

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

IN RE: §
ALAMO TOWERS-COTTER, LLC, § CASE NO. 17-52599-CAG
DEBTOR § CHAPTER 11

DISCLOSURE STATEMENT REGARDING
DEBTOR'S PLAN OF LIQUIDATION
[JULY 31, 2018]

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PLEASE READ THIS IMPORTANT INFORMATION

THIS DOCUMENT IS THE DISCLOSURE STATEMENT FOR THE PLAN DESCRIBED HEREIN. THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN. THE STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WERE MADE AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE SET FORTH ON THE COVER PAGE HEREOF. HOLDERS OF CLAIMS AND INTERESTS MUST RELY ON THEIR OWN EVALUATION OF THE DEBTOR AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.

[THE BANKRUPTCY COURT HAS REVIEWED THIS DISCLOSURE STATEMENT, AND HAS DETERMINED THAT IT CONTAINS ADEQUATE INFORMATION AND MAY BE SENT TO YOU TO SOLICIT YOUR VOTE TO ACCEPT THE PLAN.]

ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS CITED HEREIN AND THE PLAN ATTACHED HERETO, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

DEBTOR IS PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT SOLELY FOR PURPOSES OF SOLICITING HOLDERS OF CLAIMS AND INTERESTS TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTOR URGES EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT AND THE PLAN. MOREOVER, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE SUMMARY OF THE PLAN AND OTHER DOCUMENTS DESCRIBED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED BY REFERENCE TO DOCUMENTS THEMSELVES AND THE EXHIBITS THERETO. THE DEBTOR BELIEVES THAT THE INFORMATION HEREIN IS ACCURATE BUT IS UNABLE TO WARRANT THAT IT IS WITHOUT ANY INACCURACY OR OMISSION.

DEBTOR HAS NOT AUTHORIZED ANY PARTY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OR THE DEBTOR OR THE VALUE OF

THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT RELY UPON ANY OTHER INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN ACCEPTANCE OR REJECTION OF THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH OR REVIEWED BY ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW ("BLUE SKY LAW"). THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, CERTAIN OTHER DOCUMENTS, AND CERTAIN FINANCIAL INFORMATION. DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS OR FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN, OR SUCH OTHER DOCUMENTS, AS APPLICABLE, SHALL GOVERN FOR ALL PURPOSES.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER OF A CLAIM OR INTEREST IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTOR IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

TABLE OF EXHIBITS

- A. Plan of Liquidation for Alamo Towers – Cotter, LLC
- B. Order Approving Disclosure Statement
- C. Liquidation Analysis
- D. List of Creditors and Claims

II. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the Chapter 11 case of Alamo Towers – Cotter, LLC (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Liquidation (the “Plan”) filed by the Debtor on July 31, 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 11-14 of this Disclosure Statement.

A. Purpose of This Document

This Disclosure Statement describes:

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 Alamo Towers – Cotter, LLC 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 if the Case was filed under Chapter 7 of the Bankruptcy Code; and
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 _____, 2018, at _____ a.m./p.m., in Courtroom 3, in the United

States Bankruptcy Court, Courtroom No. 3, Fifth Floor, Old Post Office Building, 615 East Houston Street, San Antonio, Texas.

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 the Law Office of H. Anthony Hervol, 4414 Centerview Drive, Suite 200, San Antonio, Texas 78228. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____, 2018 or it will not be counted.

3. *Deadline for Objecting to the Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon the parties listed on the attached mailing list by _____, 2018.

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

If you want additional information about the Plan, you should contact Debtor's counsel, H. Anthony Hervol, Law Office of H. Anthony Hervol, 4414 Centerview Drive, Suite 200, San Antonio, Texas 78228. Mr. Hervol represents the Debtor. Therefore, neither Mr. Hervol nor his staff can give you legal advice.

C. Disclaimer

The Court has 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.

II. BRIEF DESCRIPTION OF THE DEBTOR AND STATUS OF THE CASE

A. Description and History of the Debtor's Business

The Debtor is a Delaware single member limited liability corporation with its principal place of business and all of its assets located in San Antonio, Texas. The Debtor owns and operates two nine-story commercial real estate office buildings with surrounding parking facilities, located at 901 and 909 N.E. Loop 410, San Antonio, Texas, which are commonly known as "Alamo Towers" (hereinafter referred to as "the Property").

Debtor was incorporated on February 21, 2007. The sole shareholder of the Debtor was Mr. James Franklin Cotter of San Antonio, Texas. Mr. Cotter purchased the Property through the Debtor in February, 2007, and financed most of the purchase price. The current holder of the

Note, Deed of Trust and other instruments secured by the Property is an entity known as ML-CFC 2007-7 NE Loop 410, LLC, a Delaware Limited Liability Company (“ML-CFC”).

The Note was scheduled to mature in March, 2017. As was his usual business practice, Mr. Cotter sought out and was in the process of obtaining a commitment for refinancing of the Note in early January of 2017. However, on January 25, 2017, Mr. Cotter died intestate at the age of 83. On February 16, 2017, the Bexar County Probate Court heard the Application to Appoint a Temporary Administrator of the Estate, and appointed a neutral party, local probate attorney Marcus P. Rogers, as the Temporary Administrator Pending Contest. Mr. Rogers was given broad authority by the Probate Court and was issued Letters of Administration on February 22, 2017. Among the many issues Mr. Rogers encountered after his appointment was a number of properties being secured by commercial real estate loans which required refinancing. Significantly complicating matters was the fact that when Mr. Cotter passed away, the death of a guarantor resulted in an event of default on virtually every mortgage loan.

On March 1, 2017, the Alamo Towers’ Note matured. But for Mr. Cotter’s untimely passing, the loan would have been refinanced prior to its maturity. However, without Mr. Cotter being able to serve as a guarantor for such a loan, Mr. Rogers’ options as Administrator of Mr. Cotter’s Estate were somewhat limited. After employing the services of a real estate loan workout specialist, Mr. Rogers sought to obtain refinancing for the Note as well as offers to buy the Property.

On August 24, 2017, an Order Converting Temporary Administration to Independent Administration was entered in Probate Court, thereby making Mr. Rogers the Independent Administrator of Mr. Cotter’s Estate.

On September 15, 2017, ML-CFC executed an “Appointment of Substitute Trustees” and posted the Property for the November 7, 2017, non-judicial foreclosure sale. The Debtor filed this Chapter 11 Bankruptcy case in order to preserve the Debtor’s most valuable asset, give the Debtor time to sell the Property, pay off the Debtor’s creditors, and preserve the remaining equity for the heirs of the Cotter Estate.

B. Insiders of the Debtor

The Debtor is controlled by Marcus P. Rogers, Independent Administrator of the Estate of James F. Cotter, Deceased.

The names of the Debtor’s “insiders” as defined in §101(31) of the United States Bankruptcy Code (the “Code”), their relationship to the Debtor, and all compensation paid by the Debtor or its affiliates to that person or entity during the year prior to the commencement of the Debtor’s bankruptcy case, as well as compensation paid by the Debtor during the pendency of this chapter 11 case, are as follows:

Name	Relationship	Compensation: last 12 months	Compensation: During Ch. 11 case
Estate of James F. Cotter. Deceased c/o Marcus P. Rogers	100% owner of Debtor	\$0.00 in compensation; \$364,532.92 transferred to reimburse prior advances	\$0.00
Cotter & Sons, Inc.	Property Management Company	\$0.00 in compensation; \$135,000.00 for payroll reimbursement	\$0.00 in compensation; \$77,641.06 for payroll reimbursement
Urban Space Construction, LLC	Owner is an heir to the Cotter Estate	\$33,824.10 for Tenant Improvement work	\$21,672.00 for Tenant Improvement work

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the “Managers”) were: James F. Cotter, CEO from 2/21/2007 - 1/25/2017; Marcus P. Rogers, Independent Administrator of the Estate of James F. Cotter from 2/22/2017 to present.

The Manager of the Debtor during the Debtor’s chapter 11 case has been: Marcus P. Rogers, Independent Administrator of the Estate of James F. Cotter.

After the effective date of the order confirming the Plan, Marcus P. Rogers, Independent Administrator of the Estate of James F. Cotter, will also continue to serve as Manager of the Debtor until all distributions under the Plan of Liquidation have been completed.

D. Events Leading to Chapter 11 Filing

As noted above, Debtor filed this case to avoid losing the Alamo Towers Property to foreclosure, give the Debtor time to sell the Property, pay off the Debtor’s creditors, and preserve the remaining equity for the heirs of the Cotter Estate.

E. Significant Events During the Bankruptcy Case

During the course of this Chapter 11 case, the Debtor has continued its operations while marketing the Alamo Towers Property for sale. Significant events occurring during the case include the following:

- (1). The Court approved the retention of H. Anthony Hervol as counsel for the Debtor on November 18, 2017.

(2). The Court approved the retention of Cushman & Wakefield, U.S., Inc. as real estate broker for the Debtor on April 5, 2018 (Motion filed 2/16/18).

(3). The Court approved the Debtor's interim use of cash collateral on November 20, 2017. Since then, Debtor and MFC have submitted periodic Stipulations on use of cash collateral so that the Debtor can continue to operate the Property until a sale is consummated.

(4). Cushman & Wakefield marketed the Property and obtained several offers. Three of the offers were higher than the amount needed to pay 100% of all likely allowable claims in this case. The highest and best offer was selected in the amount of \$15,200,000.00. An Agreement for Purchase and Sale of the Property has been executed and a Motion seeking approval of the procedures set forth therein shall be filed prior to the hearing on this Disclosure Statement.

F. Projected Recovery of Avoidable Transfers

The Debtor does not anticipate pursuing preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order entered in the Bankruptcy Case, 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 VII of the Plan.

H. Current Financial Conditions

The identity and fair market value of the estate's assets are set forth in the Liquidation Analysis attached hereto as Exhibit "C". The value shown for the Alamo Towers Property is established based upon an actual pending contract for sale.

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

THE PRINCIPAL PROVISIONS OF THE PLAN ARE SET FORTH BELOW. THIS IS A BROAD OVERVIEW OF THE PLAN AND IS QUALIFIED IN ITS ENTIRITY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED HERETO AS EXHIBIT "A". AS NOTED ABOVE, ALL CAPITALIZED TERMS USED HEREIN AND NOT OTHERWISE DEFINED IN THE BANKRUPTCY CODE SHALL HAVE THE MEANING ASSIGNED TO THEM IN THE PLAN ATTACHED HERETO.

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

As required by the Bankruptcy 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 types 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 that 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	Estimated Amount Owed	Proposed Treatment
Office of the United States Trustee Fees (estimated as of confirmation)	\$4,875 per quarter	Paid in full on effective date of Plan or as billed; also, will be paid 1% of total indebtedness paid at closing from the sale of the Alamo Towers Property.
Unpaid professional fees	\$30,000 (Estimated as of confirmation)	Paid in full within 30 days of effective date of Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan.
Total	\$34,875	

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. It is not anticipated that Debtor will owe

any §507(a)(8) priority tax claims at the time of confirmation. However, the Plan provides for payment of any such claims within 30 days of the date said claim becomes an Allowed Claim.

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 general unsecured claim. However, in this particular case, the value of the Property upon which secured creditors hold valid security interests greatly exceed the likely allowed amount of such creditors’ claims. Therefore, the secured creditors in this case are “oversecured”. The following chart lists all classes containing Debtor’s secured prepetition claims and their proposed treatment under the Plan:

Class #	Creditor/ Collateral	Insider (Yes or No)	Impaired?	Treatment
1	Bexar County – ad valorem taxes assessed or to be assessed on the Alamo Towers Property Claim filed: \$369,537.52	No	No	The claim filed by Bexar County was paid in full in the ordinary course of business from a tax escrow account maintained by the mortgage lender, ML-CFC. Ad Valorem taxes continue to accrue on the Property and the Debtor is liable for the same until the Property is sold. Debtor shall sell the Property. Debtor shall pay the yearly prior years’ ad valorem taxes assessed against the Property and due on or before January 31st of each year, either directly or through the escrow account maintained by ML-CFC. Bexar County shall retain its statutory liens securing any prepetition and post-petition tax debts until such time as the ad valorem tax debts are paid in full.

2	ML-CFC 2007-7 NE Loop 410, LLC Claim filed: \$11,485,886.70	No	Yes	Pursuant to 11 U.S.C. §506(b), CNB shall be paid the principal amount due, contractual interest on its claim, and all reasonable fees, costs, or charges provided for under the agreement or State statute under which such Claim arises, except interest will be paid at non-default, contract rate specified in the Note, in the following manner: (1). The Debtor shall sell the Property. When the sale closes escrow, ML-CFC shall be paid in full directly by the title company closing the sale all sums noted in the foregoing paragraph and all Class 2 Claims will then be deemed withdrawn or expunged; (2). Until the Property is sold, Debtor will provide adequate protection to ML-CFC as provided in the plan (payments of interest on the Note at the non-default rate, escrow for ad valorem property taxes and insurance premiums).
3	Estate of James F. Cotter, Deceased (Holder of assigned judgment lien) Claim filed: \$44,109.61	Yes	Yes	Upon the sale of the Property, claim shall be paid in full out of the net sales proceeds by the Title Company closing the sale.
4	Holders of mechanic's and materialman's liens (See attached list – Exhibit "D")	No	Yes	Paid the allowed amount of such claims from the net sales proceeds from the sale of the Property.

2. *Classes of Priority Non-Tax 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 different treatment. The Debtor has the following non-tax priority unsecured creditors.

Class #	Description	Insider (Yes/No)	Impaired?	Treatment
5	<p>Tenants security deposits up to the first \$2,850.00</p> <p>(See attached list – Exhibit “D”)</p>	No	Yes	<p>Tenants of the Property who are parties to a lease on the date of the closing of the sale of the Property, and whose leases are assumed shall have their Class 5 claims funded in full, along with remaining portion of their security deposits (which are Class 6 claims), at the close of escrow in connection with the sale of the Property. To the extent the Debtor rejects any lease with a Tenant, at or prior to the time the Property is sold, Debtor shall place the amount of said Tenant(s)’ security deposits in a separate bank account on the Effective Date, which may be used to offset any rejection damages in the event said Tenants elect to vacate the Property.</p>

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 chart identifies the Plan’s proposed treatment of Class 6 which contains the general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
6	Tenant Security Deposits in excess of \$2,850.00 (See attached list)	Yes	Paid in full in the same manner specified for Class 5 above.
7.	General Unsecured Claims: (The alleged Creditors in Class 7 and the amounts owed to such Creditors or claimed by such Creditors on the Petition Date are listed in Exhibit “D” attached hereto).	Yes	Debtor shall sell the Property. The Allowed Claims of the Class 7 creditors shall be paid a sum in Cash up to the Allowed Amount of their claims with a Pro Rata distribution of the Registry Funds (being proceeds from the sale of the Property) remaining after payment of the Allowed Claims of creditors in Classes 1 through 6, and taxes which are determined to be due and owing as a result of the sale of the Property.

4. *Class 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:

Class #	Description	Impairment	Treatment
8	Equity Interest Holder Estate of James F. Cotter, Deceased	Not Impaired	After Allowed Claims in Classes 1 through 7 are paid in full, any remaining Registry Funds and funds received from the liquidation of the Debtor's assets shall be distributed to the Equity Interest Holder

D. Means of Implementing the Plan

1. Sale of the Alamo Towers Property. If the Debtor has not already closed on the sale of the Property on or before the Effective Date, the Debtor shall continue to employ a broker to market the Property for sale, and such Property shall be sold pursuant to 11 U.S.C. §363 free and clear of any and all liens, encumbrances and alleged interests in the Property. The proceeds from the sale of the Property shall be paid into the registry of the Court and held until further order of the Court authorizing distribution of such proceeds.

2. Funding for the Plan. The Plan will be funded from the Debtor's available Cash, the Property Sales Proceeds, and the Registry Funds. Any payments due on or within 30 days of the Effective Date will be paid from funds held in the registry of the Court as authorized by order of the Court.

E. Risk Factors

The following provides a non-exhaustive summary of various important considerations and risk factors associated with the Plan. In considering whether to vote for or against the Plan, Holders of Claims or Interests should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced in this Disclosure Statement.

Certain Bankruptcy Law Considerations

(a). Parties-in-Interest May Object to the Plan and Confirmation. Section 1129 of the Bankruptcy Code provides certain requirements for a chapter 11 plan to be confirmed. Parties-in-Interest may object to confirmation of a plan based on an alleged failure to fulfill these requirements or other reasons. Debtor believes that the Plan complies with the requirements of the Bankruptcy Code.

(b). Parties-in-Interest May Object to the Debtor's Classification of Claims and Equity Interests. Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each class of Claims and Interests encompass Claims or Interests that are substantially similar to the other Claims or Interests in each such class.

(c). The Debtor May Not Be Able to Obtain Confirmation of the Plan. There can be no assurance that the Bankruptcy Court will confirm the Plan. The Bankruptcy Court could still decline to confirm the Plan if it were to determine that any of the statutory requirements for confirmation had not been met, including a determination that the terms of the Plan are not fair and equitable to Classes not accepting the Plan. Therefore, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

(d). Risk of Non-Occurrence of the Effective Date. Although the Debtor believes that the Effective Date may occur within a reasonable time following the Confirmation Date, there can be no assurance as to such timing, nor assurance that the Property will sell for a purchase price sufficient to pay all allowed claims in the case.

F. Executory Contracts and Unexpired Leases

Executory contracts and unexpired leases are treated under Article VIII in the Debtor's Plan. The Plan provides that the Debtor will sell the Property and in connection with the sale, Debtor will file a motion seeking to establish procedures for: (A). assuming and assigning or rejecting executory contracts and unexpired leases, and (B). to determine tenant and contract counterparty cure payments. Within thirty (30) days of the sale, or prior thereto, Debtor shall file one or more motions seeking an order to assume and assign, or reject, executory contracts and unexpired leases related to the Property. Any executory contracts or unexpired leases which are not included in a motion to assume and assign filed on or before the foregoing deadline shall be deemed rejected.

If the rejection of an executory contract or an unexpired lease by the Debtor results in damages to the other party or parties to such contract or lease, the Debtor will mail a notice to such party or parties explaining their options to stay in the Property without a lease and continue paying rent, or to vacate the property and file a claim in the bankruptcy case for rejection damages.

G. Tax Consequences of Plan

NOTE: 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 U.S. federal income tax consequences of the implementation of the Plan to the Debtor and certain Holders of Claims and Interests, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to any particular Holder of a Claim or Interest.

This discussion does not purport to be a complete analysis or listing of all potential tax considerations. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder (the "Regulations"), judicial

decisions and published administrative rules and pronouncements of the Internal Revenue Service (“IRS”) as in effect on the date hereof. Legislative, judicial or administrative changes or new interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the United States federal income tax consequences of the Plan. Any such changes or new interpretations may have retroactive effect and could significantly affect the federal income tax consequences of the Plan.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. Debtor has not requested and will not request a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan to (i) special classes of taxpayers (such as Persons who are related to the Debtor within the meaning of the Tax Code, foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, investors in pass-through entities and Holders of Claims who are themselves in bankruptcy) or (ii) Holders not entitled to vote on the Plan, including Holders whose Claims or Interests are entitled to reinstatement or payment in full in cash under the Plan or Holders whose Claims or Interests are to be extinguished without any distribution.

This discussion assumes that the various debt and other arrangements to which Debtor is a party will be respected for federal income tax purposes in accordance with their form. Furthermore, this discussion assumes that Holders of Claims or Interests hold only Claims or Interests in a single Class. Holders of multiple Classes of Claims or Interests should consult their own tax advisors as to the effect such ownership may have on the federal income tax consequences described below.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE TO THEM UNDER THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) (1) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE TAX CODE, AND (2) IS WRITTEN TO SUPPORT THE PROMOTION, MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE

TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

2. *Tax Status of the Debtor*

For federal income tax purposes, Debtor is a Limited Liability Company and as a result of the implementation of the Plan, Debtor is a pass through entity, is unlikely to have potential attribute reduction to itself, but may have such an effect on Interest Holders when their Interests are cancelled under the Plan.

3. *Generally Applicable U.S. Federal Income Tax Consequences of the Exchanges Pursuant to the Plan to Holders of Allowed Claims*

Pursuant to the Plan, certain Holders of Allowed Claims will receive cash, in exchange for and in full satisfaction and discharge of such Claims.

A. Tax Consequences of the Exchanges.

For U.S. federal income tax purposes, the Holders of Allowed Claims will be treated as exchanging their Claims for cash in a fully taxable exchange. Each Holder will recognize gain or loss equal to the difference between (i) the sum of the amount of cash and (ii) the Holder's adjusted tax basis in the Claims surrendered. The amount, and the character of any gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss, will be determined by a number of factors, including, the tax status of the Holder, whether the Claim constitutes a capital asset in the hands of the Holder and how long it has been held, whether the Claim was acquired at a market discount, and whether and to what extent the Holder had previously claimed a bad debt deduction in respect of the Claim.

B. Accrued but Unpaid Interest.

To the extent that a portion of the Applicable Consideration received by a Holder in the exchange is allocable to accrued but unpaid interest not previously included by the recipient Holder in taxable income, such amount should be taxable to the Holder as interest income. Conversely, a Holder of a Claim may be able to recognize a deductible loss (or, possibly, a writeoff against a reserve for worthless debts) to the extent that any accrued interest on the Claim or Interest was previously included in the Holder's gross income but was not paid (or treated as paid) in full by the Debtor.

C. Market Discount.

A Holder that purchased its Allowed Claim from a prior holder at a market discount may be subject to the market discount rules of the Tax Code. Under the "market discount" provisions of sections 1276 through 1278 of the Tax Code, some or all of any gain realized by a Holder of an Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the Allowed Claim. In general, a debt instrument is considered to have been acquired with "market discount" if its Holder's adjusted tax basis in the

debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument (excluding “qualified stated interest”) or (ii) in the case of a debt instrument issued with original issue discount, its adjusted issue price, in each case, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the Allowed Claim, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

D. Bad Debt and/or Worthless Security Deduction.

A Holder who, under the Plan, receives in respect of a Claim an amount less than the Holder’s tax basis in the Claim may be entitled to a bad debt deduction in some amount under section 166(a) of the Tax Code or a worthless security deduction under section 165 of the Tax Code. The rules governing character, timing and amount of bad debt or worthless security deductions place considerable emphasis on the facts and circumstances of the Holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of a Claim therefore are urged to consult their tax advisors with respect to their ability to take such a deduction.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER’S CIRCUMSTANCES AND INCOME TAX SITUATION AND CONTAINS NO DISCUSSION AS TO STATE, LOCAL OR FOREIGN TAX ASPECTS. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

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. Certain 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 2 through 7 are impaired and that holders of claims in

each of these classes are therefore entitled to vote to accept or reject the Plan. However, the claim of the Class 3 creditor is now held by the same entity that owns the Debtor and therefore may be precluded from voting on the plan. The Plan Proponent believes that classes 1 and 8 are unimpaired 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 has already expired.

The deadline for filing objections to claims is ninety (90) days after the close of escrow from the sale of the Property or as otherwise extended by order of the Bankruptcy Court.

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 interests 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.

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 a 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 cram-down 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. A liquidation analysis is attached to this Disclosure Statement as Exhibit "C".

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 Fund Plan

The Debtor believes that it will easily have enough cash to fund its Plan of Liquidation, in light of the offers received for the Property to date.

V. EFFECT OF CONFIRMATION OF PLAN

A. No Discharge of Debtor - In accordance with § 1141(d)(3) of the Code, the Debtor will not receive any discharge of debt in this bankruptcy case. However, the allowance, disallowance, or resolution of Claims in the Chapter 11 Case shall constitute a final adjudication on the merits of all Claims asserted or which could have been asserted against the Debtor, its General Partner, and the Estate.

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 re-voting 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. OTHER IMPORTANT PROVISIONS

Retention of Litigation Claims - any and all Litigation Claims (as defined in the Plan) owned by, accruing to or assertable by the Debtor shall remain Assets of the Estate pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code. Pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, only the Debtor shall have the right to pursue or not to pursue, or, subject to the terms of this Plan, compromise or settle any Litigation Claims owned or held by the Debtor or its Estate as of the Effective Date. From and after the Effective Date, the Debtor may commence, litigate, and settle any Litigation Claims or rights to payment or claims that belong to the Debtor that may be pending on the Effective Date or instituted by the Debtor after the Effective Date. The Bankruptcy Court shall retain jurisdiction to adjudicate any and all Litigation Claims and approve any such settlement, whether commenced prior to or after Confirmation of the Plan and the Effective Date.

Dated: July 31, 2018, at San Antonio, Texas.

Respectfully submitted,

Alamo Towers – Cotter, LLC

DEBTOR-IN-POSSESSION

By ___/s/ Marcus P. Rogers_____
Marcus P. Rogers, Independent Administrator of the
Estate of James F. Cotter, Deceased, acting on
behalf of and authorized representative for the
Debtor-in-Possession

LAW OFFICE OF H. ANTHONY HERVOL
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By ___/s/ H. Anthony Hervol_____
H. Anthony Hervol
State Bar Number 00784264
Attorney for the Debtor-in-possession