

ENTERED

July 19, 2021

Nathan Ochsner, Clerk

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	*	CHAPTER 11
	*	
	*	CASE NO. 19-34698 (DRJ)
	*	
KP ENGINEERING, LP, et al¹	*	
	*	(Jointly Administered)
<i>Debtor</i>	*	

**JOINT STIPULATION AND ORDER FOR ALLOWANCE OF CPC PUMPS
INTERNATIONAL, INC'S PROOF OF CLAIM NUMBER 79**
(Docket No. 918)

Michael D. Warner (the "**Liquidation Trustee**"), in his capacity as liquidation trustee for the KP Engineering Liquidation Trust (the "**Trust**") and pursuant to the *Third Amended Joint Chapter 11 Plan of Reorganization of KP Engineering, LP and KP Engineering, LLC*² (the "**Plan**"), confirmed by the Court's *Order Confirming Third Amended Joint Chapter 11 Plan of Reorganization of KP Engineering, LP and KP Engineering, LLC*³ (the "**Confirmation Order**"), and that certain *Liquidation Trust Agreement* dated June 22, 2020 (the "**Trust Agreement**"), and CPC Pumps International, Inc. ("**CPC**") (together, the Liquidation Trustee and CPC are referred to herein as the "**Parties**") respectfully submit this proposed stipulation and agreed order (the "**Stipulation and Order**") allowing Proof of Claim Number 79 as set forth herein.

RECITALS

WHEREAS, on August 23, 2019 (the "**Petition Date**"), KP Engineering, LP ("**KPE**") and KP Engineering, LLC (together, the "**Debtors**" and, post-confirmation, the "**Reorganized**

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are KP Engineering, LP (7785) and KP Engineering, LLC (0294). The location of the Debtors' corporate headquarters and the Debtors' service address is: 5555 Old Jacksonville Hwy., Tyler, TX 75703.

² Case Number 19-34698, Doc. No. 575.

³ *Id.*

Debtors”) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the “*Court*”).⁴

WHEREAS, KPE was assigned Case Number 19-34698 and KP Engineering, LLC was assigned Case Number 19-34699.⁵ The two bankruptcy cases were subsequently consolidated for procedural purposes only and have since been jointly administered under Case Number 19-34698 (the “*Bankruptcy Case*”).⁶

WHEREAS, also pending before the Court is Adversary Proceeding Number 19-03707 (the “*Johnson Adversary*”), which relates to KPE’s design and construction of a 200MM cf/day gas cryogenic plant for Targa Pipeline Mid-Continent Westtexas LLC’s (“*Targa*”) (the “*Johnson Project*”).

WHEREAS, within the Johnson Adversary, Targa has interpleaded approximately \$10 million in retainage (the “*Retainage*”) that Targa contends should be distributed among some or all of more than thirty subcontractor third-party defendants who filed lien claims.

WHEREAS, on January 10, 2020, CPC filed Proof of Claim Number 79 (the “*Claim*”), according to the records of the Trust’s claims and noticing agent, Omni Agent Solutions (“*Omni*”), and a copy of which is attached hereto as **Exhibit “A”**, therein asserting an unsecured claim in the amount of \$172,714.45 on the basis of “goods sold” related to the Johnson Project.

WHEREAS, on June 12, 2020, the Court entered the Confirmation Order into the record of the Bankruptcy Case.

WHEREAS, pursuant to Article IV(F) of the Plan, the Trust was created and effective on the Effective Date.

⁴ Case Number 19-34698, Doc. No. 1; Case Number 19-34699, Doc. No. 1.

⁵ *Id.*

⁶ Case Number 19-34698, Doc. No. 39.

WHEREAS, pursuant to the Confirmation Order, the Plan and the Trust Agreement, the Liquidation Trustee was appointed to act as trustee of the Trust.

WHEREAS, on June 23, 2020, the Plan became effective (the “*Effective Date*”). The Liquidation Trustee has since retained Omni’s continued services.

WHEREAS, Class 4 of the Plan is comprised of the “Allowed Johnson Creditor Claims”, the claims⁷ against KPE of “those certain Holders of Claims . . . as a result of the Johnson Project and related Johnson Project Litigation that have filed Liens against the Johnson Project.”⁸

WHEREAS, the Parties consider the Claim to be classified under the Plan as a Class 4 Allowed Johnson Creditor Claim.

WHEREAS, on June 26, 2020, CPC filed that certain *First Tier Claimant Lien Summary* into the record of the Johnson Adversary, therein asserting a \$172,714.45 (total) lien claim against the Retainage.⁹

WHEREAS, on August 17, 2020, the Court entered an order into the record of the Johnson Adversary, *inter alia*, allowing CPC a \$145,247.10 lien claim against the Retainage.¹⁰

WHEREAS, on January 27, 2021, the Court entered an order into the record of the Johnson Adversary, *inter alia*, directing the Clerk to distribute \$59,856.59 to CPC from the Retainage (the “*Disbursement Order*”).¹¹

WHEREAS, CPC has received \$59,945.58 pursuant to the Disbursement Order, comprised of \$59,856.59 from the Retainage and \$88.99 in interest.

⁷ As that term is defined in the Plan.

⁸ The Plan, Article I(A) (“Johnson Creditors”; “Johnson Creditor Claims”); Article III(B); Article III(C)(4).

⁹ Adversary Proceeding Number 19-03707, Doc. No. 180.

¹⁰ *Id.* at Doc. No. 240.

¹¹ *Id.* at Doc. No. 261.

WHEREAS, pursuant to the Plan¹² and the Trust Agreement¹³, the Liquidation Trustee is authorized to object to the Claim.

WHEREAS, the Liquidation Trustee has identified the Claim as objectionable pursuant to 11 U.S.C. § 502, Federal Rule of Bankruptcy Procedure 3007 and/or the Plan.

WHEREAS, the Liquidation Trustee and CPC agree to enter into the following stipulation to resolve the foregoing issues regarding the Claim.

WHEREAS, by this Stipulation and Order, the Parties hereby agree to the terms set forth below.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED AND UPON APPROVAL BY THE COURT OF THIS STIPULATION, THE FOLLOWING IS SO ORDERED:

1. The Claim is allowed as a Class 7 General Unsecured Claim in the amount of \$112,768.87 (the “*Reduced Claim Amount*”). The Reduced Claim Amount shall be further reduced by any and all additional accumulated interest received by CPC pursuant to the Disbursement Order and/or any additional amounts received by CPC in partial or full satisfaction

¹² Article VII(A)(2) of the Plan authorizes the Liquidation Trustee, “[e]xcept as otherwise specifically provided in the Plan or the [Trust Agreement]”, to, *inter alia*, “with respect to all Claims in Class 3 [Allowed Other Secured Claims], 4 [Allowed Johnson Creditor Claims – exclusive standing], 5 [Allowed Channelview Creditor Claims – exclusive standing], 6 [Allowed Geismar VI Creditor Claims – exclusive standing], and 7 [Allowed General Unsecured Claims – exclusive standing], . . . file, withdraw, or litigate to judgment, objections to Proofs of Claims.”

¹³ Article 1, Section 1.2(c) of the Trust Agreement provides that “[o]n the Effective Date, the Liquidation Trust shall stand in the shoes of the Debtors for all purposes with respect to . . . (ii) the claims reconciliation process for Claims in Classes 4, 5, 6 and 7. For clarity, (x) deficiency claims, if any, of holders of Claims in Classes 3, 4, 5 and 6, will be treated as Claims in Class 7, and subject to the Claims objection process provided in Section 6.3 hereof; (y) the Liquidation Trustee shall have no duty or obligation to address distributions on or to, or allowances of the Claims in Class 3 (other than with respect to any deficiency Claim within Class 7), as such duty and obligation shall be undertaken by the Debtors or the Reorganized Debtors, as applicable.” Article 3, Section 3.6(d) of the Trust Agreement provides that “[s]ubject to any limitations contained herein, in the Plan, or the Confirmation Order, the Liquidation Trustee shall have the following powers and authorities on behalf of the Liquidation Trust: . . . without the need for [the Court’s] approval, to investigate, object to, subordinate, compromise, estimate, allow, settle, or abandon any Claims in Classes 4, 5, 6, and 7.”

of the Claim, from any source.

2. CPC has a continuing obligation until the Trust has been terminated to notify the Liquidation Trustee within ten (10) business days of receipt of any amounts, with the exception of the \$59,945.58 received pursuant to the Disbursement Order, which amount(s) so received shall further reduce the Reduced Claim Amount. After providing such notice and at the Liquidation Trustee's request, CPC and the Liquidation Trustee shall file a joint Stipulation with the Court as soon as is reasonably practicable reducing the Reduced Claim Amount in the amount(s) received.

3. Notwithstanding closure of the Bankruptcy Case, whether one or both cases of record are closed, the Court shall maintain sole and exclusive jurisdiction and authority to interpret and enforce this Stipulation and Order, and to resolve any and all disputes related to this Stipulation and Order.

4. The Stipulation and Order represents the Parties' mutual understandings and supersedes all prior agreements whether in oral or written form.

5. This Stipulation and Order shall be effective and enforceable immediately upon entry.

IN WITNESS WHEREOF, and in agreement herewith, the Parties have executed and delivered this Stipulation and Order on the day and year indicated below.

Signed: July 19, 2021.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

AGREED AS TO FORM AND CONTENT:

Dated: June 24, 2021

**STEWART ROBBINS BROWN &
ALTAZAN, LLC**

By: /s/ Brooke W. Altazan

Brooke W. Altazan (TX Bar # 24101002)

baltazan@stewartrobbins.com

Paul Douglas Stewart, Jr. (La. Bar # 24661,
admitted to SDTX)

dstewart@stewartrobbins.com

301 Main St., Suite 1640

Baton Rouge, LA 70801-0016

Telephone: (225) 231-9998

Facsimile: (225) 709-9467

***Attorneys for Michael D. Warner, Liquidation
Trustee***

Dated: June 24, 2021

PHELPS DUNBAR LLP

By: /s/ Marcus R. Tucker

Marcus R. Tucker

Texas Bar No. 20282360

Federal ID No. 12769

910 Louisiana Street, Suite 4300

Houston, Texas 77002

Telephone: (713) 626-1386

Facsimile: (713) 626-1388

Email: marcus.tucker@phelps.com

**ATTORNEYS FOR CREDITOR,
CPC PUMPS INTERNATIONAL, INC**