highly trained personnel to evaluate project schedules, cost effectiveness, and the overall needs of its clients no matter how unique or diverse the project. Our skilled workers are certified, trained and utilize the latest technology, trucks, and equipment to perform efficiently and safely regardless the task. The Debtor's primary goal is customer satisfaction.

Just prior to filing for bankruptcy protection, the Debtor had approximately 35 employees and 19 trucks at one location and paid approximately \$82,000.00 in gross payroll per pay period. Historically, the majority of Debtor's workflow came from contracts with PECO Energy Company ("PECO"). The PECO work consisted of storm and non-storm related work, with the majority of the work storm-related. Debtor also performed work pursuant to the Pennsylvania Public Utility Commission's ("PUC") long-term infrastructure improvement plan ("LTIIP") and distribution system improvement charge for PECO. Pursuant to its work with PECO, the Debtor is part of the Contractor of Choice ("COC") Program, which is a program that directs all awards for construction work for the Mid-Atlantic region. Since the Filing Date, Debtor has entered into contracts with other utilities servicing the Mid-Atlantic region.

B. Facts Leading to Bankruptcy Protection

Prior to the Petition Date, Fulton Bank, N.A. (the "Bank") made various loans to Debtor (collectively, the "Fulton Loans"). The Bank is secured by a first priority lien against Debtor's unencumbered equipment. The Bank alleges that Debtor defaulted on the Fulton Loans and on or about March 18, 2016, the Bank filed two Confession of Judgment actions against the Debtor

in the Court of Common Pleas of Montgomery County, Pennsylvania. The Bank alleges that it is owed in excess of \$7,000,000. The Debtor was unable to negotiate an amicable resolution with the Bank modifying the terms of the Fulton Loans; therefore, in an effort to continue operations, preserve its reputation in its industry, and protect its assets for the benefit of all of its creditors, the Debtor filed its voluntary petition under Chapter 11 on April 8, 2016.

C. Business Operations Since Filing For Bankruptcy Protection

As of August 2018, Debtor currently has 50 employees and 44 trucks in two (2) locations. Post-petition, the Debtor started performing regular work for Potomac Electric Power Company (“PEPCO”) and Baltimore Gas and Electric (“BGE”) in Maryland. Debtor’s PEPCO and BGE work has increased to the point that Debtor recently entered into lease negotiations for a second Maryland location. In 2017, Exelon requested Debtor provide it with COC Pricing for multiple related Exelon entities per the COC program. Pursuant to the Exelon request, Debtor submitted pricing to Atlantic City Electric, Delmarva, and Baltimore Gas and Electric (“BGE”). At the beginning of 2018, the Debtor was awarded the contract for work for BGE as part of the COC. The Debtor expects to see an additional \$200,000.00 a month in revenue from its work with BGE. Debtor continues to bid on additional non-storm related work.

Since October of 2017, the Debtor’s monthly non-storm related work has nearly doubled in comparison to the previous year. This additional revenue has allowed the Debtor to stay current, while making significant payments to pay back post-petition deficiencies that occurred while the Debtor was ramping up its non-storm related work. The Debtor’s contracts with PECO, PEPCO and BGE, along with the Debtor’s COC designation, has enabled the Debtor to further grow its

non-storm related work. The additional revenue has also allowed the Debtor to not rely on storm work for everyday expenses.

In addition to the work with PECO, PEPCO and as part of the Exelon COC Program, the Debtor continued to perform storm related work as needed. Throughout 2017 and early 2018, Debtor was directed by PECO and PEPCO to assist in restoring power, fixing downed lines and any other services required up and down the East Coast. In total, since the Filing Date, the Debtor has performed work related to three (3) hurricanes and numerous summer and winter storms. The Debtor performs this work on an emergency basis and is vital to restoring power in these effected regions.

Early in the Case, Debtor obtained debtor-in-possession financing (“DIP Financing”) from Alinea Investments, LLC (“Alinea” or “DIP Lender”), secured by a first priority lien on all post-petition accounts receivable. In addition to the DIP Financing, Debtor obtained as-needed emergency DIP Financing from Alinea related to specific storm work. For each emergency storm DIP Financing, the DIP Lender was secured by a first priority lien on the specific storm-related accounts receivable.

Since the Filing Date, the Debtor has filed all operating reports and has paid all required fees to the United States Trustee. The Debtor will continue to file all reports and pay all fees as they become due. The Debtor has also taken significant steps to increase its profitability and efficiency, while reducing its costs.

D. Significant Events during the Bankruptcy

1. 2016 Events

The Debtor's Schedules and Statement of Financial Affairs were filed on May 6, 2016. Debtor filed its Motion for Continued use of Cash Collateral on the Filing Date; on April 12, 2016, the Bankruptcy Court granted the motion and Debtor has operated with the authority to use its cash collateral thereafter. On May 19, 2016, the Bankruptcy Court granted Debtor's application to employ Ciardi Ciardi & Astin as counsel to the Debtor. On May 16, 2016, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the "Committee"), a meeting of creditors was held and concluded on May 20, 2016; the Committee is represented by Saul Ewing Arnstein & Lehr, LLP ("Saul Ewing").

Debtor filed its Motion for Authority to Obtain Secured Post-Petition Financing on June 10, 2016; on July 5, 2016, the Bankruptcy Court authorized Debtor to obtain a new post-petition line of credit from Alinea in the initial amount of \$1,000,000.00, later amended by Bankruptcy Court order to \$1,100,000.00. Also in June 2016, the Bank filed a motion for relief from stay in order to foreclose on Debtor's equipment. Debtor objected to the Bank's motion because Debtor's continued possession and use of the equipment is necessary for Debtor's continued operations. On June 29, 2016, the Bankruptcy Court denied the Bank's motion for relief.

On October 7, 2016, the Debtor filed an expedited Motion for Additional Secured Post-Petition Financing related to Hurricane Matthew; the storm-related financing was secured by the storm-related accounts receivable. The Hurricane Matthew financing was approved by final Bankruptcy Court Order in November 2016.

2. 2017 Events

On March 2, 2017, the Court entered an Order making April 26, 2017 the last date for Creditors to file proof of claims. On July 21, 2017, the United States Trustee filed a Motion to Convert and/or Dismiss the Case (the “Trustee’s Motion to Dismiss”). The Commonwealth of Pennsylvania and the Bank joined in the Trustee’s Motion to Dismiss. Debtor filed objections to the Trustee’s Motion to Dismiss as well as the Commonwealth and Bank’s joinders thereto; the Trustee’s Motion to Dismiss has been adjourned thereafter by agreement of the parties. On September 8, 2017, Debtor filed an expedited motion for additional post-petition financing related to the work Debtor performed after Hurricane Irma hit the US mainland. The Court granted the Hurricane Irma related secured financing in the amount of \$1.2 million on an interim basis on September 21, 2017 under terms similar to the Hurricane Matthew financing. The final Order on Hurricane Irma financing was entered on November 13, 2017.

On September 15, 2017, the Internal Revenue Service (“IRS”) filed a motion to dismiss or convert the Case (the “IRS Motion”). Debtor objected to the IRS Motion and it has been adjourned thereafter by agreement of the parties. Finally, on November 3, 2017, the Debtor filed a motion for post-petition secured financing to fund its operations related to a New England Storm which occurred in November 2017; the Bankruptcy Court entered a Final Order approving the New England Storm related work on December 20, 2017.

3. 2018 Events

Debtor began 2018 with storm work related to Winter Storms Riley, Quinn, Skylar and Toby. Throughout March of 2018, Debtor sought and obtained post-petition secured financing for these winter storms on terms similar to the storm financing previously supplied by its DIP

Lender. On July 9, 2018, Debtor filed an emergency motion to obtain post-petition secured financing to fund its operations related to several summer storms. A hearing before the Bankruptcy Court seeking final approval of the July 2018 summer storm financing is scheduled for August 15, 2018.

In July, Debtor filed a motion seeking to obtain authority to enter into a lease to rent space in Maryland. This new lease will enable the Debtor to perform Maryland work more cost efficiently for BGE and open up additional opportunities for work in the state of Maryland.

IV. SUMMARY OF THE PLAN OF REORGANIZATION

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by the provisions of the Plan. In the event and to the extent that the description of the Plan contained in this Disclosure Statement is inconsistent with any provision of the Plan, the provisions of the Plan shall control and take precedence. All Creditors are urged to carefully read the Plan.

A. Unclassified Claims.

Certain types of Claims are not placed into voting classes. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following Claims in a Class:

1. Administrative Expenses and Fees

Administrative expenses are Claims for fees, costs or expenses of administering the Debtor' chapter 11 cases which are allowed under the Bankruptcy Code section 507(a)(1), including all professional compensation requests pursuant to section 330 and 331 of the Bankruptcy Code.

i. Time for Filing Administrative Claims

The holder of an Administrative Claim, other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Claim within (30) days after the Confirmation Date. Such notice must include at minimum (i) the name of the holder of the Claim, (ii) the amount of the Claim and (iii) the basis of the Claim. Failure to file this notice timely and properly shall result in the Administrative Claim being forever barred and discharged. Subcontractors and suppliers providing work on Debtor property are deemed to hold Administrative Claims incurred in the ordinary course of business.

ii. Time for Filing Fee Claims

Each professional person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court a fee application within sixty (60) days after the Effective Date. Failure to file the fee application timely shall result in the Fee Claim being forever barred and discharged.

iii. Allowance of Administrative Claims

An Administrative Claim with respect to which notice has been properly filed pursuant to Section 5.1 (a) the Plan shall become an Allowed Administrative Claim if no objection is filed after thirty (30) days lapses from the filing and service of notice of such Administrative Claim. If an objection is filed within such (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the Extent allowed by Final Order.

iv. Payment of Allowed Administrative Claim

Each holder of an Allowed Administrative Claim shall receive (i) the amount of such holder's Allowed Claim on the later of (a) the Initial Distribution Date, and (b) ten Business Days after the date on which such Claim becomes an Allowed Administrative Claim pursuant to a Final Order

v. Professionals Fees Incurred After the Effective Date

Any professional fees incurred by the Debtor after the Effective Date must be approved by the Reorganized Debtor and, thereafter, paid. Any professional fees incurred by the Plan Oversight Committee, up to \$5,000 per year, shall be paid by the Reorganized Debtor from the Gross Revenue Payments as set forth above, and shall not be subject to approval of the Reorganized Debtor. Any dispute which may arise with regard to professional fees after the Effective Date, including in connection with professional fees of the Plan Oversight Committee related to enforcement of the Plan in excess of \$5,000, shall be submitted to the Bankruptcy Court, which shall retain jurisdiction to settle these types of disputes..

2. Priority Tax Claims.

Priority Tax Claims are certain unsecured income, employment and other taxes described by Bankruptcy Code section 507(a)(8). At the option of the Debtor, to be exercised on or before the Effective Date, either (a) the Holder of an Allowed Priority Tax Claim shall receive Cash in the full amount of such Allowed Priority Tax Claim on the later of the Effective Date and the date such Allowed Priority Tax Claim would otherwise be due and payable, or (b) the Holder of an Allowed Priority Tax Claim shall receive deferred payments in Cash, in the full amount of such Allowed Priority Tax Claim, payable in equal monthly installments for five (5)

years consisting of principle and interest using a rate of 5% per annum with payments commencing on the Effective Date.

B. Treatment of Classes of Claims

The Plan divides Claims and Interests into various separate classes. Under the Plan, there are six (6) separate classes of creditors and interests (classes 1 through 6).

1. **Priority Non-Tax Claims.** Class 1 consists of Priority Non-Tax Claims of various employee benefit plans. Class 1 claims equal approximately \$568,000.00. Unless otherwise agreed, each Holder of a Priority Non-Tax Claim will be paid pursuant to section 1129(a)(9)(A) or (B) of the Bankruptcy Code, as applicable, and are therefore Unimpaired and not entitled to vote on the Plan.

2. **Secured Tax Claims.** Class 2 consists of the Secured Claims of the Internal Revenue Service ("IRS") and the Commonwealth of Pennsylvania, Department of Revenue (the "PDR"). Class 2 Secured Tax Claims equal approximately \$1,265,611.00. The IRS, the PDR, the DOL and any other Holder of a Secured Tax Claim will be paid in equal monthly installments of principle and interest using a rate of 5% per annum over five (5) years commencing on the Effective Date. The IRS, the PDR, the DOL and any other Holder of a Secured Tax Claim shall retain its lien to secure the repayment of its Allowed Claim, expressly subordinate to Plan Funder's first priority lien on all now owned and hereafter acquired Assets. The IRS, the PDR, DOL and any other Holder of a Class 2 Secured Tax Claims shall give written notice to the Plan Funder of the Debtor's failure to make Class 2 Secured Tax Claim payments, and such Holders may seek to enforce their junior lien on the Assets (other than Accounts Receivable) if the Plan Funder fails to commence collection action against the Assets within such thirty (30) day period.

Without limiting the foregoing, the IRS, the PDR, DOL and any other Holder of a Class 2 Secured Claims shall not be allowed to contact any Accounts Receivable debtors and all proceeds of the Assets shall be turned over to Plan Funder, until Plan Funder's Secured Claim is paid in full and Plan Funder terminates it's the Plan Loan Documents.

3. **Secured Lender Claim.** Class 3 consists of the Secured Claim of Fulton. The Class 3 Claim is Impaired under the Plan and Fulton is entitled to vote on the Plan. Fulton filed three (3) Claims seeking a total of \$7,505,041.32. On or about January 26, 2018, the Debtor, Ralph Mirarchi individually (also a debtor, and collectively with Debtor, the "Debtors"), and Fulton entered into a settlement agreement (the "Settlement") whereby Fulton agreed to accept \$2.4 million in full and final settlement of Debtors' debt obligations. Debtor proposes to pay Fulton pursuant to the Settlement Agreement as follows under the Plan:

1. The Class 3 Collateral shall be valued at the Confirmation Hearing at \$1,500,000.00 as of the Petition Date.
2. Debtor shall pay Fulton \$1,500,000.00 on the Effective Date, and Fulton's liens on the Assets shall automatically be deemed terminated and Fulton shall timely file UCC termination statements with respect to all UCC filings with respect to the Debtor.
3. Fulton retains its ability to vote its Allowed Unsecured Deficiency Claim as a Holder of an Allowed Class 5 Claim and agrees to support the Plan and vote in its favor, but Fulton agrees to waive distribution on its Allowed Class 5 Claim.

4. Ralph Mirarchi Jr., individually, is funding the additional \$900,000.00 pursuant to the Settlement. This transaction will occur simultaneous with the Debtor's payment to Fulton. A true and correct copy of the Pre-Approval Letter is attached hereto as **Exhibit "A"**

4. **DIP Lender and Miscellaneous Secured Claims.** Class 4 consists of miscellaneous Secured Claims. The DIP Lender and any Holder of an Allowed Class 4 Secured Claim will be paid in full in Cash on the Effective Date of the Plan, and their liens on the Assets shall automatically be deemed terminated and they shall timely file UCC termination statements with respect to all UCC filings with respect to the Debtor.

5. **Unsecured Claims.**

The Reorganized Debtor shall pay Holders of Allowed Unsecured Claims, excluding Fulton's Deficiency Claim for which distributions are waived as set forth above, an annual distribution of .1% of the Debtor's or Reorganized Debtor's, as applicable, Gross Revenue for each of the first five (5) years after the Effective Date and 0.5% of the Reorganized Debtor's Gross Revenue for each of the following three (3) years (i.e., years six through eight) (each, a "Gross Revenue Payment"). Each Gross Revenue Payment shall be calculated with respect to the Gross Revenue for the prior calendar year, with the first Gross Revenue Payment calculated based on calendar year 2018.

In addition to the Gross Revenue Payments, the Reorganized Debtor shall make additional payments (each, a "Claims Percentage Payment") to Holders of Allowed Unsecured Claims, excluding Fulton's Deficiency Claims, calculated as a percentage of each Allowed

Unsecured Claim. Specifically, the Reorganized Debtor shall pay the Claims Percentage Payments based on the following schedule:

- 0.7% of each Allowed Unsecured Claim in years 1-4;
- 1.0% of each Allowed Unsecured Claim in year 5;
- 6.0% of each Allowed Unsecured Claim in year 6;
- 7.0% of each Allowed Unsecured Claim in year 7; and
- 8.0% of each Allowed Unsecured Claim in year 8.

To the extent that the combined Gross Revenue Payments and Claims Percentage Payments (collectively, the “Annual Class 5 Distribution Payments”) exceeds \$60,000.00 in any of the first five years of the Plan, then the amount otherwise payable in excess of \$60,000.00 shall be payable in the next year, on a cumulative basis. For example, if the Annual Class 5 Distribution Payment in year 2 would otherwise equal \$68,000 – then the Reorganized Debtor shall pay \$60,000 in year 2 and \$8,000 shall be added to the otherwise applicable Annual Class 5 Distribution Payment in year 3. Notwithstanding the foregoing, to the extent the Reorganized Debtor realizes revenue from Storm Work (defined below) in excess of the amounts set forth in the applicable projections attached to the Disclosure Statement, then each Annual Class 5 Distribution Payment may exceed \$60,000.00, up to the otherwise applicable Annual Class 5 Distribution Payment, to the extent of 5% of the amount of such surplus storm work revenue for the applicable year. For purposes herein, Storm Work shall mean otherwise unscheduled services provided by the Debtor or Reorganized Debtor, as applicable, in connection with storms such as hurricanes, tornadoes, winter storms and the like located outside of Pennsylvania, New Jersey and Maryland. For the purposes of the definition of Storm Work, this should include only work whereby Debtor or

Reorganized Debtor is directed and released by Exelon to assist other utilities.

The Reorganized Debtor shall make the Annual Class 5 Distribution Payments by making an annual distribution to Holders of Allowed Unsecured Claims, excluding Fulton's Deficiency Claim, on a *pro rata* basis commencing on the Initial Distribution Date and on each subsequent one-year anniversary thereof through the eighth year. The Reorganized Debtor shall make appropriate reserves for the Holder of an Unsecured Claim for which an objection has been filed but not adjudicated by Final Order as of the date for making the Annual Class 5 Distribution Payments and shall pay all such amounts due on account thereof promptly after such claims become Allowed Class 5 Claims.

The Reorganized Debtor shall make the Annual Class 5 Distribution Payments each year for a period eight (8) years. Notwithstanding the foregoing, the Debtor may exercise an option to extend such payments to the ninth (9th) year, provided such option is exercised prior to the deadline for making the seventh (7th) Annual Class 5 Distribution Payment. If the Debtor exercises such option, the remaining payments under the Plan shall be allocated *pro rata* among the remaining years left under the Plan.

The Reorganized Debtor shall provide bi-annual reports to the Plan Oversight Committee and its professionals, Saul Ewing Arnstein & Lehr LLP and Bederson LLP, detailing Gross Revenue, revenue from Storm Work, and disbursements pursuant to the Plan. Any fees and expenses incurred by such professionals after the Effective Date to review such reports shall be paid directly from the Gross Revenue Payments, in an amount not to exceed \$5,000 per year. Prior to the distribution of the Annual Class 5 Distribution Payment, the Plan Oversight Committee's professionals shall provide an invoice for all fees incurred to that date to the Reorganized Debtor.

The treatment and consideration to be received by Holders of Class 5 Allowed Claims shall be in full settlement, satisfaction, release and discharge of their respective Claims, including Deficiency Claims, provided that such settlement, satisfaction, release and discharge shall be expressly conditioned on the Reorganized Debtor fulfilling its obligations hereunder, including, without limitation, paying all Annual Class 5 Distribution Payments. In the event the Reorganized Debtor fails to fulfill its obligations hereunder, each Holder of an Allowed Unsecured Claim shall retain such claim, less any amounts actually received pursuant to the Plan. Further, if the Reorganized Debtor fails to fulfill its obligations hereunder and the Plan Oversight Committee incurs professional fees in excess of \$5,000 in a given year in connection with enforcement of the Plan, any reasonably additional professional fees incurred shall be paid by the Reorganized Debtor.

The current total amount of Class 5 is estimated at \$6,700,000.00 prior to objections being filed. The total Allowed Class 5 Claims will be determined after Confirmation and any Objections are ruled upon.

6. **Equity.** Class 6 is impaired and is entitled to vote under the Plan. All existing membership interests shall be retained in exchange for the \$900,000.00 payment to Class

D. Implementation of the Plan

1. **Bank Settlement.** In early 2018, Debtor, Ralph Mirarchi, Jr., and the Bank reached a settlement (the “Settlement”) with the Bank whereby the Bank agreed to accept Two Million Four Hundred Thousand Dollars (“\$2,400,000.00”) in full satisfaction of Debtor and Mr. Mirarchi’s obligations to the Bank. Debtor shall pay Bank \$1,500,000.00 in full and final settlement of its debt obligations to Bank within one (1) Business Day of Debtor’s receipt of the Plan Loan funds. The remaining amounts owed to the Bank shall be paid by Ralph

Mirarchi, Jr, individually.

2. **Source of Plan Funding.** In June 2018, Crestmark Bank Co. (“Crestmark” or the “Plan Funder”) issued a term sheet to Debtor for proposed exit financing (the “Plan Loan”). A true and correct copy of the Executed Term Sheet is attached as **Exhibit “B”**. Crestmark completed its due diligence in July 2018. Upon the Confirmation Order becoming a Final Order, Crestmark shall fund the Plan Loan. Thereafter, all Distributions under the Plan shall be made from the Plan Loan proceeds and future cash flow of the Reorganized Debtor. A copy of Debtor’s projections for 2018 through 2023 are attached hereto as **Exhibit “C”**.

3. **Plan Funding Terms.** Subject to the Debtor’s execution of the Plan Loan Documents, satisfaction of the terms and conditions of Plan Funder’s loan approval, and provided there are sufficient funds to pay the Holders of Class 3 and Class 4 Claims in full on the Effective Date, the Plan Funder shall fund the Plan Loan pursuant to the terms and conditions of the Plan Loan Documents.

The Plan Loan consists of: (a) a Four Million Eight Hundred Thousand Dollar (“\$4,800,000.00”) discretionary revolving line of credit demand facility up to 85% of eligible Accounts Receivable; and (b) a term loan facility up to the lesser of One Million Two Hundred Seventy Five Thousand Dollar (“\$1,275,000.00”) or 75% of the net forced liquidation value of the Debtor’s machinery and equipment as determined by an appraisal performed by an appraiser satisfactory to Plan Funder. Plan Funder shall have a first lien on all Assets to secure the Plan Loan, which shall be set forth in the Confirmation Order. Ralph F. Mirarchi, Jr. shall execute a Guaranty of the Plan Loan.

The Debtor is authorized to and shall execute all Plan Loan Documents requested by Plan

Funder.

4. **Plan Funding Approval.** The Confirmation Order will approve the Plan Funding and upon the Confirmation Order becoming a Final Order, the Plan Funder shall fund the Plan Loan. Reorganized Debtor shall use the Plan Loan proceeds to make the Fulton Plan payment and repay the DIP Lender in full. After the payments to Fulton and the DIP Lender, the Confirmation Order shall grant the Plan Funder first priority security interests in Reorganized Debtor's accounts receivable, unencumbered equipment, and inventory. The Confirmation Order will also approve a provision that all junior lien holders must provide Crestmark with thirty (30) days' notice of Reorganized Debtor's default in its obligations to the junior lien holder.

5. **Execution of Documents.** Prior to the Effective Date, the Debtor is authorized and directed to execute and deliver all documents and to take and to cause to be taken all action necessary or appropriate to execute and implement the provisions of this Plan.

6. **Alterations, Amendments or Modifications.** This Plan may be altered, amended, or modified by the Proponent before or after the Confirmation Date, as provided in §1127 of the Bankruptcy Code.

7. **Final Decree.** After final distributions are made, the Debtor shall file a motion to close the case and request that a final decree be issued. The Debtor shall file all interim and final plan implementation reports and pay any fees to the Office of the United States Trustee.

8. **Management of the Debtor.** The Debtor will continue to be managed by Ralph Mirarchi as President at a yearly salary of \$200,000.00. All senior management will remain the same in Reorganized Debtor.

9. **Retention and Enforcement of Claims.** Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any and all claims of the Debtor on behalf of, and as a representative of, the Debtor or its estate, including, without limitation, all claims arising or assertable at any time under the Bankruptcy Code, including under 11 U.S.C. §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, 552 and 553 thereof.

V. LIQUIDATION ANALYSIS

On a liquidation basis, in the context of an auction or conversion of the above-referenced case to a Chapter 7, the Debtor believes the Property owned by the Debtor will not achieve a value in excess of the amounts currently owed to the Bank. In the event that the Debtor is forced to liquidate, said liquidation would result in zero distribution for unsecured creditors after costs of sale and administrative claims. This is significantly lower than the payoff set forth in the Debtor's Plan. See Liquidation Analysis prepared by Debtor attached hereto as **Exhibit "D"**.

VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejected If Not Assumed.

All Executory Contracts and unexpired leases that are not assumed as of the Confirmation Hearing or rejected during this Case shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code as of the Confirmation Hearing.

B. Assumed Executory Contracts and Leases.

All contracts, leases and other obligations listed on **Exhibit "E"** (to be attached prior to the Confirmation Hearing), to the extent not assumed or rejected pursuant to an order of the Bankruptcy Court prior to the Confirmation Hearing, shall be deemed to be, and shall be treated as Executory Contracts, and all such Executory Contracts on Exhibit E (to be attached prior to the

Confirmation Hearing) shall be assumed as of the Effective Date pursuant to this Plan and the Confirmation Order. Exhibit E may be modified at any time up to five days prior to the Confirmation Hearing upon written notice to any affected non-Debtor party.

C. **Damages.**

Any Claim for damages arising by reason of the rejection of any Executory Contract or unexpired lease will constitute a Rejection Claim, if, but only if, a proof of claim therefore shall be Filed within thirty (30) days after the date of rejection. If a Rejection Claim becomes an Allowed Claim, then it shall constitute a Class 5 Unsecured Claim.

VII. **PROVISIONS GOVERNING DISTRIBUTIONS, DISCHARGE AND GENERAL PROVISIONS**

A. **Distributions**

Ralph Mirarchi shall be the disbursing agent (“Disbursing Agent”) herein. The Disbursing Agent shall have the sole and exclusive right to make the distributions required by the Plan. The Disbursing Agent may hold or invest the funds in one or more accounts, provided that all investments shall be made in accordance with Section 345 of the Bankruptcy Code. The disbursing Agent shall serve without bond and shall receive no compensation for his duties as the Disbursing Agent.

1. **Delivery of Distributions**

Distributions and deliveries to holders of Allowed Claims will be made at the addresses set forth on the proofs of claim filed by the holders (or at the last known address). If any holder’s distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Reorganized Debtor is notified of the holder’s then current address, at which time all missed distribution will be made to the holder without interest. After one year from the payment

date all unclaimed property will become property of the Reorganized Debtor, and the Claim of any holder with respect to such property will be discharged and forever barred.

2. Means of Cash Payment

Payments made pursuant to the Plan will be in United States funds, by check drawn on a domestic bank or by wire transfer from a domestic bank. All distributions will be made by Debtor.

3. Time Bar to Cash Payments

Checks issued by the Debtor in payment of Allowed Claims will be null and void if not cashed within ninety (90) days of the date of its issuance. Requests for re-issuance of any check shall be made to the Disbursing Agent by the holder of the Allowed Claim to which the check originally was issued. Any Claim relating to a voided check must be made on or before the later of (i) the first anniversary of issuance, or (ii) ninety (90) days after the date the check was voided. After that date, all Claims relating to a voided check will be discharged and forever barred and shall be revested in the Reorganized Debtor.

4. Setoffs

The Debtor may, but will not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of the Claim, any Claims of any nature whatsoever the Debtor may have against the Claimant, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver of release by the Debtor of any such claim the Debtor may have against such Claimant.

5. De Minimis Distributions

No payment of less than twenty-five dollars (\$25.00) will be made by the Disbursing Agent to any creditor unless a request is made in writing to the Reorganized Debtor to make such a payment by the Effective Date of the Plan.

6. Saturday, Sunday or Legal Holiday

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

B. Confirmation/Miscellaneous

Except as may be otherwise provided herein, upon the Confirmation Date, all Claims against the Debtor and Debtor-in-Possession shall be satisfied, discharged and released in full; and all holders of Claims and Creditors shall be precluded from asserting against the Debtor, its assets, properties or interest held by it, any other future Claim based upon any transaction or occurrence of any nature that occurred prior to the Confirmation Date. Upon confirmation, title to all assets and properties whatsoever of the Debtor and the Debtor-in-Possession shall be retained by and revested in the Reorganized Debtor free and clear of Claims, Liens, encumbrances, security and equitable interests, except as otherwise provided in the Plan. The order confirming the Plan shall be a judicial determination of the discharge of the liabilities of a Claim against the Debtor and Debtor-in-Possession, except only as may be otherwise provided for this Plan. Confirmation of the Plan shall satisfy all Claims arising out of any Claim settled and satisfied under the terms of the Plan. After the Effective Date, the Reorganized Debtor shall be entitled to operate its property

without any restrictions of the Bankruptcy Code and without any supervision of the Bankruptcy Court

VIII. EFFECTS OF CONFIRMATION

A. Discharge of Claims; Injunction

Except as otherwise expressly provided in the Plan, the entry of the Confirmation order shall act to, among other things, permanently enjoin all Persons who have held, hold or may hold Claims of or Interests in the Debtor as of the Confirmation Date (a) from commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest against the Debtor, (b) from the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Debtor or the Property of the Debtor with respect to any such Claim or Interest, (c) from creating, perfecting or enforcing any encumbrance of any kind against the Debtor thereof, or against the property of the Debtor with respect to any such Claim or Interest, (d) from creating, perfecting or enforcing any encumbrance of any kind against the Debtor thereof, or against the property of the Debtor with respect to any such Claim or Interest, and (e) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due from the Debtor thereof, or against the property of the Debtor, with respect to any such Claim or Interest. To the extent, however, that the Debtor defaults under the terms of the Plan and such default is not cured within ten (10) days after the Debtor and its counsel receive notice of the default as provided under Section 8.3 of the Plan, the injunction shall be void solely to allow plan enforcement.

B. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in Chapter 11 cases pursuant to section 362(a) of the Bankruptcy Code or otherwise, shall remain in full force and effect until the Effective Date at which time the injunction under section XIII a shall be in force.

C. No Interference with Plan

No entity may commence or continue any action or proceeding, or perform any act to interfere with the implementation and consummation of the Plan and the payments to be made hereunder.

IX. CRAMDOWN PROVISIONS AND CONFIRMATION REQUEST

In the event that sufficient votes to confirm said Plan are not received, the Debtor will request confirmation of the Plan pursuant to the provisions to the provisions of section 1129(b) of the Bankruptcy Code.

X. MODIFICATION OF THE PLAN

A. Modification and Amendments, Generally. Except as otherwise specifically provided in the Plan, the Debtor reserves the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtor expressly reserves the right to alter, amend, or modify the Plan with respect

to the Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X of the Plan.

B. Pre-Confirmation Modification At any time before the Confirmation Date, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. In the event that there is a modification of the Plan, then the Plan as modified shall become the Plan.

C. Pre-consummation Modification At any time after the Confirmation Date of the Plan, but before substantial consummation of the Plan, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of Sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this section, becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under section 1129 of the Bankruptcy Code.

D. Non-Material Modifications At any time, the Proponent may, without the approval of the Court, so long as it does not materially or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent and effect of this Plan.

E. Revocation or Withdrawal of the Plan. The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtor revokes or withdraws the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of executory contracts or unexpired leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtor, Claims, Interests, or Causes of Action; (b) prejudice in any manner the rights of the Debtor or any other entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtor or any other entity.

XI. RETENTION OF JURISDICTION

The Court shall retain jurisdiction of the case after the Confirmation Date for the following purposes: (a) to determine any and all objections in the allowance of claims and amendments to schedules; (b) to classify the Claim of any Creditor and to re-examine Claims which have been allowed for purposes of voting, to determine such objections as may be filed to Claims; (c) to determine any and all disputes arising under or in connection with the Plan, the sale of any of the Debtor's assets, collection or recovery of any assets; (d) to determine any and all applications for allowance of compensation and reimbursement of expenses herein; (e) to determine any and all pending applications for rejections of executory contracts and unexpired leases and the allowance of any claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan; (f) to determine any and all

applications, adversary proceedings and contested and litigated matters pending in the case as of , or after, the Confirmation Date; (g) to determine any and all proceedings for recovery of payments pursuant to any Cause of Action; (h) to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code; (i) to correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes intent and effect of the Plan; (j) to determine such other matters which may be provided for in the Confirmation Order as may be authorized under the provisions of the Bankruptcy Code; (k) to enforce all provisions under the Plan; and (l) to enter any order, including injunctions, necessary to enforce the terms of the Plan, the powers of the Debtor under the Bankruptcy Code, this Plan and as the Court may deem necessary.

XII. CAUSES OF ACTION

A. Suits, Etc.

The Debtor reserves the right to initiate or continue any litigation or adversary proceeding permitted under the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure with respect to any Cause of Action, except if provided to the contrary herein.

B. Powers

The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any cause of action from time to time in its discretion.

XIII. OBJECTIONS TO CLAIMS

A. Objection to Claims

Notwithstanding the occurrence of the Confirmation Date or the Effective Date, the Debtor may object to the allowance of any claim not previously allowed by final order whether or

not a Proof of Claim has been filed and whether or not the Claim has been filed and whether or not the Claim has been scheduled as non-disputed, non-contingent and liquidated. All such objections shall be filed within sixty (60) days of the Effective Date.

B. Contested Claims

Notwithstanding any other provision of this Plan, a Contested Claim will be paid only after allowance by the Court or upon stipulation of the Debtor and the Claimant involved, as approved by the Court. If allowed, the Contested Claim will become an Allowed Claim and shall be paid on the same terms as if there had been no dispute. The need for resolution of Contested Claims will not delay other payments under the Plan. No distribution shall be made to a Contested Claim until it is Allowed.

XIV. CHOICE OF LAW

Except to the extent superseded by the Bankruptcy Code or other federal law, the rights, duties and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the choice of law rules thereof.

XV. EXCULPATION

Following the Effective Date, neither the Debtor nor any of its officers, directors, members, employees or agents, nor any professional persons employed by any of the foregoing parties, shall have or incur any liability or obligation to any entity for any action taken at any time or omitted to be taken at any time in connection with or related to the formation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any agreement or document created or entered into, or any action taken or omitted to

be taken in connection with the Plan or this Chapter 11 case; provided, however, that the provisions of this article shall have no effect on the liability of any entity that would otherwise result from action or omission to the extent that such action or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

Except as otherwise specifically provided in the Plan, each of the Debtor, the Debtor's professionals, the Committee, the Committee Members (solely in their capacity as such), and the Committee's professionals and any of such parties' successors and assigns, shall not be liable for any claim, action, proceeding, Cause of Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment or Claim, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise to one another or to any Holder of a Claim or Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Case, negotiation and filing of the Plan or any prior proposed plans, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, except for willful misconduct, gross negligence or fraud as determined by a Final Order of a court of competent jurisdiction

XVI. MISCELLANEOUS

A. Payment of Statutory Fees

All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Court at the hearing pursuant to section 1128 of the Bankruptcy Code, will be paid on or before the Effective Date. Moreover, all post-confirmation quarterly fees shall be paid by the Reorganized Debtor as and when they become due until the Bankruptcy Case is closed.

B. Discharge of Debtor

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge, and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor, any of its assets or properties and the Debtor' Estate. Except as otherwise provided in this Plan (i) on the Effective Date, all Claims against and Interests in the Debtor will be satisfied, discharged and released in full and (ii) all Persons shall be precluded from asserting against Debtor, its successors, or its assets or properties any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date.

Notwithstanding the foregoing, the discharge granted by 11 U.S.C. §1141(d) is modified as to the secured or priority tax debt provided for in this Plan, and the discharge of any secured or priority tax debt under this Plan shall not be effective until all secured or priority taxes provided for in the Plan have been paid in full.

C. Discharge of Claims

Except as otherwise provided in this Plan or in the Confirmation Order, the rights afforded in this Plan and the payments and distributions to be made under the Plan shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and Claims of any kind, nature or description whatsoever against the Debtor, the Estate or any of its assets or properties; and upon the Effective Date, all existing Claims against the Debtor, the Estate and all of its assets and properties will be, and be deemed to be, exchanged, satisfied, discharged and released in full; and all holders of Claims will be precluded from asserting against Reorganized Debtor, its successors or its Assets or properties any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, whether or not the holder filed a proof of claim.

D. Effect of Confirmation Order

Except as provided for in this Plan, the Confirmation Order will be a judicial determination of discharge of the Debtor from all debts that arose before the Confirmation Order and any liability on a Claim that is determined under section 502 of the Bankruptcy Code as if such Claim had arisen before the Confirmation Date, whether or not a proof of claim based on any such date or liability is filed under section 501 of the Bankruptcy Code and whether or not a Claim based on such debt or liability is allowed under section 502 of the Bankruptcy Code.

E. Severability

Should any provision in this Plan be determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any provision of the Plan.

F. Successors and Assigns

The rights and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of that Person.

G. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtor, its Creditors, the holders of Equity Interests, and its respective successors and assigns.

H. Governing Provisions

Where a provision of this Plan contains a summary or description of one or more provision of any of the documents attached to the Plan as an Exhibit that conflicts or appears to conflict with any such provision of an Exhibit, the provision of the Exhibit will govern.

I. Filing of Additional Documents

On or before substantial consummation of this Plan, the Debtor will file with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

J. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued and distributions made pursuant to the Plan, the Debtor will comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions made pursuant to the Plan will be subject to any such withholding and reporting requirements.

Dated: October 12, 2018

MIRARCHI BROTHERS, INC.

/s/ Ralph Mirarchi
Ralph Mirarchi, President

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