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 SECOND AMENDED DISCLOSURE STATEMENT DATED 09/30/2018

Dated: 10/18/18

Burger Law Firm

By: _____
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EXHIBITS

A.	Plan of Reorganization under Chapter 11 of the Bankruptcy Code for WK MANAGEMENT SERVICES, INC., Debtor in Possession.

I. INTRODUCTION

This is the second amended disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of WK Management Services, Inc. (the "Debtor"). This First Amended Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the "Plan") filed by the Debtor on May 11, 2018. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 9 through 12 of this Disclosure Statement. General unsecured creditors are classified in Classes 3, 4, and 5, and will receive a distribution of at minimum one hundred percent (100%) of their allowed claims, to be distributed as follows: from the proceeds generated by the sale of the Debtor's interest in real estate located in Galveston County, Texas.

A. Purpose of This Document

This Disclosure Statement describes the following:

1. The Debtor and significant events during the bankruptcy case;
2. How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed);
3. Who can vote on or object to the Plan;
4. What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan;
5. Why WK Management Services, Inc., believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation,
6. The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Confirm the Plan*

The hearing at which the Court will determine whether to confirm the Plan will take place on_____, at _____, ___m., at the United States Bankruptcy Court for

the Southern District of Texas, Galveston Division, 601 Rosenberg, Seventh Floor, Galveston, TX 77550.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Burger Law Firm 3000 Weslayan, Suite 305, Houston, TX 77027. See section IV.A. below for a discussion of voting eligibility requirements. Your ballot must be received by _____ or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Debtor. Deep Operating, LLC and Debtor's Counsel

Burger Law Firm
3000 Weslayan, Suite 305
Houston, TX 77027

by _____.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact John V. Burger Attorney of Record for Debtor.

C. **Disclaimer**

The Court has not approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until _____.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a non-public corporation, formed under the laws of the State of Delaware, with its principal office located in Houston, Texas. Wk Management Services Inc. filed as a Foreign

For-Profit Corporation in the State of Texas; it is a wholly owned subsidiary of Sustainable Energy Properties, Inc., whose principal place of business in located in Houston, Texas.

Debtor owns an interest in approximately 2,338.60 acres of unimproved real property located in A. Dickson Survey, Abstract No. 51, Galveston County, Texas and Outlots 204 and 206 of the Port Bolivar Townsite, Samuel Parr Survey, Abstract 162, Galveston County, Texas. Debtor was created to act as an investment vehicle to acquire and hold raw land for the purposes of establishing a mitigation bank. Debtor's intended to market its interest in the land to businesses as an opportunity for the preservation, enhancement, restoration or creation (PERCs) of a wetland, stream, or habitat conservation area providing for offsets, or compensation for, expected adverse impacts to similar nearby ecosystems or unavoidable resource losses in advance of development actions, when such compensation cannot be achieved at the development site or would not be as environmentally beneficial. Just as a commercial bank has cash as an asset that it can loan to customers, a mitigation bank has mitigation credits as its assets that it can eventually sell to those who are trying to offset mitigation debits. Generally these purchasers of mitigation credits are individuals or entities undertaking commercial projects.

On May 4, 2018, the Court held a hearing to consider and approve the Debtor's original Disclosure Statement and Plan of Reorganization. The Court denied approval of the Disclosure Statement.

B. TCA Global Credit Master Fund, LP Debt

TCA GLOBAL CREDIT MASTER FUND, LP, a Grand Cayman corporation ("TCA") is the largest creditor in this case, asserting a lien on the Debtor's real estate. TCA filed a secured proof of claim in the main bankruptcy case, asserting that it is owed $16,849,236.03 as of the date of the proof of claim. (See, Case No. 17-80138-G1-11, Claims Register No. 3) TCA's claim is based upon a series of credit transactions allegedly made by TCA to WKMS and its affiliates.

The first obligation is a $2.25 million loan (the "November 2013 Loan") made by TCA to LCTI Low Carbon Technologies International, Inc. ("LCTI"), Commercial & Institutional Mechanical, Ltd. ("C&I"), Sustainable Energy Properties, Inc. ("SEP"), and WKMS, the proceeds of which loan were used to acquire Ideal National Mechanical Corporation ("Ideal"). TCA, LCTI, C&I, SEP, and WKMS executed a credit agreement (the "First Credit Agreement").

In connection with the First Credit Agreement, WMKS executed a Deed of Trust date July 31, 2013, pledging WKMS's interest in the Galveston Property for the debt. However, the Deed of Trust defines the "Obligation" as "[a]ny and all obligations of Grantor, set forth in the Credit Agreement, Note, this Deed of Trust, or any other Loan Documents". The "Credit Agreement" is specifically defined as "[t]hat certain Credit Agreement dated as of July 31, 2013, but made effective as of November 19, 2013, by and between the Beneficiary, as lender, and Grantor, among others, as borrower," i.e., The First Credit Agreement. The "Loan Documents" are defined to mean "those documents listed in Sections 3.1, 3.2 and 3.3 hereof [all paperwork, concerning the First Credit

Agreement], and any other documents or instruments executed in connection with this [First Credit] Agreement or the Revolving Loans contemplated hereby, and all renewals, extensions, future advances, modifications, substitutions, or replacements thereof." The "Grantor" is defined as "WK Management Services, Inc." The "Note" is defined as "[t]he Revolving Note (as such term is used and defined in the Credit Agreement), in the original amount of up to Two Million Two Hundred Fifty Thousand Dollars ($2,250,000.00), and made payable to the order of Beneficiary".

Therefore, according to an harmonious construction of the relevant provisions, the Deed of Trust does not extend to all amounts due to TCA under all credit agreements, but is limited to advances of funds made by TCA under the First Credit Agreement. Thus, TCA's lien on the Galveston Property only covers advances made under the First Credit Agreement.

TCA has never provided WKMS with an adequate accounting to establish what, if anything, is due under the First Credit Agreement or the Second Credit Agreement, and the accounting TCA provided to the Court makes to no effort to recapitulate the payments made under either credit agreements.

TCA has asserted that the WKMS's property is collateral for all of the debts TCA advanced to affiliates of WKMS, including without limitation monies advanced under the Second Credit Agreement, yet there is no Deed of Trust executed by WKMS for the Second Credit Agreement, only a broadly-worded form of security agreement that does not specifically identify any real property. As the Galveston Property is the only property owned by WKMS, TCA is an unsecured creditor with respect to any obligation allegedly owed by WKMS under the Second Credit Agreement. WKMS and its affiliates have also challenged the Repayment Agreement and the Fee Note that were given in connection with the Second Credit Agreement because no consideration was provided by TCA in return for obligations in these documents.

According to TCA, total debt supposedly owed by WKMS totals $16,849,236.03 as reflected on TCA's Proof of Claim. That amount is inconsistent with what it stated the debt was in its Motion for Relief from Stay in this Chapter 11 case.

The nature, extent, and validity of the credit agreements are being challenged in two separate legal proceedings not before this Court, one in the United States District Court for the Southern District of Florida ("The Florida Litigation") and the other in the District Court of Clark County, Nevada ("The Nevada Litigation").

Prior to the filing of the Chapter 11 bankruptcy, Debtor was a plaintiff in extensive litigation challenging the underlying debt asserted by TCA in the United States District Court for the Southern District of Florida, styled, *Beck-ford Construction, LLC, a Texas Corporation, et al. v. Robert Press, a Florida Resident, et al*, pending under Case No. 0:15-cv-61706-UU (the "Florida Litigation"), filed on August 14, 2015. The District Court dismissed the Florida Litigation on March 6, 2017, with prejudice (the "Dismissal Order"), based upon releases and waivers executed by the plaintiffs. The plaintiffs appealed the Dismissal Order.

C. Status of Pending Florida and Nevada Litigation

On August 14, 2015, Debtor, along with related entities, sued TCA and others in the United States District Court for Southern District of Florida under Case No. 0:15-cv-61706-UU , styled as *Beck-ford Construction, LLC, a Texas Corporation, et al, v. Robert Press, a Florida Resident, et al* (the "Florida Lawsuit"), alleging claims with respect to a loan originated by TCA in November 2013, with additional advances in May and October 2014 and a loan made by TCA in December 2014. In the Florida Lawsuit, Debtor and its affiliates, including, without limitation, Bryan Scott Jarnigan, originally asserted claims against TCA and its affiliates under the Racketeer Influenced and Corrupt Organizations Act ("RICO") and Florida state law. According to mandatory forum selection clauses in the loan documents drafted by TCA, Debtor and its affiliates (but not TCA) were required to commence litigation against TCA in either federal or state court in Broward County, Florida. Special Counsel have represented Debtor and its affiliates in the Florida Lawsuit since January 25, 2016.

On September 4, 2015, without ever making a counterclaim in the Florida Lawsuit, TCA chose to commence a lawsuit in the district court for Clark County in the State of Nevada, under in Case No. A-15-7230834-B. DEPT NO. XXVII (the "Nevada Lawsuit") against certain affiliates of the Debtor with respect to the loan by TCA in December 2014. TCA chose to omit Debtor from the Nevada Lawsuit, even though TCA has alleged at all times material hereto that Debtor has liability for the second loan and that the Debtor's assets were pledged as collateral in connection with the loan. In February 2016, the duplicative Nevada Lawsuit was stayed pending resolution of the Florida Lawsuit.

In the Florida Lawsuit, the District Court issued an order of dismissal with prejudice on March 6, 2017, against the claims asserted by Debtor and its affiliates in their Third Amended Complaint based on releases and waivers in the transaction documents drafted by TCA for the two loans. *Beckford Construction, Inc. v. TCA Global Credit Master Fund, L.P.*, 240 F.Supp. 2d 1256 (S.D. Fla. 2017).

On March 20, 2017, Debtor appealed the Order of Dismissal to the United States Court of Appeals for the Eleventh Circuit. The stay order was in the Nevada Lawsuit was discontinued shortly after the Order of Dismissal was entered in the Florida Lawsuit. In addition, while the appeal was pending, TCA accelerated the debt pursuant to the loan documents. TCA notified Debtor that it intended to sell all of the land owned by Debtor on the Bolivar Peninsula at a non-judicial foreclosure sale on May 2, 2017. To protect its interest in its land, Debtor filed the instant Chapter 11 bankruptcy proceeding on May 1, 2017.

On January 3, 2018, the Eleventh Circuit Court of Appeals issued its panel decision, reversing the dismissal of certain claims in the Third Amended omplaint, including the state law claims for fraud, bad faith, deceptive trade practices and civil conspiracy, as well as claims under RICO to the extent such claims arose after the date of the releases and waivers contained in the December 2014 loan documents, but affirming the dismissal of claims that arose before the releases contained in the December 2014 loan documents. *Viridis Corp. v. TCA Global Credit Master Fund,*

L.P., No. 17-11237, 721 Fed. Appx. 865 (11th Cir. Jan. 3, 2018). The Eleventh Circuit further upheld Nevada choice of law clauses in the loan documents drafted by TCA, refusing to adopt the argument of WKMS and its affiliates that the choice of law clauses in the documents for the two loans should not be enforced due to the absence of a normal relation between Nevada and the parties' transactions.

Following remand, the Debtors and its affiliates, as directed by the district court, restated their claims in a Fourth Amended Complaint filed on March 9, 2018 in the federal lawsuit. In this pleading, all claims were asserted under RICO and Nevada state law, including, without limitation, Nevada's high-interest loan statute, which is found in Nev. Rev. Stat. § 604A.010, *et seq.* (2007) (hereinafter referred to as "604A").

In addition, on February 28, 2018, the affiliates of the Debtor that had been sued by TCA in the Nevada Lawsuit also asserted counterclaims against TCA under Nevada's high interest loan statute.

Because certain claims alleged in the Florida Lawsuit were compulsory claims in the Nevada Lawsuit, Debtor and its affiliates, through Special Counsel and their local Nevada Counsel, John P. Aldrich and Catherine Hernandez of the Aldrich Law Firm Ltd.,[1] filed an amended counterclaim in Nevada after a firm trial date was established in the Nevada Lawsuit. All of the claims asserted by Debtor and its affiliates in the Florida Lawsuit were also asserted in the Nevada Lawsuit to ensure that these claims were not extinguished by the doctrine of *res judicata* in the event that the Nevada Lawsuit was tried before the Florida Lawsuit.

On August 30, 2018, the District Court in the Florida Lawsuit entered an order dismissing with prejudice the RICO claims in the Fourth Amended Complaint. However, as to other state law claims, the District Court declined to exercise supplemental jurisdiction over any Nevada state law claims in the Fourth Amended Complaint, ruling that such claims were "novel", as acknowledged by the parties, and, therefore, not suitable for resolution in the Federal Litigation.

The state law claims that were pleaded in the Florida Lawsuit are now pending in only the Nevada Lawsuit. TCA has taken the position in the Nevada Lawsuit that there is no legal basis for the claims under Nevada's Revised Statutes. By order entered on April 28, 2018, however, the presiding judge in the Nevada Lawsuit overruled TCA's objection to a counterclaim initially filed by the affiliates of the Debtor with respect to one of the same oans as to which WKMS is also a party. The presiding judge ruled in the April 28th Order that a prima facie basis for relief under Chapter 604A had been set forth in the Original Counterclaim filed in the Nevada Lawsuit by the affiliates of the Debtor. *Id.* Most recently, on September 5, 2018, the presiding judge denied TCA's motion to strike affirmative defenses and a counterclaim filed by the Debtor's affiliates based upon Chapter 604A. This same order also permitted the filing of an amended counterclaim in which the Debtor has been joined as a party seeking relief under Chapter 604A. *Id.* A copy of the amended

[1] The involvement of the Aldrich Law Firm, Ltd., as Nevada Local Counsel in the Nevada Lawsuit is the subject of a separate employment application.

counterclaim is attached as **Exhibit G**.

Now that the Nevada state law claims have been dismissed without prejudice from the Florida Lawsuit, the Debtor seeks permission to employ the same counsel to represent the Debtor in the Nevada Lawsuit without any cost to the bankruptcy estate, unless the Debtor were to prevail on its claims for relief in the Nevada Lawsuit.

Debtor was also a party to litigation filed in Broward County, Florida, on November 17, 2017 (Case No. CACE-17-021032). This litigation was filed, alleging purely state law causes of action against TCA. On or around June 19, 2018, this case was dismissed without prejudice.

D. TCA'S Motion for Relief from Stay

On August 18, 2017, TCA filed a motion to lift the automatic stay (see, Docket No. 17)("Lift Stay Motion"). TCA sought relief from the automatic stay, alleging that it was owed the sum of $11,397,586.55, plus interest and applicable fees. See, Docket No. 17, p. 6. The amount set forth in the Lift Stay Motion is inconsistent with the amount stated on TCA's Proof of Claim. See, Claims Register No. 3. TCA also alleged the Galveston Property was only worth $275,050.00 as reflected on the Galveston County Appraisal District's tax rolls. See, Lift Stay Motion, Exhibit N, Docket No. 17-14, pp. 1-3.

On December 11, 2017, the Court entered an order directing the Debtor to sell the Galveston County property and established a deadline of April 30, 2018, by which Debtor must deposit the sum of $10,695,511.54 as adequate protection.

On April 19, 2018, the Debtor filed an Emergency Motion to Extend Deadline for Adequate Protection Payment (see, Docket No. 63). The Court set a hearing for May 4, 2018, to consider the same. The Court advised the parties that the adequate protection payment of $10,695,511.54 was inappropriate as a result of the 11th Circuit Court of Appeals' decision, which affirmed part of the Florida District Court's Dismissal Order but reversed the dismissal of certain claims in the TAC, including the claims for fraud committed before the First Credit Agreement in November 2013 (Count Two); bad faith and contract breaches committed after the Second Credit Agreement in December 2014 (Count Three); fraud committed before the Second Credit Agreement (Count Four); deceptive and unfair trade practices but only to the extent of conduct committed after the Second Credit Agreement (Count Eight); civil conspiracy but only to the extent of the conduct alleged in Counts Two and Four and the conduct alleged in Count Eight after the Second Credit Agreement (Count Nine); violation of the Racketeer Influenced and Corrupt Organizations Act of 1970 ("RICO") but only to the extent of predicate acts after the Second Credit Agreement (Count Ten); and conspiracy to violate RICO but only to the extent of predicate acts after the Second Credit Agreement (Count Eleven). The Bankruptcy Court will set an evidentiary hearing to address these claims as they have an impact on Debtor's obligation to make adequate protection to TCA, under 11 U.S.C. § 502. Debtor believes that it is entitled to a credit against the adequate protection payment for its damages incurred as reflected in the claims stated above.

The Bankruptcy Court set a status conference for May 14, 2018, to determine whether a hearing should be held to determine the amount of adequate protection Debtor is required to deposit and the time frame within which it must do so. At the status conference, TCA announced that it would forego a hearing to determine Debtor's requirement to pay adequate protection to TCA. TCelieves that the Florida Federal District Court would enter an order in TCA's favor dismissing the Florida Federal District Litigation. A hearing has not been set on TCA's motion to dismiss the Florida Litigation at this time.

The Bankruptcy Court will conduct another status conference on June 8, 2018 at 3:00 p.m. for further action on adequate protection.

E. TCA's Motion to Dismiss and Adversary Complaint

TCA has filed a motion to dismiss the Chapter 11 Bankruptcy case alleging, among other things, that the instant bankruptcy case was filed in bad faith and meets the elements of *Little Creek Development Co. v. Commonwealth Mortgage Corp. (In re: Little Creek)*, 779 F.2d 1068, 1072 (5th Cir. 1986). Debtor has filed an answer to the Motion to Dismiss.

Additionally, TCA has filed an Adversary Proceeding, pending under Adv. No. 18-08018, and styled *TCA GLOBAL CREDIT MASTER FUND, LP v. WK MANAGEMENT SERVICES, INC.*, in which TCA seeks to enjoin Debtor from participating in the Nevada Litigation. The Debtor has filed an answer to the Adversary Proceeding.

The Bankruptcy Court has set hearings for October 22, 2018 at 9:30 am.

F. Retention of Colliers International.

On January 8, 2018, the Court approved the employment of Colliers International ("Colliers") as real estate agents and brokers for the Debtor. Colliers has marketed the property for sale as mitigation banking property.

G. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, Bryan Scott Jarnigan has served as the Debtor's officer, director, and the person in control of the Debtor. Mr. Jarnigan has served as the Debtor's officer, director, and the person responsible for the Debtor's obligation while in Chapter 11.

H. Significant Events During the Bankruptcy Case

1. TCA Relief from Stay Motion.

On August 16, 2017, TCA filed a Motion to Lift the Automatic Stay (Docket No. 17). An evidentiary hearing was conducted on October 5, 2017. At the hearing, the Bankruptcy Court ruled that Debtor must market the Galveston County property for sale, and must deposit, by no later than 5:00 p.m., on April 30, 2018, the amount of $10,695,511.54 with TCA as adequate protection of TCA's interest. As stated above, TCA has agreed to forego the adequate protection payment, relying on its belief that the Florida Federal District Court will dismiss the Florida Litigation. However, the Bankruptcy Court will hold a status conference on June 8, 2018, to determine if an adequate protection hearing is necessary.

The Bankruptcy Court will hold a status conference for May 14, 2018, to determine whether a hearing should be held to determine the amount of adequate protection Debtor is required to deposit and the time frame within which it must do so. At the status conference, TCA announced that it would forego a hearing to determine Debtor's requirement to pay adequate protection to TCA. TCA believes that the Florida Federal District Court would enter an order in TCA's favor dismissing the Florida Federal District Litigation. A hearing has not been set on TCA's motion to dismiss the Florida Litigation at this time.

2. Employment of Colliers International

Debtor filed an application to employ Colliers International to market and sell the Galveston County, Texas, property (Docket No. 53). Colliers International is a real estate company knowledgeable in selling raw land in the mitigation banking market. The Court approved the Colliers Application on January 9, 2018. Colliers is marketing the Galveston County Property for sale as a mitigation investment property.

3. TCA's Motion to Dismiss and Adversary Proceeding

As stated above, TCA has filed a Motion to Dismiss the bankruptcy and an Adversary Proceeding to enjoin Debtor from participating in the Nevada Litigation. Both matters have been set for October 22, 2018, at 9:30 am.

4. Retention of Special Counsel

Debtor has filed applications to employ PAUL AIELLO and the law firm of BENNETT AIELLO, and JOHN P. ALDRICH and CATHERINE HERNANDEZ of the ALDRICH LAW FIRM LTD., as special counsel to represent Debtor in the Nevada Litigation. Special Counsel have not accepted any payment of fees for legal services to date from the Debtor, and Special Counsel have agreed agreed not to seek compensation from Debtor for legal services rendered for the benefit of the Debtor or the estate. Instead, counsel has accepted compensation from only the affiliates of the Debtor, and will agree going forward that they shall not seek any compensation from the Debtor, unless Debtor were to prevail in the Nevada Lawsuit, in which case any fees will be subject to proper fee application to, and approval by, the Bankruptcy Court.

5. Sale Motion

Debtor filed an application to sell its interest in the Galveston Property to Landco Holdings, Inc. See, Docket No. 97. Shortly after the sale motion was filed, Landco and the Debtor sought to withdraw the motion and filed a motion to seal the documents relating to the Sale Motion. The Bankruptcy Court granted the withdrawal of the sale motion and sealed the records because they may have contained private information. See, Docket No. 103. At the present time, there is no other motion pending to sell the property.

I. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

J. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in the Debtor's bankruptcy schedules of assets on file in this case. Debtor's best estimate of the Galveston County property's value is approximately $42,000,000.00, if the property is utilized in mitigation banking.

The Debtor has not issued a recent financial statement since 2013. Debtor's assets and debts are set forth in the Debtors Schedules of Assets and Liabilities on file in this case, along with the Debtor's Statement of Financial Affairs on file herein.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case are set forth in Exhibit A. A summary of the Debtor's periodic operating reports

filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit A.

Debtor's First Amended Plan contemplates the sale of the Debtor's property for the purposes of mitigation banking, which is the best use of the property to maximize its value to the estate. 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.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

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

B. Unclassified Claims

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

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

Type:	Basis for Priority	Treatment
Burger Law Firm	11 USC § 507(a)(2)	In Cash, subject to court approval
United States Trustee	11 USC § 507(a)(1)	In Cash

2. *Priority Tax Claims*

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

In this case, there are no Tax Claims subject to Priority.

C. Classes of Claims and Equity Interests

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

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will [be classified as a a general unsecured claim].

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class #	**Description**	**Insider? (Yes or No)**	**Impairment**	**Treatment**

1	TCA Global Credit Master Fund, LP.	No	Yes	Debtor may object to the Claim. Debtor believes that TCA's claim is inaccurate and subject to claims, defenses, and other causes of action.
1	Galveston County, and related ad valorem taxes	No	Yes	Property Tax Claim to be paid at closing when the property is sold.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept a different treatment. In this case, there are no such claims.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
N/A	N/A	N/A	N/A

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following identifies the Plan's proposed treatment of general unsecured claims:

General Unsecured Creditors: Class 3

General Unsecured Claims of Insiders: Class 4

General Unsecured Claims of Equity Holders: Class 5

Class #	Description	Impairment	Treatment
3	General Unsecured Claims and Claims not Secured by Equity in Debtor's Assets	Yes	Projected payment of 100% of unsecured claims, from sales proceeds of the Galveston County, Texas, property.
4	General Unsecured Claims of Insiders	Yes	Will only receive distributions if all allowed unsecured claims are paid in full
5	General Unsecured Claims of Equity Holders	Yes	Will retain their interests in equity in reorganized Debtor.

4. *Classes of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders: [There may be more than one class of equity interests in, for example, a partnership case, or a case where the prepetition debtor had issued multiple classes of stock.]

Class #	Description	Impairment	Treatment
5	General Unsecured Claims of Equity Holders	Yes	Will retain their interests in equity in reorganized Debtor.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

Debtor intends to fund the plan from the sales proceeds of the Galveston County, Texas, property. If the property is sold as a component of mitigation banking, the sales proceeds will be sufficient to satisfy all claims in full.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	**Affiliations**	**Insider (yes or no)?**	**Position**	**Compensation**
Bryan Scott Jarnigan	Sustainable Energy Properties, Inc.; Beck-Ford Construction, LLC; Viridis Corporation; LCTI Low Carbon Technologies International, Inc.; Ideal National Mechanical Corporation; Commercial & Institutional Mechanical, Ltd.	Yes	Chief Executive Officer	0.00

E. Risk Factors

The proposed Plan has the following risks:

Risk factors include the fluctuation of real estate markets, and the inability of finding a buyer properly suited to purchase the Galveston County real property for its best use as a mitigation banking asset.

Further risks include any claims, defenses, and/or offsets asserted by parties in interest against the Debtor in the Florida Litigation. If the Florida Litigation is dismissed in TCA's favor,

then Debtor may not be able to recover on the claims it asserts against TCA. Additionally, if TCA forecloses on its liens on the Galveston County Property, 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.

F. Executory Contracts and Unexpired Leases

There are no executory contracts aside from the employment of Colliers International.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract was September 25, 2017. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

1. Introduction.

The following discussion summarizes certain significant U.S. federal income tax consequences of the transactions that are described herein and in the Plan that affect holders of Claims or Interests and the Debtor. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), the Treasury Department regulations promulgated thereunder (the "Treasury Regulations"), judicial authority and current administrative rulings and practice now in effect. These authorities are all subject to change at any time by legislative, judicial or administrative action, and such change may be applied retroactively in a manner that could adversely affect holders of Claims or Interests and the Debtor. The federal income tax consequences to any particular holder of a Claim or Interests may be affected by matters not discussed below. For example, the impact of the Plan under any foreign, state or local law is not discussed. Further, this summary generally does not address the tax consequences to Claim holders who may have acquired their Claims from the initial holders nor does it address the tax considerations applicable to Claim holders or Interest holders that may be subject to special tax rules such as financial institutions, insurance companies, dealers in securities or currencies, tax exempt organizations or taxpayers subject to the alternative minimum tax. To the extent that the summary of payments to Claimholders in this section conflicts with other parts of this Disclosure Statement or the Plan, the discussion in such other parts of the Disclosure Statement or the Plan shall govern.

NO RULING WILL BE SOUGHT FROM THE INTERNAL REVENUE SERVICE (the "IRS"), AND NO OPINION OF COUNSEL HAS BEEN OR WILL BE SOUGHT, WITH RESPECT TO

ANY OF THE TAX ASPECTS OF THE PLAN. THE DISCUSSION SET FORTH BELOW IS FOR GENERAL INFORMATION ONLY. THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTOR OR HOLDERS OF CLAIMS OR INTERESTS. EACH CLAIM AND INTEREST HOLDER IS URGED TO CONSULT WITH ITS OWN TAX ADVISER REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

2. Federal Income Tax Consequences to Debtor.

Generally, a taxpayer recognizes cancellation of indebtedness ("COD") income upon satisfaction of its outstanding indebtedness for less than its adjusted issue price. The amount of COD income is, in general, the excess of (i) the adjusted issue price of the indebtedness satisfied, over (ii) the issue price of any new indebtedness issued by the taxpayer, the amount of cash and the fair market value of any other consideration (including stock of the taxpayer) given in exchange for the indebtedness satisfied. However, COD income is not included in gross income to a debtor if the discharge occurs in a Title 11 case or the discharge occurs when the debtor is insolvent. Rather the debtor generally must, after determining its tax for the taxable year of discharge, reduce its net operating losses ("NOL(s)") and any capital loss carryovers first and then, as of the first day of the next taxable year, reduce the tax basis of its assets by the amount of COD income excluded from gross income by this exception. The Debtor does not expect there to be any tax effect to the Debtor as a result of the Plan.

3. Consequences to Holders of Claims.

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, the issue price of any debt instrument, and the fair market value on the date of the exchange of any other property received by the holder (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.

The Debtor and/or Trustee of the Liquidating Trust intends to take the position that all payments in respect of Allowed Claims will be first allocated to the principal amount of the Allowed Claim, with any excess allocated to accrued unpaid interest. However, there is no assurance that such allocation would be respected by the IRS for federal income tax purposes. In general, to the extent any amount received by a holder of an Allowed Claim is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a Holder generally will recognize a deductible loss to the extent any accrued interest claimed was previously included in gross income and is not paid in full. Each holder of an Allowed Claim is urged to consult its tax advisor regarding the allocation of consideration and deductibility of unpaid interest for tax purposes. A holder, who, under his accounting method, was not previously required to include in income, accrued but unpaid interest attributable to its existing Claims, and who exchanges its interest Claim for cash, or other property, pursuant to the Plan will be treated as receiving ordinary interest income to the extent of any consideration so received allocable to such interest, regardless of whether that holder realizes an overall gain or loss as a result of the exchange of its existing Claims.

Allowed Claims will be paid from the operating income of the Newly Reorganized Debtor. A claimholder's tax basis in a Claim should generally equal the amount included in income as a result of the provision of goods or services to the debtor, except to the extent that a bad debt loss had previously been claimed. The gain or loss should be capital gain or loss under Section 1221 of the Tax Code to the extent that the Claim did not arise in the ordinary course of trade or business for services rendered or from the sale of inventory to the Debtor, in which case such gain or loss should generally be ordinary. Any capital gain or loss recognized by a holder of a Claim should be long-term capital gain or loss with respect to Claims held for more than one year.

4. Withholding and Reporting.

The Newly Reorganized Debtor will withhold all amounts required by law to be withheld and will comply with all applicable reporting requirements of the Tax Code. Under the Tax Code, interest, dividends and other "reportable payments" may under certain circumstances be subject to

"backup withholding" at a rate equal to the fourth lowest rate of tax under Section 1(c) of the Tax Code. Backup withholding generally applies if the Holder (i) fails to furnish his social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to report interest or dividends or (iv) under certain circumstances fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and the Holder is not subject to backup withholding. Your ballot contains a place to indicate your TIN.

AS INDICATED ABOVE, THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISER REGARDING THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT ENTITY.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that Classes 1 through 5 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that there are no unimpaired classes and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was September 25, 2017; however,

governmental entities had until October 30, 2017, to file proofs of claim.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

holders of claims and equity interests that have been disallowed by an order of the Court;

holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

holders of claims or equity interests in unimpaired classes;

holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and

holders of claims or equity interest in classes that do not receive or retain any value under the Plan;

administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2].

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

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

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

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

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation.

D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the 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 shall not be discharged of any debt (i) imposed by the 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). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. **Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. **Final Decree**

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

VI. CONCLUSION

All holders of claims against the Debtor are urged to vote to accept the plan and to evidence such acceptance by returning their ballots so that they will be received by the deadline for voting which is 10/24/18 at 5:00 p.m. (Houston Time).

Dated: 10/18/18, 2018.

WK Management Services, Inc.,
Debtor-in-Possession

By: _____
Bryan Scott Jarnigan, Chief Executive Officer

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