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**IN THE UNITED STATES BANKRUPTCY COURT**  
**FOR THE DISTRICT OF WYOMING**

In re: )  
)  
TWIFORD ENTERPRISES, INC., ) Case No. 18-20120  
) CHAPTER 11  
)  
)  
Debtor-in-Possession. )  
)

**DEBTOR’S MODIFIED CHAPTER 11 DISCLOSURE STATEMENT**

The Debtor, Twiford Enterprises, Inc., (hereinafter “TEI”) provides this disclosure statement to all of its known creditors and interest holders in connection with its Chapter 11 plan. This disclosure statement has been modified to comply with the above Court’s oral order issued on December 11, 2018 at the conclusion of the hearing on the approval of Debtor’s Disclosure Statement.

***Purpose of Disclosure Statement.*** Pursuant to Section 1125 of the Bankruptcy Code (11 U.S.C. §1125), TEI must submit a disclosure statement to the creditors, interest holders, and other parties in interest with adequate information so they will be able to make an informed judgment about the acceptability of its proposed plan of reorganization (Exhibit “A”). The disclosure statement should contain sufficient information that would allow a hypothetical reasonable investor typical of the holders of

claims and interests in the classes impaired under the plan to make an informed judgment to accept or reject the plan.

***Background of TEI.*** TEI is a Wyoming corporation that was created in April 13, 1990 and is in good standing with the Wyoming Secretary of State. Its principal business is ranching and more specifically a cow-calf operation located at 642 Horseshoe Creek Road, Glendo, Wyoming. TEI also raises approximately 1500 tons of hay and alfalfa per year, which is fed to its cattle herd. (The operation also leases pasture for its ranching operations.) TEI is managed on a day-to-day basis by Jack Twiford, who has been involved in the ranching business for at least 50 years. Jack Twiford graduated from the University of Wyoming with a bachelor's of science degree in Agricultural Economics. The real property and improvements owned by TEI consists of 2,870 acres, which property has been under the Twiford family control since the real estate was homesteaded in 1878.

***Factors leading to the Chapter 11 filing.*** TEI has financed its ranching operations with Rolling Hills Bank and Trust ("RHB") beginning October of 2014. Although TEI was current on its payments under the five loans that remained outstanding to RHB as of the fall of 2017, RHB declined to renew the operating loan and accelerated the payment due under its other loans. As collateral for its loans, RHB holds mortgages against TEI's real estate and liens against TEI's livestock, vehicles, equipment and crops (and proceeds therefrom).

RHB filed a replevin suit against TEI on September 20, 2017 in the Platte County District Court seeking possession of TEI's personal property. RHB also commenced foreclosure proceedings against TEI's real estate. In order to avoid the loss of its ranching operations by RHB's actions, TEI sought protection under Chapter 11 of the Bankruptcy Court on March 7, 2018. Both of these actions have been stayed by the bankruptcy filing.

*Operations in Chapter 11.* Since its bankruptcy filing, TEI has continued to manage its 760 head of cattle. Beginning March 2018, TEI's herd increased by 660 calves. As of the date of the filing of this Disclosure Statement, TEI's cattle herd is estimated at 744 cows and 650 calves. Through two cuttings of hay and alfalfa, TEI has produced 1500 tons thereof.

In 2018, TEI has been receiving income of \$25,000.00 per month by managing 484 head of cattle owned by John Twiford (the son of Jack Twiford). Depending on the location of where these cattle are grazed, a portion of the income from this arrangement is subject to RHB's lien. Specifically, on average \$10,780.00 per month has become subject to RHB's lien because John Twiford's cattle were grazed on TEI's real estate. However approximately 60% of these cattle have been grazing non-TEI pasture. Following its bankruptcy filing, the majority of the cattle under TEI's control have been pastured on Petsch Ranch or Janette L. Chamber's Ranch (per a sublease via Tom Twiford).

At different times of any given year, TEI grazes some of its cattle on Petsch Ranch Inc. land as well as other pastures that TEI does not own. It also utilizes Petsch Farm & Ranch dba Y6 Feeders for its feed lot services prior to sale of TEI's livestock.

TEI is funding its operations with the use of \$761,461.86, which originated from the sale of TEI cattle sold prior to its bankruptcy filing, as well as the above referenced cattle management agreement. These sale proceeds are subject to RHB's and some creditors' liens, and accordingly their use has been subject to the Bankruptcy Court's cash collateral orders. TEI's ability to use these sale proceeds terminates on December 1, 2018. As of August 31, 2018, TEI has used approximately \$490,288.28 of these sale proceeds.

***Management and Control.*** Tom Twiford is the president of TEI owning 6% of TEI's stock, Stanetta Twiford is the vice president owning 36% of TEI's stock, Jack Twiford is the secretary of TEI owning 36% of TEI's stock and Patricia Twiford is a shareholder owning 22% of TEI's stock. Jack Twiford has been involved in TEI's operations since its inception and manages the day-to-day operations, and upon confirmation of the Plan he will continue in that role. Ownership of TEI will remain the same upon confirmation of the Plan. The officers will not be paid compensation by TEI for at least the five years following confirmation of the Plan.

***Effectuation of the Plan.*** John Twiford (the son of Jack and Stanetta Twiford) has committed to sell to TEI his cattle, as of the Effective Date, that are currently the subject of the Cattle Management Agreement referred to above for the sum of

\$688,000.00. This sale will increase the herd size of TEI by 434 heifers. John Twiford will finance this purchase on a five year term with interest at the rate of 5.5% per annum and will be secured by said heifers. John Twiford has also committed to providing TEI with a \$200,000.00 annual line of credit as of the Effective Date. This debt will be repaid annually at an interest rate of 5.5%, and will be secured by a first position lien on all of TEI's livestock. So long as the payments are timely made on this line of credit, it will be renewed annually for the five years following confirmation of the Plan. To the extent TEI's annual operating expenses exceed this \$200,000.00 line of credit, TEI has a commitment for an additional (or replacement) line of credit from Forbes Global Services, LLC for up to \$700,000.00. Under this loan arrangement, TEI will pay an upfront origination fee of 2.5% of the amount of the requested line of credit. This debt will be repaid annually with interest accruing at 6% per annum, and will be secured by a first position lien on TEI's livestock. (It is probable that should TEI utilize this line of credit, John Twiford's line of credit loan will be fully satisfied for that year.) The other financing for the Plan payments will derive from the annual sale of TEI's cattle. (See Exhibit "B")

***Financial Information.*** A summary of TEI's financial information for the 2016-2017 tax years is attached as Exhibit "C", which is based on TEI's 2017 Federal Income Tax Return. The financial information for most of TEI's 2018 operations is available through a review of TEI's monthly operating reports filed with the Bankruptcy Court.

***Summary of Petition Date Assets and Liabilities.*** TEI's assets on the date of filing consisted of the following:

<b>Assets</b>	<b>Petition Date Value</b>
Real Property	\$4,650,000.00 <sup>1</sup>
Livestock	\$1,872,900.00
Bank Deposits	\$ 1,202.00
Vehicles & Various Equipment	\$ 312,360.00
Crops	\$ 90,360.00
Total	\$6,926,822.00

Please contact counsel for TEI if you wish to review a more detailed list of the assets (the actual schedules filed with the Court). TEI has not had any of its personal property professionally appraised.

***Summary of Current Assets and Liabilities.*** TEI's current assets (as of September 2018) consist of the following:

<b>Assets</b>	<b>Current Value</b>
Real Property	\$4,650,000.00
Livestock	\$2,678,883.00
Bank Deposits	\$ 360,745.42 <sup>2</sup>
Vehicles & Equipment	\$ 318,704.00
Crops	\$ 150,000.00
Total	\$8,158,332.42

***Pending or Anticipated Litigation.*** Early in the case, TEI filed its "Motion to Enforce the Automatic Stay, or Alternatively, to Extend the Automatic Stay", which was directed to the collection action RHB had filed in an Iowa state court to

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<sup>1</sup> This is based on an appraisal drafted by Hastings & Associates, which was dated November 10, 2017.

<sup>2</sup> As of September 15, 2018.

enforce the personal guarantees of TEI's loans given to RHB by TEI's officers and shareholders ("Iowa Litigation"). The determination of this motion has been delayed pending the parties' discovery, and a hearing on the motion will be set after November 15, 2018. (The Iowa Litigation has been adjourned pending the Bankruptcy Court's determination of this Motion). Since TEI's Plan proposes to fully pay RHB, these matters may become moot if TEI's Plan is confirmed. If RHB is able to collect on these personal guaranties, it could reduce the amount TEI will pay to RHB.

RHB filed an adversary proceeding (Adv. Pro. 18-02015) against various creditors of TEI to determine what interests if any the parties had to the proceeds of several pre-petition sales of TEI's cattle. (These cattle sale proceeds were also the subject of the previously described cash collateral matter.) At this point in the litigation, the only defendants contesting RHB's claim to the superior interest in these sale proceeds are Petsch Ranches, Inc., Petsch Farms, Inc. and Jack Twiford. No trial has been set in this matter. This litigation may be rendered moot if TEI's Plan is confirmed since unsecured creditors are to be fully paid, and therefore it would not be cost effective to litigate the interest accrual that would otherwise be determined through that litigation.

Pursuant to the Bankruptcy Court's "Order Granting Ex Parte Motion for Order Directing Rolling Hills Bank to Produce Documents", TEI has requested information from RHB regarding its pre-bankruptcy administration of TEI's loans. This may result in lender liability type litigation against RHB or a reduction of the allowed amount of its secured claim.

***Liabilities.***

***Class One-Rolling Hills Bank and Trust (“RHB”).*** This Claim is for \$5,797,103.29 with interest at 5% with payments of \$377,109.89 for the first five years starting with the Effective Date of the Plan. Beginning in the sixth year, the annual payment to RHB will increase by \$75,000.00 to \$452,109.89. RHB will retain all its liens on Debtor’s livestock in existence on the Effective Date, but its lien will be subordinated to John Twiford’s and/or Forbes Global Services, LLC’s liens. So long as the payments to this Class are current, the Iowa Litigation will be stayed. Once RHB’s Claim is fully paid, the personal guarantors of TEI’s obligations to RHB will be released.

***Class Two-Petsch Farms, LLC.*** Petsch Farms, LLC and Petsch Ranch, Inc. have filed three separate secured claims based on statutory agister’s liens. The Plan will pay \$369,890.00 as secured and \$126,375.00 as unsecured (see Class 5). The secured portion of this Class will be paid on the Effective Date.

***Class Three-Deere & Company d/b/a John Deere Financial.*** This Class will be paid as a fully secured Creditor based on its purchase money security interest in a John Deere Round Baler, Model 567. The Claim is for \$6,493.28, and will be fully paid upon the Effective Date.

***Class Four-Farm Credit Services of America, PCA.*** This Class is partially secured by a John Deere 6130D Tractor, a John Deere 6150M Tractor, a Frontier Bale Fork and John Deere H 360 Loader & Attachments. This Claim is for \$118,911.07. TEI shall retain the John Deere 6130D Tractor, and shall pay its value of \$25,544.00 over a



period of five years with 5% per annum interest accruing thereon. The first annual payment will be for \$5,900.02 on the Effective Date. The remaining four annual payments of \$5,900.02 each will be paid on March 1<sup>st</sup> of each succeeding year. TEI will sell the remaining collateral held by this Creditor for a mutually agreed price. If this remaining collateral is not sold by January 1, 2019, it will be surrendered to this Creditor and any remaining deficiency will be treated in Class Five. This Class is impaired.

***Class Five-Unsecured Creditors.*** At this point in time, this Class consists of R Mill Iron Land and Cattle Ranch, Jorgensen Land & Cattle Partnership, Key Bar Ranch and Petsch Farms, Inc. (\$126,375.00) for a total of \$376,282.00. The loan of Stanetta Twiford in the amount of \$362,000.00 will receive no payment under the Plan. This Class will be paid in full over five years at no interest with the first payment of \$75,208.00 on the Effective Date, and the remaining four annual payments of \$75,208.00 each will be paid proportional to the unsecured claims on March 1<sup>st</sup> of each succeeding year. This Class is impaired.

***Chapter 7 Liquidation Analysis.*** Exhibit “D”, shows the estimated distributions under Chapter 7. It is quite probable that the unsecured claims would receive less than proposed in the Plan due to the increased administrative costs associated with hiring new counsel and other professionals for the estate as well as the Chapter 7 Trustee’s commission.

The Chapter 7 trustee is paid on the following distributions:

0-\$5,000	25%
\$5,000-50,000	10%
\$50,000-1,000,000	5%
Above \$1,000,000	3%

***Administrative Claims.*** The only known administrative claimants consist of the estate’s attorney, Winship & Winship, P.C., and Platte County Treasurer (property tax) and the United States Trustee for future quarterly fees. The estate’s attorney was paid a \$20,999.00 pre-petition retainer (and the filing fee). Counsel estimates that if the disclosure statement and plan are approved, his post- petition fees and expenses will total an estimated additional \$15,000.00-17,500.00. TEI is current on its other administrative expenses including the quarterly fees to the United States Trustee and will pay all fees required by law. The 2018 property tax of \$5,986.19 will also be paid when it comes due.

***Alternatives to TEI’s Plan.*** The management of TEI intends to reorganize. TEI could liquidate but it is highly unlikely that any funds would be available for unsecured creditors after the secured debt is paid. In other words, TEI believes that the highest and best value to be obtained from TEI’s assets is based on its “going concern” value.

***Risk Factors.*** The success of the Plan is subject to the market for cattle remaining the same as it is currently. A precipitous decline in cattle prices would likely require TEI to modify the Plan. The Plan is also dependent upon John Twiford fulfilling his commitment to provide TEI with the annual \$200,000.00 line of credit upon the

Effective Date, which is described above. Similarly, the Plan is based upon John Twiford's sale to TEI and financing of the 434 cows currently under TEI's management. TEI's post-confirmation operations necessary to consummate the Plan require that it lease pasture from third parties, and the lack of such pasture in the future is a potential risk. If TEI's current cattle feed lot arrangement is terminated, that could increase TEI's expenses.

***Executory Contracts (Leases).*** The executory contract represented by the "Second Modification and Extension Agreement" entered into by and between TEI and Rolling Hills Bank & Trust on March 21, 2017 is proposed to be rejected.

***Tax Consequences.*** The Debtor has elected to be taxed under Subchapter S of Chapter 1 of the Internal Revenue Code. It is not anticipated that confirmation of the Plan will result in any adverse tax consequences to TEI (or its shareholders.)

***Voting Procedures.*** After the approval of this disclosure statement, TEI will mail a voting ballot with the plan and the approved disclosure statement. Creditors and interest holders with "impaired" claims are entitled to vote. A claim is impaired if the principal, interest, length of time for payment, or a combination of these is changed. The holder of an unimpaired claim is conclusively presumed to have accepted the plan and the solicitation of acceptances from holders of the unimpaired claims is not required and will not be undertaken. Under TEI's plan all unsecured claims are impaired. All creditors and interest holders entitled to vote on the plan may cast their vote by completing, dating, and signing the Ballot included with this disclosure statement and

mailing it to: Stephen R. Winship, 145 South Durbin Street, Suite 201, Casper, WY 82601. A BALLOT DOES NOT CONSTITUTE A VALID PROOF OF CLAIM IN TEI's CASE.

***Confirmation of the Plan.*** Following the approval of this disclosure statement, the United States Bankruptcy Court for the District of Wyoming (Honorable Cathleen D. Parker presiding) will hold a hearing to determine whether the attached reorganization plan should be confirmed. At the confirmation hearing, the court must determine whether the plan complies with 11 U.S.C. §1129. Among other things, the court must determine whether the plan has been accepted by each impaired class. Under 11 U.S.C. §1126(c), an impaired claim is deemed to have accepted the plan if at least 2/3s in amount and 1/2 in number of all allowed claims of class members actually voting have voted in favor of the plan. An impaired class is deemed to have accepted the plan if at least 2/3s in amount of the allowed interests have accepted the plan. Further, under 11 U.S.C. §1129(a)(7)(A)(ii) the court must find that each member of an impaired class will receive or retain more than if TEI were liquidated. This is known as the “best interest of creditors” test. All of the Classes described above are impaired.

***Confirmation of the Plan without the creditor's consent—Cram Down.*** The plan may be confirmed even if it is not accepted by all impaired classes, if the court finds that the requirements of 11 U.S.C. §1129 are satisfied and certain other conditions are met. If the plan is not accepted by the impaired creditors or classes, TEI will rely on the “cram down provisions” of 11 U.S.C. §1129(b) and seek confirmation of the plan.

Generally, TEI must show that the plan does not discriminate unfairly and that the plan is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted the plan. In order to be fair and equitable, as required by 11 U.S.C. §1129(b) of the Bankruptcy Code, the plan must provide that creditors and interest holders in non-consenting, impaired classes will either retain or receive on account of their claims or interests, property of a value, as of the effective date of the plan at least equal to the value of such claims or interests, or if they receive less than full value, no class or junior priority will receive or retain anything on account of such junior claim. The plan must also comply with the absolute priority rule if the creditors reject the plan. These are complex statutory provisions and this summary is not intended to be a complete statement of the law.

***Disclaimers.*** NO REPRESENTATIONS ABOUT TEI, PARTICULARLY ABOUT TEI'S FUTURE OPERATIONS OR THE VALUE OF ITS PROPERTY, ARE AUTHORIZED BY TEI OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE AN ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY A CREDITOR OR INTEREST HOLDER. ANY ADDITIONAL REPRESENTATION OR INDUCEMENT SHOULD BE REPORTED TO COUNSEL FOR TEI OR THE UNITED STATES TRUSTEE (308 West 21<sup>st</sup> Street, Room 203, Cheyenne, WY 82001 307-772-2790).


The information contained in this disclosure statement has not been subject to a certified audit. TEI may not warrant or represent that all information in this disclosure statement is complete and accurate, although ever reasonable effort has been made to provide complete and accurate information. Approval of the disclosure statement is not equivalent to a recommendation by or a finding by the court that TEI's plan should be confirmed.

You are urged to confer with your own counsel and a tax advisor about the plan and disclosure statement.

DATED this 13<sup>th</sup> day of December, 2018.

Respectfully submitted,  
**TWIFORD ENTERPRISES, INC.**

By:   
Jack Twiford, Secretary

By:   
Stephen R. Winship  
TEI's Counsel

Stephen R. Winship  
(Wyoming State Bar No. 5-2093)  
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**IN THE UNITED STATES BANKRUPTCY COURT  
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TWIFORD ENTERPRISES, INC., ) Case No. 18-20120  
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**CHAPTER 11 PLAN OF REORGANIZATION**

The Debtor, Twiford Enterprises, Inc. (hereinafter “TEI”), respectfully submits this Plan of Reorganization in good faith and by means not forbidden by law.

**ARTICLE ONE-DEFINITIONS**

“*Administrative Expense*” means a claim allowed pursuant to 11 U.S.C. §§503(b) and 507(a)(1).

“*Allowed unsecured claim*” means a claim held by a creditor that:

- (i) has timely filed a claim with the court that has not been objected to or has been allowed by the court following an objection,
  - (ii) is listed on the Debtor’s bankruptcy schedules and not designated as disputed, contingent, or unliquidated [See 11 U.S.C. §1111(A)];
  - (iii) the Court has allowed the claim after resolution of an objection thereto;
- or
- (iv) has not withdrawn the claim.

“*Bankruptcy Court*” or “*Court*” means the United States Bankruptcy Court for the District of Wyoming.

“*Claim*” shall mean either the Proof of Claim filed by a Creditor or an alleged right to payment or right to an equitable remedy in existence on or as of the Petition Date whether or not such right of payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

“*Creditor*” shall mean any person or entity that has a Claim against the Debtor.

“*Debt*” shall mean a liability on the Claim.

“*Debtor*” or “*TEI*” means the Debtor and the plan proponent herein.

“*Petition Date*” shall mean the date on which TEI filed its Chapter 11 petition with the Court, March 7, 2018.

“*Effective date*” means 30 days after the date that the order confirming the plan is final and non-appealable.

“*Plan*” means this “Chapter 11 Plan of Reorganization” filed by the Debtor with the Court.

“*Confirmation of the Plan*” means the entry by the Court of an Order confirming the Plan in accordance with Chapter 11.

## **ARTICLE TWO--CLASSIFICATION AND TREATMENT OF CLAIMS**

***Class One-Rolling Hills Bank and Trust (“RHB”).*** This Class will be paid as a fully secured creditor as to TEI’s real estate, equipment, vehicles, crops and livestock. This Claim consists of 5 loans that were cross-collateralized. These loan obligations will be combined into a single payment. This Claim is for \$5,797,103.29 and will be paid with 5% per annum interest accruing thereon. The first annual payment will be for \$377,109.89 and will be made on the Effective Date with a like payment on March 1<sup>st</sup> of each of the four succeeding years. Beginning with the payment due in 2024, the Plan payment to this Class will increase by an additional \$75,000.00 per year (or \$452,109.89)



and shall continue until this Class' Claim is paid. (The last payment to this Class is anticipated in 2041.) This Creditor will retain its lien on all of its collateral. However its lien against the existing livestock and offspring will be subordinated to the line of credit loans provided by John Twiford and/or Global Services, LLC, and the loan from John Twiford for TEI's purchase of his cattle. So long as the Plan payments to the Class are not in default, RHB's name will not appear as a payee on any checks for the sale of TEI's livestock. However, TEI will provide RHB copies of all cattle sale proceed checks while the Plan is in good standing. Should TEI dispute RHB's Claim or file suit against RHB on its handling of the loans, and TEI prevail thereon, RHB's Claim amount will be reduced (or eliminated) thereby reducing the term of this Claim with the monthly payments remaining the same. This Creditor is impaired.

***Class Two-Petsch Farms, LLC and Petsch Ranch, Inc.*** This Class has filed two secured Claims totaling \$284,049.94 (Petsch Farms, LLC) and Petsch Ranch, Inc. has filed a secured claim for \$212,215.44, all of which are all based on statutory agister's liens. This Class will be treated as secured in the amount of \$369,890.00. The remainder of the Claims in this Class will be paid in Class Five. Class Two will be fully paid upon the Effective Date. This Class is impaired.

***Class Three-Deere & Company d/b/a John Deere Financial.*** This Class will be paid as a fully secured Creditor based on its purchase money security interest in a John Deere Round Baler, Model 567. The Claim is for \$6,493.28. This Class will be fully paid upon the Effective Date. This Class is impaired.

***Class Four-Farm Credit Services of America, PCA.*** This Class is partially secured by a John Deere 6130D Tractor, a John Deere 6150M Tractor, a Frontier Bale Fork and John Deere H 360 Loader & Attachments. This Claim is for \$118,911.07 of which \$86,000.00 has been designated by the Creditor as secured and \$32,911.07 as unsecured. TEI shall retain the John Deere 6130D Tractor, and shall pay its value of \$25,544.00 over a period of five years with 5% per annum interest accruing thereon. The first annual payment will be for \$5,900.02 on the Effective Date. The remaining four annual payments of \$5,900.02 each will be paid on March 1<sup>st</sup> of each succeeding year. TEI will sell the remaining collateral held by this Creditor for a mutually agreed price. If this remaining collateral is not sold by January 1, 2019, it will be surrendered to this Creditor and any remaining deficiency will be treated in Class Five. This Class is impaired.

***Class Five-Unsecured Creditors.*** This Class consists, at this point in time, of R Mill Iron Land and Cattle Ranch, Jorgensen Land & Cattle Partnership, Key Bar Ranch and Petsch Farms, Inc. (\$126,375.00) for a total of \$376,282.00. This Class will be paid in full over five years with no interest with the first payment to this Class in the amount of \$75,208.00 due on the Effective Date, and the remaining four annual payments of \$75,208.00 each will be paid proportional to the Claim amounts on March 1<sup>st</sup> of each succeeding year. The loan of Stanetta Twiford in the amount of \$362,000.00 will receive no payment under the Plan. This Class is impaired.

***Class Six-Ownership Interest.*** This Class consists of TEI's four shareholders who shall receive no payment hereunder.

**ARTICLE THREE--ADMINISTRATIVE EXPENSES-NON  
CLASSIFIED CLAIMS**

***Administrative Claims.*** The only know administrative claimants consist of TEI's attorney, Stephen R. Winship, the Platte County, Wyoming property tax (\$5,986.19), and the U.S. Trustee for the quarterly fees incurred until Confirmation of the Plan. TEI's counsel estimates that his fees will be approximately \$15,000.00-\$20,000.00. These Claims will be paid on the Effective Date or when approved by the Bankruptcy Court, whichever date is later. The executory contract represented by the "Second Modification and Extension Agreement" entered into by and between TEI and Rolling Hills Bank & Trust on March 21, 2017 is rejected.

**ARTICLE FOUR—EXECUTION AND IMPLEMENTATION OF THE PLAN**

After approval and confirmation of the Plan, TEI proposes to retain all undistributed property, which will vest in TEI along with all after acquired property and proceeds thereof. Upon and subject to Confirmation of the Plan, John Twiford (the son of Jack and Stanetta Twiford) has committed to providing TEI an annual line of credit of \$200,000.00 on or around the Effective Date. (This line of credit will bear interest of 5.5% per annum.) On the Effective Date, John Twiford has committed to sell to TEI his cattle that are currently the subject of the Cattle Management agreement for the sum of \$688,000.00. This sale will increase the herd size of TEI by 434 heifers. John Twiford will finance this purchase on a five year term with interest at the rate of 5.5% per annum.

TEI shall continue to pay the property taxes assessed against its property, and will insure its personal property against loss, with the secured creditor listed as the payee(s). TEI shall also maintain, care for and repair its property.

TEI will be the disbursing agent and shall be responsible for all obligations under the Plan. The creditors agree to execute all ordinary and necessary documents connected with the effectuation of the plan including lien and U.C.C. releases.

Any objections to claims shall be filed by the reorganized TEI or any other party no later than 60 days from the Effective Date of the Plan.

Confirmation of this Plan shall bind all Creditors and TEI, and in accordance with the provisions of 11 U.S.C. § 1141 shall discharge TEI of all debts incurred prior to confirmation, and TEI shall be bound only by the terms of the confirmed plan above and any documents executed to effectuate its terms thereafter and the creditors treated under this Plan shall be limited to their remedies set forth in the Plan and any other documents executed to effectuate its terms.

#### **ARTICLE FIVE –DEBTOR’S INTERESTS**

Immediately upon confirmation, all of the property of the estate shall revert in TEI, free and clear of all creditors, liens and interests except as especially provided for herein, along with any and all rights of the Debtor-in-Possession that may be necessary or convenient for TEI to utilize to effectuate the terms of the Plan.

#### **ARTICLE SIX –THIRD PARTY RELEASE**

The Confirmation of the Plan will act as an injunction against the litigation pending in Polk County, Iowa (Case No. LACL140373), which RHB has filed against

TEI's officers and directors, which injunction shall remain in place subject to TEI not being in default under the payments required under Class One above. Upon the full payment of RHB's Claim as treated in Class One above, the Iowa litigation will be dismissed with prejudice, and any claims by RHB against TEI's officers, directors, and shareholders arising from or related to the debts treated in Class One will be fully released.

#### **ARTICLE SEVEN –POSTCONFIRMATION MODIFICATION-DEFAULT**

The reorganized TEI may convert to Chapter 7 if the TEI determines that the need for continued operation or liquidation under Chapter 11 is no longer beneficial to the creditors.

Prior to taking action to repossess collateral or collect a claim from the reorganized TEI in any manner, a creditor treated under the plan must send a written notice by certified mail to the reorganized TEI 15 days prior to taking action. TEI shall have a 15 day cure period from the receipt of the written notice of default.

#### **ARTICLE EIGHT-JURISDICTION OF THE COURT**

Following Confirmation the bankruptcy court shall retain jurisdiction to:


1. Hear any dispute concerning the Plan or Claims or defaults arising under the Plan.
2. To enter orders necessary or appropriate to carry out the provisions of the Plan, including the curing of a defect, omission or inconsistency in the Plan necessary to carry out the overall intent of the Plan.

3. To adjudicate Claim objections.
4. To adjudicate a Claim arising from the rejection of an executory contract.
5. To hear and determine all fee applications for professionals retained by the estate or secured Creditors.
6. To enforce the Plan and orders previously entered by the court.
7. To modify the Plan as permitted by law.

DATED this 13<sup>th</sup> day of December, 2018

TWIFORD ENTERPRISES, INC.

By:   
Jack Twiford, Secretary

By:   
Stephen R. Winship  
TEI's Counsel

**INCOME AND EXPENSE PROJECTIONS FOR FIRST FIVE YEARS OF PLAN**

<u>Projected Annual Income</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Sale of Livestock	\$ 2,066,434.00 <sup>1</sup>	\$ 1,454,194.00	\$ 1,454,194.00	\$ 1,454,194.00	\$ 1,454,194.00
Bank Account Balance	\$ 17,913.00 <sup>2</sup>	\$ 350,026.81	\$ 366,283.90	\$ 382,540.99	\$ 398,798.08
Cattle Management Fees	\$ 100,000.00 <sup>3</sup>				
Line of Credit	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Total	\$ 2,384,347.00	\$ 2,004,220.81	\$ 2,020,477.90	\$ 2,036,734.99	\$ 2,052,992.08
<b><u>Expenses</u></b>					
Labor	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00
Equipment Repairs	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Rent/Leases	\$ 332,000.00	\$ 332,000.00	\$ 332,000.00	\$ 332,000.00	\$ 332,000.00
Supplies	\$ 32,000.00	\$ 32,000.00	\$ 32,000.00	\$ 32,000.00	\$ 32,000.00
Livestock Expenses	\$ 68,000.00	\$ 68,000.00	\$ 68,000.00	\$ 68,000.00	\$ 68,000.00
Gas/Fuel/Oil	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Taxes-R.E.	\$ 5,900.00	\$ 5,900.00	\$ 5,900.00	\$ 5,900.00	\$ 5,900.00
Insurance	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Utilities	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00
Misc. Expenses	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Feedlot	\$ 103,680.00	\$ 103,680.00	\$ 103,680.00	\$ 103,680.00	\$ 103,680.00
Post-Petition Line of Credit	\$ 211,000.00	\$ 211,000.00	\$ 211,000.00	\$ 211,000.00	\$ 211,000.00
Post-Petition Livestock Loan	\$ 161,139.00	\$ 161,139.00	\$ 161,139.00	\$ 161,139.00	\$ 161,139.00
Legal Fees	\$ 20,000.00				
Total	\$ 1,199,719.00	\$ 1,179,719.00	\$ 1,179,719.00	\$ 1,179,719.00	\$ 1,179,719.00
<b><u>Net Income</u></b>	\$ 1,184,628.00	\$ 824,501.81	\$ 840,758.90	\$ 857,015.99	\$ 873,273.08
<b><u>Total Plan Payment</u></b>	\$ 834,601.19	\$ 458,217.91	\$ 458,217.91	\$ 458,217.91	\$ 458,217.91
<b><u>Carrvoer for Following Year</u></b>	\$ 350,026.81	\$ 366,283.90	\$ 382,540.99	\$ 398,798.08	\$ 415,055.17

<sup>1</sup> This includes estimated livestock sales of \$612,240.00 occurring September - December, 2018

<sup>2</sup> Anticipated remaining cash collateral funds as of November 1, 2018

<sup>3</sup> Anticipated cattle management fees September - December 2018

Exhibit "C"

**SUMMARY OF 2016-2017 FINANCIALS**

		<b>2016</b>		<b>2017</b>
Gross Receipts or Sales	\$	2,387,640.00	\$	2,004,891.00
Other Income	\$	115,354.00	\$	9,596.00
Total Income	\$	2,502,994.00	\$	2,014,487.00
Total Expenses (depreciation not included)	\$	2,034,160.00	\$	1,847,385.00
Ordinary Net Business Income	\$	468,834.00	\$	167,102.00



Exhibit "D"

**LIQUIDATION ANALYSIS**

Value of Real Property	\$	4,650,000.00
Value of Personal Property	\$	3,141,243.00
Value of Avoidance Transfers	\$	0.00
Less Secured Claims on Real and Personal Property	\$	(6,259,486.57)
Less Amount of Exemptions	\$	0.00
Less Unsecured Priority Claims	\$	0.00
Less Estimated Chapter 7 Administrative Expenses and Costs <sup>1</sup>	\$	(1,049,623.00)
Total Paid Under Hypothetical Chapter 7 to Unsecured Creditors	\$	482,133.43

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<sup>1</sup> The capital gains income tax effect from the sale of TEI's estate has not been fully determined but at a 20% rate would likely exceed \$600,000.00.