

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
GALVESTON DIVISION

In re § Case No. 17-80138-G1-11
§
WK MANAGEMENT SERVICES, INC, §
§
§ Small Business Case under Chapter 11
Debtor-in-Possession §

WK MANAGEMENT SERVICES, INC'S
FIRST AMENDED PLAN OF REORGANIZATION

DATED 09/30/2018

ARTICLE I

SUMMARY

This First Amended Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of WK Management Services, Inc., (the "Debtor") from cash flow from operations, as well as a sale of the Debtor's interests in oil and gas projects.

This plan provides for five (5) classes of claims, including secured claims (Class 1); claims consisting of ad valorem property taxes secured by the property (Class 2); general unsecured claims (Class 3); *de minimus* unsecured claims (Class 4), and allowed, equity holders in the Debtor (Class 5). This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holder has been circulated with this Plan. Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

2.01 Class 1. This class consists of the allowed, secured claims asserted by TCA Global Credit Master Fund, LP, which asserts it is owed the sum of \$16,849,236.03 as reflected on its proof of claim. Debtor believes that the real amount owed to TCA is significantly less than that amount. TCA, as ordered by the Bankruptcy Court, is entitled to adequate protection of

its interest in the real estate securing its claim. The Court has reconsidered the amount of adequate protection payment Debtor must pay to TCA. However, once the Court sets that amount, Debtor will be required to make such payment by the deadline imposed by the Court. In the event the Debtor is unable to sell the property by December 31, 2018, the Debtor will convey its interests in the property to TCA in satisfaction of TCA's lien.

2.02 Class 2. This class consists of all allowed, secured ad valorem property tax claims. The Debtor anticipates having Allowed Claims for taxes by governmental entities. This class also includes claims entitled to priority for allowed legal fees and costs, and allowed claims for professionals employed by the Debtor or on behalf of the estate.

2.03 Class 3. This class consists of the allowed, general unsecured claims.

2.04 Class 4. This class consists of all allowed, *de minimus* unsecured claims. Such claims are the allowed general unsecured claims in an amount of \$500.00 or less.

2.05 Class 5. This class consists of all allowed equity holders in the Debtor.

ARTICLE III

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under section § 1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code, and a "gap" claim in an involuntary case allowed under § 502(f) of the Code, will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid in full once Debtor's property is sold.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.²

ARTICLE IV**TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
1	Yes	Value, if any, of Debtor's interest in property securing TCA's liens
2	Yes	Claims will be paid at closing when the property sells.
3	Yes	Such claims will be paid at closing
4	Yes	US Trustee fees will be paid in accordance with the Trustee's fee schedule
5	Yes	Retain Equity Interests

ARTICLE V**ALLOWANCE AND DISALLOWANCE OF CLAIMS**

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI**PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the effective date of this Plan as provided in Article VII:

Party	Description of Contract	Election
Collier International	Exclusive Listing Agreement dated December 13, 2017.	Assumed

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than 2/15/2018 (60) days after the date of the order confirming this Plan.

ARTICLE VII

MEANS FOR IMPLEMENTATION OF THE PLAN

Debtor will implement the plan from funds generated from the sale of Debtor's interest in real property located in Galveston County, Texas. Debtor is actively marketing the Debtor's interest in real estate for the purposes of mitigation banking. Debtor believes that the property can be sold by December 31, 2018.

In the event that the property is not sold by December 31, 2018, Debtor will convey its interests in the property to TCA in satisfaction of TCA's lien against the Debtor's assets. If TCA forecloses on its liens on the Galveston County Property prior to a sale, Debtor would lose its ability to sell the property for the best purposes as mitigation banking. However, any foreclosure of the Galveston Property would result in a dollar-for-dollar credit reduction of TCA's total debt.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

8.02 Effective Date of Plan. The effective date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

8.03 Severability. If any provision of this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect on any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Texas govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided for in this Plan.

8.07 Corporate Governance. The reorganized Debtor will continue to be managed by the current management board, consisting of Bryan Scott Jarnigan.

8.08 Code. Unless otherwise indicated, any reference to the “Code” or “Bankruptcy Code” shall refer to 11 U.S.C. §§ 101, et seq, in force at the time this Case was filed, and any amendments thereto.

8.09 Debtor. Unless otherwise indicated, any reference to the Debtor shall mean “WK Management, Inc., Debtor-in-Possession”.

8.10 The Debtor may propose amendments or modifications of this Plan at any time prior to confirmation, without leave of the Court, so long as such amendment or modification meets the requirements of 11 U.S.C. § 1127(a) does not constitute a material modification of the Plan requiring additional disclosure under 11 U.S.C. § 1125. After the Confirmation Date, the Debtor may, with approval of the Court, and so long as it does not materially or adversely affect the interests of Creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and effect of this Plan.

ARTICLE IX

DISCHARGE

9.01 Discharge. On the confirmation date of this Plan, the debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 114a(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

ARTICLE X

EFFECT OF CONFIRMATION

10.01 Plan is Binding. The provisions of this confirmed Plan bind the Debtor, the Trustee, any entity acquiring property under the Plan, and any Creditor, whether or not the Claim of such Creditor is impaired under the Plan and whether or not such Creditor has accepted the Plan. All liens, Allowed Claims, Interests and encumbrances regarding Estate Property shall be treated as specifically set forth in the Plan.

10.02 Guarantees and Joint Obligations. The classification and manner of satisfying all claims under this plan takes into consideration:

- (a) the existence of guarantees by the Debtor of obligations of other persons and of third parties of debts of the Debtor;
- (b) the fact that the Debtor may be a joint obligor with another person or persons with respect to the same obligation, and
- (c) any contention by holders of Claims that the Claims of other holders are subordinated by contract or otherwise to their Claims. All Claims against the Debtor are based upon the express requirement and terms of this Plan that any such guarantees, subordination claims or joint obligations shall be discharged in the manner provided in this Plan, and which holder of such Claims shall be entitled to only one distribution with respect to any obligation of the Debtor.

All Claims against the Debtor, and all rights and claims between or among holders of Claims relating in any manner whatsoever to Claims against the Debtor, based upon any claimed subordination rights or rights to avoid payments or transfers of property pursuant to any provision of the Bankruptcy Code or other applicable law, shall be deemed satisfied by the distributions under this Plan to holders of Allowed Claims hereunder and shall not be subject to levy, garnishment, attachment, or like legal process by any holder of a Claim by reason of any claim subordination rights or otherwise, except as otherwise provided herein, so that each holder of a Claim shall have and receive the benefits of the distributions in the manner set forth in this Plan.

10.03 Permanent Injunction. Unless otherwise specified in this Plan, all Entities who have held, hold, or may hold Claims and all Entities who have held, hold, or may hold Interests against the Debtor are permanently enjoined on and after the Effective Date from:

- (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim against the Debtor;
- (b) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against the Debtor with respect to any such Claim;

- (c) creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or against property of the Debtor with respect to any such Claim;
- (d) from asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor or against property of the Debtor with respect to any such Claim (unless otherwise ordered by agreement or by the Court);
- (e) conducting any form of discovery from the Debtor with respect to any such Claim; and/or
- (f) harassing the Debtor.

Unless otherwise provided for in the Plan, all injunctions or stays set forth in Sections 105 and 362 of the Bankruptcy Code (11 U.S.C. §§ 105 and 362) shall remain in full force and effect until the Effective Date of the Plan rather than the Confirmation Date. However, this shall not be construed as a limitation of the permanent injunctions provided for in the Plan.

10.04 US Trustee Requirements. The Debtor shall be responsible for timely payment of all fees incurred pursuant to 28 U.S.C. § 1930(a)(6), and shall timely pay post-confirmation fees owed to the Office of the US Trustee and assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Court enters a final decree closing this Chapter 11 case or enters an order either converting this case to a case under Chapter 7 or dismissing this case. After confirmation, the Debtor, on or before the last day of the month after the end of each calendar quarter, shall file with the Bankruptcy Court and shall transmit to the Office of the US Trustee a true and correct statement, in a format agreed upon by the Debtor and the US Trustee, of all disbursements made for each quarter or portion thereof that this Chapter 11 case remains open.

10.05 Discharge. On the confirmation date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

ARTICLE XI

DEFAULT UNDER THE PLAN

11.01 If there is a default in payments under the Plan, then any party may give a thirty day (30) notice to the Debtor and Debtor's counsel with opportunity to cure the default. If the default is not cured within the time prescribed, then it shall constitute an Event of Default and each party may exercise all rights (I) under the Plan or (II) under applicable non-bankruptcy law.

ARTICLE XII


JURISDICTION OF THE COURT

12.01 The Court shall retain jurisdiction of this case after the Effective Date until all payments and distributions called for under the Plan have been made and until entry of a Final Order concluding and terminating this case, in respect of the following matters:

- A. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or vacated.
- B. To hear objections to proofs of claim in connection with any contingent or unliquidated Claim.

Dated: 10/18/18, 2018.

WK Management Services, Inc.
Debtor-in-Possession

By: 
Bryan Scott Jarnigan, Chief Executive Officer