

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:)	
)	
SCC PARTNERS GROUP, LLC,)	Case No. 16-11003-MER
)	Chapter 11
Debtor.)	
)	

AMENDED DISCLOSURE STATEMENT IN SUPPORT OF
CORRECTED FIRST AMENDED PLAN OF REORGANIZATION

I. INTRODUCTION

This is the Amended Disclosure Statement (the “Disclosure Statement”) in the Chapter 11 case of SCC Partners Group, LLC (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Corrected First Amended Plan of Reorganization (the “Plan” or “Amended Plan”) attached to this Disclosure Statement. A full copy 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 through 20 of this Disclosure Statement. This Plan provides for two (2) classes of secured claims; four (4) classes of priority claims, four (4) classes of unsecured claims; and one (1) class of the Debtor’s equity holders. General non-insider claims of less than \$15,000 (Class 9) shall be paid in full on the first anniversary of the Effective Date with interest at 4% per annum. General non-insider unsecured creditors holding allowed claims (Class 10) will receive distributions which the proponent of this Plan has valued at one hundred cents on the dollar (100%) within the four (4) years from the Effective Date with interest at the rate of 4% per annum. This Plan also provides for the payment of administrative claims in full within seven (7) months of the Effective Date of this Plan, or pursuant to a written agreement between the Debtor and the administrative claim holder, or by further Court Order.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interest of the type you hold (i.e., what you will receive on your claim if the Plan is confirmed);
- Who can vote on or object to the Plan;

- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- 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 Objection; 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 Hearing to Approve Disclosure Statement and Confirm Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on October 5, 2016, in Courtroom C at the U.S. Custom House, 721 19th Street, Fifth Floor, Denver, Colorado, 80202.

The hearing to confirm the Plan will be held on December 2, 2016 at 9:30 a.m. in Courtroom C at the U.S. Custom House, 721 19th Street, Fifth Floor, Denver, Colorado, 80202.

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 address in subparagraph 4 below. See Section IV.A below for a discussion of voting eligibility requirements.

Your ballot must be received by _____, 2016 or it will not be counted.

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

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor by mail at the address below.

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

If you want additional information about the Plan, you should contact:

Kenneth J. Buechler, Esq.

Buechler & Garber, LLC
999 18th Street, Suite 1230-S
Denver, CO 80202
Telephone: (720) 381-0045
Fax: (720) 381-0382
Email: ken@BandGlawoffice.com

C. Disclaimer

The Court may conditionally approve 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 approves this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's conditional approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan.

OBJECTIONS TO THE ADEQUACY OF THE DISCLOSURE STATEMENT MAY BE FILED UNTIL OCTOBER 17, 2016.

II. BACKGROUND

A. Description and History of the Debtor

1. History of the Debtor.

The Debtor is a Colorado Limited Liability Company that owns 488 pristine Rocky Mountain acres (the "Sweetwater Property"), located in Sweetwater Canyon, Colorado (40 minutes from Eagle County Regional Airport, north of I-70 between Vail and Glenwood Springs), which includes 57 acres of a 77 acre lake and a very high volume, high quality mountain spring with fully adjudicated water ownership and use rights.

The water is high quality, closest in many respects to the make-up of the top premium waters in the world. The Debtor's water, also known as the "VASPEN Spring", is adjacent to almost 240,000 acres of FlatTops Wilderness, federally protected from development of any kind. The Debtor also has plans to develop its beautiful and pristine mountain canyon lakeside site into a premier family and vacation home destination, including a resort and spa.

2. Corporate Structure of Debtor and Related Entities

The Debtor is a Colorado Limited Liability Company and was formed by MidCities 2 Ventures, LLC (the "General Member"), a Colorado Limited Liability Company, effective as of June 1, 2010. MidCities 2 Ventures, LLC acts as the "General Member" of the Debtor for the primary

purpose of developing the water and lands comprising the Sweetwater Property. As of June 1, 2016, the General Member owns 90.5% of the Debtor, with the remaining 9.5% owned in varying amounts by several Class A Limited Members unrelated to the General Member or its affiliates.

MidCities 2 Ventures, LLC is owned by Steven H. Miller, Kenneth W. Tribbey, Christopher S. Miller, KWT Holdings Ltd., LLP, SM Investments Ltd., LLP, First Ventures II Ltd., LLP, and The MidCities Company, LLP.

The Debtor is managed by MidCities Enterprises, LLC, a Colorado Limited Liability Company pursuant to a Management Agreement between the parties. MidCities Enterprises, LLC is owned by Steven H. Miller, Kenneth W. Tribbey, Christopher S. Miller, and KWT Holdings Ltd., LLP, SM Investments Ltd., LLP, First Ventures II Ltd., LLP.

3. *Debtor's Acquisition of the Sweetwater Property and Development*

The Debtor acquired the Sweetwater Property from the General Member on August 3, 2010 in exchange for a 100% general member interest in the Debtor. The General Member purchased the Sweetwater Property from a private party, John Forier, in December 2004.

Prior to the Debtor acquiring the Sweetwater Property, the General Member hired a hydrologist and a water attorney to inventory the existing Sweetwater Water Rights, study the development potential for those water rights, and to work with the General Member, the Debtor and various experts to develop a new water plan that would provide for new commercial and residential municipal uses, a substantial commercial bottled water right, and storage rights to support the water plan.

Since 2004, the General Member and the Debtor have spent, and continue to spend, a significant amount of time and effort with its consultants studying all of the attributes of the property. The General Member and the Debtor also continue to examine the surrounding uses as well as historical water patterns and uses. They have worked diligently to preserve and maintain the value of the historic property rights and to seek improvement to the land and water assets by acquiring new property rights.

Since the Sweetwater Property was acquired by the Debtor, the Debtor has made several very significant improvements to the property:

- (1) Obtained the designation as a Village Center in the 2030 Garfield County Comprehensive Land Plan (Comprehensive Plan 2030- originally adopted November 10, 2010 and last amended November 8, 2013) which significantly improves the available zoning for the primary development area of the property from 1 dwelling per 10 acres to a maximum of 5 dwellings per 1 acre and certain commercial activities not available to other ranch properties that are in the R1 category; and,

- (2) Through the pursuit of new water rights (under case numbers 04CW246, 06CW76, 10CW308 and 15CW3046):
 - (a) Acquired and continued to maintain new conditional water rights that provide the ability to the owner of the property to deliver the water and sewer system to utilize the density and multiple residential and commercial uses afforded by the Village Center designation and/or the pre-1972 (78) lot subdivision; and,
 - (b) Acquired and maintained new conditional water rights that provide the right to bottle water for commercial purposes (currently approved for an average of 50,000 gallons per day); and,
 - (c) Acquired a storage right of 200 acre feet such that the Debtor may operate the plan on a year around basis even in a drought year.
- (3) Obtained Army Corp of Engineers Delineation of the Property, which among other things, defines the developable areas of the property such that a development plan can proceed without undue delay.

The Debtor has also developed a commercial bottled water business plan, including the creation of a brand, VASPEN™, designed a unique custom bottle and label, developed and acquired a mold to manufacture the bottle, and has had the bottle and caps manufactured to its specifications, to bottle and distribute its water. These efforts are to take advantage of the pristine setting of the natural spring on the Property (the “VASPEN Spring”) as the quality of the water is one of the top premium waters available. The Debtor intends to use its Water Rights and the VASPEN Spring in order to develop the VASPEN Spring to bring its water to market.

VASPEN™ *Naturally Balanced* Alpine Spring Water will allow the Debtor to participate in the premium water market as a home-grown American Artisan Healthy Craft Water, with an emphasis on its pristine location high in the Colorado Rocky Mountains. The VASPEN™ branded water, in its beautiful and unique packaging, emphasizes its position as the uniquely healthy and pH balanced spring water produced unblended and pure from alpine spring in the Rocky Mountains near Aspen and Vail, by distribution first in Colorado which is known as a unique melting pot of national and international visitors with the right mix of demographics, and then expanding into targeted regional markets, completing National market coverage, and developing and entering international markets-focus on Asia/Pacific (backhaul and market demographics). The Debtor’s primary initial distributor is the largest independent beverage distributor in Colorado, and is part of the second largest independent beverage distributor in the U.S.

No U.S. naturally balanced spring water dominates the U.S. Premium Market competing directly with Fiji, San Pellegrino, Voss, Evian, Volvic, Perrier and other similar brands. Basic bottled waters are purified or reverse osmosis processed tap water that have low pH levels, lack natural minerals, are not alkaline, and that have thin profit margins. Premium water brands, like VASPEN™ and those mentioned in the previous sentence, create market separation through favorable pH levels, minerality, natural purity, and presentation and packaging that justify higher profit margins.

The Debtor intends to make various improvements to its VASPEN™ Spring (the “Spring Improvements”). The Debtor will improve the Sweetwater Property by installing an approximately 16’ deep clear well at the Spring consisting of concrete casing with a cap and manhole, which will allow the water from the Spring to flow up through the center and divert water to a 6 inch transmission line (with an overflow for excess spring production back into the stream) to protect the spring water from being contaminated by surface or other influences. The Debtor will also install the transmission line which will transport the spring water approximately 1,400 feet at a depth below the freeze/thaw level, averaging approximately 7’, to the designated hydrant loading area. In addition, culverts at two creek crossings, and a bridge will be installed over the second creek crossing for access. Construction equipment, machinery, raw materials, pump materials and control equipment, electricity hookup, and labor are needed to construct this project.

The Debtor has funded all planning, consulting, permitting and engineering work on the Spring Improvements to date, and all engineering drawings for the project are complete, the materials have been specified, the work has been bid, and a contractor has been selected to proceed. The Nationwide 12 permit has been obtained from the Army Corp of Engineers to proceed with such work. Upon funding, the Debtor is prepared to commence work. Upon completion of the Spring Improvements, the Debtor intends to sell water on a bulk basis, as well as to commence production of its VASPEN™ products either through a co-packing agreement with a 3rd party operator, or upon the acquisition of additional funding by the Debtor, through its own materials handling facility planned for Gypsum, Colorado. The Debtor has arranged for distribution of its VASPEN™ product through a major beverage distributor, and will finalize that relationship once the water from the Spring is available for bottling.

The Spring Improvements will add more value to the Sweetwater Property than the cost of the Spring Improvements because as a capture and delivery system for a pristine pure spring water, the VASPEN™ Spring Improvements can be used to sell spring water in bulk. Such improvements can tie into a future water system for the real estate project. Likewise, the Debtor’s water rights can be severed from the property and sold separately.

The Spring Improvements are essential to Debtor’s business plan. The Spring Improvements will allow the Debtor to bring its VASPEN™ premium water to market resulting in sales and income to the Debtor. Based upon the Debtor’s research, the bottled water global market is expected to grow from \$157 billion in 2013 to \$280 billion in 2020.¹ Total bottled water sales in the United States are up 6.4% to over \$15 billion in 2015 and expected to grow an additional 34.7% through 2020, including 75.1% growth in the sparkling/mineral water category of premium waters targeted by the Debtor. Indeed, the premium bottled water market is booming and is 6% of total global packaged bottled water market.

¹ Transparency Market Research: “Bottled Water Market-Global Industry Analysis 2014-2020.

The Debtor's other new Conditional Water Rights also have value on an as-is basis, in that the property itself has been given the designation of Village Center in the County Comprehensive Land Plan and the conditional water rights are an integral part of development as a Village Center.

4. *Pre-bankruptcy Financing Transactions*

Pre-petition, the Debtor entered into various agreements with SDR Ventures, Inc. ("SDR"), including a Loan and Security Agreement, a Promissory Note, a Deed of Trust, and related documents, amendments and extensions (collectively the "Loan Agreement"). SDR asserts a lien on all assets of the Debtor (collectively the "Collateral"). The Loan Agreement was assigned to Coulton Creek Capital, LLC ("CCC") pre-petition.

Pursuant to an Amendment and Extension dated March 31, 2012, the Loan Agreement with CCC was modified to prohibit any additional changes to the Sweetwater Property, including development of the real estate and the VASPEN™ Spring. Based on this Amendment and Extension, the Debtor cannot and has not made improvements to the Sweetwater Property, including improvements to the VASPEN™ Spring.

The Sweetwater Property includes the zoning of a pre-1972 residential subdivision of 78 lots, as is described in the appraisal and as shown on the survey. Since acquisition of the property in 2004, the Debtor could have built homes for sale or lease, or sold lots to others to build upon, within the existing subdivision, by acquiring a construction permit, with no additional zoning required from the County. The adjudication of the Water Rights in 2010 (funded and diligently pursued by the Debtor) insured that residential development of the Sweetwater Property could be served by a centralized sewer and water plan rather than individual wells and septic. Accordingly, Debtor received Preliminary Effluent Limits for the proposed Waste Water Treatment Facility from the Water Quality Control Division of the Colorado Department of Health to be used in conjunction with its preliminary water and sewer design. However, because of the aforementioned restriction in the Amendment and Extension, the Debtor could not develop any of these platted lots, and no new lots have been platted or developed.

CCC asserts that the Debtor defaulted on the Loan Agreement pre-petition. As a result, CCC initiated a foreclosure. According to the Debtor's records, CCC is owed the amount of \$6,157,134.22. As of May 1, 2016, CCC asserts an amount of at least \$323,463.35 of accrued interest as of the Petition Date. The Debtor disputes CCC's accrual of interest at the default rate under the Loan Agreement.

The Debtor was forced to file for bankruptcy relief in order to obtain the automatic stay to stop the foreclosure by CCC.

The MidCities Company, LLP is owed the principal amount of \$3,000,000, plus at least \$842,866 of accrued interest as of the Petition Date evidenced by a note, as amended, and a Deed of Trust, as amended, secured by the Sweetwater Property. The MidCities Company, LLP, a Colorado Limited Liability Partnership, is owned by MidCities Group, LLLP, a Colorado Limited

Liability Limited Partnership, SM Investments Ltd., LLP, and First Ventures II Ltd, LLP. MidCities Group, LLLP is owned by MidCities Land, LLC, SM Investments Ltd., LLP, and KWT Holdings Ltd, LLP. MidCities Land, LLC, a Colorado Limited Liability Company, is owned by Kenneth W. Tribbey and Steven H. Miller.

The Convertible Note Holders are a group of investors who are owed \$775,000, plus at least \$106,950 of accrued interest as of the Petition Date evidenced by notes, a loan agreement, and a third party rights agreement known as the “Convertible Note Documents. The Convertible Note Documents provide for certain contractual rights in favor of those Convertible Note Holders in the secured interest of The MidCities Company’s Deed of Trust against the Sweetwater Property, coupled with rights to compel The MidCities Company to pursue collection of its secured debt. By way of example, if The MidCities Company recovers \$100 on account of its Deed of Trust against the Sweetwater Property, such sums must be paid over to the Convertible Note Holders, leaving \$100 of unsecured debt owed to the MidCities Company by the Debtor.

B. Projected Recovery of Avoidable Transfers

The Debtor is reviewing payments made to creditors and insiders prior to the Petition Date to determine if any of those transfers are avoidable either as preferences or as fraudulent transfers.

During the one year before the Petition Date, Debtor paid its manager, MidCities Enterprises, LLC, a total of \$108,041. Pursuant to a Management Agreement between the parties, the Debtor was obligated to pay \$50,000 per month to MidCities Enterprises for, among other things, overhead expense, rent, equipment leases, personnel, etc. The Debtor made its best efforts to make the management fee payments, but was not able to make the full payment each and every month. In the 90 days before the Petition Date, the Debtor was unable to make any payments to MidCities Enterprises. The Debtor asserts and believes that these payments to MidCities Enterprises were in the ordinary course of its business operations and/or the Debtor received new value in excess of the amount of the payments as MidCities Enterprises continued to perform work for the Debtor from and after receiving such payments, without any additional consideration. Thus, the Debtor does not believe that the transfers to MidCities Enterprises are avoidable under the Bankruptcy Code.

If you received a payment or other transfer within 90 days of the bankruptcy, or within one year of the bankruptcy if you were an insider, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

C. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order or was scheduled by the Debtor as undisputed, not contingent, or liquidated, 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 a disputed claim are set forth in Article V of the Plan.

D. Current and Historical Financial Conditions

The Debtor's primary assets are the Sweetwater Property, the VASPEN™ Spring, the VASPEN brand and trademark, the Debtor's bottled water plan and the Debtor's real estate development plan.

In 2009, Peterson and Associates prepared an appraisal of the Sweetwater Property and the Debtor's water rights. Peterson and Associates determined the Debtor's real property was worth \$10,000,000 and the Debtor's decreed water rights were worth \$2,000,000 for a total of \$12,000,000. SDR used this Appraisal to lend the Debtor \$7,500,000. Peterson and Associates' 2009 Appraisal is available upon request.

Coulton Creek obtained an appraisal dated April 14, 2016, from Kevin A. Chandler of Chandler Consulting. In connection with his appraisal, Mr. Chandler obtained a report from Kevin McCarty of McCarty Land & Water Valuation, Inc. Mr. Chandler valued the Debtor's real property and water rights at \$9,300,000.

On or about June 18, 2015, Peterson Appraisal Company prepared another appraisal of the Sweetwater Property, including the VASPEN™ Spring and the Debtor's historical and newly decreed Water Rights (the "2015 Peterson Appraisal"). The 2015 Peterson Appraisal was prepared for First Western Trust, but has been used and relied upon by both the Debtor and its creditors. The 2015 Peterson Appraisal valued the Debtor's real estate and water rights at \$17,500,000.

The Debtor's current income and expenses are set forth in **Exhibit B** which is the Debtor's most recent Monthly Operating Report. Such Exhibit includes the Debtor's most recent Balance Sheet and Profit and Loss Report. All of the Debtor's post-petition monthly operating reports are reflective of the Debtor's current financial condition.

E. Projected Financial Condition for the Term of the Plan

1. Debtor-in-Possession Financing

Post-petition, the Debtor filed a motion to obtain super-priority secured debtor-in-possession financing. The Debtor requires funds to assist in paying for improvements to the Sweetwater Property and the VASPEN™ Spring, as well as to meet its ongoing expenses. This includes payment of administrative expenses which will accrue during the Chapter 11 process.

However, the Debtor and CCC entered into a Settlement Agreement to resolve their disputes, which is incorporated into the Debtor's Plan. As a result, the Debtor has withdrawn its motion for debtor-in-possession financing.

2. Business Plan for Operations During the Term of the Plan.

The Debtor will advance its Business Plan by continuing to complete the decreed water rights diligence, continuing to complete the planning work necessary to commence bottling and real estate operations, and to devote its primary time and effort with its consultants to obtaining capital to fund the payment of creditors and initiate operations under the Plan.

The Debtor's forecast of its projected revenues and expenses (the "Forecast") going forward and during the life of its Plan are attached as **Exhibit C**. The Debtor's Forecast is based upon the following assumptions:

- a. The Debtor, with the assistance of its financial consultants, plans to fund the Plan as soon as possible, but on or before March 31, 2017, in any event. For the purpose of the Forecast, January 1, 2017 has been assumed as the date of funding of the Plan, (the "Funding Date"). The Plan contemplates sufficient funding to retire the Class 2 secured debt obligation pursuant to the Plan on or before March 1, 2017, and to pay all other classes of creditors pursuant to the Plan.
- b. Pursuant to the Plan, the Debtor has several options to fund its obligations to creditors including but not limited to: (i) a sale of the property and water rights "as is"; or (ii) sale of existing legally platted lots and parcels or individual water rights; or (iii) sale of developed lots, parcels, and water rights, following additional investment by Debtor (see II.D. Current and Historical Financial Conditions); or (iv) sale of conservation easements; or (v) commencement of bulk water sales and/or commercial bottled water operations; or (vi) a combination thereof, or (vii) a joint venture or other business relationship formed to accept investment by others to participate in part or all of the above.
- c. For the purpose of the Forecast, Debtor has assumed funding of \$11 million in net proceeds from new debt or new equity, on the Funding Date. The Use of Proceeds demonstrates the funding of the initial Plan requirements and the commencement of the Debtor's commercial bottled water business which will provide the ongoing revenue to satisfy all Classes of Creditors pursuant to the Plan, as well as generate the return on investment expected its owners and any new lenders to the Company. For the purpose of the Forecast only, Debtor has assumed no sale of any property or water rights, which will provide very significant additional opportunities for Debtor's success pursuant to the Plan. The Debtor will accrue Management Fees, that include managers salaries, office rent, mobile and office telephones, internet service, and utilities, until the Funding Date, or an earlier Interim Funding, in the event such funding becomes available.
- d. Out of the proceeds from the initial funding, \$8,452,060 will be used on the Funding Date as follows:

- i. Payment of the Class 2 Secured Claim: \$8,060,411.
 - ii. Payment of Administrative Post-Petition Expenses: \$139,773.
 - iii. Payment of the Debtor's Entity Costs: \$220,115.
 - iv. Payment of the Debtor's Real Estate and Water Rights Maintenance Costs: \$31,761.
- e. Similarly, the Debtor will use \$2,401,942 of the proceeds from the initial funding, together with approximately \$273,384 generate from the Debtor's Cash Flow from 2017 Bottling Operations to do the following:
- f. Complete the VASPEN™ Spring clear well facility and transmission line to County Road. This will increase the value of the VASPEN™ Spring water right by making the delivery of water from the VASPEN™ Spring available for (i) sale in bulk to local water users; (ii) use by the Debtor of the Sweetwater property for development by the Debtor or others of residential and commercial uses (whether the historic 78 lot subdivision or a new plat of lots pursuant to the Village Center designation; (iii) use by the Debtor in its VASPEN™ commercial bottled water business; (iv) sale to potential "local" water users now or in the future; (v) proof of diligence in the use of the newly decreed conditional water rights. (budget estimate: \$251,745). The timing of the completion of the Spring clear well and transmission line to the County Road may occur prior to the Debtor's payment of the Class 2 claim pursuant to the Plan, if sufficient funding for that project becomes available to Debtor. The Plan does not allow use of any of the Collateral as security for any interim funding by the Debtor.
- g. Installation of Equipment, Acquisition of Inventory and commencement of bottling of VASPEN™ *Naturally Balanced* Alpine Spring Water for sale through the Debtor's distributor, Breakthru Beverages, and/or others to: (i) immediately begin to generate brand awareness through targeted key customers in various market channels; (ii) perfect the VASPEN™ trademark through interstate sale and commence commercial operations within 120-150 days of funding. The budgeted amounts include acquisition of specific product related materials handling equipment (\$723,630), additional bottle and cap inventory beyond initial 50,000 bottles now in inventory, molds and dies, boxes and other supplies (\$624,383), construction period overhead (\$120,406), and working capital sufficient to meet the forecasted sales budget (\$461,715), Accounting Systems (\$30,000), and Water Shares and Legal (\$55,000), payments on Macumber contract for future plant site not on the Sweetwater Property (\$135,063).
- h. The Debtor estimates making the following payments on the First Anniversary of the Effective Date of the Plan:

- i. Class 3 Secured Claim: \$155,909.
- i. The Debtor estimates making the following payments on the First Anniversary of the Effective Date of the Plan from the Net Available Cash Fund:
 - i. Class 4 Unsecured Claims of Convertible Debt Holders: \$35,069;
 - ii. Class 9 Unsecured Claims of Non-insiders (Convenience Class): \$70,044;
 - iii. Class 10 Unsecured Creditors of Non-Insiders over \$15,000 (General Unsecured Claims): \$5,362.

AS OF THE FILING OF THIS AMENDED DISCLOSURE STATEMENT, THE DEBTOR HAS NOT YET SECURED THE FUNDING REQUIRED TO MEET ITS OBLIGATIONS UNDER THE PLAN. FUNDING IS THEREFORE UNKNOWN AT THIS TIME. SHOULD THE DEBTOR BE UNABLE TO SECURE FUNDING BY MARCH 1, 2017, THE PROVISIONS OF THE AGREEMENT BETWEEN THE DEBTOR AND CCC REQUIRE THAT THE DEBTOR'S ASSETS WILL BE IMMEDIATELY SURRENDERED TO CCC, AS MORE FULLY SET FORTH BELOW.

THE DEBTOR HAS RETAINED GCP, INC. AS ITS FINANCIAL ADVISOR TO ASSIST THE DEBTOR WITH OBTAINING THE REQUIRED FINANCING. THE DEBTOR AND GCP ARE ACTIVELY ENGAGED WITH MULTIPLE PARTIES IN AN EFFORT TO SECURE FINANCING. HOWEVER, THE DEBTOR HAS NOT YET RECEIVED ANY FUNDING COMMITMENT OR LETTER OF INTENT. THE DEBTOR'S DISCUSSIONS ARE ONGOING.

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

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

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

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claim 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.

1. *Administrative Expenses*

a. Under 11 U.S.C. § 1123(a)(1), certain administrative expense claims are not required to be classified. For purposes of this Plan, such unclassified claims consist of the allowed administrative expense claims under 11 U.S.C. § 507(a)(2). Each holder of an allowed unclassified administrative expense claim will be paid on the Effective Date, as provided herein, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

The following chart lists the Debtor's estimated administrative expenses which are not classified and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Professional Fees, as approved by the Court	Debtor's Bankruptcy Counsel: \$95,000 Debtor's Accountant: \$2,200 Debtor's Water Counsel: \$25,000 Unsecured Creditors Committee Counsel: \$12,500 Total Professional Fees \$134,700	All Fee claimants have agreed that their Approved Fees will be paid in full on or before the Effective Date of the Plan, by March 1, 2017, or according to a separate written agreement.
Clerk's Office Fees	None	Paid in full on the Effective Date of the Plan.
Other administrative expenses	Debtor's Financial Advisor: \$25,000	Paid upon successful financing post-confirmation, or according to separate written agreement.
Office of the US Trustee Fees	\$650.00	Paid in full on the Effective Date of the Plan.
Total	\$160,350	

b. **Class 1. Administrative Expenses.** Class 1 consists of all other allowed claims entitled to priority under 11 U.S.C. § 507 (except administrative expense claims under 11 U.S.C. § 507(a)(2), priority wage claims under 11 U.S.C. § 507(a)(4), and priority tax claims under 11 U.S.C. § 507(a)(8)). Each holder of an administrative expense claim allowed under 11 U.S.C. § 507 will be paid in full within seven (7) months from the Effective Date of this Plan, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. Class 1 is impaired under the Plan.

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 11 U.S.C. § 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.

a. **Class 6. Priority Tax Claim of Colorado Department of Revenue.** Class 6 consists of the unsecured priority tax claims of the Colorado Department of Revenue for any unpaid and/or accrued taxes owing as of the Petition Date under 11 U.S.C. § 507(a)(8). The Debtor does not believe that it owes any taxes to the Colorado Department of Revenue as of the Petition Date. To the extent such claim is allowed, the claim shall bear interest at the Wall Street Journal prime rate on the Effective Date and shall be paid in full within one (1) year of the Effective Date. Any general unsecured claim of any entity asserting a priority tax claim under this section, including any claim for penalties not related to actual pecuniary loss, shall be paid as provided for pursuant to Class 10 of the Plan, unless subordinated by separate order of the Court.

b. **Class 7. Priority Tax Claim of Internal Revenue Service.** Class 7 consists of the unsecured priority tax claims of the Internal Revenue Service for any unpaid and/or accrued taxes owing as of the Petition Date under 11 U.S.C. § 507(a)(8). The Debtor does not believe that it owes any taxes to the IRS as of the Petition Date. To the extent such claim is allowed, the claim shall bear interest at the Wall Street Journal prime rate on the Effective Date and shall be paid in full within one (1) year of the Effective Date. Any general unsecured claim of any entity asserting a priority tax claim under this section, including any claim for penalties not related to actual pecuniary loss, shall be paid as provided for pursuant to Class 10 of the Plan, unless subordinated by separate order of the Court.

c. **Class 8. Garfield County, Colorado.** Class 8 consists of the priority secured claim of Garfield County, Colorado for real estate taxes on the Debtor's real property. The Debtor does not believe that any real estate taxes were owing as of the Petition Date. To the extent the claim is allowed, the Class 8 Claimant shall have an Allowed Secured Claim in the total amount of the real estate taxes which were due and payable prior the Petition Date. The Allowed Class 8 Claim shall be paid in full with monthly payments over a period of five years from the Petition Date. Monthly payments shall commence on the Effective Date and shall include annual interest at the rate of four percent (4%) per annum. The creditor shall retain its lien on the Debtor's assets, pursuant to 11 U.S.C. §506(a), with the priority thereof, as existed on the Petition Date pursuant to 11 U.S.C. §1129(a)(9)(D) and § 1129(b)(2)(A)(i)(I), until the secured claim is paid. With respect to any post-petition taxes which accrued on January 1, 2016 (pre-petition), but are not due to be paid until April, 2016, the Debtor will pay such taxes in 2016 as they become due. Upon payment of the secured portion of its claim, any lien asserted by Garfield County against any asset of the Debtor shall be deemed released and of no further force and effect. Any unsecured general claim of Garfield County, including any claim for penalties not related to actual pecuniary loss, shall be paid as provided for pursuant to the provisions of Class 10 of the Plan, unless subordinated by separate order of the Court.

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.

a. **Class 2. Coulton Creek Capital, LLC.** Class 2 consists of the secured claim of Coulton Creek Capital, LLC ("CCC") pursuant to 11 U.S.C. § 506. Pre-petition, the Debtor entered into certain loan and security agreements, promissory notes, a Deed of Trust, the Assignment of Leases and Rents, Security Agreement, and Fixture Filing (the "Deed of Trust") and other loan and collateral documents, as amended, in favor of SDR Ventures, LLC, in the principal amount of \$7,500,000 (the "SDR Loan"). Pursuant to that Amended and Restated Promissory Note, the principal amount of the SDR Loan was reduced to \$6,157,134.22. The SDR Loan and related collateral instruments were assigned to CCC pre-petition. Pursuant to the recorded Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, as amended (the "Deed of Trust"), against the Debtor's real property in Garfield County, Colorado and related fixture filings, as well as any recorded financing statements and other instruments, CCC has a lien on all of the Debtor's real and personal property in Colorado (the "Collateral"). The present outstanding principal balance owing to CCC is \$6,157,134.22. CCC asserts a claim for all of its interest, including default interest, charges, legal fees, etc., in the amount of \$10,539,064.87. The Debtor disputed the pre-petition default interest, legal fees and other charges to the SDR Loan. Class 2 is impaired under the Plan. The Debtor shall treat the Allowed Claim of CCC as set forth below. CCC has consented to this treatment pursuant to a Settlement Agreement between the Debtor, CCC, the Unsecured Creditors Committee and certain of the Convertible Debt Holders (collectively the "Parties") which is incorporated herein by reference. This Plan shall be subject to all of the terms and conditions of the Settlement Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the parties have agreed that the debt owed to CCC shall be modified upon Court approval to the principal balance of \$7,250,000. A copy of the Agreement was attached to the Amended Plan as **Exhibit 1**. The Debtor strongly recommends that you read the Agreement. To the extent this Plan is inconsistent with the Agreement, the terms of the Agreement will control. The material terms of the Agreement are as follows:

1. Payment to CCC. The Parties agree that:

- a. As of the Effective Date of the Agreement (July 13, 2016), the Loan balance has been modified, such that the payoff in full under the Loan Documents is set at \$7,250,000 (the "Payoff Amount").

- b. CCC is entitled to receive, in addition to the Payoff Amount, any amounts currently held by CCC in escrow under the Loan Documents (the “Escrow Funds”).
- c. CCC shall also be entitled to receive, accrued interest on the unpaid balance of the Payoff Amount, in an amount equal to twenty-four percent (24%) per annum, from the Effective Date until paid in full or otherwise deemed fully satisfied, as provided herein.
- d. The Payoff Amount and accrued interest shall be paid by or on behalf of Debtor to CCC on or before March 1, 2017, by wire transfer according to written directions supplied by CCC.
- e. Any rights to the Escrow Funds of Debtor shall be released automatically upon entry by the Bankruptcy Court of an Order approving the Agreement.
- f. Provided that the Debtor (or anyone on its behalf) pays the Payoff Amount and accrued interest on or before March 1, 2017 or an event of default occurs under the Agreement which permits CCC to record the Deed and effectuates the Bill of Sale (as defined below);
- g. CCC shall be deemed to waive and release the Debtor and all of its Members, employees and agents, and all guarantors of the Loan Documents including, but not limited to, Steven H. Miller, Kenneth W. Tribbey, Christopher S. Miller and MidCities 2 Ventures, LLC, and all of their Members, employees and agents, from any and all claims and causes of action related to or arising under the Loan Documents and related transactions, including any deficiency on the Loan Documents and guarantor obligations; and
- h. The Debtor and all of its Members, employees and agents, and all guarantors of the Loan Documents including, but not limited to, Steven H. Miller, Kenneth W. Tribbey, Christopher S. Miller and MidCities 2 Ventures, LLC, and all of their Members, employees and agents, shall be deemed to waive and release CCC and all of its Members, employees and agents from any and all claims and causes of action related to or arising under the Loan Documents and related transactions.

2. Transfer of Collateral to CCC Upon Failure to Pay or to Confirm a Plan.

- a. The Debtor executed and delivered to CCC a Special Warranty Deed (“Deed”) and Bill of Sale upon execution of the Agreement, conveying all rights, title and interests in the Collateral to CCC in the event of a default. The original, executed Deed and Bill of Sale shall be held by CCC’s attorneys and shall not be effective or recorded unless and until the Debtor is in default of the Agreement.
- b. The Debtor shall be in default of the Agreement if:

- i. The Debtor fails to deliver to CCC the Payoff Amount and accrued interest on or before March 1, 2017;
 - ii. The Debtor is in default of the Chapter 11 Plan confirmed by the Bankruptcy Court and has not cured said default within the time permitted under the Chapter 11 Plan;
 - iii. The Debtor fails to confirm a Chapter 11 Plan by December 15, 2016 which incorporates the Agreement, including, but not limited to, conveyance of the Collateral to CCC free and clear of any and all junior liens to that of CCC; or,
 - iv. The Bankruptcy Case is dismissed or converted.
 - c. In the event of a default by the Debtor as set forth above, CCC shall be entitled to record the Deed and the Bill of Sale shall be automatically effectuated, subject only to any local, state or federal taxing authority entitled to a lien senior to CCC's lien.
 - d. Should the Debtor timely and fully make the payments as set forth above, CCC shall deliver to the Debtor the Deed and Bill of Sale.
 - e. Any remaining obligations for payments required by the Agreement above shall be automatically and completely released upon an event of default under the Agreement which permits CCC to record the Deed and effectuates the Bill of Sale.
 - f. It is not intended that the title to the Collateral conveyed by the Deed and Bill of Sale will merge with or into the liens and security interests created by the Deed of Trust and other Loan Documents and none of the Loan Documents or any lien or security interest granted thereunder shall be extinguished, impaired or affected in any manner whatsoever, it being the intent of the Parties that CCC's interests in the Collateral shall not merge, and that such interests are and shall remain separate, distinct, and independent.
3. Relief from Stay. Should the Debtor be in default of the Agreement, CCC shall have, without further court order, relief from the automatic stay provided by 11 U.S.C. § 362, to enforce all of its rights as a secured creditor.
4. Representation Termination/Survival. The Agreement shall automatically terminate if:
- a. An Amended Plan of Reorganization incorporating and consistent with this Agreement is not filed with the Bankruptcy Court on or before July 29, 2016; or,
 - b. The Agreement is not approved by an Order of the Bankruptcy Court on or before August 26, 2016, unless that date is extended by CCC in writing.

- c. If the Agreement is terminated pursuant to subparagraph (a), the provisions contained in the Paragraph captioned “Reservation of Rights” shall survive.
 - d. If the Agreement is terminated pursuant to subparagraph (b), CCC shall return the Deed and Bill of Sale to the Debtor and the parties may pursue all rights and remedies under the Loan Documents and at law.
5. Recording of Agreement, Order, Confirmation Order and Deed. CCC may record with the Clerk and Recorder for Garfield County, Colorado, the Agreement, any Order approving the Agreement and any Confirmation Order, confirming a Plan of Reorganization incorporating the Agreement. CCC may record the Deed, but only as permitted by this Agreement.
6. Non-Interference—Relief From Stay. The Debtor (and the Unsecured Creditors Committee and Convertible Debt Holders) agrees not to appeal any Order granting CCC relief from the automatic stay contained in 11 U.S.C § 362, in the event CCC receives such an Order following a default by the Debtor of the Agreement.
7. Non-Interference—Foreclosure. The Debtor (and the Committee and Convertible Debt Holders) agrees not to object to or otherwise interfere with the foreclosure proceedings initiated by CCC following a default by the Debtor of the Agreement.
8. Consent by CCC to Make Certain Modifications. CCC hereby consents to installation of a clear well facility and an approximately 1,400 foot-long transmission line from the clear well facility to County Road 150 and related hydrant substantially as depicted in Exhibit C to the Agreement (the “Spring Improvements”). The Debtor agrees that any property and fixtures that are a part of the Spring Improvements are included in CCC’s Collateral.
 - a. CCC’s consent shall be automatically revoked if Debtor breaches the Agreement, including by failing to make the payments or to provide the Remediation/ Performance Bond as and when required herein.
 - b. CCC Creek shall not interfere with the Spring Improvements including, but not limited to, producing water through the Spring Improvements, picking up such water, transporting such water along the public roadways, the sale and use of such water by the Debtor.
9. Remediation/Performance Bond. The Debtor shall provide to CCC, before commencing the Spring Improvements to the Collateral, a \$150,000 bond, in a form and from a surety reasonably acceptable to CCC, to ensure that the condition of the Collateral is restored to Army Corps of Engineering

specifications in the event CCC obtains title to the Collateral prior to or after completion of the Spring Improvements.

10. Reservation of Rights. In the event of either a default of the Agreement by Debtor or if the Agreement is terminated pursuant to Paragraph 9(a) of the Agreement:
 - a. CCC may pursue all rights and remedies under the Loan Documents, including pursuit of relief from the automatic stay (to the extent relief is not otherwise granted or obtained), foreclosure and enforcement of its rights under the Loan Documents and otherwise as a secured creditor, recovery of all principal, default interest, late payment fees, attorneys' fees and costs based upon default under the Loan Documents first occurring on October 1, 2013;
 - b. the balance owed under the Loan Documents as of May 1, 2016, shall be deemed to be the amount claimed by CCC in its Proof of Claim dated May 13, 2016 (Claim 15-1), \$10,539,064.87 (which includes \$100,000 reduction for escrowed funds) and default interest at 2% per month, compounded monthly, and attorneys' fees and costs continue to accrue after May 1, 2016.

b. **Class 3. MidCities Company, LLP.** Class 3 consists of the secured claim of MidCities Company, LLP which is secured by a deed of trust against the Debtor's real property and water rights pursuant to 11 U.S.C. § 506. As of the Petition Date, MidCities Company, LLP was owed the sum of \$3,800,870.41. Class 3 is impaired under the Plan. The Debtor shall treat the Allowed Claim of MidCities Company, LLP as follows:

1. MidCities Company, LLP shall have an Allowed Secured Claim in the principal amount of \$3,800,870.41, together with interest thereon at the rate of 6% per annum through the Effective Date.
2. The Debtor shall issue a new promissory note to MidCities Company, LLP in the amount of the Allowed Secured Claim (the "New MCC Note") as payment on the Allowed Secured Claim on the Effective Date. The New MCC Note shall be interest only for a period of four years from the Effective Date with a balloon on the fourth anniversary of the Effective Date. For the first year following the Effective Date, interest shall accrue and be paid on the first anniversary of the Effective Date with quarterly payments of interest on the first day of each calendar quarter thereafter.
3. The New MCC Note shall be secured by MidCities Company, LLP's existing lien on the Debtor's real and personal property, junior to that of the Class 2 Creditor and any real estate taxes, pursuant to 11 U.S.C. §506(a).

4. All existing debt instruments of the Debtor to MidCities Company, LLP, including the Promissory Note shall be cancelled on the Effective Date. This provision shall not affect any other agreements concerning the original debt instruments, including but not limited to, any and all agreements between MidCities Company and the Convertible Debt Holders. All such agreements between MidCities Company and the Convertible Debt Holders shall remain in full force and effect and apply to the New MCC Note. This Provision shall not be construed to waive, release and/or cancel any existing collateral documents held by MidCities Company, LLP, including that Deed of Trust. Such Deed of Trust and all additional collateral documents shall remain in full force and effect to secure the New MCC Note.
5. In the event of a default by the Debtor of the Agreement between the Debtor, CCC, the Unsecured Creditors Committee and some of the Convertible Debt Holders (*see Plan, Section 4.01*), MidCities Company's Deed of Trust shall be automatically terminated. To the extent necessary, MidCities Company shall execute and deliver to CCC a Release of Deed of Trust thereby releasing any and all liens, claims and encumbrances to the Debtor's real property and water rights in the event of a default by the Debtor of the Agreement.

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (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.

a. **Class 5. Priority Wage Claims.** Class 5 consists of the unsecured priority claims of employees of the Debtor for wages, salaries, commissions, etc., up to \$12,475 per individual earned within the 180 days before the Petition Date, pursuant to 11 U.S.C. § 507(a)(4). To the extent that any priority wage claims are allowed under 11 U.S.C. § 507(a)(4), each holder of a priority wage claim will have an allowed claim for the amount earned in the 180 days prior to the Petition Date in an amount not to exceed \$12,475. Such claims shall bear interest at the Wall Street Journal prime rate on the Effective Date and shall be paid in full within one (1) year of the Effective Date. Any remaining portion or all, as the case may be, of a wage claimant which is not entitled to priority under 11 U.S.C. §507(a)(4), shall be unsecured and be paid pursuant to the provisions of Class 10 of the Plan, unless otherwise provided by a separate Court order.

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. Administrative convenience claims are any unsecured claims

that are less than an amount that the Court approves as reasonable and necessary for administrative convenience.

a. **Class 4. Convertible Debt Holders.** Class 4 consists of claims of creditors holding a contractual interest in the secured claim of MidCities Company, LLP, with rights to convert their debts to equity in the Debtor including, Dan Weinstein, Greg Jenik, Hugh L. Rice III, John Curtiss, Karen Mendrop, Marilyn Chmelar, Mike Caskey, T's Up, LLC, Warren Eugene Pizinger, Jr., and Rick Arnold. Pre-petition, the Convertible Debt Holders loaned the Debtor funds for use in its operations. Such loans are evidenced by various promissory notes held by each Convertible Debt Holder. As of the Petition Date, the total amount owed to the Convertible Debt Holders was approximately \$876,726.59. To secure such loans, MidCities Company, LLP granted a contractual right to all of the Convertible Debt Holders in MidCities Company, LLP's deed of trust against the Debtor's real property and water rights. The Convertible Debt Holders do not have a separate collateral position in or on any of the Debtor's assets apart from MidCities Company, LLP. Class 4 is impaired under the Plan.

1. On the Effective Date of the Plan, all Convertible Debt Holders shall have an Allowed Claim for the full amount of all principal, interest and charges owing to them as of the Petition Date.
2. Commencing on the first anniversary of the Effective Date of the Plan, Class 4 creditors shall receive pro-rata distributions on an annual basis from the Debtor's Net Available Cash Fund within thirty (30) days of each anniversary of the Effective Date of the Plan for a period of three (3) years thereafter. The Debtor shall pay interest on the Allowed Claims of Class 4 creditors at the rate of 4% per annum. All Allowed Class 4 Claims shall be paid in full on the Fourth (4th) anniversary of the Effective Date of the Plan.
3. The Conversion provisions of the Convertible Loan Agreements between the Class 4 Claimants and the Debtor (as may have been modified and/or amended pre-bankruptcy) shall remain unaffected by the Plan. Such provisions shall continue to be enforceable pursuant to the terms of the agreements, as modified an/or amended.
4. In the event of a default by the Debtor of the Agreement between the Debtor, CCC, the Unsecured Creditors Committee and some of the Convertible Debt Holders (*see Plan, Section 4.01*), MidCities Company's Deed of Trust shall be automatically terminated and all of the Class 4 Claimants' contractual rights in and to the MidCities Company's Deed of Trust, as against the Debtor, shall be deemed waived and released such that they shall have no right to enforce the MidCities Company's Deed of Trust as against the Debtor. This provision prohibiting the Class 4 Claimants from enforcing the MidCities Company's Deed of Trust (in the event of default by the Debtor of the payment of the Class 2 Claim) shall have no effect and shall not impair

the Class 4 Claimants' rights, claims and causes of action, if any, against MidCities Company.

b. **Class 9. Administrative Convenience Class.** Class 9 shall be comprised of all creditors with Allowed non-insider or affiliated party Unsecured Claims of \$15,000 or less. As a matter of administrative convenience, pursuant to 11 U.S.C. § 1122(b), the Debtor will pay all such claims in full on the first anniversary of the Effective Date of the Plan from the Net Available Cash Fund. The Debtor shall pay interest on the Allowed Claims of Class 9 creditors at the rate of 4% per annum. Class 9 is impaired under the Plan.

c. **Class 10. General Non-Insider or Affiliate Party Unsecured Claims.** Class 10 shall be comprised of all creditors who are not insiders of the Debtor and/or were not affiliate with the Debtor on the Petition Date who hold Allowed Unsecured Claims against the Debtor, including any allowed claims, not subordinated by Order of the Bankruptcy Court, held by any governmental agency which are not related to actual pecuniary loss, or by any employee of the Debtor in an amount in excess of \$12,475 or otherwise not subject to treatment under 11 U.S.C. § 507(a)(4). Class 10 is impaired under the Plan. Class 10 creditors shall receive pro-rata distributions on an annual basis from the Debtor's Net Available Cash Fund within thirty (30) days following the first anniversary of the Effective Date of the Plan and each anniversary of the Effective Date of the Plan thereafter, for a period of three (3) years. The Debtor shall pay interest on the Allowed Claims of Class 10 creditors at the rate of 4% per annum. All Allowed Class 10 Claims shall be paid in full on the fourth anniversary of the Effective Date. Class 10 is impaired under the Plan.

d. **Class 11. General Unsecured Claims of Insiders and Affiliated Parties.** Class 11 shall consist of all general unsecured claims held by insiders of the Debtor, persons affiliated with the Debtor on the Petition Date. Class 11 is impaired under the Plan. Upon payment of Class 4 and Class 10 Claims, Class 11 creditors shall receive pro-rata distributions on an annual basis from the Debtor's Net Available Cash Fund within thirty (30) days of each anniversary of the Effective Date of the Plan for a period of five (5) years with a balloon payment at the end of such period. Class 11 creditors shall be paid 100% of the principal amount of their Allowed Claim together with interest at the Federal mid-term interest rate on one year United States Treasury Bonds as of the Effective Date of Plan.

4. *Equity Interests*

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.

a. **Class 12. Equity Interests.** Class 12 consists of the individuals and entities holding membership units in the Debtor. The Class 12 Equity Interests are not impaired. All

outstanding membership interests of the Debtor shall remain in effect as they existed on the Petition Date.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the Debtor's income and operations. The Debtor's Forecast is attached as **Exhibit C**.

The Debtor has made certain assumptions in connection with its Forecast, which are as follows:

- a. The Debtor will acquire new funding and/or equity investment on January 1, 2017.
- b. Additional Working Capital Loans commencing in 2018.
- c. No proceeds from the sale of any real property or water rights have been considered in the Forecast.
- d. Upon approval of the Plan, the Debtor will work to sell all or part of the property, obtain conservation easements, and/or seek other development and/or joint venture partners with 100% of any net proceeds (after payment of, among other things, the verifiable costs of generating such transactions and costs and expenses of sale) to be distributed first to CCC as payment on the Class 2 Claim, then to the remaining creditors in accordance with the Plan and the *absolute priority rule*.

AS OF THE FILING OF THIS AMENDED DISCLOSURE STATEMENT, THE DEBTOR HAS NOT YET SECURED THE FUNDING REQUIRED TO MEET ITS OBLIGATIONS UNDER THE PLAN. FUNDING IS THEREFORE UNKNOWN AT THIS TIME. SHOULD THE DEBTOR BE UNABLE TO SECURE FUNDING BY MARCH 1, 2017, THE PROVISIONS OF THE AGREEMENT BETWEEN THE DEBTOR AND CCC REQUIRE THAT THE DEBTOR'S ASSETS WILL BE IMMEDIATELY SURRENDERED TO CCC, AS MORE FULLY SET FORTH ABOVE.

THE DEBTOR HAS RETAINED GCP, INC. AS ITS FINANCIAL ADVISOR TO ASSIST THE DEBTOR WITH OBTAINING THE REQUIRED FINANCING. THE DEBTOR AND GCP ARE ACTIVELY ENGAGED WITH MULTIPLE PARTIES IN AN EFFORT TO SECURE FINANCING. HOWEVER, THE DEBTOR HAS NOT YET RECEIVED ANY FUNDING COMMITMENT OR LETTER OF INTENT. THE DEBTOR'S DISCUSSIONS ARE ONGOING.

2. *Establishment and funding of bank accounts held by the Debtor.*

On the Effective Date, the Debtor shall establish two separate bank account for funds to be held by the Debtor in order to insure performance of its obligations under the Plan. All funds held by the Reorganized Debtor for distribution under the Plan shall be held in accounts which are insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States. The fund to be established is as follows:

- a. **Net Available Cash Fund:** Upon confirmation of the Debtor's Plan, and prior to the Effective Date, the Debtor will open a separate "Net Available Cash Fund" in a separate, interest bearing account. At the conclusion of each calendar quarter, the Debtor shall calculate its Net Income in accordance with Generally Accepted Accounting Principle ("GAAP"), plus depreciation, less payments to any Allowed Class of priority creditors and shall deposit its Net Income into the Net Available Cash Fund. Within 30 days of the first anniversary of the Effective Date and continuing each year thereafter, the Debtor shall make pro-rata distributions to each allowed unsecured claim.
 - b. **Operating Account:** After confirmation of the Debtor's Plan, the Debtor shall maintain its existing Debtor-in-Possession Account. All income received by the Debtor shall first be deposited in the Operating Account and all of the Debtor's expenses shall be paid out of the Operating Account. At the conclusion of each calendar quarter, the Debtor shall transfer all of its Net Income in that calendar quarter to the Net Available Cash Fund. Notwithstanding any other language in the Plan to the contrary, the Debtor shall be permitted to maintain a minimum balance in the Operating Account which shall include provisions for a 40% Reserve for Tax Payments, and less 20% of the average of the current year gross sales and the projected gross sales for the next year to be utilized in build-up of inventory and receivables which shall provide working capital to service the Debtor's growth in business and which will serve to protect the Debtor and its creditors in the event of a material change in its business condition.
3. *Payments to Creditors from Net Available Cash Fund.*
- (a) Commencing on the first anniversary of the Effective Date, the Reorganized Debtor shall distribute the amount in the Net Available Cash Fund to the Allowed Class 4, 9, 10 and 11 Creditors in order of priority under the Code. In the event any class of creditors has the same level of priority as another class, both classes shall receive distributions pro-rata. Such amounts shall be mailed within thirty (30) days after the anniversary of the Effective Date. The Debtor shall provide Allowed Class 4, 9, 10 and 11 Creditors with a summary calculation of the Net Available Cash Fund for the prior year at the time the distribution is mailed.

- (b) The payments from the Net Available Cash Fund shall continue for a period of up to nine (9) years after the Effective Date of the Plan until each Allowed Class 4, 9, 10 and 11 Creditor is paid their principal obligation in full with interest at the rate as set forth in each claim. Should the funds in the Net Available Cash Fund satisfy the balance due to each Allowed Class 4, 9, 10 and 11 Creditor prior to the end of nine (9) years from the Effective Date, the Debtor's obligations to such Creditors shall be deemed satisfied.

4. *Post-confirmation Management.*

After confirmation of the Debtor's Plan, the Debtor will continue to be managed by MidCities Enterprises, Inc. Under the Management Agreement, the Debtor is required to pay MidCities Enterprises, Inc., a management fee of \$50,000 per month. Such fee includes the necessary overhead for the operational activities, including office rent, telephones, utilities, internet, etc., as well as salaries of the three principals who perform services for the Debtor, Mr. Steve Miller, Mr. Chris Miller and Mr. Kenneth Tribbey.

Upon confirmation of the Plan, MidCities Enterprises, Inc., and the Debtor have agreed to modify the terms of the Management Agreement to provide for a graduated management fee going forward. As set forth in the Forecast: the Management Fee will be reduced to \$10,200 for six months, March through July 2016 (representing overhead without salaries), then for four months the Management Fee will be set at \$42,500 going forward, including salaries. Upon satisfaction of all Claims hereunder, with the exception of the Class 11 claim which may have not yet been fully satisfied, the Managers or Officers of the Debtor may modify the compensation unilaterally taking into account competitive market employment conditions.

Three principals of MidCities Enterprises, Inc., will be providing services to the Debtor at the following reduced compensation levels post-confirmation (plus a cost of living adjustment annual determined by standard industry guidelines):

- a. Steve Miller, \$150,000 per annum. Mr. Miller's duties include President, CEO and Chief Management Officer.
- b. Chris Miller, \$120,000 per annum. Mr. Miller's duties include Chief Operating Officer and Distribution.
- c. Kenneth Tribbey, \$75,000 per annum, Mr. Tribbey's duties include Treasurer and Chief Financial Officer. The Debtor only requires the use of 50% of Mr. Tribbey's time, hence the reduced salary requirements.

Post-confirmation, the Debtor shall have the authority to hire employees as necessary in the ordinary course of business without notice to or authority from any creditor or other party-in-interest herein. As the scale of the Debtor's operations increases, the Debtor anticipates the need for a larger

staff as well as additional time and expense of the executive team. These additional employment costs are built into the Debtor's Forecast.

If the Debtor is successful in performing under the Plan, the Debtor may offer bonuses to its executive team as consideration for their efforts in repaying creditors. Beginning on the Second Anniversary of the Effective Date of the Plan, if the Debtor has met or exceeded its Forecast and no event of default under the Plan has occurred during the preceding year, the Debtor may pay the executive team a bonus based upon their then annual salary as follows:

- a. Second Anniversary: 10% bonus;
- b. Third Anniversary: 15% bonus;
- c. Fourth Anniversary: 20% bonus.
- d. Fifth Anniversary: 25% bonus.

E. Risk Factors

The proposed Plan has the following risks:

1. *General Economic Risk*

The Debtor's income is affected by general economic conditions. Consequently, its ability to make payments under the Plan could be affected. The Debtor's VASPEN™ water is a premium product. Should the general economic conditions deteriorate, the Debtor may not see the same sales levels and thus its revenues could decline with the lack of disposable income available to a consumer.

2. *Bottled Water Market*

The Bottled Water Market for the Debtor's products may result in sales greater or lesser than the forecast and with higher or lower profitability, which could affect the Debtor's ability to make payments under the Plan.

3. *Real Estate Development*

While the Debtor's Plan and repayment of creditors is primarily based upon its entry into the bottled water market, the Debtor's new equity owners will likely be repaid from the bottled water revenues as well as the development and/or sale of the Sweetwater Property. The Bottled Water Market risk may be offset to the extent that the Debtor is successful generating revenues from the sale or joint venture of the Sweetwater Property.

4. *Government Policies and Regulations*

While Debtor believes that the government and regulatory environment is favorable to development of its water and land assets, there could be obstacles that arise that could affect the timing or interfere otherwise with the Debtor's ability to make payments under the Plan.

5. *Physical and Environmental Considerations.*

The Debtor could encounter unexpected issues with the installation of the clear well facility at VASPEN™ Spring and the transmission line to the County Road, or with the ability to produce and deliver clean spring water to the satisfaction of regulatory authorities, or with real estate development matters which could affect the Debtor's ability to make payments under the Plan.

F. Executory Contracts and Unexpired Leases

As set forth below, the Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

The Agreement between the Debtor, CCC, the Unsecured Creditors Committee and certain of the Convertible Debt Holders is incorporated into the Plan and the Plan is subject to all of the terms and conditions therein. As such, the Agreement shall not be rejected.

The Debtor assumes the following executory contracts and/or unexpired leases effective upon the effective date of the Plan:

- i. Acme Distribution Centers;
- ii. MidCities Enterprises, LLC.

All other executory contracts and unexpired leases that are not listed herein will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed not later than thirty (30) days after the date of the order confirming this Plan.

G. Tax Consequences of Plan

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

The following are anticipated tax consequences of the Plan:

1. *Tax Consequences to the Debtor of the Plan.*

The Debtor does not believe that the Plan will have any material affect upon the Debtor. The Debtor has no meaningful pre-petition tax liability. To the extent that the Debtor incurs unexpected tax obligations post-petition, and/or make distributions to its owners to pay such tax obligations as the case may be, the Debtor expects to have sufficient income to pay both the tax obligations and make payments under the Plan.

2. *General tax consequences on creditors of any discharge.*

Confirmation of the Plan discharges the Debtor from any debt that arose before the date of such confirmation and any debt of a kind specified in 11 U.S.C. § 502(g), 502(h), or 502(i), whether or not: (i) a proof of claim is filed or deemed filed; (ii) such claim is allowed under 11 U.S.C. § 502; or (iii) the holder of such claim has accepted the Plan. Pursuant to 11 U.S.C. § 1141(d)(5), upon the entry of an order confirming this Plan by the Bankruptcy Court, the reorganized Debtor shall be discharged and released from, and hold all of its property free of all liabilities, liens, claims, and obligations of any nature or description except for those claims, liens, liabilities, and obligations provided for in the Plan. The terms of the confirmed Plan will bind the Debtor and all of its creditors with respect to payment of such claims.

The consequences on creditors of any discharge will result in a realized loss, if applicable, to the creditor. After the Plan is confirmed, any plan consideration will be considered a gain to be offset by the realized loss, if applicable.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Who May Vote or Object

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

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

In this case, the Plan Proponent believes that all Classes (other than Class 12 - Equity Holders) are impaired and that holders of claims in only those classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that Class 12 is not impaired and therefore does not have the right to vote to accept or reject the Plan.

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

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

The deadline for filing a proof of claim in this case was May 15, 2016.

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 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;
- holders of claims or equity interests in classes that do not receive or retain value under the Plan; and
- administrative expenses.

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

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

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

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” of 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 the more than one-half ($\frac{1}{2}$) 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 ($\frac{2}{3}$) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

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

2. *Treatment of Nonaccepting Classes*

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

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

C. Liquidation Analysis

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

Based upon the Debtor’s Assets and Liabilities as of the Petition Date, the Debtor believes that there would be minimal assets available to unsecured creditors in a liquidation. The Debtor’s Sweetwater Property is fully encumbered by the liens of CCC and MidCities. In a liquidation, the Debtor estimates that those creditors would foreclose upon their lien rights and take all proceeds to satisfy their liens.

D. Feasibility

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

1. *Ability to Initially Fund Plan*

The Debtor believes that it will be administrative solvent on the Effective Date. The Debtor further expects that within one year of the Effective Date, it will have sufficient funds to pay all claims in full that are due at that time.

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

The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Debtor has provided projected financial information in its Forecast which is attached as **Exhibit C**.

The Debtor’s financial projections show that the Debtor will have sufficient annual cash flow to pay all unsecured creditors in full over the Plan’s life. The Debtor is in the early stages of monetizing its bottled water plan and expects to see quick and exponential growth over the next year followed by steady growth beyond that point.

AS OF THE FILING OF THIS AMENDED DISCLOSURE STATEMENT, THE DEBTOR HAS NOT YET SECURED THE FUNDING REQUIRED TO MEET ITS OBLIGATIONS UNDER THE PLAN. FUNDING IS THEREFORE UNKNOWN AT THIS TIME.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

Discharge. Pursuant to 11 U.S.C. §1145(d)(1)(A), confirmation of the Debtor's Plan shall discharge the Debtor from any debt that arose before the date of such confirmation and any debt of a kind specified in 11 U.S.C. §502(g), 502(h), or 502(I), whether or not: (a) a proof of claim is filed or deemed filed; (b) such claim is allowed under 11 U.S.C. §502; or, (c) the holder of such claim has accepted the plan. Confirmation of the Plan also terminates all rights and interests of equity security holders and general partners provided for by the Plan. The Reorganized Debtor shall be entitled to seek injunctive relief from the Court, if necessary, to enforce any and all provisions of the Plan.

B. Modification of Plan

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

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

C. Final Decree

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

VI. DEFAULT OF PLAN

6.01 In the event of any default by the Reorganized Debtor of any payment to any class of claimants arising under the terms of this Plan other than payment to CCC, the Reorganized Debtor shall have thirty (30) days within which to cure any default in payments due under this Plan after the date of issuance of written notice from any claim holder.

6.02 Written notice shall be provided to the Reorganized Debtor and to Debtors' counsel. For purposes of this section, the notice to Debtor's counsel shall be served upon Buechler & Garber, LLC, 999 18th Street, Suite 1230-S, Denver, Colorado 80202, unless written notice of substitution

of legal counsel is served upon the claim holder at least fifteen (15) days prior to the date notice is sent.

6.03 In the event that the Reorganized Debtor fails to cure any default in the requirements to make payment under the Plan, within thirty (30) days from the date that written notice is sent in compliance with paragraph 10.02 of the Plan, the entire amount of the obligations dealt with under the Plan shall be immediately due from the Reorganized Debtor.

6.04 Notwithstanding the above provisions or the provisions of paragraphs 10.01, 10.02, and 10.03 of the Plan, the notice of default and opportunity to cure shall not apply to the provisions governing the treatment of CCC's claim and the Agreement between the Debtor, CCC and others. In any event of default as to CCC's claim, the Agreement shall control.

VII. GENERAL PROVISIONS

7.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in 11 U.S.C. §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

- a. "Administrative Expense" shall mean any cost or expense of administration of Chapter 11 allowed under 11 U.S.C. § 503(b).
- b. "Allowed Claim" shall mean (a) an unsecured claim against the Debtor which is set forth in the Debtor's schedules other than an unsecured claim against the Debtor scheduled by the Debtor as unknown, disputed, contingent or unliquidated; (b) an unsecured claim against the Debtor which has been filed pursuant to 11 U.S.C. § 501, and with respect to which no objection to the allowance thereof has been interposed within the deadlines set forth in this Plan, or as to which any objection has been determined by Final Order; provided however, that interest accrued on or after February 9, 2016, shall not be a part of any Allowed Claim. Allowed Claims may include, but are not limited to, claims that arise from the rejection of executory contracts.
- c. "Class" shall mean any class of creditors or interests described in Article II of the Plan.
- d. "Code" shall mean the Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, and any amendments thereof.
- e. "Confirmation" shall mean the entry by the Court of an order confirming the Plan in accordance with Chapter 11 of the Code.
- f. "Confirmation Date" shall mean the date on which the Plan is confirmed by the Bankruptcy Court.
- g. "Confirmation Order" shall mean a Final Order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code.
- h. "Contested Claim" shall mean shall mean any Claim which has been scheduled by the Debtor as disputed, contingent, or unliquidated or any Claim as to which an

objection to the allowance thereof has been or will be filed within the deadline for filing of such objections set forth in Article V of this Plan. Contested Claims shall be treated under the provisions of Article V of this Plan until allowance or disallowance of such claim has been determined by a Final Order. Contested claims include claims which the Debtor believe should be objected to in whole or in part. Contested claims further include any claims held by creditors against whom the Debtor believe actions may be brought under 11 U.S.C. §§ 544, 547, 548 or 549.

- i. “Disallowed Claim” shall mean any claim or portion thereof that has been disallowed by a Final Order of the Bankruptcy Court.
- j. “Disputed Claim” shall mean any claim which has been scheduled by the Debtor as unknown, disputed, contingent or unliquidated, or any claim as to which an objection has been filed and allowance or disallowance of such claim has not been determined by a Final Order.
- k. “Effective Date” of this Plan shall mean the first business day following thirty (30) days after the date the order confirming the Plan becomes a Final Order.
- l. “Final Order” shall mean an order or a judgment as to which the time to appeal or seek review or rehearing has expired. In the event that an appeal or petition for rehearing is filed, an order or judgment shall be final unless an Order enters granting a stay pending appeal or petition for rehearing.
- m. “Income” shall mean all of the property of the Estate as defined by 11 U.S.C. §1115, but excluding any exempt portions under any and all applicable Federal and/or State exemption laws.
- n. “Net Available Cash” shall mean the Reorganized Debtor’s Net Income calculated in accordance with Generally Accepted Accounting Principles (“GAAP”), plus depreciation, less payments to Allowed Classes of priority creditors.
- o. “Net Available Cash Fund” shall mean that fund created by the Debtor by depositing all of its Net Available Cash at the conclusion of each month during the term of the Plan. The Net Available Cash Fund shall be used for distributions to Allowed Class 4, 9, 10 and 11 Claimants as provided for under the Plan. This account shall be segregated in a separate bank account and held in trust pending distribution. In the event the Debtor pursues any preference claims or avoidance actions under the Bankruptcy Code, the Preference Recovery Funds will be added to the Net Available Cash Fund.
- p. “Personal Property” shall mean all of the Debtor’s personal property as identified on the Debtor’s Schedules filed in connection with its Bankruptcy Case, subject to all applicable exemptions.
- q. “Petition Date” shall mean February 9, 2016, the date upon which the Debtor filed for relief.
- r. “Post-petition” shall mean anytime on or subsequent to February 9, 2016.
- s. “Preference Recovery Funds.” All net proceeds from the prosecution of any and all claims pursuant to 11 U.S.C. §§ 544, 547, 548, 549, and 550, in the event the Debtor pursues such claims or actions under the Bankruptcy Code, after payment of legal fees and expenses.
- t. “Pre-petition” shall mean anytime prior to February 9, 2016.

- u. "Pro Rata" shall mean with respect to any claimant, the percentage which the allowed Claim of a creditor bears to the sum of all Allowed Claims in the same class as such Allowed Claim.
- v. "Unimpaired" A class of claims or interests is "unimpaired" in accordance with 11 U.S.C. §1124 if the legal, equitable and/or contractual rights of the holders of such claims or interests are not altered under the Plan.
- w. "Unsecured Claims" shall mean the Allowed Claims against the Debtor which are unsecured and which are other than Allowed Priority Claims and Allowed Administrative Expenses, and shall include any Deficiency Claim(s) arising to the holder of an Allowed Secured Claim, pursuant to the provisions of 11 U.S.C. §506, after a hearing pursuant to the applicable Federal Rules of Bankruptcy Procedure or resulting from any agreement reached between the Claimant and the Debtor in which it was determined that the value of the collateral securing the claim was less than the Allowed Claim.
- x. "Unsecured Creditors" shall mean the holders of allowed Unsecured Claims against the Estate.

7.02 Retention of Jurisdiction. The Reorganized Debtor reserves the right to reopen the Chapter 11 Case after Confirmation and dismissal for the purposes set forth in this paragraph. The Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case for the following purposes:

- (1) To hear and determine any and all objections to the allowance of Claims or Interests.
- (2) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan, to the extent such claim was incurred prior to the Effective Date.
- (3) To hear and determine any and all pending applications for the rejection or assumption, or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which the Debtor is a party, and to hear and determine any and all Claims arising therefrom.
- (4) To hear and determine any and all applications, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date or instituted by the Reorganized Debtor thereafter.
- (5) To consider any modifications of the Plan, to remedy any defect or omission, or reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including the Confirmation Order.
- (6) To hear and determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or consummation of the Plan.

(7) To consider and act on the compromise and settlement of any claim or cause of action by or against the Debtor that arose prior to the Petition Date or in connection with the Bankruptcy Case and where the original claim or cause of action is in excess of \$50,000.00.

(8) To issue orders in aid of execution of the Plan as contemplated by 11 U.S.C. § 1142.

(9) To determine such other matters as may be set forth in the Confirmation Order or which may arise in connection with the Plan or the Confirmation Order.

7.03 Severability. If any provision in the Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

7.04 Binding Effect. The rights and obligations of any entity named or referred to in the Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

7.05 Captions. The headings contained in this Disclosure Statement and the Plan are for convenience of reference only and do not affect the meaning or interpretation of the Plan.

7.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law including the Code or the Federal Rules of Bankruptcy Procedure, the laws of the State of Colorado govern the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise provided in the Plan.

Dated October 12, 2016.

SCC PARTNERS GROUP, LLC
By: MidCities Enterprises, LLC, Manager

/s/ Steve Miller

By: Steve Miller, Manager of
MidCities Enterprises, LLC

BUECHLER & GARBER, LLC

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