

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN

In re: Case #16-24179
GREEN BOX NA GREEN BAY, LLC,
Debtor. Chapter 11

1st AMENDED PLAN OF REORGANIZATION DATED NOVEMBER 9, 2016

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The Debtor, Green Box NA Green Bay, LLC. (hereinafter the “Debtor”) hereby proposes the following 1st Amended Plan of Reorganization pursuant to § 1123 of the United States Bankruptcy Code.

ARTICLE I DEFINITIONS

For the purposes of this Plan, the following terms shall have the respective meanings set forth below:

1.1 “Administrative Claim” shall mean any cost or expense of administration incurred in connection with this case, together with all costs and expenses incurred by the Debtor or the trustee in the normal course of operating the Debtor’s business or preserving or disposing of its assets after the Petition Date. An administrative claim is a Claim for administrative expenses under § 503(b) of the Code that is entitled to priority in payment pursuant to § 507(a)(1) of the Code.

1.2 “Allowed Claim” shall mean:

- (a) a Claim (other than an Administrative Claim), proof of which is filed on or before the date designed by the Bankruptcy Court as the last date for filing proofs of claim with respect to such Claim, of which has been or hereafter is scheduled by the Debtor as liquidated in amount and not disputed or contingent and in either case, with respect to any such Claims, (i) as to which no objection to the allowance thereof has been filed within the applicable period of limitation fixed by the Code, the Bankruptcy Rules, the Federal Rules of Bankruptcy Procedure, or an order of the Court, or (ii) as to which any objection has been determined by a Final Order; or
- (b) an Administrative Claim
 - (i) an application for payment which, if required under the Code, hereunder, or by Order of the Court, has been filed with the Court on or before any applicable deadlines set by the Court, and which application has been approved and allowed by Final Order;
 - (ii) that is not subject to dispute and has become due and owing in the ordinary course of the Debtor’s business; or
 - (iii) that arises out of the assumption of an executory contract pursuant to § 365 of the Code, which assumption has been approved by a final order of the Court.

1.3 “Allowed Priority Claim” shall mean an Allowed Claim entitled to priority under §507(a) of the Code, other than an Administrative Claim.

1.4 “Allowed Secured Claim” shall mean an Allowed Claim arising on or before the Petition Date (or thereafter upon approval of the Court) that is secured by a valid Lien on property

of the Debtor's estate which is not void or voidable under any state or federal law, including the provisions of the Code.

1.5 "Allowed General Unsecured Claim" shall mean an Allowed Claim that is not an Allowed Secured Claim or an Allowed Priority Claim.

1.6 "Claim" shall mean any right in existence on the Confirmation Date against the Debtor or its estate to (a) payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, or (b) an equitable remedy for a breach of performance if the breach would give rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.7 "Code" shall mean the Bankruptcy Reform Act of 1978, as amended, 11 U.S.C. §§ 101 et. seq.

1.8 "Confirmation" shall mean the entry by the Court of an order confirming the Plan, pursuant to § 1129 of the Code.

1.9 "Confirmation Date" shall mean the date on which the Confirmation Order is entered by the Clerk of the Court.

1.10 "Confirmation Order" shall mean the order of the Court confirming the Plan.

1.11 "Court" shall mean the United States Bankruptcy Court for the Eastern District of Wisconsin (the "Bankruptcy Court"), in which the Debtor's Chapter 11 case is pending pursuant to referral of jurisdiction by the United States District Court for the Eastern District of Wisconsin, and any court having competent jurisdiction to enter final orders or judgments, conduct de novo review of issues and withdraw any portion of the above-captioned proceeding from the Bankruptcy Court, and any court having competent jurisdiction to hear appeals or certiorari proceedings from any of the foregoing.

1.12 "Debtor" shall mean Green Box NA Green Bay, LLC the Debtor in this Chapter 11 case.

1.13 "EARTH" shall mean Environmental Advanced Reclamation Technology HQ, LLC, now known as RTS, LLC.

1.14 "Effective Date" shall mean the date that is eleven business days after the Confirmation Order is entered and on which such Order becomes final and unappealable.

1.15 "Final Order" shall mean an order or judgment of the Court that is no longer subject to appeal, de novo review, or certiorari proceeding, and as to which no appeal, de novo review, or certiorari proceeding is pending.

1.16 "Lien" shall mean a charge against or interest in property to secure payment of a debt or performance of an obligation.

1.17 “NewCo” shall mean the entity which will acquire some of the assets of the Debtor as well other assets to be utilized in a waste reclamation and recycling business as described in the Disclosure Statement.

1.18 “Petition Date” shall mean the date this case was commenced, April 27, 2016.

1.19 “Plan” shall mean this Plan of Reorganization, as modified in accordance with the terms hereof or in accordance with the Code.

1.20 “Priority Tax Claim” shall mean an unsecured Claim entitled to priority under Code § 507(a)(8).

1.21 “Pro Rata” shall mean with respect to an amount of cash to be distributed to the holder of an Allowed Claim of a particular class on a particular date, the same proportion that such Allowed Claim bears to the aggregate of all Claims of that particular class on that particular date once all disputed claims in that class have become Allowed Claims or have been disallowed.

1.22 “Proponent” shall mean the Debtor, Green Box NA Green Bay, LLC.

1.23 “Roll Up” or “Project” shall mean the intended acquisition of the bulk of the Debtor’s assets by NewCo for use in a large integrated operating company as described in the Disclosure Statement.

1.24 “RTS, LLC” shall mean Reclamation Technology Systems, LLC.

1.25 “RVDH” shall mean Ron Van Den Heuvel.

1.26 “Secured Claim” shall mean a Claim arising on or before the Petition Date (or thereafter upon approval of the Court) that is secured by a valid lien on property in which the Debtor’s estate has an interest which is not void or voidable under any state or federal law, including the provisions of the Code.

Terms not defined in this Plan that are defined in the Code shall have the meanings stated in the Code.

ARTICLE II DESIGNATION OF CLASSES OF CLAIMS

2.1 **Classifications of Claims and Interests.** Claims and interests are hereby designed in the following classes:

1. **Administrative Priority Claims:** Administrative Priority Claims include all costs and expenses of the administration of the Chapter 11 case allowed under § 503(b) of the Code and entitled to priority under § 507(a)(1)(C) of the Code. The Plan provides for payment in full of all allowed administrative expenses on the Effective Date unless paid prior thereto or if the holder of such administrative expense has agreed to a different treatment. Any administrative expense that remains subject to an objection as of the Effective Date, and therefore has not yet been allowed by

the Bankruptcy Court, will be paid in the amount ultimately allowed or otherwise agreed, promptly after resolution of the objection.

a. Professional Fees: Fees to professionals will continue to accrue through confirmation. Debtor has hired the following professionals:

i. Steinhilber Swanson LLP, General Counsel for Debtor (hereinafter "SSMMM"). Fees and costs through confirmation are estimated to be approximately \$100,000.00.

b. UST Fees: The United States Trustee fees will be paid as incurred and in full as of the effective date. The Debtor is not delinquent in any payments to the U.S. Trustee. Quarterly fees may continue to be generated until such time as a final Order is entered closing this case by the Court.

c. Little Rapids Corporation Rent Claim: Little Rapids Paper Corporation holds a claim for post-petition rent for rent of storage space in the approximate amount of \$90,000.00.

d. Other Administrative Expenses: Other administrative expense claims may be filed by entities that believe they have an entitlement to be paid as an administrative expense. Debtor asserts that there are no such administrative expenses.

2. Priority Tax Claims: Priority tax claims, as have been filed in the case, are as follows:

a. U.S. Department of Treasury / Internal Revenue Service ("IRS") - The IRS has filed a claim for unpaid payroll taxes in the amount of \$30,825.13. It has "placeholder" claims for income taxes for the Debtor. The Debtor believes that it can reasonably file returns asserting that the Debtor had no income in any of the years that it operated that was taxable and, indeed, likely suffered losses. Such returns shall be filed prior to confirmation.

b. Wisconsin Department of Revenue ("WDOR") - The WDOR has filed a claim for payroll taxes in the amount of \$6,110.27. There are believed to be no further claims for any other kind of tax in favor of WDOR.

c. Wisconsin Department of Workforce Development ("DWD") - The DWD has filed a claim in the amount of \$67,299.31 as a result of unpaid unemployment compensation and insurance taxes.

The Debtor shall, as soon as is practicable, but prior to confirmation, file income tax returns for the last several years (2014 and 2015) based on estimated losses suffered and request a speedy determination of the liability therefrom under §505(b)(2). The amount due, if any, shall be paid each of the above taxing authorities along with any tax due on account of the specified proofs of claim on the docket.

3. **Class 1 Claim (Maple Ridge Funding/Ability Insurance Company ("Ability"))** - Such class shall consist of the claim of Maple Ridge Funding/Ability Insurance Company ("Ability"). Ability asserts a claim as of May 4, 2016 in the amount of \$9,681,100.00. This claim is secured by a valid First Mortgage on real estate located at 2107 American Boulevard, De Pere, Wisconsin. The original amount advanced, as evidenced by a Note dated December 10, 2014, was \$7,150,000.00. The Mortgage, recorded December 13, 2014, together with an Assignment of Rents, is duly perfected. This is a partially secured claim.

4. **Class 2 Claim (Cliffon Equities ("Cliffon"))** - Cliffon asserts a claim in the amount of approximately \$4,200,000 as of March 1, 2016. This amount is asserted to be secured by two PC Kool units, one of which is located on the Debtor's premises and installed, and the other which is located at the premises of Advanced Resource Materials, LLC ("ARM, LLC") in South Carolina and is not installed and in pieces. Additionally, Cliffon asserts a lien in a sorting line and a pelletizing line, both of which are owned by a related entity but which will be incorporated into the rollup. It also, as a result of its relationship with the Debtor and RVDH, negotiated for certain ownership interests in the Debtor and two related entities, one of which is now known as RTS, LLC. It possesses 4 Million units of RTS, LLC, which is a 4% ownership interest. This debt is evidenced by various documents, including an Amended Loan and Investment Agreement dated June 13, 2014, which may be executory as to certain terms.

The Debtor asserts that the value of the collateral is less than the amount due to Cliffon. Cliffon also possesses guaranties from RTS, LLC and RVDH as to debt owed to it by the Debtor.

5. **Class 3 Claim (Quotient Partners, LLC ("Quotient"))** - Quotient has a secured claim that had a balance, as of November 15, 2005, of \$289,471.22. This claim is secured by a lien in equipment owned by a related entity, but is an obligation of the Debtor, together with RTS, LLC. This claim is fully secured.

6. **Class 4 Claim (State of WI/WI Economic Development Corporation ("WEDC"))** - WEDC has a claim as the result of a loan made to the Debtor in the amount of \$1,116,000.00, together with interest, less any payments received, from the date of inception, September 14, 2011. This obligation is secured by a Second Mortgage on the Debtor's property located at 2107 American Boulevard in De Pere, Wisconsin. Given the value of the building, it is unlikely that this claim is fully secured and, indeed, is likely minimally secured. WEDC does, however, possess the ability to elect under Section 1111(b) of the Code and, thus, its claim is recognized in that light. By virtue of such an election, this claim may be fully secured.

7. **Class 5 Claim (Paper HoldCo, LLC ("Varde"))** - Varde has a claim against the Debtor and other related entities, including RTS, LLC, among others. The claim has been reduced, via a Confession of Judgment executed by RVDH, arguably without authority, in the amount in excess of \$9,000,000.00 in State Court, in the State of Minnesota against RTS, LLC and RVDH. Due to the stay imposed by these bankruptcy proceedings, judgment was not entered against the Debtor.

Varde's claim is secured by certain of the Debtor's property, namely, two sets of After dryers. In the Second Forbearance between the Debtor, related entities, and Varde, the Debtor delivered physical and legal possession of the dryers to Varde in a "lender controlled space" within a warehouse located at 821 Parkview Road in Ashwaubenon, Wisconsin. Varde initially paid for storage on those units, but has since stopped and it has made no effort to liquidate the same either by judicial process or self-help. Varde has entered judgment against RTS, LLC, among others by virtue of guaranties. Varde is under-secured as the value of the collateral is significantly less than its claim. RVDH is also a guarantor of this obligation.

8. **Class 6 Claims (Executory Contracts)** - During the course of these proceedings, Little Rapids Corporation obtained relief from stay in order to reclaim possession of a warehouse located at 821 Parkview Road in Ashwaubenon, Wisconsin. Related entities of the Debtor have arranged for a significantly reduced amount of space as machinery and equipment intended to be used in the Project are stored there. The amount due and owing has been agreed between the parties and will be paid by the Debtor. (See Sec. 1(c) above).

The Debtor may have liability on a certain residential lease, to Jairo Huilar, for a property located at 4032 N. St. Bernard Drive in De Pere, Wisconsin. The extent of the liability, if any, is limited to several months on a possible month-to-month holdover of a lease which terminated on its face several years ago. A former employee of the Debtor resided in the property under a lease between the Debtor and Mr. Huilar. Mr. Huilar now has possession of the premises.

The Debtor held a lease with Utica Lease Co., LLC prior to the filing of the bankruptcy. Such lease was assigned and taken over by GlenArbor, pre-petition. It is believed that, as of the date of the Petition, no lease existed between the Debtor and Utica Lease Co., LLC, however, there may be some liability for payment in the event GlenArbor were to default.

Patriot Tissue, LLC, a related entity, was utilizing the manufacturing and warehousing space at 2107 American Boulevard in De Pere, Wisconsin, owned by the Debtor, to continue the operations of the Debtor after the appointment of the receiver. Patriot Tissue, LLC paid no rent, which has accrued at \$74,000 per month, pursuant to the lease. Patriot Tissue, LLC is operating, sporadically, has no unencumbered assets, and is uncollectible.

The Debtor is a 50% owner of GB-ARM, LLC which is an entity formed with Advanced Resource Materials, LLC (ARM) for the purpose of exploiting GB Kool units. The Operating Agreement is an executory contract.

9. **Class 7 Claims (Marco Araujo ("Araujo"))** -Marco Araujo holds a fully secured claim in a sorting unit owned by the Debtor. The value of the sorting unit is greater than this claim. It is believed that the claim, after credits and offsets, held by this claimant, is approximately \$700,000.00.

10. **Class 8 Claims (General Unsecured Non-Priority Claims)** - The Class 8 Claims are impaired. The total amount of the allowed unsecured claims, based on claims scheduled by the Debtor and not marked as "contingent, unliquidated, or disputed" and as allowed by the Court pursuant to proofs of claim filed herein, is \$446,043.69 plus any under-secured portion of any secured claims noted above or any executory contract rejection damages. Additionally, this class

shall contain any claims against RTS, LLC (f/k/a EARTH) to the extent of a guaranty by EARTH, but subject to the restrictions set forth herein and in the Plan. This class is impaired.

11. **Class 9 Claims (Equity Interests in the Debtor)** - The equity interests in the Debtor are detailed on the List of Equity Security Holders attached to the Disclosure Statement.

ARTICLE III TREATMENT OF CERTAIN UNCLASSIFIED CLAIMS

This Plan does not classify certain claims having priority as specified in § 507 of the Code. Those claims will be treated as follows:

3.1 **Chapter 11 Administrative Claims.** These claims are not impaired. Except to any extent that an Administrative Claim has been paid prior to the Effective Date or the holder of the Administrative Claim has agreed to a different treatment of its Claim, on the Effective Date, or as soon thereafter as a claim becomes an Allowed Claim, the Debtor will pay each Allowed Administrative Claim as follows:

- a. **Professional Fees:** Fees to professionals will continue to accrue through confirmation. Debtor has hired the following professionals:
 - i. Steinhilber Swanson LLP, General Counsel for Debtor (hereinafter "SSLLP"). Fees and costs through confirmation are estimated to be approximately \$100,000.00.
 - ii. SSLLP has agreed to defer allowed administrative claims to such time as funds are available from the "roll up" into the Project, or approximately March 31, 2017.
- b. **UST Fees:** The United States Trustee fees will be paid as incurred and in full as of the effective date. The Debtor is not delinquent in any payments to the U.S. Trustee. Quarterly fees may continue to be generated until such time as a final Order is entered closing this case by the Court.
- c. **Little Rapids Corporation Rent Claim:** Post-Petition rent due this claimant shall be paid in full on the Effective Date.
- d. **Other Administrative Expenses:** Other administrative expense claims may be filed by entities that believe they have an entitlement to be paid as an administrative expense. Debtor asserts that there are no such administrative expenses..

3.3 **Priority Tax Claims.** Any priority tax claims are unimpaired. The Debtor estimates priority tax claims arise as a result of unpaid payroll taxes to the IRS, WDOR, and DWD as described above. Such priority tax claims shall be paid in full on the Effective Date and shall include any additional assessments as a result of the filing of income tax returns for 2014 and 2015.

3.4 Fees of the United States Trustee payable under 28 U.S.C. §1930 shall be paid in full on the Effective Date in accordance with 11 U.S.C. §1129(a)(12), and thereafter as due from the liquidation proceeds of the Debtor's assets.

ARTICLE IV TREATMENT OF CLASSIFIED CLAIMS

4.1 **Class 1 Claim (Maple Ridge Funding/Ability Insurance Company ("Ability")):**
Ability shall be paid the sum of \$7,600,000.00 at the time of the "roll up" into the Project from funds generated thereby. The real estate shall, after such payment, be deeded free and clear of all liens and encumbrances to NewCo. The balance of this claim shall be treated as an unsecured claim hereunder and paid in full over time.. Ability specifically reserves its right under a certain Guaranty by RVDH dated December 10, 2014. This class is impaired.

4.2 **Class 2 Claim (Cliffon Equities ("Cliffon")):**
a. **Kool Units.** The Debtor has an outright interest in the Kool unit located in De Pere, Wisconsin at the American Boulevard facility, which is installed and working. It also has an interest under a certain agreement under ARM, LLC for a Kool unit located in Easley, South Carolina. The Debtor will ask the Court to determine the nature and extent of any lien which Cliffon has either at or before the confirmation hearing. To the extent that Cliffon does have an interest in the South Carolina unit, as determined by the Court, it shall be paid the value of such interest upon the sale of the unit. Likewise, the Debtor will propose to sell the unit located in De Pere on the open market. The Debtor believes that there is an open market for both of these units given that the Debtor can supply certain proprietary information on the configuration and operation of both of the units, which is of value and allows the units to run in an efficient and, the Debtor believes, profitable manner, thus maximizing the proceeds from sale.

To the extent that the Debtor cannot arrange for the sale of the units within 120 days after the Effective Date, then such units shall be surrendered to Cliffon, to the extent of Cliffon's interest, which shall liquidate them in a commercially reasonable fashion, giving a due credit for the net proceeds to the claim against the Debtor. The Debtor shall, in this event, cause the proprietary information to be licensed with any purchaser of such unit, at no charge, but only to be used with the unit sold and no others. In the alternative, the Debtor reserves the right to negotiate the assumption and assignment of its interest in GB-ARM, LLC to Cliffon in the event a satisfactory arrangement and credit against the claims of Cliffon and ARM can be negotiated.

Cliffon shall be paid under the proceeds of the roll up the following amounts in exchange for the release of the following collateral:

- i. \$1,172,000 for a sorting line; and
- ii. \$1,361,000 for a pelletizing line.

Upon payment, the Debtor shall transfer to NewCo, free and clear of all liens and encumbrances, the above-referenced sorting and pelletizing lines in exchange for equity in NewCo as outlined herein. Cliffon shall also retain its 3% equity interest in the reorganized Debtor as well as its proportionate interest in the Debtor represented by its interest in EARTH (approximately 3.2%). The balance, if any, of the claim of Cliffon, after liquidation and application

of its collateral, shall be treated as an unsecured claim and paid pursuant to the treatment of Class 8 below. This class is impaired.

4.3 **Class 3 Claim (Quotient Partners, LLC ("Quotient"))** - The claim of Quotient in the approximate amount of \$275,000.00 shall be paid, together with interest at the contract rate, from the proceeds of the "roll up" of the Project on approximately March 31, 2017. Upon such payment, Quotient shall release any security interest it has in two Bretting machines, which are its collateral and which are owned by Daniel Platkowski, but shall be under an agreement to be "rolled" into NewCo. This class is impaired.

4.4 **Class 4 Claim (State of WI/WI Economic Development Corporation ("WEDC"))**: It is anticipated that WEDC will make election under Section 1111(b) of the Code to retain its right to a full payment in deferred cash payments of its allowed claim. As such, its entire obligation shall be assumed by NewCo on the Effective Date. Any accrued interest on the claim shall be paid in full from the proceeds of the "roll up" into the Project on approximately March 31, 2017. Thereafter, on a monthly basis, interest shall be paid at the contract rate of 2% for a period of 18 months. Thereafter, the contract payment of \$19,920.00 per month shall be paid for a period of 24 months, after which time, the entire remaining balance shall become due and payable and shall be paid by the reorganized Debtor.

In exchange for the assumption of the obligation by the reorganized Debtor, WEDC shall, upon the "roll up" into the Project of the underlying real estate, release its Mortgage on the real estate, be unsecured, but retain the right to full payment as described herein as against the reorganized Debtor. Additionally, and in order to augment payment to the Class 4 claimant, it shall have an allowed claim for its balance as a Class 8 claim and shall share, pro rata, with any other allowed claims in said class. With regard to its claim, it shall receive, from time to time, distributions on its allowed Class 8 claim as calculated pro rata with the other claims remaining unpaid in class 8 on the date such distribution is made so that any further distribution on account of its allowed Class 8 claim is consistently pro rata to other similar situated claims. This Class is impaired.

4.5 **Class 5 Claim (Paper HoldCo, LLC ("Varde"))** - Varde shall be paid the sum of \$2,000,000.00 cash at the "roll up" of the Project on approximately March 31, 2017. In exchange, it shall release any and all security interests it has in two After dryer units and equipment as described in its security agreement, to facilitate the transfer of the items to the Project free and clear of liens and encumbrances. Upon such payment, it shall release any guaranty of RTS, LLC (Earth) and RVDH. It shall also release any and all membership interest which it holds as collateral in RTS, LLC (Earth) upon such payment. This payment shall be in full satisfaction of any claim the Class 5 claimant has as against the Debtor or any related party. This Class is impaired.

4.6 **Class 6 Claims (Executory Contracts)** - To the extent not specifically assumed herein, all executory contracts are rejected. Any rejection claims shall be treated as unsecured claims hereunder.

a. Operating Agreement of GB-ARM, LLC (50% interest). The Debtor is a party to an Operating Agreement for a limited liability company known as GB-ARM, LLC, and holds a 50% interest in the same. The Debtor is under an obligation to furnish certain proprietary

information related to the operation of a Kool unit and subsequent Kool units as described in the Agreement and, generally, to provide assistance in the operation of the business, selling, installing or operating such units with Advanced Resource Materials, LLC ("ARM"). To the extent that the Operating Agreement is executory, the Debtor shall elect, prior to the confirmation date, whether to assume or reject the contract, after negotiations with its counter-party and others, particularly, Clifton, which purports to hold a security interest in a Kool unit owned by GB-ARM, LLC.

In the event the Operating Agreement is rejected, for any reason, and the claim of ARM is allowed, as a result of damages for the rejection, it shall be treated as a Class 8 claim hereunder.

b. NewCo has negotiated for a warehouse space with Little Rapids Corporation and certain assets owned by related entities as well as assets of the Debtor which are stored at the facility will remain on terms and conditions that can be negotiated between NewCo and Little Rapids. The Debtor's lease was terminated. Any lease termination damages in favor of Little Rapids shall be an unsecured claim and treated as a Class 8 claim to the extent allowed.

4.7 **Class 7 Claim (Marco Araujo ("Araujo"))** -The allowed amount of this claim, after all credits for amounts received in collection actions, plus statutory interest, shall be paid on approximately March 31, 2017 at the "roll up" of the Project in full satisfaction of all claims against the Debtor and related entities and the lien released and judgment satisfied as to all. This class is impaired.

4.8 **Class 8 Claims (General Unsecured Non-Priority Claims)** - All allowed general unsecured non-priority claims, including allowed under-secured portions of secured claimants hereunder as well as any claims arising as a result of rejections of executory contracts, guaranties by the Debtor of debts of an affiliate, and any other such claim shall be paid in full over time as set forth hereunder.

Upon the rollup and the Debtor's transfer of certain of its assets as set forth hereunder to NewCo in exchange for the payments envisioned hereunder will result in the issuance of 30% of equity in NewCo to the Debtor. Out of any distributions on account of that equity from NewCo to the Debtor, after payment of the operating expenses of the Debtor, it is envisioned that the balance of the distribution shall be distributed to equity.

The equity interests of the reorganized Debtor include the interests of entities in which RVDH has a direct or indirect interest. Those entities are as follows and have the percentage ownership in the reorganized Debtor as set forth next to the respective interests: RVDH Development, LLC (6.35%). Additionally, EARTH, LLC, now known as RTS, LLC, has a 79% interest in the reorganized Debtor. Within that interest are certain RVDH interests, as follows: K R Trust Co, LLC (75% of 74.175% interest) (or a total of 58.59825% interest in the reorganized Debtor). See attached schedule for detail.

Any distributions which would otherwise have been made on account of equity ownership to any RVDH entity shall be placed in a fund held by the Debtor for the specific purpose of paying allowed unsecured Class 8 claimants. Within 30 days of any distribution by NewCo to the reorganized Debtor, any RVDH distributions shall be allotted and paid on account of allowed claims in this Class until each allowed claim is paid in full. After all allowed Class 8 claims have been paid

in full, any future distributions shall be paid on account of any interests in the reorganized Debtor, pro rata, to the holder of such interests, at the time of such distribution.

A claims bar date shall be set by the Court by which any claims must be filed in order to participate in this class.

4.9 **Class 9 Claims (Equity Interests in the Debtor)** - All equity will retain its interest in the reorganized Debtor subject to the conditions in the RVDH interests set forth in Class 8.

ARTICLE V MEANS FOR IMPLEMENTATION OF THE PLAN

The above-outlined terms for the Plan shall be implemented as described hereunder.

Specifically, the Debtor's management, which will also be the management of NewCo, will forge ahead with the rollup plan. New Investment Bank has been retained and due diligence is currently being performed to the extent that it can. However, significant funds must be expended in order to re-certify certain studies and appraisals of the assets and components of the offering to meet the criteria of currency and reliability. It is estimated that between \$2 Million and \$2.5 Million will need to be secured in terms of funds to carry on the operation of the Debtor and do the due diligence required in order for the Investment Bankers to approach the market with a reliable offering backed up with current information.

Current management of the Debtor is raising the funds and must do so prior to confirmation in order for the Plan to be feasible and confirmable. The additional investment may be for equity in NewCo or repaid at the option of those investing the same in this stage of the project. Without the securing of the funds necessary to pay for the necessary certifications and appraisals and operations, it will be impossible for the Investment Bankers to complete their work in order to take this project to the capital markets.

The Debtor's current management believes in the project and has invested significant sums in the project to this point. Management is optimistic that the additional funds will be secured in order to provide funds necessary for payments due on the Effective Date as well as to provide for the various other requirements necessary to an effective offering.

As of the date of this Plan, the Debtor and its management believes that the project can be funded by the end of the first quarter of 2017 and all payments proposed under the Plan can be made.

Significant progress has been made, however, in securing the various components of the operation, including negotiated contracts for the sale of manufactured or converted goods by the Debtor in NewCo, as well as negotiated agreements for firm terms or inputs for the Debtor's process. Additionally, the Debtor has negotiated within a lease a purchase of a pulping plant and has obtained firm estimates for the construction of the tissue machine. The specific outlays for the components of these projects are set forth in the attachments hereto in more detail.

The Debtor believes that it has all of the intellectual property necessary to operate the proposed project. Ultimately, the Investment Banker's underwriting will tie out each and every element of the project before going to market, having assured itself that all aspects of the offering are then in place and that no "loose ends" remain.

The Debtor concedes that confirmation of its Plan is a necessary component to the ultimate securing of the funds for the project and is a condition precedent to the Investment Bankers going to the market with the project.

The projected funding for the overall Project is \$176,225,000.00. Built into the projections of the Project are amounts for the acquisition of the property of the Debtor, which are sufficient to fund the Plan proposed herein. The current management believes, and has believed for some time, that the Project has proven technology that has been demonstrated in the market, is novel but not complex, and can be implemented to address a tremendous demand in the market for the recycling of what would otherwise be landfilled consumer waste. The Project, as envisioned, has significant positive financial projections based on the costs of input, costs to through-put waste, and projected income from the sale of end products. The return is favorable.

The amount necessary to fund the Plan is generally estimated as follows:

Chapter 11 Administrative Expenses:	\$ 190,000.00
Priority Taxes:	\$ 100,000.00
Ability:	\$ 7,600,000.00
Clifton:	\$ 2,533,000.00
Quotient:	\$ 290,000.00
WEDC:	\$ 75,000.00 (Interest)
Varde:	\$ 2,000,000.00
Araujo:	\$ 700,000.00
<i>Total:</i>	<i>\$13,488,000.00</i>

It is anticipated that, after Plan confirmation, the case will remain open until funding has occurred and the transfer of the assets, free and clear of liens, has been effectuated under the anticipated confirmation order. Thereafter, the case will be closed and no further Court supervision shall be necessary.

General Terms. The Debtor shall continue to be the Debtor in Possession and the bankruptcy estate shall remain in existence and hold all of its assets until all of said assets have been administered and the proceeds distributed in accordance with the terms of this Plan. The Debtor will continue to file monthly operating reports detailing the liquidation of its assets with the United States Trustee and continue to pay any and all quarterly fees from the proceeds of the liquidation as they are due.

Upon the completion of the liquidation envisioned hereunder, the Debtor will make application to the Court for an order of consummation.

**ARTICLE VI
RELEASE**

Except as otherwise provided in this Plan, the distributions and rights afforded in this Plan shall be in complete and full satisfaction, effective as of the Effective Date, of all Claims of any nature whatsoever against the property or the bankruptcy estate of the Debtor transferred pursuant to this Plan.

**ARTICLE VII
INJUNCTION**

Commencing on the Effective Date, except as expressly otherwise provided in this Plan, the holders of All Claims shall be enjoined from asserting against the Debtor on RTS, LLC, or their assets and properties, any other or further liabilities, Liens, obligations, or Claims, including but not limited to all principal and accrued and unpaid interest on the debts of the Debtor, based on any act or omission, transaction, or other activity or security interest or other agreement of any kind or nature occurring, arising, or existing prior to the Confirmation Date that was or could have been the subject of any Claim, whether or not Allowed. All legal or other proceedings and actions seeking to establish or enforce liabilities, Liens, Claims or obligations of any nature against the Debtor, RTS, LLC, or assets or properties received or retained by RTS, LLC with respect to debts and obligations, if any, of the estate arising before the Confirmation Date shall be permanently stayed and enjoined, except as otherwise specifically provided in this Plan.

**ARTICLE VIII
CONDITIONS TO EFFECTIVENESS OF THE PLAN**

The Court shall have entered a Confirmation Order, in form and substance satisfactory to the Committee, and no stay of the Confirmation Order shall be in effect.

**ARTICLE IX
EFFECTIVE DATE**

The Effective Date of the Plan shall be eleven (11) days after confirmation order when said order becomes final and unappealable.

**ARTICLE X
RETENTION OF JURISDICTION BY THE COURT**

After the Confirmation Date, the Court may retain jurisdiction for the following purposes, or as otherwise permitted by law:

10.1 **Objections to Claims.** To hear and determine objections to the allowance of Claims, and requests for the estimation of Claims.

