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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

<p>In re:</p> <p>SIERRA NEGRA RANCH, LLC,</p> <p style="padding-left: 100px;">Debtor.</p>	<p>BK-S-12-19649-LBR Chapter 11</p> <p><u>Confirmation Hearing:</u> Date: October 22 & 24, 2013 Time: 1:30 p.m. & 9:30 a.m., respectively</p>
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**THIRD AMENDED DISCLOSURE STATEMENT TO ACCOMPANY
DEBTOR'S THIRD AMENDED PLAN OF REORGANIZATION AS MODIFIED**

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APPENDIX

EXHIBIT "1": PLAN OF REORGANIZATION

EXHIBIT "2": OPERATING AGREEMENT

EXHIBIT "3": INFRASTRUCTURE AGREEMENT

EXHIBIT "4": MARICOPA INTERVENTION

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EXHIBIT "6": DIRECT TESTIMONY OF JAMES ARMSTRONG

EXHIBIT "7": LIQUIDATION ANALYSIS

I.
INTRODUCTION

On August 21, 2012 (the "Petition Date"), Sierra Negra Ranch LLC, a Nevada limited liability company, debtor and debtor-in-possession ("Debtor"), filed a petition for relief (the "Petition") under Title 11, Chapter 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court") commencing the above-captioned Chapter 11 case (the "Chapter 11 Case").

Debtor has prepared this *Third Amended Disclosure Statement to Accompany Third Amended Plan of Reorganization as Modified* (the "Disclosure Statement") in connection with the solicitation of votes on *Debtor's Third Amended Plan of Reorganization as Modified* (the "Plan") filed on August 23, 2013, proposed by Debtor to treat the Claims of Creditors in the Chapter 11 Case. All capitalized, undefined terms shall have the meanings ascribed to them in the Plan.

The Exhibits to this Disclosure Statement included in the Appendix are incorporated into, and are a part of, this Disclosure Statement. The Plan is attached hereto as **Exhibit "1."** Any interested party desiring further information should contact:

Gordon Silver
Attn: Candace C. Clark, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, Nevada 89169
Telephone: (702) 796-5555/Email: cclark@gordonsilver.com

Interested parties may also obtain further information from the Bankruptcy Court at the following website: <http://www.nvb.uscourts.gov>. Each Holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Exhibits hereto including the Plan, and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes.

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II.
GENERAL OVERVIEW

A. Debtor's Goals when the Chapter 11 Case Was Initiated.

Debtor is a limited liability company organized in November 2004 to purchase an aggregate of approximately 2,757.5 acres of undeveloped land in the Tonopah area of incorporated Maricopa County, west of Phoenix, Arizona (the "Real Property"). Debtor raised \$29,900,000 from its investors/members and closed escrow on the purchase of the Real Property during the first quarter of 2005 for a cash price of approximately \$21,700,000 paid from the proceeds contributed by Debtor's investors/members.

As a condition precedent to the entitlement approval process for a multi-use development, Maricopa County required that Debtor complete and have approved an integrated sewer and water plan for the Real Property (known as a "MAG 208 Plan"). To satisfy this county condition and development process necessity, Debtor entered into an agreement (the "Infrastructure Agreement") with Global Water Resources, Inc., as successor-in-interest to Global Water Resources, LLC ("Global"), which provided for the development and facilitation of the MAG 208 Plan to assure that all portions of the Real Property had sufficient access to sewer and water utility services.

Since the time of the acquisition of the Real Property, Debtor has proceeded with pre-development activities, invested approximately \$9,000,000 in additional funds in the Real Property, Debtor, among other activities, has procured the entitlements related to the Real Property and, pursuant to the Infrastructure Agreement, Global had received, as of the Petition Date, from Debtor in excess of \$5,000,000 as advance EDU payments, as well as a conveyance of 26 acres of the Real Property.

Due to various disputes between Debtor and Global with respect to the Infrastructure Agreement, the parties engaged in protracted Arbitration Proceedings, which resulted in the entry of the Arbitration Award in favor of Global in April 2012. The Arbitration Award was subsequently confirmed by the entry of the Judgment, which was later recorded to secure the

1 Lien on the Real Property. The Debtor did not appeal the Judgment and did not contest it, except
2 to the extent it is entitled to a setoff as provided for in the Arbitration Award and Judgment.

3 Debtor was unable to satisfy the Judgment immediately after its entry, and Global noticed
4 an execution sale under the Judgment. Thus, notwithstanding Debtor's cash flowing operations
5 and its ability to fund its operating expenses, Debtor sought Chapter 11 protection in order to
6 preserve the value of the Real Property, which has an appraised value of \$20,950,000 as of
7 February 7, 2013, for all of Debtor's creditors and equity. With this in mind, when Debtor filed
8 Chapter 11 in August 2012, it had the following goals:

- 9 i. To protect its existing investment in the Real Property by continuing the pre-
10 development activities and maintaining the current entitlements on the Real
11 Property; and
12 ii. To maximize the return to its Creditors and Equity Security Holders through a
13 restructuring of its debts and the solicitation of capital infusions to permit Debtor
14 to proceed with its pre-development activities to optimize the value of the Real
15 Property for its eventual sale/development.

16 At the outset, Debtor had anticipated the fulfillment of such goals through negotiations
17 with Global and a consensual restructuring of the Judgment. However, to date, a resolution of
18 this Chapter 11 Case through consensual arrangements has not been achieved.

19 As such, Debtor filed its Plan, which contemplates, as more fully set forth herein, full
20 payment of all Allowed Claims and the amount to Cure the Infrastructure Agreement from the
21 revenue generated by the farming leases on the Real Property combined with a potential sale of a
22 portion of the Real Property, along with capital raised through the Offering, all as more fully
23 discussed herein. Finally, Barry W. Becker ("Becker") and related entities have agreed to serve
24 as a backstop in the event that Debtor is not able to raise capital sufficient to provide full
25 payment of all Allowed Claims and the amount to Cure the Infrastructure Agreement.

26 **III.** 27 **INFORMATION REGARDING THE PLAN AND THIS DISCLOSURE STATEMENT**

28 ***1. What is Chapter 11?***

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code.
Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its
creditors, and equity interest holders. The commencement of a Chapter 11 case creates an estate

1 that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The
2 Bankruptcy Code provides that the debtor may continue to operate its business and remain in
3 possession of its property as a “debtor-in-possession.”

4 ***2. What is the objective of a Chapter 11 bankruptcy case?***

5 The objective of a Chapter 11 bankruptcy case is the confirmation (i.e. approval by the
6 bankruptcy court) of a plan of reorganization.

7 ***3. What is a plan of reorganization?***

8 A plan describes in detail (and in language appropriate for a legal contract) the means for
9 satisfying claims against, and equity interests in, a debtor.

10 ***4. What happens after a plan is filed?***

11 After a plan has been filed, the holders of such claims and equity interests that are
12 impaired (as defined in Section 1124 of the Bankruptcy Code) and receiving some cash and/or
13 property on account of such claims or equity interests are permitted to vote to accept or reject the
14 plan.

15 ***5. What is a disclosure statement and its purpose?***

16 Before a debtor or other plan proponent can solicit acceptances of a plan, Section 1125 of
17 the Bankruptcy Code requires the debtor or other plan proponent to prepare a disclosure
18 statement containing adequate information of a kind, and in sufficient detail, to enable those
19 parties entitled to vote on the plan to make an informed voting decision about whether to accept
20 or reject the plan.

21 The purpose of this Disclosure Statement is to provide sufficient information about
22 Debtor and the Plan to enable Holders of Impaired Claims to make an informed voting decision
23 about whether to accept or reject the Plan. Holders of other Claims will be deemed to have
24 accepted or rejected the Plan, as the case may be, without the need for them to vote.

25 ***6. What will happen after the Bankruptcy Court approves this Disclosure Statement?***

26 This Disclosure Statement will be used to solicit acceptances of the Plan only after the
27 Bankruptcy Court has found that this Disclosure Statement provides adequate information in
28 accordance with Section 1125 of the Bankruptcy Code and has entered an order approving this

1 Disclosure Statement. Approval by the Bankruptcy Court is not an opinion or ruling on the
2 merits of the Plan or final approval of this Disclosure Statement and it does not mean that the
3 Plan has been or will be approved by the Bankruptcy Court.

4 **7. *Who may vote to accept or reject a plan?***

5 Generally, holders of allowed claims or equity interests that are “impaired” under a plan
6 of reorganization and who are receiving some cash or property on account of such claims or
7 equity interests are permitted to vote on the plan. A claim is defined by the Bankruptcy Code
8 and the Plan to include a right to payment from a debtor. An equity security is defined by the
9 Bankruptcy Code and the Plan to include an ownership interest in the debtor. In order to vote, a
10 creditor or an equity security holder must have an Allowed Claim or an Allowed Equity Security.
11 The solicitation of votes on the Plan will be sought only from Holders of Allowed Claims and
12 Allowed Equity Securities whose Claims or Equity Securities are Impaired and who will receive
13 property or rights under the Plan. As explained further below, to be entitled to vote, a Person
14 must be a Holder of a Claim that is both an “Allowed Claim” and “Impaired.”

15 **8. *Do I have an Allowed Claim?***

16 You have an Allowed Claim if: (i) you or your representative timely files a proof of
17 Claim and no objection has been filed to your Claim within the time period set for the filing of
18 such objections; (ii) you or your representative timely files a proof of Claim and an objection is
19 filed to your Claim upon which the Bankruptcy Court has ruled and allowed your Claim; (iii)
20 your Claim is listed by Debtor in its Schedules or any amendments thereto (which are on file
21 with the Bankruptcy Court as a public record) as liquidated in amount and undisputed and no
22 objection has been filed to your Claim; or (iv) your Claim is listed by Debtor in its Schedules as
23 liquidated in amount and undisputed and an objection was filed to your Claim upon which the
24 Bankruptcy Court has ruled to allow your Claim. Under the Plan, the deadline for filing
25 objections to Claims is 90 days following the Effective Date. If your Claim is not an Allowed
26 Claim, it is a Disputed Claim and you will not be entitled to vote on the Plan unless the
27 Bankruptcy Court temporarily or provisionally allows your Claim for voting purposes pursuant
28 to Bankruptcy Rule 3018. If you are uncertain as to the status of your Claim or if you have a

1 dispute with Debtor, you should check the Bankruptcy Court record carefully, including the
2 Schedules of Debtor, and seek appropriate legal advice. Neither Debtor nor its professionals can
3 advise you about such matters.

4 ***9. Is my Claim or Equity Security Impaired?***

5 Impaired Claims and Equity Securities include those whose legal, equitable, or
6 contractual rights are altered by the Plan, even if the alteration is beneficial to the Creditor or
7 Equity Security Holder, or if the full amount of the Allowed Claims will not be paid under the
8 Plan. Holders of Claims and Equity Securities which are not Impaired under the Plan will be
9 deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code, and
10 Debtor need not solicit acceptance of the Plan by Holders of such Unimpaired Claims and Equity
11 Securities. Holders of Claims and Equity Securities which are to receive nothing under the Plan
12 will be deemed to have voted to reject the Plan. Consequently, only Impaired Holders of Claims
13 in Class 3 are entitled to vote on the Plan.

14 ***10. How generally is a plan approved?***

15 In order for a plan to be confirmed, it must be accepted by at least one impaired class of
16 claims, excluding the votes of any Insiders within that class. A class of claims is deemed to have
17 accepted the plan if and when allowed votes representing at least two-thirds in amount and a
18 majority in number of the claims of the class actually voting cast votes in favor of the plan.

19 ***11. What is the general construct of Debtor's Plan?***

20 The primary objective of the reorganization and restructuring under the Plan is to
21 maximize returns to those Creditors entitled to recoveries from the estate. Debtor desires to
22 achieve this objective through the infusion of capital, which will result in full repayment of all
23 Allowed Administrative Claims, Allowed Secured Claims, Allowed Priority Claims, and
24 Allowed General Unsecured Claims, with present equity retaining their interest in Debtor.
25 Additionally, with specific regard to the Infrastructure Agreement, Debtor filed its *Motion to*
26 *Assume Infrastructure Agreement* [ECF No. 357] (the "Assumption Motion") on August 7, 2013,
27 which was initially heard on August 21, 2013, but was continued to the Confirmation Hearing.
28 The default under the Infrastructure Agreement shall be paid in accordance with Section 365 of

1 the Bankruptcy Code and Section 6 of the Plan as provided for in the *Omnibus Order* of the
2 Bankruptcy Court entered on July 25, 2013 [ECF No. 348], which specifically provides that the
3 Cure amount due under the Infrastructure Agreement must be paid four (4) months following the
4 Effective Date of the Plan, but not later than March 21, 2014 (defined as the Payoff Date in the
5 Plan). Pursuant to the Court's *Omnibus Order Re: Setting Briefing Deadlines and Hearing Date*
6 *to Consider Confirmation of Debtor's Plan; and Continuance of Debtor's Assumption Motion*
7 *and Global's Dismissal Motion* [ECF No. ____], the Cure Amount will be determined at the
8 Confirmation Hearing.

9 ***12. Will Reorganized Debtor be able to meet the financial terms of the Plan?***

10 As set forth herein, and discussed in Section X.C below, Debtor believes that its
11 projected revenues are sufficient to satisfy all of its obligations under the Plan. Specifically, as
12 of the date of the filing of this Disclosure Statement, Debtor has raised a sum in excess of
13 \$2,558,019.82, and is confident that it will raise an additional sum of no less than \$2,000,000
14 through the Offering. Moreover, Debtor anticipates that it will sell, prior to the Payoff Date,
15 approximately 100 acres of the Real Property, which will generate Sale Proceeds in the
16 approximate sum of \$800,000 to \$1,000,000. Becker and related entities have also agreed to act
17 as a backstop in the event that Debtor will not be able to raise capital sufficient to meet all of
18 Debtor's obligations under the Plan and Omnibus Order. As such, Debtor is on track to have
19 sufficient funds available to it to meet its obligations under the Plan and the Omnibus Order,
20 whether the Court determines that the amount to Cure the Infrastructure Agreement is the full
21 amount claimed by Global which is \$4,621,728.38 as of the Petition Date (an amount with which
22 Debtor disagrees)¹.

23 The Global Claim is comprised of \$2,802,156.00 in EDU fees, fees and costs of
24 \$179,947.84 incurred in the arbitration, interest of \$1,596,736.01 through July 17, 2012,
25 additional interest of \$42,893.21 through the Petition Date, plus claimed interest and fees and
26 costs incurred since the Petition Date. While a dispute exists between Debtor and Global as to

27
28 ¹ See Proof of Claim No. 2 filed on October 31, 2012.

1 the Cure Amount, the Debtor will have more than sufficient funds by March 21, 2014, to satisfy
2 the Cure Amount. **THEREFORE, THROUGH THE COMBINATION OF PROCEEDS**
3 **FROM THE OFFERING AND THE SALE PROCEEDS ALONG WITH ITS**
4 **AVAILABLE CASH, DEBTOR WILL HAVE SUFFICIENT REVENUE TO SATISFY**
5 **ALL OF ITS OBLIGATIONS UNDER THE PLAN.**

6 *13. Which Creditors get to vote on the Plan?*

7 Impaired Class of Claims in Class 3 (Allowed General Unsecured Claims) are entitled to
8 vote. Debtor is soliciting votes from Holders of these Claims. Unimpaired Classes of Claims
9 and Equity Securities in Class 1 (Secured Claims), Class 2 (Priority Unsecured Claims), and
10 Class 4 (Equity Securities) will *not* vote on the Plan.

11 **A VOTE FOR ACCEPTANCE OF THE PLAN BY HOLDERS OF CLAIMS WHO**
12 **ARE ENTITLED TO VOTE IS MOST IMPORTANT. DEBTOR BELIEVES THAT THE**
13 **TREATMENT OF HOLDERS OF IMPAIRED CLAIMS UNDER THE PLAN IS THE**
14 **BEST ALTERNATIVE FOR EACH OF THEM, AND DEBTOR RECOMMENDS THAT**
15 **THE HOLDERS OF THOSE ALLOWED CLAIMS VOTE IN FAVOR OF THE PLAN.**

16 **EACH HOLDER OF AN IMPAIRED CLAIM WHO IS ENTITLED TO VOTE**
17 **SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT,**
18 **AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE**
19 **CASTING A BALLOT.**

20 *14. What happens after the voting is completed?*

21 After the appropriate Persons have voted to accept or reject the Plan, there will be a
22 Confirmation Hearing to determine whether the Plan should be confirmed by the Bankruptcy
23 Court. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan
24 satisfies the requirements of the Bankruptcy Code. The Bankruptcy Court will also receive and
25 consider a Ballot summary, which will present a tally of the votes cast by those Classes of
26 Creditors entitled to vote on the Plan.

27 ...
28

1 ***15. What is the effect of plan confirmation?***

2 Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding
3 upon the debtor, any issuer of securities under the plan, any person acquiring property under the
4 plan, and any creditor of the debtor, regardless of whether such creditor: (i) is impaired under, or
5 has accepted, the plan; or (ii) receives or retains any property under the plan. Subject to certain
6 limited exceptions, and other than as provided in the plan itself or the confirmation order, the
7 confirmation order discharges the debtor from any debt that arose prior to the date of
8 confirmation of the plan and substitutes the obligations specified under the confirmed plan.

9 ***16. Has the Securities Exchange Commission reviewed and approved this Disclosure
10 Statement?***

11 This Disclosure Statement has been prepared in accordance with Section 1125 of the
12 Bankruptcy Code and Bankruptcy Rule 3016(b) and not necessarily in accordance with federal
13 or state securities laws or other non-bankruptcy laws. This Disclosure Statement has not been
14 approved or disapproved by the United States Securities and Exchange Commission (the
15 “SEC”), nor has the SEC passed upon the accuracy or adequacy of the statements contained
16 herein. The Debtor is neither a public company nor does it have publicly-registered debt.

17 ***17. Can I rely upon the statements and financial information contained in this
18 Disclosure Statement?***

19 DEBTOR MAKES THE STATEMENTS AND PROVIDES THE FINANCIAL
20 INFORMATION CONTAINED HEREIN AS OF THE DATE HEREOF, UNLESS
21 OTHERWISE SPECIFIED. PERSONS REVIEWING THIS DISCLOSURE STATEMENT
22 SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED
23 SINCE THE DATE HEREOF.

24 THE MANAGEMENT OF DEBTOR HAS REVIEWED THE FINANCIAL
25 INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH
26 DEBTOR HAS ENDEAVORED TO ENSURE THE ACCURACY OF THIS FINANCIAL
27 INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR
28 INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT
BEEN AUDITED.

1 ***18. Can I rely upon the Disclosure Statement for other purposes?***

2 THE INFORMATION IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN
3 FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE
4 RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON
5 THE PLAN. THIS DISCLOSURE STATEMENT THEREFORE DOES NOT CONSTITUTE,
6 AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT OR LIABILITY, A
7 STIPULATION OR A WAIVER IN ANY PROCEEDING OTHER THAN THE
8 SOLICITATION OF ACCEPTANCES OF THE PLAN AND CONFIRMATION OF THE
9 PLAN. FOR ALL PURPOSES OTHER THAN THE SOLICITATION OF ACCEPTANCES
10 OF THE PLAN, THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS A
11 STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED
12 MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED
13 LITIGATION OR ACTIONS.

14 ***19. Should I consult with my own financial and legal advisors?***

15 This Disclosure Statement does not constitute legal, business, financial, or tax advice.
16 All Persons desiring such advice or any other advice should consult with their own advisors.

17 ***20. I have heard statements from the media regarding the Plan. Can I rely on these***
18 ***statements?***

19 Debtor has not authorized any representations about the Plan, itself, or the value of its
20 property other than those set forth in this Disclosure Statement. Holders of Claims proceed at
21 their own risk to the extent they rely on any information, representations, or inducements made
22 or given to obtain their approval of the Plan that differ from, or are inconsistent with, the
23 information contained herein and in the Plan.

24 ***21. What if there is an inconsistency between this Disclosure Statement and the Plan?***

25 This Disclosure Statement summarizes certain provisions of the Plan and certain other
26 documents and financial information that are incorporated by reference herein (collectively, the
27 “Incorporated Documents”). The summaries contained herein are qualified in their entirety by
28 reference to the incorporated documents. In the event of any inconsistency or discrepancy

1 between a description in this Disclosure Statement and the actual content of any of the
2 Incorporated Documents, the Incorporated Documents shall govern for all purposes.

3 **IV.**
4 **SUMMARY OF THE PLAN TREATMENT OF CREDITORS²**

5 Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify
6 the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan
7 divides Claims into various Classes and sets forth the treatment for each Class. Debtor is also
8 allowed under Section 1122 of the Bankruptcy Code to place more than one Claim into a
9 particular Class only if such Claim is substantially similar to other Claims in such Class. Debtor
10 believes that the Plan has classified all Claims in compliance with the provisions of Section 1122
11 of the Bankruptcy Code, but it is possible that a Holder of a Claim will challenge the Plan's
12 classifications and that the Bankruptcy Court will find that different classifications are required
13 in order for the Plan to be confirmed. In such event, Debtor reserves the right, to the extent
14 permitted by the Bankruptcy Code, to make reasonable modifications of the classifications under
15 the Plan to permit confirmation and to use the Plan acceptances received in this solicitation for
16 the purpose of obtaining the approval of the reconstituted Class or Classes of which the
17 accepting Holders are ultimately deemed members.

18 The following summary of the Plan is qualified in its entirety by reference to the detailed
19 explanations in this Disclosure Statement and the Plan itself.

20 **A. Non-Classified Claims.**

21 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Allowed Administrative Claims
22 and Priority Tax Claims are not designated as Classes under the Plan. In general, these Claims
23 consist of the fees and costs of professionals employed on behalf of the Estate. The Holders of
24 such unclassified Claims are not entitled to vote on the Plan.

25 Each Holder of an Allowed Administrative Claim shall be paid in full and final
26 satisfaction of such Claim by Reorganized Debtor (or otherwise satisfied in accordance with its

27 ² The following summary of the Plan treatment of Creditors is qualified in its entirety by reference to the Plan itself.
28 For a more detailed description of the Plan, see Article VI hereof and the Plan.

1 terms), upon the latest of: (i) the Effective Date of the Plan or as soon thereafter as practicable;
 2 (ii) such date as may be fixed by the Bankruptcy Court; (iii) the first Business Day following the
 3 fourteenth (14th) day after such Claim is Allowed or as soon thereafter as practicable; (iv) the
 4 date such Claim becomes due by its terms; and (v) such date as is agreed to by the Holder of
 5 such Claim and Debtor or Reorganized Debtor.

6 The amount of Administrative Claims incurred, but unpaid as of the Confirmation
 7 Hearing is estimated to be \$126,569.50. This is comprised of: (i) estimated fees and costs of
 8 approximately \$100,000 incurred by Debtor's bankruptcy counsel, the law firm of Gordon
 9 Silver, less their retainer of \$33,430.50; (ii) estimated fees and costs of \$10,000 incurred by
 10 Debtor's interest rate expert; and (iii) estimated fees and costs of \$50,000 incurred by Debtor's
 11 other professionals duly retained in the course of this Chapter 11 Case.

12 Each Holder of an Allowed Priority Tax Claim, if any, will, in full and final satisfaction
 13 of such Claim, be paid in full (or be treated in compliance with Section 1129(a)(9)(C) of the
 14 Bankruptcy Code) by Reorganized Debtor on the later of: (i) the Effective Date of the Plan or as
 15 soon thereafter as practicable; (ii) such date as may be fixed by the Bankruptcy Court; (iii) the
 16 first Business Day following the fourteenth (14th) day after the date on which an order allowing
 17 such Claim becomes a Final Order; or (iv) such date as is agreed to by the Holder of such Claim
 18 and Debtor or Reorganized Debtor. Debtor does not anticipate any unpaid Priority Tax Claims.

19 **B. Classified Claims.**

20 The Distributions under the Plan to each Class are summarized in the following table:

21 Class	Description	Treatment	Estimated Claims Amount ³
22 Class 1:	Secured Claims	Unimpaired. No solicitation required.	\$0.00
24 Class 2:	Priority Unsecured Claims	Unimpaired. No solicitation required.	\$0.00
25 Class 3:	General	Impaired.	Est. \$210,000

26 ³ These estimated amounts were compiled by combining the undisputed, liquidated, and noncontingent Claims
 27 included on Debtor's bankruptcy schedules, as amended, the proofs of Claim on file on or about, November 16,
 28 2012. As such, these estimates may change as additional Claims are allowed or Debtor obtains the disallowance of
 certain Claims.

1		Unsecured Claims	Solicitation required.	
2	Class 4:	Equity Securities	Unimpaired. No solicitation required.	N/A
3				

4 **1. Class 1 - Secured Claims.**

5 Each Allowed Secured Claim,⁴ if any, shall, in full and final satisfaction of such Claim,
6 be paid in full in Cash or otherwise left Unimpaired by Debtor or Reorganized Debtor, as the
7 case may be, upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii)
8 such date as may be fixed by the Bankruptcy Court; (iii) the fourteenth Business Day after such
9 Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Claim and Debtor,
10 and after the Effective Date, Reorganized Debtor. Creditors in Class 1 are Unimpaired under the
11 Plan, and therefore, the Holders of Claims in Class 1 are not entitled to vote on the Plan.

12 **2. Class 2 - Priority Unsecured Claims.**

13 Priority Unsecured Claims,⁵ if any, shall, in full and final satisfaction of such Claims, be
14 paid in full in Cash on the latest of: (i) the Effective Date, or as soon thereafter as is practical; (ii)
15 such date as may be fixed by the Bankruptcy Court, or as soon thereafter as is practicable; (iii)
16 the fourteenth Business Day after such Claim is Allowed, or as soon thereafter as is practicable;
17 or (iv) such date as the Holder of such Claim and Reorganized Debtor has agreed or shall agree.
18 Creditors in Class 2 are Unimpaired under the Plan, and therefore, the Holders of Class 2 Claims
19 are not entitled to vote on the Plan.

20 **3. Class 3 - General Unsecured Claims.**

21 A General Unsecured Claim is a Claim, including a Claim arising under Section 502(g)
22 of the Bankruptcy Code that is not secured by a charge against or interest in property in which
23 the Estate has an interest and is not an unclassified Claim, Administrative Claim, or Priority

24 _____
25 ⁴ “Secured Claim” is defined in the Plan as “[a] Claim that is secured by a Lien against property of the Estate to the
26 extent of the value of any interest in such property of the Estate securing such Claim, which Lien is valid, perfected,
27 and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or to the extent of the amount
28 of such Claim subject to setoff in accordance with Section 553 of the Bankruptcy Code, in either case as determined
pursuant to Section 506(a) of the Bankruptcy Code.”

⁵ “Priority Unsecured Claims” is defined in the Plan as “[a]ny and all Claims accorded priority in right of payment
under Section 507(c) of the Bankruptcy Code.”

1 Unsecured Claim.

2 Except to the extent that a Creditor with an Allowed General Unsecured Claim agrees to
3 less favorable treatment, each Creditor with an Allowed General Unsecured Claim, shall, in full
4 and final satisfaction of such Claim, be paid in full in Cash, plus post-Effective Date interest at
5 the Unsecured Interest Rate, on the latest of: (i) the ninetieth Business Day after the Effective
6 Date, as soon thereafter as is practical; (ii) such date as may be fixed by the Bankruptcy Court, or
7 as soon thereafter as is practicable; (iii) the fourteenth Business Day after such Claim is Allowed,
8 or as soon thereafter as is practicable; or (iv) such date as the Holder of such Claim and
9 Reorganized Debtor have agreed or shall agree. Class 3 is Impaired under the Plan. The Holders
10 of Class 3 Claims are entitled to vote on the Plan.

11 **4. Class 4 - Equity Securities.**

12 On the Effective Date, the Holders of Equity Securities of Debtor shall retain all of their
13 legal interests. The Holders of the Class 4 Equity Securities are Unimpaired, and are therefore
14 deemed to have accepted the Plan and are not entitled to vote on the Plan.

15 **V.**
16 **GENERAL INFORMATION ABOUT DEBTOR'S BUSINESS, RESTRUCTURING**
EFFORTS, AND THE FILING OF THE CHAPTER 11 CASE

17 **A. Debtor's as Landowner and Manager: \$30 Million Investment in Arizona.**

18 Debtor is a limited liability company organized in November 2004 to purchase an
19 aggregate of approximately 2,757.5 acres of undeveloped land (26 acres of which were
20 subsequently conveyed) in the Tonopah area of incorporated Maricopa County, west of Phoenix,
21 Arizona. Debtor's membership interests are held by SNR Management, which also serves as
22 Debtor's manager, holding a 40% interest and various other accredited investors who
23 collectively hold the remaining 60% interest.⁶

24 **1. Debtor's Initial Capitalization.**

25 Pursuant to the terms of Sierra Negra Ranch LLC Operating Agreement (the "Operating
26 Agreement"), a copy of which is attached hereto as **Exhibit "2,"** at its inception, Debtor's

27 ⁶ For a complete list of equity security holders in Debtor, see Debtor's *List of Equity Security Holders*, as amended
28 [ECF Nos. 12 & 18].

1 capitalization was comprised of: (i) 299 shares of a class of equity securities titled "Preferred
2 Shares," in respect of which capital contribution were made to Debtor at a price of \$100,000 per
3 Preferred Share, for an aggregate of \$29,900,000; and (ii) 199-1/3 shares of another class of
4 equity securities entitled "Common Shares," all of which were issued to SNR Management.

5 As shall be set forth below in more detail, the initial capital raised by Debtor was used to
6 acquire the Real Property, and to pay for Debtor's pre-development activities, a substantial
7 portion of which was remitted directly to Global pursuant to the Infrastructure Agreement.

8 **2. Debtor's Subsequent Shareholders' Rights Offering.**

9 Further pursuant to the terms of the Operating Agreement,⁷ Debtor initiated a
10 Shareholders' Rights Offering (the "Offering") of \$5,807,500 of Series A Preferred Shares of
11 Limited-Liability Company Interest (the "Series A Preferred Shares") the terms of which were
12 set forth in that certain Amended and Restated Private Placement Memorandum dated June 1,
13 2012 ("Placement Memo"), whereby Debtor solicited additional capital investment principally:
14 (i) for the purpose of payment of the Arbitration Award granted to Global; (ii) to make payments
15 to extend the date by which the conditions to the Real Property's development entitlements must
16 be satisfied; and (iii) with the balance to be used by Debtor for working capital purposes and
17 reserves.

18
19 ⁷ Section 2.4 of the Operating Agreement expressly states that

20 If for any reason additional capital is required by the Company, then at the election of the
21 Manager, in its discretion, the Company may issue (i.e., through a "Secondary Offering")
22 additional Common Shares, Preferred Shares, or other equity interests in the Company under such
23 terms and conditions and bearing such right, preferences, privileges, and voting and other powers
24 as the Manager shall determine and a Supermajority shall consent to. No Member or Manager
25 shall be required to make any additional Capital Contributions to the company or purchase any
26 additional Common Shares, Preferred Shares, or other equity interests in the Company nor shall
27 any Member or Manager has any preemptive right to do so; provided, however, that prior to any
28 issuance of new equity securities in consideration for cash Capital Contributions, the Company
will endeavor to offer to its Members for a period of ten (10) days the right to acquire their
respective *pro rata* share (based upon existing outstanding Shares of the Company) of such new
equity securities upon the same terms and conditions as is offered to any new investors; provided
further, that the foregoing provision with respect to the issuance of new equity securities is not
applicable to any issuance of equity securities not for cash Capital Contributions (e.g., for the
contribution of assets).

See Ex. 2, at p. 4.

1 The Offering was being made directly by Debtor for up to 101 Series A Preferred Shares
2 at a price of \$57,500 per Share, or an aggregate of \$5,807,500. Consistent with the terms of the
3 Operating Agreement, the Offering was open only to existing Members and Managers for a
4 period of time prior to the issuance of new equity securities. See Operating Agreement, Ex. 2, at
5 p. 4. Thus, through the date of the Placement Memo, an aggregate of 9.34 Series A Preferred
6 Shares had been issued by Debtor for an aggregate of \$537,262.63 of gross proceeds of the
7 Offering.

8 Subsequently, upon opening up the Offering to the select pool of investors, which, among
9 others, included the existing shareholders, an aggregate of \$1,170,584.57 of gross proceeds of
10 the Offering had been tendered, as of the Petition Date, subject to the successful conclusion of
11 the Offering. Debtor had intended to maintain the Offering open until December 31, 2012.

12 Other than with respect to the 9.34 Series A Preferred Shares subscribed for and issued
13 prior to the Placement Memo, Debtor could not accept subscriptions for Series A Preferred
14 Shares until it had sufficient available proceeds from the Offering, together with all other sources
15 of capital, to fully pay the Arbitration Award (the "Disbursement Condition"). At that time,
16 Debtor had the right to, at any time and from time to time, accept subscriptions for Series A
17 Preferred Shares, on one or more occasions, and need not thereafter receive subscriptions for all
18 of the Preferred Shares offered thereby. Until the Disbursement Condition had been satisfied,
19 subscription funds for Series A Preferred Shares (other than in respect of the already issued
20 Series A Preferred Shares) were held in trust segregated into a separate account.

21 As of the Petition Date, Debtor suspended its efforts related to the Offering and such
22 funds remain in trust by Debtor.

23 **3. The Extension of the Offering.**

24 As set forth herein, the terms of Debtor's Plan contemplate payment in full of all Claims
25 against the Estate, as well as the amount to Cure the Infrastructure Agreement from the revenue
26 generated by the farming leases on the Real Property, combined with a potential sale of a portion
27 of the Real Property, along with capital raised through the Offering. As such, Debtor has
28 determined it most appropriate, in advance of any confirmation proceedings, to issue an

1 extension of the date of the Offering to accelerate its effort to raise additional capital, and in
2 connection therewith, Debtor has drafted the proposed Extension of Offering of Securities (the
3 "Extension"), which extends the Offering's previous expiration of December 31, 2012 to
4 December 31, 2013. In connection therewith, Debtor has filed a motion seeking an order of this
5 Court that authorizes the form of solicitation of the Offering and its Extension, which motion
6 was approved by entry of an order of the Court on April 16, 2013. See ECF No. 253.

7 Among other disclosures related to Debtor's status as a debtor-in-possession, as well as
8 the status of this Chapter 11 Case, and the purpose for the Extension of the Offering, the
9 Extension also expressly states that the Offering may only be consummated through and as a part
10 of Debtor's duly confirmed Plan. Pursuant to the terms of the Offering, the subscription funds
11 tendered to Debtor, as a result of the Extension, shall be held in trust segregated into a separate
12 account subject to terms and conditions of the Offering and the Extension.

13 **4. Effect of the Offering on Existing Equity.**

14 Pursuant to the Offering, the currently outstanding Preferred Shares will be reclassified
15 and titled "Series B Preferred Shares" and Debtor will issue up to an additional 101 share of a
16 new series of preferred equity securities of Debtor to be titled "Series B Preferred Shares" in
17 respect of capital contributions of \$57,500 per Series A Preferred Share, for an aggregate of
18 \$5,807,500. Giving effect to the issuance of all of the Series B Preferred Shares offered under the
19 Offering, Debtor will have outstanding an aggregate of up to 666-2/3 Shares, 101 of which will
20 be the Series A Preferred Shares, 299 of which are the previously-outstanding Series B Preferred
21 Shares, which were simply titled Preferred Shares prior to the Offering, and 266-2/3 of which
22 will be Common Shares. Pursuant to the terms of the Offering, to the extent that distributions
23 were to be available, holders of Series A Preferred Shares generally shall be entitled on a priority
24 basis to receive distributions ahead of those holders of Series B Preferred Shares.

25 As the Offering is consistent with the terms of the Operating Agreement, which
26 Operating Agreement will remain in place following the Effective Date of the Plan,
27 notwithstanding their subordinated status to the Series A Preferred Shares, the existing equity
28 interest holders are not being impaired under the terms of the Plan. Section 1124 provides, in

1 pertinent part, that “a class of claims or interests is impaired under a plan unless, with respect to
2 each claim or interest of such class, the plan – (1) leaves unaltered the legal, equitable, and
3 contractual rights to which such claim or interest entitles the holders of such claim or interest[.]”
4 See 11 U.S.C. § 1124(1). As the Operating Agreement expressly provides for the subordination
5 of equity interests upon the issuance of a subsequent offering and the Offering will not be
6 consummated until after the Effective Date of the Plan, neither the legal, equitable nor
7 contractual rights of the equity interest holders will be impaired by the Offering.

8 **5. Commitments as of August [] , 2013.**

9 As of the approval of this Disclosure Statement, in addition to the aggregate sum of
10 \$1,170,584.57 received as proceeds from the Offering, which were tendered pre-Petition, Debtor
11 has received commitments of an additional \$1,387,435.25 for a total of \$2,558,019.82. Debtor is
12 confident that it will raise additional funds in a sum of no less than \$2,000,000 through the
13 Offering prior to the Payoff Date.⁸ The Offering shall conclude not later than the second to last
14 Business Day prior to the Payoff Date for the purpose of funding the Distributions contemplated
15 to the Creditors under the Plan, the Cure amounts and operational and working capital needs of
16 the Reorganized Debtor.⁹

17 **B. Debtor’s Acquisition of the Real Property.**

18 Debtor closed escrow on the purchase of the Real Property during the first quarter of
19 2005 for approximately \$21,717,000. Currently, the Real Property has an appraised value of
20 \$20,950,000 as of February 7, 2013.¹⁰ Since the time of its acquisition of the Real Property,
21 Debtor has invested approximately \$9,000,000 in additional funds in the Real Property, which
22 monies were required for Debtor to proceed with its pre-development activities, including, but
23 not limited to, approximately \$6,000,000 in partial advance EDU payments to Global to provide

24 ⁸ A determination of the amount to Cure the Infrastructure Agreement whether the full amount claimed by Global
25 which is \$4,621,728.38 as of the Petition Date, which amount is disputed by Debtor, or any sum less than that, will
provide all parties a better understanding as the amount required by Debtor to fulfill its obligations under the Plan.

26 ⁹ As noted herein, in addition to the proceeds raised from the Offering, Debtor will also have available to it, the Sale
Proceeds to fulfill its obligations under the Plan.

27 ¹⁰ Peter J. Martori of Martori & Company, LLC, Debtor’s retained appraiser has provided Debtor with an appraisal,
28 which estimates the value of the Real Property as of February 7, 2013 at \$20,950,000.

1 the water and sewer utility that eventually will serve the Real Property and additional funds for
2 procurement of the entitlements related to the Real Property.

3 Pursuant to Debtor's strategic plan to add value to the Real Property for its eventual sale
4 and/or development by a third-party developer, Debtor has secured approval of two separate
5 Development Master Plans (jointly, the Property's "DMP") on the Property: (1) Silver Springs
6 Ranch, which is planned to be a 2,203-acre mixed active adult and conventional single family
7 residence golf course community, with 3.0 dwelling units approved per acre and approximately
8 115.5 acres to be used for commercial purpose, and (2) Silver Water Ranch, which is planned to
9 be a 528.5-acre single family residence community with 3.1 dwelling units approved per acre
10 and approximately 47.9 acres to be used for commercial purposes.

11 As a condition precedent to the DMP approval process, Maricopa County required that
12 Debtor complete and have approved an integrated sewer and water plan for the Real Property
13 (known as a "MAG 208 Plan"). To satisfy this county condition and development process
14 necessity, Debtor entered into the Infrastructure Agreement with Global, which provided for the
15 development and facilitation of the MAG 208 Plan to assure that all portions of the Real Property
16 had sufficient access to sewer and water utility services.

17 Specifically, pursuant to the terms of the Infrastructure Agreement, a copy of which is
18 attached hereto as **Exhibit "3,"** Global through its utility subsidiaries agreed to perform the
19 following tasks:

20 Coordinator^[11] shall facilitate, arrange and/or coordinate with WUGT^[12] and
21 HUC^[13] to provide Utility Services to Landowner, . . . [.] In return for the
22 payments by Landowner^[14] herein, and subject to the terms herein, Coordinator,
through WUGT and HUC, shall construct any and all water, reclaimed water, and

23 ¹¹ The term Coordinator, as used in the Infrastructure Agreement, refers to Global.

24 ¹² As defined in the Infrastructure Agreement, WUGT refers to Water Utility of Greater Tonopah. Pursuant
25 Paragraph B of the Recitals of the Infrastructure Agreement, Global represented that it was "in the process of
acquiring West Maricopa Combine, Inc. "WMC" . . . the holding company for five regulated water utilities
including [WUGT]." See Infrastructure Agreement, Ex. 4 at p. 1.

26 ¹³ As defined in the Infrastructure Agreement, HUC refers to Hassayampa Utility Company, Inc., a wastewater
27 utility formed by Global to serve Debtor's Property and other properties in the area. See id. at p. 2.

28 ¹⁴ The terms Landowner, as used in the Infrastructure Agreement, refers to Debtor and its successors or assigns. See
id. at p. 1.

1 wastewater treatment plant, delivery facilities and lines required by the
 2 development plan . . . Coordinator shall achieve substantial completion of the
 3 WTP and WRF^[15] within 18 months of the issuance of the Start Work Notice
 4 (“SWN”) described in subsection 4.1 below including any and all Off-Site
 5 Facilities.^[16] Coordinator shall and hereby does financially guarantee to
 6 Landowner that WUGT and HUC shall have sufficient financial resources to
 7 construct the appropriate water, reclaimed water, and wastewater facilities to
 8 provide water, reclaimed water and wastewater services to the Land for
 9 approximately 8,622 EDUs^[17].

10 See Infrastructure Agreement § 1, Ex. 4.

11 In exchange for the provision of the services contemplated under the Infrastructure
 12 Agreement, Global is entitled to receive the following consideration:

13 Landowner, or its assigns in title and/or successors in title, shall pay Coordinator
 14 as an acquisition, interest and financing fee as full and final compensation to the
 15 Coordinator in consideration for its services and performance of its covenants and
 16 agreements contained in this Agreement, at the times specified in this Agreement
 17 the total sum of \$5,500.00 per EDU in the developments . . .

18 See id. With an anticipated 8,266 EDUs within Silver Springs Ranch and Silver Water Ranch,
 19 Global and its utility subsidiaries, WUGT and HUC are positioned to earn approximately
 20 \$47,421,000 in fees under the Infrastructure Agreement for the construction of off-site water and
 21 wastewater facilities to serve Silver Springs Ranch and Silver Water Ranch.

22 The terms of the Infrastructure Agreement contemplate that Global will receive partial
 23 payments of the foregoing total amount over a course of years based on the fulfillment of certain
 24 conditions precedent. See id. § 4.1. Consequently, as of the Petition Date, Debtor had tendered
 25 to Global an estimated \$5,819,850. The remaining amount, exclusive of the principal amount set
 26 forth in the Arbitration Award, shall be earned over a period of potentially decades upon the
 27 fulfillment of further conditions precedent by the ultimate builders/developers of the Real
 28

29 ¹⁵ As defined in the Infrastructure Agreement, WTP and WRF refer, respectively, to the Water Treatment Plant and
 30 Water Reclamation Facility. See id. at p. 5.

31 ¹⁶ As defined in the Infrastructure Agreement, the term Off-Site Facilities refer to any and all water, wastewater, and
 32 reclaimed water plant, production, treatment, storage, pumping, and delivery facilities constructed on Coordinator’s,
 33 WUGT’s, and HUC’s properties. See id. at p. 3.

34 ¹⁷ The terms EDU is intended to refer to Equivalent Dwelling Unit, which, in general terms, is the unit of measure
 35 by which the charge for services is calculated and imposed upon improved property served by sewer and water
 36 utility providers.

1 Property, who will assume the obligations of Debtor under the Infrastructure Agreement upon a
2 sale of the Real Property.¹⁸

3 In addition to the foregoing monetary obligations of Debtor under the Infrastructure
4 Agreement, Sections 3.5 and 3.6 of the Infrastructure Agreement further obligated Debtor to
5 deed, free and clear of all liens and encumbrances a minimum of 23 acres of land for the WRF
6 and the WTP. See id. §§ 3.5-3.6. In total, pursuant to the terms of the Infrastructure Agreement,
7 Debtor conveyed 26 acres of land to Global.

8 **C. Debtor's Leasehold Interests.**

9 **1. The O&E Farm Lease**

10 Debtor and O&E Farms, an Arizona general partnership ("O&E"), entered into the Fee
11 Simple Farm Lease dated January 1, 2012 (the "O&E Farm Lease") for the lease of real property
12 more specifically described on Exhibit A to the O&E Farm Lease, except specifically excluding
13 any and all lands included in the sublease agreement attached as Exhibit B to the O&E Farm
14 Lease (the "O&E Leased Premises") for the purpose of grazing livestock, growing crops, and
15 farming and ranching activities related thereto. Pursuant to the O&E Farm Lease, O&E shall
16 make gross lease payments, before payment of consulting and brokerage fees or expenses of the
17 Property, of \$449,680 in 2012 and \$205,744 per annum for each of 2013 through and including
18 2017.

19 **2. Option to Acquire Rights in Arizona Land Leases**

20 Diamond A Products, Inc., an Arizona corporation ("Optionor"), as the successor by
21 merger to Colorado River Farms, Inc., an Arizona corporation, through that certain Purchase and
22 Sale Agreement dated April 7, 2003, as amended by First Amendment dated May 5, 2003 and
23 Second Amendment to Agreement dated December 16, 2003 (collectively, the "CRF Purchase
24 Agreement"), granted Debtor's predecessor, Phoenix I-10, LLC, a Missouri limited liability
25 company ("Phoenix I-10"), the option to purchase (the "Option") all of Optionor's right, title and

26 ¹⁸ Section 4.1 of the Infrastructure Agreement, in pertinent part, reads: "Coordinator understands that Landowner
27 intends to sell the Land to other parties who will be the ultimate builders/developers of the Land. Coordinator
28 understands that the balance of the Landowner Payment [as defined therein] shall not be due until Landowner sells
the Land to another party . . ." See Infrastructure Agreement § 4.1.

1 interest in and to State of Arizona Agricultural Lease Nos. 01-490-00 and 01-490-01 (the
2 "Arizona Land Leases"), which provide a leasehold interest in approximately 900 acres of land
3 (the "Adjacent State Leasehold Property") owned by the State of Arizona and located adjacent to
4 part of the unleased portion of the Real Property.

5 Pursuant to that certain Purchase and Sale Agreement dated May 27, 2004 between
6 Phoenix I-10 and Debtor, as amended from time to time (as amended, the "SNR Purchase
7 Agreement"), as well as that certain Assignment of Option in State Lease dated January 7, 2005
8 between Phoenix I-10 and Debtor (the "Option Assignment"), and the Assignment of
9 Memorandum of Option to Acquire Rights in State Land Agricultural Lease between Phoenix I-
10 10 and Debtor, recorded January 2, 2004 at Document Number 04-0002346 in the Official
11 Records for Maricopa County, Arizona (the "Assignment of Memorandum of Option"), Debtor
12 acquired Phoenix I-10's right, title and interest in the Option. Prior to the Petition Date, Debtor
13 had initiated the process of exercising the Option to acquire its right, title and interest in the
14 Arizona Land Leases, and currently awaits confirmation of the transaction.

15 3. Sierra Negra Farms Leases

16 Having commenced the process to acquire the rights in the Arizona Land Leases, Debtor
17 entered into that certain Lease Agreement dated July 1, 2012 ("Sierra Negra Lease") with Sierra
18 Negra Farms, an Arizona general partnership("Sierra Negra Farms"), and that certain Sublease
19 Agreement dated January 1, 2013 (the "Sierra Negra Sublease," and collectively with the O&E
20 Farm Lease and the Sierra Negra Lease, the "Farm Leases") also with Sierra Negra Farms,
21 thereby, subject to the successful acquisition of the rights in the Arizona Land Leases, leasing
22 approximately 253 acres of its unleased Real Property, together with the Adjacent State
23 Leasehold Property, in connection with which: (i) during the initial five-year term, Sierra Negra
24 Farms will pay for the costs of the demised land, including all underlying rent due to the State of
25 Arizona in respect of the Adjacent State Leasehold Property; and (ii) during the following five-
26 year term, Debtor shall receive rent for the demised land giving rise to approximately \$132,000
27 per annum of net revenues to Debtor, after payment of all expenses (including payment of rent to
28 the State of Arizona and of all consulting fees and commissions relating to this transaction).

1 **4. Sale of the Real Property to Fulfill Financial Obligations under the Plan.**

2 As a means of generating revenue to fulfill its obligations under the Plan, Debtor intends
3 to sell approximately 100 acres of the Real Property, which Debtor estimates will generate
4 approximately \$800,000 to \$1,000,000 in Sale Proceeds under current market conditions. As
5 previously stated, through the combination of Sale Proceeds and proceeds generated from the
6 Offering, along with other Cash that Debtor has available, Debtor believes that it will have
7 sufficient funds to fulfill its obligations under the Plan.

8 **D. The Arbitration Award and Events Leading to the Commencement of the Chapter
9 11 Case.**

10 Disputes between Global and Debtor with respect to the Infrastructure Agreement
11 required the parties to engage in arbitration proceedings (the "Arbitration Proceedings"), wherein
12 Debtor alleged several breaches of the Infrastructure Agreement by Global, and Global sought
13 payment by Debtor of certain sums required to be paid under the Infrastructure Agreement.

14 At the conclusion of the Arbitration Proceedings, pursuant to the Arbitration Award dated
15 April 20, 2012, Global was awarded the following sums: \$1,293,300.66 identified as the sum
16 related to the ACC approval of CC&N,¹⁹ \$1,293,300.66 identified as the sum related to the MAG
17 approval of 208,²⁰ and \$215,550.00 as an additional \$25 EDU Fee,²¹ for a total principal sum of
18 \$2,802,156.00 in advance EDU payments, as well as attorneys' fees and costs incurred in
19 connection with the Arbitration Proceedings, with interest thereon at the rate of 15% per annum,
20 which sum was approximately \$4,619,784.48 as of the Petition Date, however, off set by an
21 award of credit in the amount of \$460,000, in respect of the 26-acre parcel of land dceded from
22 Debtor to Global.

23 _____
24 ¹⁹ Pursuant to Section 4.1 of the Infrastructure Agreement, Debtor was obligated to pay \$150.00 per EDU
25 (\$1,293,300 for 8,622 EDUs) upon the ACC's final approval of issuance of an ACC decision granting and/or
extending the CC&N of HUC to include the Land, and upon issuance of a final ACC decision granting an extension
of WUGT's CC&N to include the Land. See Infrastructure Agreement, § 4.1, at p. p. 17.

26 ²⁰ Also pursuant to Section 4.1 of the Infrastructure Agreement, Debtor was obligated to pay \$150.00 per EDU
27 (\$1,293,300 for 8,622 EDU s) upon the successful approval of the MAG 208 plan amendment that includes the
Land. See id.

28 ²¹ Finally, pursuant to Section 4.1 of the Infrastructure Agreement, Debtor was obligated to pay \$25.00 per EDU
(\$215,550 for 8,622 EDUs) upon the closing of the WMC acquisition transaction. See id.

1 On or about June 25, 2012, the Superior Court of Arizona in and for Maricopa County
2 (the "AZ Superior Court") entered its *Order Confirming Arbitration Award and Judgment*
3 *Against Respondent Sierra Negra Ranch, LLC* (the "Judgment"), thereby confirming the
4 Arbitration Award and entering judgment against Debtor in the amount set forth in the
5 Arbitration Award, as noted above. Subsequently, the Judgment was recorded on July 11, 2012
6 by the County Recorder of Maricopa County, as book entry 2012-0606668 and now exists as a
7 lien (the "Lien") on the Property. Further, on or about July 18, 2012, the AZ Superior Court
8 entered its *Writ of General Execution* (the "Writ of Execution"), thereby commanding the
9 Maricopa County Sheriff to seize and sell the Property to satisfy the Judgment. Accordingly, on
10 or about July 26, 2012, the Maricopa County Sheriff issued its *Notice of Sale of Real Estate on*
11 *Execution* (the "Sale Notice"), thereby noticing Debtor of the sale of the Property scheduled for
12 August 23, 2012 (the "Property Sale").

13 **E. Action before the ACC Call into Question Various Aspects of the Infrastructure**
14 **Agreement.**²²

15 As further set forth in Debtor's Pre-Confirmation Brief, on March 1, 2013, New World
16 Properties, Inc. ("NWP"), on behalf of Trust No. 8559, filed with the ACC the *Petition for*
17 *Declaratory Relief* (the "NWP Petition"), thereby requesting that the ACC issue a declaratory
18 order addressing the legality of the certain conduct and actions required under the Infrastructure
19 Coordination, Finance and Option Agreement dated July 11, 2006 (the "Trust 8559 ICFA")
20 between First American Title Insurance Company, a California corporation as trustee under
21 Trust No. 8559 ("Trust 8559") and GWR Inc., as successor in interest to GWR LLC and GWR
22 Inc.'s wholly-owned affiliates Water Utility of Greater Tonopah, Inc. ("WUGT") and
23 Hassayampa Utility Company, Inc. ("HUC").

24 Following the filing of the NWP Petition, both the City of Maricopa, Arizona and Debtor
25 in separate filings applied to the ACC for leave to intervene in the NWP Petition on the basis that
26 the outcome of such proceedings would affects their rights under their respective ICFAs as well.

27 ²² The information provided herein regarding the ACC filings, which call in question the validity and enforceability
28 of the Infrastructure Agreement has been summarized. More detailed information may be located in Debtor's Pre-Confirmation Brief (as defined herein).

1 Copies of the applications to intervene filed by City of Maricopa and Debtor are attached hereto
2 as Exhibits “4” and “5.”

3 As recently as July 8, 2013, the ACC Utilities Division Staff has issued recommendations
4 and prepared testimony regarding the various Infrastructure, Coordination, Finance, and Option
5 Agreements (including the Infrastructure Agreement), including recommendations to ensure that
6 all EDU payments paid under such agreements are preserved for the infrastructure construction
7 required to be performed by the various utility subsidiaries of Global, including HUC and
8 WUGT.²³ See generally, Ex. 6. Action by the ACC to address the critical questions regarding
9 the general validity and enforceability of Infrastructure, Coordination, Finance, and Option
10 Agreements (generally, the “ICFAs”) and the various Staff reports is expected before year end.
11 See generally ACC Docket No. W-10212A-12-0309, et. al.

12 **F. Significant Events During the Chapter 11 Case.**

13 On August 21, 2012, Debtor filed its Chapter 11 Case. On September 4, 2012, Debtor
14 filed its *Schedules and Statement of Financial Affairs* [ECF No. 12].²⁴

15 On September 13, 2012, Debtor filed its *Application for Order Authorizing Employment*
16 *of Gordon Silver as Attorneys for Debtor* [ECF No. 19] (“GS Employment Application”),²⁵
17 which application was granted by entry of the order on October 23, 2012 [ECF No. 69].

18 Also on September 13, 2012, Debtor filed its *Application for Order Authorizing Debtor*
19 *to Pay Management Fee* [ECF No. 22] (the “Management Fees Motion”). On October 3, 2012,
20 Global Water Resources, Inc. (“Global”) filed its *Objection to Debtor’s Motion for Order*
21

22 ²³ Attached hereto as Exhibit “6” is the Direct Testimony of James R. Armstrong, Chief Accountant, Utilities
23 Divisions, Arizona Corporation Commission, July 8, 2013, ACC Docket No. W-10212A-12-0309, et. al. The
24 recommendation for more stringent measures to protect and preserve EDU payments resulting from Global’s
25 previous failure to segregate the funds required by the utility subsidiaries to perform the work required under the
26 ICFA and applied it instead to general obligations of Global without assuring the availability of the funds for the
27 infrastructure work required under the ICFA. See *id.* at pp. 18-20.

28 ²⁴ On September 11, 2012, Debtor filed its *Amended List of Equity Holders* [ECF No. 18]. Additionally, on
September 20, 2012, Debtor filed its *Amended Schedule F* [ECF No. 27]. In addition, on October 4, 2012, Debtor
filed its further *Amended Schedule F* [ECF No. 36].

²⁵ On September 24, 2012, Debtor filed its *Errata to Application for Order Approving Employment of Gordon Silver*
as Attorneys for Debtor [ECF No. 30] (the “GS Employment Errata”) and the *Supplemental Declaration of Gerald*
M. Gordon in support of the GS Employment Application [ECF No. 31].

1 *Authorizing Debtor to Pay Management Fee* [ECF No. 35] (the “Management Fees Objection”).
2 Subsequently, Debtor filed its *Reply to Objection to Debtor’s Motion for Order Authorizing*
3 *Debtor to Pay Management Fee* [ECF No. 50] (the “Management Fees Reply”).
4 Notwithstanding the Management Fees Objection, this Court granted the Management Fees
5 Motion by entry of the *Order Re: Motion for Order Authorizing Debtor to Pay Management Fee*
6 [ECF No. 67] (the “Management Fees Order”).

7 Since the Petition Date, Debtor has identified a number of other professionals whose
8 employment is necessary for the administration of this Chapter 11 Case. Accordingly, Debtor
9 has filed the following applications for the employment of professionals:

10 a. *Application to Employ Fair Anderson & Langerman as Accountants for Debtor*
11 *Pursuant to 11 U.S.C. §§ 327(a) and 328(a)* [ECF No. 38] (the “FAL Employment
12 Application”), which was approved by entry of an order of the Court on November 19,
13 2012 [ECF No. 96];

14 b. *Application to Employ Withey Morris PLC as Special Real Estate, Zoning, and*
15 *Land Use Counsel for Debtor Pursuant to 11 U.S.C. §§ 327 (e) and 328(a)* [ECF No. 40]
16 (the “Withey Morris Employment Application”), which was approved by entry of an
17 order of the Court on November 19, 2012 [ECF No. 97];

18 c. *Application for Order Approving the Retention of Kenneth B. Funsten of FamCo*
19 *Advisory Services as Debtor’s Interest Rate and Feasibility Expert* [ECF No. 79
20 (“Funsten Employment Application”), which was approved by entry of an order of the
21 Court on November 19, 2012 [ECF No. 98];

22 d. *Application to Employ Sklar Williams PLLC as Special Securities Counsel* [ECF
23 No. 53] (the “Sklar Williams Employment Application”), which was approved by entry
24 of an order of the Court on December 4, 2012 [ECF No. 111];

25 e. *Motion for Order Authorizing Debtor to Employ and Compensate Certain*
26 *Professionals in the Ordinary Course of Business* [ECF No. 55] (the “Ordinary Course
27 Professionals Motion”), which was approved by entry of an order of the Court on
28 December 4, 2012 [ECF No. 112]; and

1 f. *Application for Entry of an Order Authorizing the Employment and Retention of*
2 *Munger Chadwick PLC Nunc Pro Tunc as Special Utilities Counsel for Debtor Pursuant*
3 *to 11 U.S.C. §§ 327(e) and 328(a)* [ECF No. 261] (the “Munger Chadwick Employment
4 Application”), which was approved by entry of an order of the Court on May 8, 2013
5 [ECF No. 287].

6 On October 9, 2012, Global filed its *Motion to Dismiss Bankruptcy Case* [ECF No. 45]
7 (the “Motion to Dismiss”).

8 Additionally, on November 15, 2012, Debtor filed its *Motion to Assume Option to*
9 *Purchase Leasehold Interests in Arizona Land Leases and Authority to Use Property of the*
10 *Estate Outside the Ordinary Course of Business* [ECF No. 89] (“Option Assumption Motion”),
11 thereby seeking authority to assume the Option and, in turn, permit Debtor to purchase the
12 leasehold interests in the Arizona Land Leases, which motion was granted by entry of this
13 Court’s order on December 26, 2012 [ECF No. 137].

14 On December 21, 2012, Global filed the *Motion to Set a Date by Which the Debtor Must*
15 *Either Reject, or Assume and Cure its Executory Contract with Global Water Resources, Inc.*
16 [ECF No. 134] (the “Motion to Compel Assumption”).

17 On November 19, Debtor filed its *Debtor’s Plan of Reorganization* [ECF No. 99] and
18 *Disclosure Statement to Accompany Debtor’s Plan of Reorganization* [ECF No. 100] (the “Initial
19 Disclosure Statement”), and in connection therewith, Debtor filed its *Motion for Order*
20 *Approving the (I) Adequacy of Disclosure Statement to Accompany Debtor’s Plan of*
21 *Reorganization, (II) Form, Scope, and Nature of Solicitation, Balloting, Tabulation, and Notices*
22 *with Respect to the Plan of Reorganization and (III) Related Confirmation Procedures,*
23 *Deadlines and Notices* [ECF No. 105] (the “Disclosure Statement Motion”) on November 20,
24 2012. The initial hearing on the Disclosure Statement Motion occurred on February 8, 2013, at
25 which time, this Court also heard the Motion to Compel Assumption and the Motion to Dismiss
26 for the first time. Based on the determination of the Court at the time of the hearing on February
27 8, 2013, the hearings of the Disclosure Statement Motion, the Motion to Compel Assumption
28 and the Motion to Dismiss were continued to April 9, 2013.

1 At the time of the hearing held April 9, 2013, the Disclosure Statement Motion was
2 denied. Debtor was ordered to file *Debtor's Second Amended Plan of Reorganization* [ECF No.
3 288] and its *Second Amended Disclosure Statement to Accompany Debtor's Second Amended*
4 *Plan of Reorganization* [ECF No. 289], as well as the *Motion for Order Approving the (I)*
5 *Adequacy of the Second Amended Disclosure Statement to Accompany Debtor's Second*
6 *Amended Plan of Reorganization, (II) Form, Scope, and Nature of Solicitation, Balloting,*
7 *Tabulation, and Notices with Respect to the Plan of Reorganization and (III) Related*
8 *Confirmation Procedures, Deadlines and Notices* [ECF No. 296] (the "Second Disclosure
9 Statement Motion"), and further continued the hearings of the Motion to Dismiss and Motion to
10 Compel Assumption also for July 11, 2013.

11 At the July 11, 2013 hearing, Debtor was ordered to file a Third Amended Plan and Third
12 Amended Disclosure Statement, which it did on August 9, 2013. See ECF Nos. 363 & 364. The
13 Hearing on the Second Disclosure Statement Motion was continued to August 21, 2013.
14 Meanwhile, the Motion to Compel Assumption was granted and the Motion to Dismiss was
15 further continued to October 22, 2013, the date of the hearing scheduled to consider confirmation
16 of the Plan.

17 Subsequent to the July 11, 2013 hearing, Debtor filed its *Motion to Assume Infrastructure*
18 *Agreement* [ECF No. 357] (the "Assumption Motion"). Global filed its *Motion to Determine*
19 *Cure Amount* [ECF No. 375] (the "Cure Amount Motion"), which was initially set for hearing on
20 September 18, 2013.

21 At the August 21, 2013 hearing, the Court granted the Second Disclosure Statement
22 Motion and set October 22, 2013, at 1:30 p.m. and October 24, 2013, at 1:30 a.m. as the date and
23 time for the Confirmation Hearing. The Court continued the Dismissal Motion and Assumption
24 Motion to the Confirmation Hearing. The Court continued the September 18, 2013 hearing
25 scheduled to determine the Cure Amount Motion to the Confirmation Hearing. The Court also
26 ordered Debtor to file Debtor's Third Amended Plan of Reorganization as Modified and this
27 Third Amended Disclosure Statement to Accompany Debtor's Third Amended Plan of
28 Reorganization as Modified to reflect an incorrect statutory reference and to reflect that Barry

1 Becker and related entities are prepared to backstop the Cure amount due Global as determined
2 by the Court.

3 Finally, since the filing of its Petition, Debtor: (1) is current on all of its post-petition
4 operating expenses and taxation obligations; (2) has fulfilled its reporting duties by filings its
5 Monthly Operating Reports for the period of August 2012 through June 2013; and (3) is in
6 compliance with all of its reporting requirements under the Bankruptcy Code and Bankruptcy
7 Rules. See ECF Nos. 28, 66, 104, 125-28, 181, 219, 240, 260, 299, 326 & 345.

8 **VI.**
9 **ADDITIONAL PLAN PROVISIONS**

10 In addition to the terms of the Plan described in Section IV above, the Plan contains the
11 following provisions. The description contained herein is qualified in its entirety by reference to
12 the remainder of this Disclosure Statement and the Plan itself.

13 **A. Means for Implementation of the Plan.**

14 **1. Revesting of Assets.**

15 On and after the Effective Date, all of Debtor's assets shall vest in Reorganized Debtor
16 and Reorganized Debtor shall continue to exist as a separate entity in accordance with applicable
17 law. Debtor's existing articles of organization, by-laws, and operating agreements (as amended,
18 supplemented, or modified) will continue in effect for Reorganized Debtor following the
19 Effective Date, except to the extent that such documents are amended in conformance with the
20 Plan or by proper corporate action after the Effective Date. As permitted by Section
21 1123(a)(5)(B), on the Effective Date, all of Debtor's Assets, including the Litigation Claims and
22 right, title, and interest being assumed by Reorganized Debtor in the assumed Executory
23 Contracts shall vest in Reorganized Debtor. Thereafter, Reorganized Debtor may operate its
24 business and may use, acquire, and dispose of such property free and clear of any restrictions of
25 the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. Except as specifically
26 provided in the Plan or the Confirmation Order, as of the Effective Date, all property of
27 Reorganized Debtor shall be free and clear of all Claims and Interests.

1 **2. Obligations Due Under the Plan.**

2 In order to satisfy the monetary obligations due under the Plan, including Cure amounts,
3 together with operational and working capital needs of the Reorganized Debtor, Reorganized
4 Debtor shall use Sale Proceeds, proceeds from leases of the Real Property, the proceeds of the
5 Offering, and, if necessary, funds from Becker and related entities.

6 a. Proceeds from the Offering.

7 The Reorganized Debtor shall conclude the Offering not later than the second to last
8 Business Day prior to the Payoff Date for the purpose of funding the Distributions contemplated
9 to the Creditors herein, the Cure amounts and operational and working capital needs of the
10 Reorganized Debtor.

11 b. Sale of the Real Property.

12 From and after the Effective Date and prior to the Payoff Date, Reorganized Debtor is
13 entitled sell all or portions of the Real Property free and clear of the Lien of the Recorded
14 Judgment; provided, however, that the proceeds of such sale are utilized to fund the Cure
15 amount, subject to orders of the Commission regarding such payments.

16 c. Backstop.

17 Barry W. Becker, Co-Chief Executive Officer and Treasurer of SNR Management, which
18 serves as Manager of Debtor, and related entities have agreed to serve as a backstop in the event
19 that Debtor is not able to raise funds sufficient to meet its obligations under the Plan.

20 d. EDU Credit.

21 Subject to the terms and conditions herein, on the closing of a sale transaction, Debtor
22 shall receive EDU Credit, which amount is to be applied to the Cure amount, in the sole
23 discretion of Reorganized Debtor.

24 e. Cooperation.

25 Subject to the terms and conditions herein, the Reorganized Debtor and Global shall use
26 their commercially reasonable best efforts to cooperate and to consummate each such proposed
27 Parcel sale, including any reasonable requests for information or execution of applicable
28 documents, including releases and reconveyances from the Lien of the Recorded Judgment that

1 are needed to effectuate such a Parcel sale.

2 f. Court Jurisdiction.

3 In the event of a dispute regarding the operation or satisfaction of any terms regarding a
4 Parcel sale, the parties shall be required to meet and confer in a good faith attempt to resolve any
5 such disputes; if the parties are unable to resolve such disputes, the Bankruptcy Court shall retain
6 jurisdiction to determine the satisfaction of the conditions in this subsection governing Parcel
7 sales and each of the Reorganized Debtor and Global hereby consents to an order shortening
8 time for the adjudication such issues. Notwithstanding, to the extent issues regarding the
9 Infrastructure Agreement, Global, WUGT or HUC are within the regulatory authority of the
10 Commission, the Bankruptcy Court shall not exercise jurisdiction with regard to such matters.

11 **3. Articles of organization, by-laws, operating agreement.**

12 The articles of organization, by-laws, and/or operating agreement, as applicable, of
13 Debtor shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy
14 Code and shall include, among other things, pursuant to Section 1123(a)(6), a provision
15 prohibiting the issuance of non-voting equity securities, but only to the extent required by
16 Section 1123(a)(6).

17 **4. Effectuation of transactions.**

18 On and after the Effective Date, the appropriate managers or members of Debtor are
19 authorized to issue, execute, deliver, and consummate the transactions contemplated by or
20 described in the Plan in the name of and on behalf of Debtor or Reorganized Debtor, as the case
21 may be, without further notice to or order of the Bankruptcy Court, act or action under applicable
22 law, regulation, order, rule, or any requirements of further action, vote, or other approval or
23 authorization by any Person.

24 **5. Notice of effectiveness.**

25 When all of the steps for effectiveness have been completed, Reorganized Debtor shall
26 file with the Bankruptcy Court and serve upon all Creditors and all potential Holders of
27 Administrative Claims known to Reorganized Debtor (whether or not disputed), a notice of the
28

1 Effective Date of the Plan. The notice of the Effective Date of the Plan shall include notice of
2 the Administrative Claim Bar Date.

3 **6. No governance action required.**

4 As of the Effective Date: (i) the adoption, execution, delivery, and implementation or
5 assignment of all contracts, leases, instruments, releases, and other agreements related to or
6 contemplated by the Plan; and (ii) the other matters provided for under or in furtherance of the
7 Plan involving corporate action to be taken by or required of Debtor shall be deemed to have
8 occurred and be effective as provided herein, and shall be authorized and approved in all respects
9 without further order of the Bankruptcy Court or any requirement of further action by the
10 members or managers of Debtor.

11 **7. Filing with the Nevada Secretary of State.**

12 To the extent applicable, in accordance with NRS 78.622, on or as soon as practical after
13 the Effective Date, a certified copy of the Plan and the Confirmation Order shall be filed with the
14 Nevada Secretary. Again, to the extent applicable, Debtor, from the Confirmation Date until the
15 Effective Date, is authorized and directed to take any action or carry out any proceeding
16 necessary to effectuate the Plan pursuant to NRS 78.622.

17 **8. Proposed post-Effective Date management of Reorganized Debtor.**

18 From and after the Effective Date, Reorganized Debtor will continue to be managed by
19 Debtor's pre-petition manager, SNR Management, which management may subsequently be
20 modified to the extent provided by Reorganized Debtor's articles of organization, by-laws, and
21 operating agreement (as amended, supplemented, or modified). On and after the Effective Date,
22 the appropriate managers or members of Reorganized Debtor are authorized to issue, execute,
23 deliver, and consummate the transactions contemplated by or described in the Plan in the name
24 of and on behalf of Reorganized Debtor without further notice to or order of the Bankruptcy
25 Court, act or action under applicable law, regulation, order, rule, or any requirements of further
26 action, vote, or other approval or authorization by any Person.

27 The continuation of management post-confirmation is consistent with the interests of
28 Creditors, Holders of Equity Securities, and public policy pursuant to Section 1129(a)(5) because

1 the principals of SNR Management are intimately knowledgeable about Debtor's Real Property,
2 and the Arizona real estate market and thus, are uniquely qualified to effectuate Debtor's Plan
3 and thereby maximize the value for all Creditors of the Estate.

4 **B. Executory Contracts And Unexpired Leases.**

5 **1. Executory contracts.**

6 Except for Executory Contracts and Unexpired Leases specifically addressed in the Plan
7 or set forth on the schedule of Rejected Executed Contracts and Unexpired Leases attached as
8 Schedule 6.1 hereto (which may be supplemented and amended up to the date the Bankruptcy
9 Court enters the Confirmation Order), all Executory Contracts and Unexpired Leases that exist
10 on the Confirmation Date shall be deemed assumed by Debtor on the Effective Date.

11 **2. Approval of assumption or rejection.**

12 Entry of the Confirmation Order shall constitute as of the Effective Date: (i) approval,
13 pursuant to Bankruptcy Code Section 365(a), of the assumption by Reorganized Debtor of each
14 Executory Contract and Unexpired Lease to which Debtor is a party that is not listed on Schedule
15 6.1, not otherwise provided for in the Plan, and neither assigned, assumed and assigned, nor
16 rejected by separate order of the Bankruptcy Court prior to the Effective Date; and (ii) rejection
17 by Debtor of each Executory Contract and Unexpired Lease to which Debtor is a party that is
18 listed on Schedule 6.1. Upon the Effective Date, each counter party to an assumed Executory
19 Contract or Unexpired Lease listed shall be deemed to have consented to an assumption
20 contemplated by Section 365(c)(1)(B) of the Bankruptcy Code, to the extent such consent is
21 necessary for such assumption. To the extent applicable, all Executory Contracts or Unexpired
22 Leases of Reorganized Debtor assumed pursuant to this Article 6 shall be deemed modified such
23 that the transactions contemplated by the Plan shall not be a "change of control," regardless of
24 how such term may be defined in the relevant Executory Contract or Unexpired Lease and any
25 required consent under any such Executory Contract or Unexpired Lease shall be deemed
26 satisfied by confirmation of the Plan.

1 **3. Cure of defaults.**

2 Reorganized Debtor shall Cure any defaults respecting each Executory Contract or
3 Unexpired Lease assumed pursuant to Section 6.1 of the Plan upon the latest of: (i) the Effective
4 Date or as soon thereafter as practicable; (ii) such dates as may be fixed by the Bankruptcy Court
5 or agreed upon by Debtor, and after the Effective Date, Reorganized Debtor; or (iii) the
6 fourteenth (14th) Business Day after the entry of a Final Order resolving any dispute regarding:
7 (a) a Cure amount; (b) the ability of Debtor or Reorganized Debtor to provide “adequate
8 assurance of future performance” under the Executory Contract or Unexpired Lease assumed
9 pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code; or (c) any
10 matter pertaining to assumption, assignment, or the Cure of a particular Executory Contract or an
11 Unexpired Lease.

12 **4. Calculation of Global Cure Amount.**

13 On the Effective Date, the Global Cure amount, as determined by the Court at the
14 Confirmation Hearing, shall be determined as follows:

15 a. Principal Balance.

16 Subject to Bankruptcy Court determination, the Global Cure Amount shall be the
17 principal component of the Arbitration Award together with attorneys’ fees and costs awarded
18 therein less the Credit Setoff together with fees and costs and interest allowed by the Bankruptcy
19 Court pursuant to Section 365(b)(1) of the Bankruptcy Code.

20 b. Lien.

21 From and after the Confirmation Date, Global shall retain its Lien in the Real Property
22 consistent with the Recorded Judgment until the Global Cure amount is paid in full.

23 c. Payoff Date.

24 Debtor shall pay the unpaid balance of the Cure amount within four months of the
25 Effective Date, which will be on or before March 21, 2014.

26 **5. Objection to cure amounts.**

27 Any party to an Executory Contract (excepting the Infrastructure Agreement the Global
28 Cure amount for which shall be determined at the Confirmation Hearing, pursuant to the terms of

1 the Omnibus Order) who objects to the Cure amount determined by Debtor to be due and owing
2 must file and serve an objection on Debtor’s counsel no later than thirty (30) days after the
3 Effective Date. Failure to file and serve a timely objection shall be deemed consent to the Cure
4 amounts paid by Debtor in accordance with Section 6.3 of the Plan. If there is a dispute
5 regarding: (i) the amount of any Cure payment; (ii) the ability of Reorganized Debtor to provide
6 “adequate assurance of future performance” under the Executory Contract or Unexpired Lease to
7 be assumed or assigned; or (iii) any other matter pertaining to assumption, the Cure payments
8 required by Section 365(b)(1) of the Bankruptcy Code will be made following the entry of a
9 Final Order resolving the dispute and approving the assumption.

10 **6. Confirmation order.**

11 The Confirmation Order will constitute an order of the Bankruptcy Court approving the
12 assumptions described in this Article 6 pursuant to Section 365 as of the Effective Date.
13 Notwithstanding the forgoing, if, as of the date the Bankruptcy Court enters the Confirmation
14 Order, there is pending before the Bankruptcy Court a dispute concerning the cure amount or
15 adequate assurance for any particular Executory Contract or Unexpired Lease, the assumption of
16 such Executory Contract or Unexpired Lease shall be effective as of the date the Bankruptcy
17 Court enters an order resolving any such dispute and authorizing assumption by Debtor.

18 **7. Post-Petition date contacts and leases.**

19 Executory Contracts and Unexpired Leases entered into and other obligations incurred
20 after the Petition Date by Debtor shall be assumed by Debtor on the Effective Date. Each such
21 Executory Contract and Unexpired Lease shall be performed by Debtor or Reorganized Debtor,
22 as applicable, in the ordinary course of its business.

23 **8. Bar date.**

24 All proofs of Claims with respect to Claims arising from the rejection of any executory
25 contract or unexpired lease shall be filed no later than 30 days after the Effective Date. Any
26 Claim not filed within such time shall be forever barred.

27 ...

28 ...

1 **C. Manner Of Distribution Of Property Under The Plan.**

2 Reorganized Debtor shall be responsible for making the Distributions described in the
3 Plan. Except as otherwise provided in the Plan or the Confirmation Order, the Cash necessary
4 for Reorganized Debtor to make payments pursuant to the Plan may be obtained from existing
5 Cash balances and Debtor's operations.

6 Reorganized Debtor shall maintain a record of the names and addresses of all Holders of
7 Allowed General Unsecured Claims as of the Effective Date and all Holders as of the Record
8 Date of Equity Securities of Debtor for purposes of mailing Distributions to them. Reorganized
9 Debtor may rely on the name and address set forth in Debtor's Schedules and/or proofs of Claim
10 and the ledger and records regarding Holders of Equity Securities as of the Record Date as being
11 true and correct unless and until notified in writing.

12 **D. Conditions To Confirmation Of The Plan.**

13 **1. Conditions to confirmation.**

14 The Confirmation Order shall have been entered and be in form and substance reasonably
15 acceptable to Debtor.

16 **2. Conditions to effectiveness.**

17 The following are conditions precedent to occurrence of the Effective Date:

18 (1) The Confirmation Order shall be a Final Order, except that Debtor reserves the
19 right to cause the Effective Date to occur notwithstanding the pendency of an appeal of the
20 Confirmation Order, under circumstances that would moot such appeal;

21 (2) No request for revocation of the Confirmation Order under Section 1144 of the
22 Bankruptcy Code shall have been made, or, if made, shall remain pending, including any appeal;
23 and

24 (3) All documents necessary to implement the transactions contemplated by the Plan
25 shall be in form and substance reasonably acceptable to Debtor.

26

27

28

1 **3. Waiver of conditions.**

2 Debtor, in its sole discretion, may waive any and all of the other conditions set forth in
3 the Plan and specifically Sections 8.1 and 8.2 of the Plan without leave of or order of the
4 Bankruptcy Court and without any formal action.

5 **VII.**
6 **LIMITATIONS AND RISK FACTORS**

7 In addition to risks discussed elsewhere in this Disclosure Statement, the Plan and the
8 transactions contemplated by the Plan involve the following limitations and risks, which should
9 be taken into consideration.

10 **A. Debtor Has No Duty to Update.**

11 The statements in this Disclosure Statement are made by Debtor as of the date hereof,
12 unless otherwise specified herein. The delivery of this Disclosure Statement after that date does
13 not imply that there has been no change in the information set forth herein since that date.
14 Debtor has no duty to update this Disclosure Statement unless ordered to do so by the
15 Bankruptcy Court.

16 **B. Projections and Other Forward-Looking Statements Are Not Assured and Actual**
17 **Results Will Vary.**

18 Certain information in this Disclosure Statement is forward-looking, and contains
19 estimates and assumptions which might ultimately prove to be incorrect, and projections which
20 may differ materially from actual future results. Debtor believes that the projections of future
21 performance upon which the treatments under the Plan are based are reasonable and fairly
22 represent the future performance of Debtor's business operations. However, there are
23 uncertainties associated with all assumptions, projections, and estimates, and they should not be
24 considered assurances or guarantees of the amount of funds that will be distributed, the amount
25 of Claims in the various Classes that will be allowed, or the success or results of Reorganized
26 Debtor's business operations.
27 ...
28 ...

1 **C. No Admissions Made.**

2 Nothing contained herein shall constitute an admission of any fact or liability by Debtor
3 or any other party nor shall it be deemed evidence of the tax or other legal effects of the Plan on
4 Debtor or on Holders of Claims.

5 **D. No Waiver of Right to Object or Right to Recover Transfers and Estate Assets.**

6 Unless specifically provided in the Plan, a Creditor's vote for or against the Plan does not
7 constitute a waiver or release of any claims or rights of Debtor (or any other party in interest) to
8 object to that Creditor's Claim, or recover any preferential, fraudulent, or other voidable transfer
9 or Estate assets, regardless of whether any claims of Debtor or its Estate are specifically or
10 generally identified herein.

11 **E. Bankruptcy Law Risks and Considerations.**

12 **1. Confirmation of the Plan is Not Assured.**

13 Although Debtor believes the Plan will satisfy all requirements for Confirmation, the
14 Bankruptcy Court might not reach that conclusion. Confirmation requires, among other things, a
15 finding by the Bankruptcy Court that it is not likely there will be a need for further financial
16 reorganization and that the value of distributions to dissenting members of impaired classes of
17 creditors would not be less than the value of distributions such creditors would receive if Debtor
18 were liquidated under chapter 7 of the Bankruptcy Code.

19 Debtor believes that the future performance of the Real Property provides for the
20 payment in full of the obligations provided for under the Plan. Although Debtor believes that the
21 Plan will not be followed by a need for further financial reorganization and that dissenting
22 members of Impaired Classes of Creditors will receive distributions at least as great as they
23 would receive in a liquidation under Chapter 7, there can be no assurance that the Bankruptcy
24 Court will conclude that these tests have been met.

25 **2. The Projected Value of Estate Assets In the Event of Liquidation Might Not**
26 **be Realized.**

27 In the Best Interests Analysis discussed herein, Debtor has projected the value of the
28 Estate's assets that would be available for payment of expenses and Distributions to Holders of

1 Allowed Claims, as set forth in the Plan in the event of liquidation of the Assets. Debtor has
2 made certain assumptions in its Best Interests Analysis in arriving at a liquidation distribution,
3 which should be read carefully.

4 **3. Changes to Applicable Tax Laws Could Have a Material Adverse Effect on**
5 **Debtor's Financial Condition.**

6 From time to time, federal, state and local legislators and other government officials have
7 proposed and adopted changes in tax laws. With specific regard to federal tax laws, while
8 Debtor is a tax-reporting entity for federal tax purposes, it is not possible to determine the
9 likelihood of changes in tax laws or in the administration of those laws. If adopted, changes to
10 applicable tax laws could have a material adverse effect Debtor's business, financial condition,
11 and results of operations.

12 **F. Risks Related to Debtor's Business Operations.**

13 The following discussions of risks that relate to Debtor's business should be read as also
14 being applicable to the business of Reorganized Debtor on and after the Effective Date.

15 **1. Effect of the Chapter 11 Case.**

16 If the Chapter 11 Case continues for a prolonged period of time, the proceedings could
17 adversely affect Debtor's business and operations. The longer the Chapter 11 Case continues,
18 the more likely it is that Debtor's tenants and agents could lose confidence in Debtor's ability to
19 successfully reorganize its business and will seek to establish alternative commercial
20 relationships. Consequently, Debtor might lose valuable tenants and/or contracts in the course of
21 the Chapter 11 Case.

22 So long as the Chapter 11 Case continues, Debtor's management will be required to
23 spend a significant amount of time and effort dealing with Debtor's reorganization instead of
24 focusing exclusively on business operations. Furthermore, so long as the Chapter 11 Case
25 continues, Debtor will be required to incur substantial costs for professional fees and other
26 expenses associated with the proceedings.

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2. The volatility and disruption of the capital and credit markets and adverse changes in the global economy have negatively affected Debtor.

Beginning in 2007 to 2008, the United States economy, as well as virtually the entire world economy, went into a severe recession. Arizona was no exception, with inordinately high foreclosure and unemployment rates. The result has been reduced real estate values and a surplus of undeveloped land, resulting in reduced land values throughout Arizona. While there have been governmental responses to these economic hardships and Arizona is beginning to recover from the recession, the extent and pace of its recovery is uncertain.

3. Changes to applicable property tax laws could have a material adverse effect on Debtor's financial condition.

From time to time, state, and local legislators and other government officials have proposed and adopted changes in property and related tax laws, or in the administration of those laws affecting farm land and real property in the development stage. It is not possible to determine the likelihood of changes in tax laws or in the administration of those laws. If adopted, changes to applicable tax laws could have a material adverse effects on Debtor's business, financial condition, and results of operations. Any increase in taxes may impact Debtor's future profitability and sustainability.

VIII.
POST-EFFECTIVE DATE OPERATIONS

A. Vesting of Assets.

Subject to the provisions of the Plan, pursuant to Section 5.1 of the Plan and as permitted by Section 1123(a)(5)(B), the Assets shall be transferred to Reorganized Debtor on the Effective Date. As of the Effective Date, all such property shall be free and clear of all Liens, Claims, and Equity Securities except as otherwise provided herein. On and after the Effective Date, Reorganized Debtor may operate its business and may use, acquire, and dispose of property and compromise or settle any Claim without the supervision of or approval of the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the Plan or the Confirmation Order.

...

1 **B. Preservation of Avoidance Actions and Litigation Claims.**

2 In accordance with Section 1123(b)(3), and except as otherwise expressly provided in the
3 Plan, all Litigation Claims shall be assigned and transferred to Reorganized Debtor pursuant to
4 Section 5.1 of the Plan. Notwithstanding the foregoing, on and after the Effective Date, the
5 prosecution of the Litigation Claims lies in the sole and absolute discretion of Reorganized
6 Debtor.

7 There may also be other Litigation Claims which currently exist or may subsequently
8 arise that are not set forth in this Disclosure Statement because the facts underlying such
9 Litigation Claims are not currently known or sufficiently known by Debtor. The failure to list
10 any such unknown Litigation Claim in the Disclosure Statement is not intended to limit the rights
11 of Debtor or Reorganized Debtor to pursue any unknown Litigation Claim to the extent the facts
12 underlying such unknown Litigation Claim become more fully known in the future.
13 Furthermore, any potential net proceeds from Litigation Claims identified in the Disclosure
14 Statement or any notice filed with the Bankruptcy Court, or which may subsequently arise or
15 otherwise be pursued, are speculative and uncertain.

16 Unless Litigation Claims against any individual or entity are expressly waived,
17 relinquished, released, compromised, or settled by the Plan or any Final Order, Debtor expressly
18 reserves for its benefit, and the benefit of Reorganized Debtor, all Litigation Claims, including,
19 without limitation, all unknown Litigation Claims for later adjudication and therefore no
20 preclusion doctrine (including, without limitation, the doctrines of res judicata, collateral
21 estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or
22 laches) shall apply to such Litigation Claims after the confirmation or consummation of the Plan.
23 In addition, Debtor expressly reserves for its benefit, and the benefit of Reorganized Debtor, the
24 right to pursue or adopt any claims alleged in any lawsuit in which Debtor is a defendant or an
25 interested party, against any individual or entity, including plaintiffs and co-defendants in such
26 lawsuits.

27 ...

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1 **C. Discharge.**

2 On the Effective Date, unless otherwise expressly provided in the Plan or the
3 Confirmation Order, Debtor shall be discharged from any and all Claims to the fullest
4 extent provided in the Bankruptcy Code, including Sections 524 and 1141. All
5 consideration distributed under the Plan or the Confirmation Order shall be in exchange
6 for, and in complete satisfaction, settlement, discharge, and release of all Claims of any
7 kind or nature whatsoever against Debtor or any of its Assets or properties, and regardless
8 of whether any property shall have been distributed or retained pursuant to the Plan on
9 account of such Claims. Except as otherwise expressly provided by the Plan or the
10 Confirmation Order, upon the Effective Date, Debtor shall be deemed discharged and
11 released under and to the fullest extent provided under Section 1141(d)(1)(A) from any and
12 all Claims of any kind or nature whatsoever, including, but not limited to, demands and
13 liabilities that arose before the Confirmation Date, and all debts of the kind specified in
14 section 502(g), 502(h), or 502(i).

15 **D. Injunction.**

16 From and after the Effective Date, and except as provided in the Plan and the
17 Confirmation Order, all entities that have held, currently hold, or may hold a Claim or an
18 Equity Security or other right of an Equity Security Holder that is terminated pursuant to
19 the terms of the Plan are permanently enjoined from taking any of the following actions on
20 account of any such Claims or terminated Equity Securities or rights: (i) commencing or
21 continuing in any manner any action or other proceeding against Reorganized Debtor or
22 its property; (ii) enforcing, attaching, collecting, or recovering in any manner any
23 judgment, award, decree, or order against Reorganized Debtor or its property; (iii)
24 creating, perfecting, or enforcing any Lien or encumbrance against Reorganized Debtor or
25 its property; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against
26 any debt, liability, or obligation due to Reorganized Debtor or its property; and (v)
27 commencing or continuing any action, in any manner or any place, that does not comply
28 with or is inconsistent with the provisions of the Plan or the Bankruptcy Code.

1 **E. Exculpation.**

2 From and after the Effective Date, neither Debtor, Reorganized Debtor, the
3 professionals employed on behalf of the Estate, nor any of their respective present or
4 former members, directors, officers, managers, employees, advisors, attorneys, or agents,
5 shall have or incur any liability, including derivative claims, but excluding direct claims, to
6 any Holder of a Claim or Equity Security or any other party-in-interest, or any of their
7 respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or
8 any of their successors or assigns, for any act or omission in connection with, relating to, or
9 arising out of (from the Petition Date forward), the Chapter 11 Case, Reorganized Debtor,
10 the pursuit of confirmation of the Plan, or the consummation of the Plan, except for gross
11 negligence and willful misconduct, and in all respects shall be entitled to reasonably rely
12 upon the advice of counsel with respect to their duties and responsibilities under the Plan
13 or in the context of the Chapter 11 Case.

14 **F. Post-Confirmation Reporting And Quarterly Fees To The UST.**

15 Prior to the Effective Date, Debtor, and after the Effective Date, Reorganized Debtor,
16 shall pay all quarterly fees payable to the UST consistent with the sliding scale set forth in 28
17 U.S.C. § 1930(a)(6) and the applicable provisions of the Bankruptcy Code and Bankruptcy
18 Rules. These fees accrue throughout the pendency of the Chapter 11 Case, until entry of a final
19 decree. UST fees paid prior to confirmation of the Plan will be reported in operating reports
20 required by Sections 704(8), 1106(a)(1), and 1107(a), as well as the UST Guidelines. All UST
21 quarterly fees accrued prior to confirmation of the Plan will be paid on or before the Effective
22 Date pursuant to Section 1129(a)(12). All UST fees accrued post-confirmation will be timely
23 paid on a calendar quarterly basis and reported on post-confirmation operating reports. Final
24 fees will be paid on or before the entry of a final decree in the Chapter 11 Case.

25 **IX.**
26 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

27 THE FOLLOWING SUMMARY DOES NOT CONSTITUTE EITHER A TAX
28 OPINION OR TAX ADVICE TO ANY PERSON. NO REPRESENTATIONS REGARDING

1 THE EFFECT OF IMPLEMENTATION OF THE PLAN ON INDIVIDUAL CREDITORS
2 ARE MADE HEREIN OR OTHERWISE. RATHER, THE TAX DISCLOSURE IS
3 PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL CREDITORS ARE URGED
4 TO CONSULT THEIR RESPECTIVE TAX ADVISORS REGARDING THE TAX
5 CONSEQUENCES OF THE PLAN.

6 Creditors, Equity Security Holders, and any Person affiliated with the foregoing are
7 strongly urged to consult their respective tax advisors regarding the federal, state, local, and
8 foreign tax consequences which may result from the confirmation and consummation of the Plan.
9 This Disclosure Statement shall not in any way be construed as making any representations
10 regarding the particular tax consequences of the confirmation and consummation of the Plan to
11 any Person. This Disclosure Statement is general in nature and is merely a summary discussion
12 of potential tax consequences and is based upon the Internal Revenue Code of 1986, as amended
13 (the "IRC"), and pertinent regulations, rulings, court decisions, and treasury decisions, all of
14 which are potentially subject to material and/or retroactive changes. Under the IRC, there may
15 be federal income tax consequences to Debtor, its Creditors, its Equity Security Holders, and/or
16 any Person affiliated therewith as a result of confirmation and consummation of the Plan.

17 Upon the confirmation and consummation of the Plan, the federal income tax
18 consequences to Creditors and their affiliates arising from the Plan will vary depending upon,
19 among other things, the type of consideration received by the Creditor in exchange for its Claim,
20 whether the Creditor reports income using the cash or accrual method of accounting, whether the
21 Creditor has taken a "bad debt" deduction with respect to its Claim, whether the Creditor
22 received consideration in more than one tax year, and whether the Creditor is a resident of the
23 United States. If a Creditor's Claim is characterized as a loss resulting from a debt, then the
24 extent of the deduction will depend on whether the debt is deemed wholly worthless or partially
25 worthless, and whether the debt is construed to be a business or nonbusiness debt as determined
26 under the 26 U.S.C. § 166, and/or other applicable provisions of the Internal Revenue Code.

27 CREDITORS SHOULD CONSULT THEIR TAX ADVISOR REGARDING THE TAX
28 TREATMENT (INCLUDING FEDERAL, STATE, LOCAL, AND FOREIGN TAX

1 CONSEQUENCES) OF THEIR RESPECTIVE ALLOWED CLAIMS. THIS DISCLOSURE IS
2 NOT A SUBSTITUTE FOR TAX PLANNING AND SPECIFIC ADVICE FOR PERSONS
3 AFFECTED BY THE PLAN.

4
5 **X.**
CONFIRMATION OF THE PLAN

6 **A. Confirmation of the Plan.**

7 Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will hold a
8 hearing regarding confirmation of the Plan at the United States Bankruptcy Court for the District
9 of Nevada, Southern Division, 300 Las Vegas Boulevard South, Las Vegas, NV 89101,
10 commencing on October 22, 2013, at 1:30 p.m. (Pacific) and October 24, 2013, at 9:30 a.m.
11 (Pacific).

12 **B. Objections to Confirmation of the Plan.**

13 Section 1128(b) provides that any party-in-interest may object to confirmation of a plan.
14 Any objections to confirmation of the Plan must be in writing, must state with specificity the
15 grounds for any such objections, and must be timely filed with the Bankruptcy Court and served
16 upon counsel for Debtor at the following address:

17 GORDON SILVER
18 Attn: Candace C. Clark, Esq.
19 3960 Howard Hughes Parkway, 9th Floor
20 Las Vegas, Nevada 89169
21 (702) 796-5555 Telephone / (702) 369-2666 Facsimile
22 Email: cclark@gordonsilver.com

23 For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section
24 1129. In this regard, the Plan must satisfy, among other things, the following requirements.

25 **C. The Best Interest Test and Feasibility of the Plan.**

26 For the Plan to be confirmed, it must satisfy the requirements discussed below.

27 **1. Best Interest of Creditors.**

28 Pursuant to Section 1129(a)(7), for the Plan to be confirmed, it must provide that
Creditors and Holders of Equity Securities will receive at least as much under the Plan as they
would receive in a liquidation of Debtor under Chapter 7 of the Bankruptcy Code (the "Best

1 Interest Test”). The Best Interest Test with respect to each impaired Class requires that each
2 Holder of an Allowed Claim or Equity Security of such Class either: (i) accepts the Plan; or (ii)
3 receives or retains under the Plan property of a value, as of the Effective Date, that is not less
4 than the value such Holder would receive or retain if Debtor was liquidated under Chapter 7 of
5 the Bankruptcy Code. The Bankruptcy Court will determine whether the value received under
6 the Plan by the Holders of Allowed Claims in each Class of Creditors or Equity Securities equals
7 or exceeds the value that would be allocated to such Holders in a liquidation under Chapter 7 of
8 the Bankruptcy Code. Debtor believes that the Plan meets the Best Interest Test and provides
9 value which is not less than that which would be recovered by each such holder in a Chapter 7
10 bankruptcy proceeding.

11 Generally, to determine what Holders of Allowed Claims and Equity Securities in each
12 impaired Class would receive if Debtor were liquidated, the Bankruptcy Court must determine
13 what funds would be generated from the liquidation of Debtor’s Assets and properties in the
14 context of a Chapter 7 liquidation case, which for unsecured creditors would consist of the
15 proceeds resulting from the disposition of the Assets of Debtor, including the unencumbered
16 Cash held by Debtor at the time of the commencement of the liquidation case. Such Cash
17 amounts would be reduced by the costs and expenses of the liquidation and by such additional
18 Administrative Claims and Priority Claims as may result from the termination of Debtor’s
19 businesses and the use of Chapter 7 for the purpose of liquidation.

20 In a Chapter 7 liquidation, Holders of Allowed Claims would receive distributions based
21 on the liquidation of the non-exempt assets of Debtor. Such assets would include the same assets
22 being collected and liquidated under the Plan. However, the net proceeds from the collection of
23 property of the Estate available for distribution to Creditors would be reduced by any
24 commission payable to the Chapter 7 trustee and the trustee’s attorney’s and accounting fees, as
25 well as the administrative costs of the Chapter 11 estate (such as the compensation for Chapter
26 11 professionals). The Estate has already absorbed much of the cost of realizing upon Debtor’s
27 Assets. In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding scale
28 commission based upon the funds distributed by such trustee to creditors, even though Debtor

1 has already incurred some of the expenses associated with generating those funds. Accordingly,
2 there is a reasonable likelihood that Creditors would “pay again” for the funds accumulated by
3 Debtor because the Chapter 7 trustee would be entitled to receive a commission in some amount
4 for all funds distributed from the Estate.

5 It is further anticipated that a Chapter 7 liquidation would result in significant delay in the
6 payment, if any, to Creditors. Among other things, a Chapter 7 case could trigger a new bar date
7 for filing Claims that would be more than 90 days following conversion of the Chapter 11 Case
8 to Chapter 7. Hence, a Chapter 7 liquidation would not only delay distribution, but raises the
9 prospect of additional claims that were not asserted in the Chapter 11 Case. Moreover, Claims
10 that may arise in the Chapter 7 case or result from the Chapter 11 Case would be paid in full
11 from the Assets before the balance of the Assets would be made available to pay pre-Chapter 11
12 Allowed Priority Claims, Allowed General Unsecured Claims, and Equity Securities.

13 The distributions from the Assets would be paid Pro Rata according to the amount of the
14 aggregate Claims held by each Creditor. Debtor believes that the most likely outcome under
15 Chapter 7 would be the application of the “absolute priority rule.” Under that rule, no junior
16 Creditor may receive any distribution until all senior Creditors are paid in full, with interest, and
17 no Equity Security holder may receive any distribution until all Creditors are paid in full.

18 As set forth in the Liquidation Analysis²⁶ and accompanying notes annexed hereto as
19 **Exhibit “7,”** Debtor has determined that confirmation of the Plan will provide each Holder of a
20 Claim in an Impaired Class²⁷ with no less of a recovery than he/she/it would receive if Debtor
21 were liquidated under Chapter 7.

22 In a Chapter 7 case, the Chapter 7 trustee must liquidate the Debtor’s Assets and
23 distribute the proceeds thereof to Holders of Allowed Claims. In that scenario, the Holders of the
24 General Unsecured Claims would likely receive full repayment of their Claims, which is
25 equivalent to what they will receive through effectuation of the Plan.

26 _____
27 ²⁶ The Liquidation Analysis sets forth Debtor’s best estimates as to value and recoveries in the event that the Chapter
28 11 Case is converted to a case under Chapter 7 of the Bankruptcy Code and Debtor’s Assets are liquidated.

²⁷ The Impaired Class is Class 3 (General Unsecured Claims).

1 In addition, under the Plan, the Infrastructure Agreement is assumed by the Reorganized
2 Debtor. In connection therewith, the terms of the Plan contemplate payment in full of the Global
3 Cure Amount to effectuate the assumption of the Infrastructure Agreement. In the event of a
4 Chapter 7, it is almost certain that the Chapter 7 Trustee also would assume and assign the
5 Infrastructure Agreement to the prospective purchaser of the Real Property. In such scenario,
6 Global also would receive payment in full of the Global Cure Amount. Thus, in the context of a
7 liquidation, Global would receive an amount equivalent to what it would receive through the
8 effectuation of the Plan.

9 Thus, as evidenced by the Liquidation Analysis and the accompanying notes annexed
10 hereto as **Exhibit "7,"** the value provided under the Plan to the Holders of Claims in the
11 Impaired Classes is equal to or better than what they would receive under a Chapter 7
12 liquidation. *Specifically, as has been explained herein, if the Plan is confirmed, all Claims in*
13 *Class 3 will be paid in full and the Holders of Class 4 Equity Securities will retain all of their*
14 *rights thereunder. Thus, Debtor strongly encourages all Impaired Classes to vote in favor of*
15 *confirmation of the Plan.*

16 **2. Feasibility.**

17 The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court
18 must find that Confirmation of the Plan is not likely to be followed by liquidation or the need for
19 further financial reorganization of Debtor (the "Feasibility Test"). For the Plan to meet the
20 Feasibility Test, the Bankruptcy Court must find by a preponderance of the evidence that Debtor
21 will possess the resources and working capital necessary to meet its obligations under the Plan.

22 As demonstrated by the previous discussion of Debtor's financial condition, the Equity
23 Contribution and the Sale Proceeds combined with Debtor's operations provide sufficient cash
24 flow for Debtor to meet its payment obligations under the Plan. Furthermore, in the event that
25 Debtor cannot raise sufficient capital to satisfy its obligations under the Plan and the Cure
26 amount, Barry Becker and related entities have agreed to serve as a backstop to satisfy Debtor's
27 obligations. Thus, Debtor will be able to satisfy its obligations under the Plan through the Payoff
28

1 Date. Provided the foregoing, Debtor is confident that it can establish, and the Bankruptcy Court
2 will find, that the Plan is feasible within the meaning of Section 1129(a)(11).

3 **3. Confirmation of the Plan Without Acceptance by All Impaired Classes: the**
4 **“Cramdown” Alternative.**

5 Section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be
6 confirmed even if it has not been accepted by all impaired classes, as long as at least one
7 impaired class of claims has accepted it. Consequently, the Bankruptcy Court may confirm the
8 Plan at Debtor’s request notwithstanding the Plan’s rejection by Impaired Classes, as long as at
9 least one Impaired Class has accepted the Plan and the Plan “does not discriminate unfairly” and
10 is “fair and equitable” as to each Impaired Class that has not accepted it.

11 A plan will be deemed fair and equitable as to a class of secured claims that rejects the
12 plan if the plan provides: (i)(a) that the holders of claims in the rejecting class retain the lien
13 securing those claims, whether the property subject to those liens is retained by the debtor or
14 transferred to another entity, to the extent of the allowed amount of such claims, and (b) that
15 each holder of a claim in such class receives on account of that claim deferred cash payments
16 totaling at least the allowed amount of that claim of a value, as of the effective date of the plan,
17 at least equal to the value of the holder’s interest in the estate’s interest in such property; (ii) for
18 the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the
19 liens securing the claims included in the rejecting class, free and clear of the liens, with the liens
20 to attach to the proceeds of the sale, and the treatment of the liens on such proceeds as described
21 under clause (i) or (ii) of this paragraph; or (iii) for the realization by such holders of the
22 indubitable equivalent of such claims.

23 A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the
24 plan provides: (i) for each holder of a claim included in the rejecting class to receive or retain on
25 account of such claim property that has a value, as of the effective date of the plan, equal to the
26 allowed amount of such claim; or (ii) that the holder of any claim or interest that is junior to the
27 claims of such rejecting class will not receive or retain on account of such junior claim or interest
28 any property at all.

1 4. Accepting Impaired Class.

2 Since at least one Class of Claims is Impaired under the Plan, in order for the Plan to be
3 confirmed, the Plan must be accepted by at least one Impaired Class of Claims (not including the
4 votes of Insiders of Debtor). For an Impaired Class of Claims to accept the Plan, those
5 representing at least two-thirds in amount and a majority in number of the Allowed Claims voted
6 in that Class must be cast for acceptance of the Plan.

7 5. Voting Procedures.

8 a. Submission of Ballots.

9 All Creditors entitled to vote will be sent a ballot, together with instructions for voting,
10 and a copy of this approved Disclosure Statement which includes a copy of the Plan. You should
11 read the ballot carefully and follow the instructions contained therein. Please use only the ballot
12 that was sent with this Disclosure Statement.

13 You should complete your ballot and return it to Debtor's Counsel as follows:

14 Gordon Silver
15 Attn: Candace C. Clark, Esq.
16 3960 Howard Hughes Parkway, 9th Floor
 Las Vegas, NV 89169
 Fax: (702) 369-2666 / E-mail: cclark@gordonsilver.com

17 **TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS**
18 **LISTED ABOVE BY 5:00 P.M., PREVAILING PACIFIC TIME, ON OCTOBER 8, 2013.**

19 b. Incomplete Ballots.

20 Unless otherwise ordered by the Bankruptcy Court, ballots which are signed, dated and
21 timely received, but on which a vote to accept or reject the Plan has not been indicated, will be
22 counted as a vote for the Plan.

23 c. Withdrawal of Ballots.

24 You may not withdraw or change your ballot after it is cast unless the Bankruptcy Court
25 permits you to do so after notice and a hearing to determine whether sufficient cause exists to
26 permit the withdrawal or change.

27 ...

28 ...

1 d. Questions and Lost or Damaged Ballots.

2 If you have questions concerning these voting procedures, if your ballot is damaged or
3 lost, or if you believe you should have received a ballot but did not receive one, you may contact
4 Debtor's counsel as listed above regarding submission of ballots.

5 **XI.**
6 **ALTERNATIVES TO THE PLAN**

7 Debtor believes that the Plan provides Creditors the best and most complete form of
8 recovery available. As a result, Debtor believes that the Plan serves the best interests of all
9 Creditors and parties-in-interest in the Chapter 11 Case.

10 In formulating and developing the Plan, Debtor explored numerous alternatives. Debtor
11 believes not only that the Plan fairly adjusts the rights of various Classes of Creditors and
12 enables the Creditors to realize the greatest sum possible under the circumstances, but also that
13 rejection of the Plan in favor of some theoretical alternative method of reconciling the Claims of
14 the various Classes would require, at the very least, an extensive and time-consuming negotiation
15 process and would not result in a better recovery for any Class.

16 **A. Alternative Plans of Reorganization.**

17 Under the Bankruptcy Code, a debtor has an exclusive period of 120 days and an
18 additional vote solicitation period of 60 days from the entry of the order for relief during which
19 time, assuming that no trustee has been appointed by the Bankruptcy Court, only a debtor may
20 propose a plan of reorganization. After the expiration of the initial 180-day period and any
21 extensions thereof, the debtor or any other party-in-interest may propose a different plan, unless
22 the Bankruptcy Court has extended the exclusivity periods. Debtor timely filed its Plan within
23 the 120-day exclusivity period. To the extent necessary, Debtor will seek an extension of the
24 plan acceptance exclusivity period to provide sufficient time for Debtor to obtain acceptance of
25 its Plan.

26 If a plan of reorganization cannot be confirmed, a Chapter 11 case may be converted to a
27 Chapter 7 case, in which a trustee would be elected or appointed to liquidate the assets of the
28 debtor for distribution to creditors in accordance with the priorities established by the

1 Bankruptcy Code. For a discussion of the effect that a Chapter 7 liquidation in the Chapter 11
2 Case would have on recovery by Creditors, see Section X.C and the Liquidation Analysis at
3 **Exhibit “7.”**

4 As previously stated, Debtor believes that liquidation under Chapter 7 would result in no
5 better recovery by Debtor’s creditors because of: (i) the risk that Debtor may cease or lose
6 business; (ii) additional administrative expenses involved in the appointment of a trustee for
7 Debtor and attorneys and other professionals to assist such trustee; and (iii) additional expenses
8 and Claims, some of which would be entitled to priority, which would be generated during the
9 liquidation and from the rejection of leases and other executory contracts in connection with a
10 cessation of Debtor’s operations. Accordingly, Debtor believes that Holders of Claims will not
11 receive a better distribution in a Chapter 7 liquidation than they will receive under the Plan.

12 **XII.** 13 **PREFERENCE AND OTHER AVOIDANCE ACTIONS**

14 A bankruptcy trustee (or the debtor as a debtor-in-possession) may avoid as a preference
15 a transfer of property made by a debtor to a creditor on account of an antecedent debt while a
16 debtor was insolvent, where that creditor receives more than it would have received in a
17 liquidation of the entity under Chapter 7 had the payment not been made, if: (i) the payment was
18 made within 90 days before the date the bankruptcy case was commenced; or (ii) the creditor is
19 found to have been an “insider,” as defined in the Bankruptcy Code, within one year before the
20 commencement of the bankruptcy case. A debtor is presumed to have been insolvent during the
21 90 days preceding the commencement of the case.

22 A bankruptcy trustee (or the debtor as a debtor-in-possession) may avoid as a fraudulent
23 transfer a transfer of property made by a debtor within two years (and under applicable Nevada
24 law, four years) before the date the bankruptcy case was commenced if the debtor: (i) received
25 less than reasonably equivalent value in exchange for such transfer; and (ii) was insolvent on the
26 date of such transfer or became insolvent as a result of such transfer, such transfer left the debtor
27 with an unreasonably small capital, or the debtor intended to incur debts that would be beyond
28 the debtor’s ability to pay as such debts matured.

1 Although Debtor has not fully analyzed various potential preference or other avoidance
2 actions, it is possible that some pre-Petition transactions may be avoidable. Debtor thus hereby
3 expressly reserves its right to commence any appropriate actions pursuant to Chapter 5 of the
4 Bankruptcy Code.

5 **XIII.**
6 **RECOMMENDATION AND CONCLUSION**

7 The Plan provides the best possible recovery for all parties-in-interest. Accordingly,
8 Debtor strongly recommends that all Creditors who are entitled to vote on the Plan should vote to
9 accept the Plan.

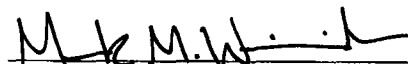
10 DATED this 23 day of August, 2013.

11 SIERRA NEGRA RANCH LLC
12 A Nevada limited liability company,

13 

14 By: SNR Management, LLC
15 By: Becker SNR, LLC
16 By: Barry W. Becker
17 Its: Manager

18 **PREPARED AND SUBMITTED BY:**

19 By: 
20 GERALD M. GORDON, ESQ.
21 CANDACE C. CLARK, ESQ.
22 MARK M. WEISENMILLER, ESQ. ,
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24 Las Vegas, Nevada 89109
25 Attorneys for Debtor
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