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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re:
NATIVE ENVIRONMENTAL, L.L.C.,
Debtor.

Address: 3250 S. 35th Ave.
Phoenix, AZ 8009

Taxpayer Identification No.: xx-xxx7687

Chapter 11 Proceedings

Case No. 2:16-bk-2378-DPC

**DEBTOR'S FIRST AMENDED
DISCLOSURE STATEMENT**

I. INTRODUCTION

This document is the first amended disclosure statement (“Disclosure Statement”) of the Debtor, Native Environmental, L.L.C. (the “Debtor”), in the above entitled Chapter 11 bankruptcy proceeding. This Disclosure Statement is submitted by the Debtor pursuant to 11 U.S.C. §1125.

11 U.S.C. §1125(b) prohibits the solicitation of acceptances or rejections of a plan of reorganization unless such plan is accompanied by a copy of the Disclosure Statement which has been approved by the Bankruptcy Court.

The purpose of this Disclosure Statement is to provide creditors and interested parties in this bankruptcy proceeding with such information as may reasonably be deemed sufficient to allow creditors and interested parties to make an informed decision regarding the Debtor’s First Amended Plan of Reorganization (“Plan”), a copy of which is attached hereto and incorporated herein as Exhibit “A”.

Unless otherwise noted, those portions of the Plan and this Disclosure Statement providing factual information concerning the Debtor, its assets and liabilities, have been prepared from

627389.1

1 information submitted by the Debtor and its retained professionals. The Debtor and other
2 professionals employed by the Debtor have utilized all relevant, non-privileged information provided
3 by the Debtor in preparing this Disclosure Statement and the Plan.

4 This Disclosure Statement contains information that may influence your decision to accept or
5 reject the Debtor's proposed Plan. Please read this document with care.

6 The financial information contained in this Disclosure Statement has not been subjected to an
7 audit by an independent certified public accountant. For that reason, the Debtor is not able to warrant
8 or represent that the information contained in this Disclosure Statement is without any inaccuracy. To
9 the extent practicable, the information has been prepared from the Debtor's financial books and
10 records and great effort has been made to ensure that all such information is fairly representative.

11 This Disclosure Statement and the Plan will classify all creditors into Classes. The treatment
12 of each Class of creditors will be set forth in this Disclosure Statement and in the Plan. You should
13 carefully examine the treatment of the Class to which your Claim will be assigned.

14 This Disclosure Statement requires approval by the Bankruptcy Court after notice and a
15 hearing pursuant to 11 U.S.C. §1125(b). Once approved, the Disclosure Statement will be distributed
16 with the Debtor's proposed Plan for voting. Approval of the Disclosure Statement by the Bankruptcy
17 Court does not constitute either certification or approval of the Debtor's Plan by the Bankruptcy Court
18 or that the Disclosure Statement is without any inaccuracy.

19 The Bankruptcy Court will confirm the Plan if the requirements of Section 1129 of the
20 Bankruptcy Code are satisfied. The Bankruptcy Court must determine whether the Plan has been
21 accepted by each impaired class entitled to vote on the Plan. Impaired classes entitled to vote on the
22 Plan are those classes of claims whose legal, equitable or contractual rights are altered, as defined
23 under §1124 of the Bankruptcy Code. An impaired class of claims is deemed to have accepted the
24 Plan if at least two thirds in amount of those claims who vote and more than one half in number of
25 those claims who vote have accepted the Plan. An impaired class of interests is deemed to have
26 accepted the Plan if the Plan has been accepted by at least two thirds in amount of the allowed
27 interests who vote on the Plan.

28 Even if each class of creditors does not accept the Plan, the Plan can be confirmed under
§1129(b) of the Code, so long as one impaired class of creditors accepts the Plan. This is referred to

1 as the “cram down” provision. The failure of each class to accept the Plan could very well result in a
2 conversion of this case to a Chapter 7 or dismissal of the Chapter 11, and the secured creditors
3 repossessing its collateral and disposing of it in a commercially reasonable manner with no obligation
4 to unsecured creditors.

5 Only the votes of those creditors or interested parties whose ballots are timely received will be
6 counted in determining whether a class has accepted the Plan.

7 **II. DEFINITIONS**

8 The definitions set forth in Article I of the Plan apply in this Disclosure Statement except to
9 the extent other definitions are set forth in this Disclosure Statement.

10 **III. THE DEBTOR AND EVENTS PRECIPITATING THE CHAPTER 11, FINANCIAL** 11 **HISTORY, AND OPERATIONS PROGRESS**

12 The Debtor was organized on October 25, 2000. The Debtor is owned by Jon Riggs and
13 Dusty Ellington. Jon Riggs is the Manager of the Debtor. Kim Riggs and Suzie Ellington, the wives
14 of Jon and Dusty, also work for the Debtor.

15 The Debtor specializes in industrial cleaning for commercial and residential projects,
16 featuring asbestos remediation with removal of asbestos from all ceilings and walls, mold
17 remediation, microbial decontamination and containment, hydro-blasting to remove hardened layers
18 of hazardous and non-hazardous floor coatings, stripping of lead-based paint from roadways, proper
19 clean-up of all project debris via trucks and waste disposal containers, and much more. The Debtor
20 is a licensed and bonded, and is approved for remediation services under state and government
21 contracts. The Debtor services all of Arizona, Phoenix and surrounding valley cities including
22 Scottsdale, Chandler, Mesa; and also is available for contracts for many remediation projects in
23 nearby New Mexico, Colorado, Utah, Nevada and California. Past projects include nuclear
24 generating stations, hospitals, multi-tenant high rise projects, large scale commercial projects, and
25 government land projects. Additional services offered: 24 hour emergency response, soil
26 remediation, site demolition and dismantling, PCB ballast capacitor removal and disposal, hazardous
27 waste removal and disposal, and mercury bulb removal.

28 The Debtor is a mature company that has made it through the worst of times. Attached as
Exhibit D is the Debtor’s 2010-2015 Income Statements. The Debtor showed a profit of \$1.5

1 million in 2010 and \$1.04 million in 2011 under the management of Jon Riggs. During 2012, Jon
2 Riggs agreed to enter into buyout negotiations with then 10% partner Jeff Cromer. Mr. Riggs and
3 Mr. Cromer were not in agreement with the direction of the future of the business. Mr. Cromer had
4 started a restoration company unrelated to the Debtor and wanted to utilize the Debtor's resources to
5 further that business. Mr. Riggs was focused on maintaining the Debtor's current remediation
6 market and expanding into industrial clean up within the mining industry. Mr. Ellington was living
7 out of state and had assigned Mr. Cromer with the managing responsibilities of his interest. Mr.
8 Riggs signed over his managing member responsibilities to Mr. Cromer at the start of negotiations
9 and relinquished his authority in daily business matters. Under Mr. Cromer's management, the
10 Debtor reported a loss of \$112,416 for 2012. In July of 2013, Mr. Riggs and Mr. Cromer agreed to
11 buy-out terms, but BMO Harris, the Debtor's bank, stepped into the negotiation as the business
12 continued to lose money under Mr. Cromer. BMO Harris assigned the Debtor's account to its
13 Special Accounts Management Unit and assigned the Debtor a new banker, James Searles. In July
14 of 2013, BMO Harris mandated that both Jon Riggs and Dusty Ellington re-enter the business as
15 active managing members, stopped the buyout negotiations with Mr. Cromer, and froze the Debtor's
16 line of credit. Jeff Cromer chose to exit the business altogether at that time and was released of his
17 obligations on the line of credit provided the Debtor pay off their equipment loans with BMO
18 Harris. The Debtor paid off the loans and Mr. Cromer signed over his interest in the Debtor. The
19 Debtor's former CFO also left the business in 2013, leaving no in-house accountant.

20 The Debtor finished out its 8.5 million in contract revenue in 2013 and recorded a loss of
21 \$693,000 on the balance sheet, all as a fall-out of the Cromer management problems. The Debtor
22 did not hire a new in-house CFO in an effort to reduce overhead. The Debtor then began under Mr.
23 Riggs' and Mr. Ellington's new management efforts to dig out of the extreme problems caused by
24 Mr. Cromer. As a result of those problems, the Debtor realized \$7.8 million dollars in contract
25 revenue and a loss of \$602,000 in 2014. In December of 2014, the Debtor hired an outside
26 accounting agency to provide assistance into these losses and how to continue to dig out of the
27 Cromer issues. In the past, under Mr. Riggs' management, the Debtor had been highly profitable at
28 this volume. Under the guidance of the accounting firm, the Debtor began the process of eliminating
the vastly ballooned overhead costs that had been established under Mr. Cromer's management. The

1 Debtor also continued to chip away at their debt to BMO Harris Bank. In February 2015, Dusty
2 Ellington had a heart attack. Doctors warned that the stress of the business was becoming
3 detrimental to his health. The heart attack left Mr. Ellington in a very fragile state and his health
4 began to decline. In April 2015, Mr. Ellington returned to Mississippi to live with his daughter and
5 grandchildren. Mrs. Ellington stayed in Arizona to work in the business. The Debtor sought many
6 options to obtain an investor, or new bank, to take on Mr. Ellington's personal obligation in
7 exchange for his interest. In December 2015, the Debtor was approached by an investor who was
8 interested in purchasing the note from BMO Harris. If successful, the investor would release the
9 Ellingtons from their personal guarantee in exchange for their interest in the Debtor. The investor
10 began negotiating with BMO Harris in January 2016. The Debtor reported \$4.3 million dollars in
11 contract revenue in 2015 and a loss of \$557,000. By the end on 2015 the Debtor had reduced
12 overhead and costs to level that would sustain profitability at a \$3.5 million dollar volume, and
13 continued to fine tune its estimating and bidding processes. The Debtor determined with the
14 assistance of its outside accountant that revenue at that volume could be managed without Mr.
15 Ellington, and that the profitability at that level would allow the Debtor to work out its remaining
16 debt over time.

17 The Debtor had a long standing banking relationship with former M&I Bank and
18 subsequently BMO Harris. The Debtor met with BMO representative James Searles in September
19 2015. He informed them that BMO had agreed to term out the line of credit over ten years. The
20 Debtor was awaiting paperwork from BMO. In November 2015, the Debtor was informed by their
21 BMO banker James Searles that he had been terminated along with his entire department. BMO
22 Harris was not going to honor the agreement to term the loan out over 10 years, and it was his
23 opinion that BMO Harris would not extend the LOC when it matured December 31, 2015. The
24 Debtor was not given any information regarding a new contact with BMO.

25 After Mr. Searles departure, the Debtor received no input from BMO, so the Debtor tried to
26 contact someone about how to proceed. On February 24, 2016, BMO Harris representative Jay
27 Ribares was assigned to the Debtor. On February 25, 2016, the Debtors were lead to believe that
28 Mr. Ribares would be coming to Arizona to see the operations. On March 8, 2016, without any prior
warning, the Debtor was served with a summons for a receivership hearing on March 9, 2016. The

1 Debtor became the subject of a pending civil lawsuit – Superior Court of Arizona, County of
2 Maricopa Case Number CV2016-001775 (*BMO Harris Bank, N.A. v. Native Environmental, L.L.C.,*
3 *et al.*). In that action, BMO sought the appointment of a receiver. This event overwhelmed the
4 Debtor’s resources, ultimately leaving the Debtor no choice but to file a Chapter 11 Bankruptcy.
5 The Debtor’s scrambled to obtain representation and requested a postponement of the hearing. The
6 hearing was postponed to March 11, 2016. The Debtor was forced to file its bankruptcy on an
7 emergency basis on March 11, 2016, in order to prevent the receivership, which would have
8 decimated a long-standing, viable, company that remains to this day in good standing in the
9 construction community.

10 The Debtor continues to procure clients and has a promising and productive future. The
11 Debtor has the client base, the dedicated work force and the drive to succeed. The Debtor currently
12 has 45 full-time employees. The Debtor has secured its place on large state contracts, city contracts
13 and has achieved a position as one of the top abatement companies in the state. The Debtor has
14 maintained long term relationships with clients that continue to utilize their services and provide
15 recommendations to new prospects. By the end of 2015, the Debtor had cut \$900,000 in yearly
16 overhead and labor that was the product of Mr. Cromer’s management. The Debtor had also paid
17 off its real estate loan, BMO equipment loans and reduced its line of credit balance with BMO from
18 \$835,000 to \$641,000. The Debtor has continued to make payments to BMO during the bankruptcy
19 proceeding, currently totaling \$67,190 since the bankruptcy was filed. The Debtor estimates that the
20 current balance on the note is now \$573,000.

21 The Debtor has negotiated stipulations with all secured creditors with the exception of BMO,
22 and is already paying in accordance with those stipulations. The Debtor is on target to reach its \$3.5
23 million dollar volume in 2016, and despite the early year setback and attorney fees associated with
24 the bankruptcy process, the Debtor forecasts a successful 2016. In addition to expense cuts, the
25 Debtor has moved its focus to profitability. The Debtor has developed new estimating processes
26 which have increased margins, and implemented a well enforced budget. The Debtor has relocated
27 its operation to a smaller property, further reducing overhead. The Debtor has continued to decrease
28 expenses in 2016 where possible to increase profitability. The Debtor’s vast experience, client
contacts, reputation in the industry, and secured contracts will continue to provide ample prospects

1 to meet the projected revenue. The Debtor's revised budget and increased profit margins that are
2 currently in effect assure profitability moving forward, allowing for all creditors to be paid as set
3 forth in the Plan. The Debtor has showed its ability to provide jobs and revenue into the community
4 under the current management. The Debtor and its principals have been recognized by Inc 500,
5 Arizona Top Contractors, and have received many other accolades over the years honoring their
6 success.

7 Given the hurdles the Debtor has overcome, the Debtor fully anticipates it will be able to
8 achieve a successful reorganization.

9 **IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11**

10 A. Administrative Proceedings

11 The Debtor filed its Petition for Relief under Chapter 11 on March 10, 2016. A first meeting
12 of creditors was held on April 12, 2016.

13 B. Retention of Professionals

14 The Debtor retained Aiken Schenk Hawkins & Ricciardi P.C. ("ASHR") to act as its
15 bankruptcy counsel. An Order approving ASHR was signed by the Court on March 11, 2016.

16 On April 14, 2016, the Debtor filed a petition for Authority to Retain Relentless
17 Accountability, LLC ("Relentless") as the bookkeeper for the Debtor. Relentless will assist the
18 Debtor in general bookkeeping services and tax preparation. On April 14, 2016, the Court signed an
19 Order approving the retention of the bookkeeper. On April 15, 2016, the United States Trustee
20 ("UST") filed a Motion for Reconsideration of the Order Granting the Petition to Retain Relentless as
21 the bookkeeper for the Debtor. The Court set a hearing on the UST's Motion for May 5, 2016. On
22 April 29, 2016, the Debtor filed its response to the UST's Motion. On 19, 2016, the Court entered an
23 Order modifying its original order to authorize the retention of Relentless.

24 On May 13, 2016, the Debtor filed a petition for Authority to Retain Price, Kong, & Co.,
25 C.P.A.'s P.A. ("Price Kong") as the accountant for the Debtor. The professional accounting services
26 Price Kong shall render include, without limitation, preparation of the Debtor's 2015 federal and state
27 partnership income tax returns. On May 14, 2016, the Court signed an Order approving the retention
28 of the accountant.

1 C. Use of Cash Collateral

2 On March 10, 2016, the Debtor filed an Emergency Motion for Authorization to Use Cash
3 Collateral. Pursuant to the Motion, the Debtor requested an order authorizing the use of cash
4 collateral in accordance with Budget attached to the Motion. On March 14, 2016, BMO Harris Bank,
5 N.A. (“BMO”) filed a Notice of Non-Consent to Debtor’s Use of Cash Collateral. On March 15,
6 2016, the U.S. Trustee filed a Response to the Motion. On March 16, 2016, BMO also filed a
7 Response to the Motion. A hearing was held on March 16, 2016. At the hearing the parties reached
8 an interim resolution and requested a continued hearing. The continued hearing was held on March
9 22, 2016. At the March 22, 2016 hearing, the Court approved the Debtor’s use of Cash Collateral
10 through the close of business on April 12, 2016 and set a continued hearing on the matter for April 12,
11 2016. An Order granting the Motion was entered on March 24, 2016.

12 At the April 12, 2016 hearing, the Court approved the Debtor’s use of Cash Collateral through
13 the close of business on May 17, 2016 and set a continued hearing on the matter for May 17, 2016.
14 An Order granting the Motion was entered on April 25, 2016.

15 Cash collateral issues will be ongoing throughout the bankruptcy proceeding and the Debtor
16 continues to operate under an extension of the cash collateral orders.

17 D. Motion to Allow Checks Issued Pre-Petition to be Cleared Through the Existing
18 Accounts

19 On March 10, 2016, the Debtor filed a Motion to Allow Checks Issued Pre-Petition to be
20 Cleared Through the Debtor’s Existing Pre-Petition Bank Accounts (the “Check Motion”). Pursuant
21 to the Check Motion, the Debtor requested an Order permitting checks that were issued by the Debtor
22 from its bank accounts pre-petition to be cleared through those accounts post-petition pursuant to 11
23 U.S.C. §105. The Debtor filed the motion in an effort to ensure that its ordinary operations and those
24 to whom they issued checks pre-petition were not disrupted by the bankruptcy filing. The checks
25 issued by the Debtor pre-petition were in the ordinary course of business and there were no
26 extraordinary payments among them. On March 15, 2016, the U.S. Trustee filed a Response to the
27 Motion. On March 16, 2016, BMO also filed a Response to the Motion. A hearing was held on
28 March 16, 2016. At the hearing the parties reached an interim resolution and requested a continued
hearing. The continued hearing was held on March 22, 2016. At the March 22, 2016 hearing, the

1 Court approved the Check Motion and an Order granting the Check Motion was entered on March 24,
2 2016.

3 E. Claims Bar Date

4 On March 17, 2016, the Debtor filed a Motion to Set Bar Date to File Claims. On April 13,
5 2016 the Court signed an Order setting June 30, 2016 as the bar date for claims.

6 F. Debtor's Motion to Approve Sale of Personal Property

7 On April 11, 2016, the Debtor filed a Motion to Approve Sale of Personal Property Free and
8 Clear of Liens, Claims and Interests. By its motion, the Debtor sought an order approving the sale of
9 that certain DB1500 Dustless Blaster and the 2008 GRTRA 7 ton trailer (VIN x1918) (the
10 "Equipment") free and clear of all liens, claims, and interests to American Soda Blasters and/or its
11 nominee for \$16,500.00, which is \$5,000.00 higher than the fair market value as listed in the Debtor's
12 Schedules. BMO Harris Bank, N.A. ("BMO") claimed a secured interest in the Equipment. BMO
13 consented to the sale of the Equipment. The Debtor will pay over the net sale proceeds to BMO to
14 pay down the principal balance owing on the debt to BMO. A hearing on the sale was held on April
15 12, 2016, and an Order approving the sale was signed by the Court on April 13, 2016.

16 G. Motion to Approve Lease Agreement

17 On April 15, 2016, the Debtor filed a Motion to Approve Lease Agreement. By its Motion,
18 the Debtor sought an Order approving the Office Building Lease regarding that certain lease of the
19 commercial property located at 2435 E. University, Phoenix, AZ 85035 (the "Lease") executed by
20 and between the Debtor as Tenant and D&M Holdings, LLC ("D&M") as Landlord. The Court held a
21 hearing on the Motion on May 5, 2016, and on May 6, 2016, the Court entered an Order approving the
22 Motion.

23 H. Motion for Order Establishing Procedures to Sell Personal Property Free and Clear of
24 Liens, Claims and Interests

25 On April 19, 2016, the Debtor filed a Motion to For Order Establishing Procedures to Sell
26 Personal Property Free and Clear of Liens, Claims and Interests. By its Motion, the Debtor sought an
27 order to establishing a procedure to sell personal property free and clear of liens, claims and interests
28 without the need to file separate motions for each item to be sold. The Court held a hearing on the
Motion on May 5, 2016, and on May 19, 2016, the Court entered an Order approving the Motion.

1 I. Appointment of Unsecured Creditors Committee

2 On April 28, 2016 the United States Trustee's Office filed a statement concerning its inability
3 to appoint a committee of unsecured creditors.

4 J. ASHR's Fee Applications

5 ASHR will file applications for fees and costs incurred in its representation of the Debtor.
6 Orders approving ASHR's application for fees will be signed by the Court to reflect the fees and costs
7 that are payable. ASHR will be filing additional fee applications from time to time during this
8 proceeding. Because this matter is ongoing, interested parties should review the Court's docket for
9 the current status of this matter.

10 K. Bookkeeper's Fee Applications

11 Relentless will file applications for fees and costs incurred as accountant for the Debtor.
12 Orders approving Relentless' application for fees will be signed by the Court to reflect the fees and
13 costs that are payable. Relentless will be filing additional fee applications from time to time during
14 this proceeding. Because this matter is ongoing, interested parties should review the Court's docket
15 for the current status of this matter.

16 L. Motion of Enterprise FM Trust for Order Compelling Debtor to Assume or Reject Fleet
17 Lease Agreement and for Relief from the Automatic Stay, or in the Alternative,
18 Granting Adequate Protection

19 On April 22, 2016, Enterprise FM Trust ("Enterprise") filed a Motion for Order Compelling
20 Debtor to Assume or Reject Fleet Lease Agreement and for Relief from the Automatic Stay, or in the
21 Alternative, Granting Adequate Protection. On May 6, 2016, the Debtor filed its response to
22 Enterprise's Motion. On May 19, 2016, the parties filed a Stipulation for Partial Claim Treatment.
23 Ultimately, the Court entered an Order approving the Stipulation.

24 M. Stipulation for Claim Treatment with Bank of the West

25 On May 13, 2016, the Debtor filed a Stipulation for Claim Treatment with Bank of the West
26 regarding Bank of the West's claim secured by: (1) a 2012 Ditch Witch FX30 Vacuum SN:
27 CMWFX30XCCOOOI603; (2) a T18S Ditch Witch Trailer VIN:1DSB202S5CI701855; (3) a 2010
28 Ditch Witch FX30 Vacuum SN: CMWFX30XEB0001081; (4) a T18S Ditch Witch Trailer VIN:
1DSB202S0B1702183; (5) a 2012 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; (6) a 2012

1 Ditch Witch T18S Trailer VIN: IDSB122C7C1702268; and (7) a Wacker G70 Generator (collectively
2 the “Equipment”). The Parties came to an agreement regarding Bank of the West’s Allowed Secured
3 Claim. On June 10, 2016, the Court entered an Order approving the Stipulation.

4 N. Stipulation for Partial Claim Treatment and Stipulation for Claim Treatment with
5 Enterprise FM Trust

6 On May 19, 2016, the Debtor filed a Stipulation for Partial Claim Treatment with Enterprise
7 FM Trust (“Enterprise”) regarding Enterprise’s claim secured by 11 vehicles (collectively the
8 “Vehicles”). The parties agreed that the Debtor will return two of the Vehicles to Enterprise for sale
9 and a credit against the principal balance owing on its account: (1) 2011 Ford Passenger Van, VIN
10 1FBSS3BL9BDA52285 and (2) 2011 Ford Utility Van VIN 1FTNE1EW3BDB34698. The
11 determination of the total amount owed under the Enterprise Lease Agreement and the total value of
12 the Vehicles will be the topic of a further stipulation between the parties. On June 16, 2016, the Court
13 entered an Order approving the Stipulation.

14 On September 20, 2016, the Debtor filed a Stipulation for Claim Treatment with Enterprise.
15 The Debtor and Enterprise have resolved all issues between them and have achieved a consensual
16 payment schedule that allows the Debtor to retain the remaining vehicles financed by Enterprise. The
17 Debtor is already making payments in accordance with the terms of the Stipulation.

18 O. Motion to Reject Toshiba Lease and Service Contract

19 On May 20, 2016, the Debtor filed a Motion to Reject Toshiba Lease and Service Contract.
20 By its Motion, the Debtor requested the Court enter an order rejecting the Lease and Service
21 Agreement between the Debtor and Toshiba Business Solutions (“Toshiba”) regarding a Toshiba
22 Model ES2540C copier. Ultimately, the Court entered an Order granting the Motion.

23 P. Motion to Extend Lease Assumption or Rejection Deadline

24 On May 31, 2016, the Debtor filed a Motion to Extend the Lease Assumption or Rejection
25 Deadline (the “Motion”). By its Motion, the Debtor sought an Order extending the deadline that the
26 Debtor has to reject or assume any leases for 90 days from July 8, 2016 to October 6, 2016.
27 Ultimately, the Court entered an Order approving the Motion. The Debtor has now moved its business
28 lease premises to a smaller but significantly less expensive location.

1 Q. Plan and Disclosure Statement

2 On July 8, 2016, the Debtor filed its First Disclosure Statement referring to its First Plan of
3 Reorganization. On August 23, 2016, BMO filed an Objection to the Disclosure Statement. A
4 hearing to approve the Disclosure Statement was held on August 30, 2016. A continued hearing is
5 scheduled for September 29, 2016.

6 V. DESCRIPTION OF ASSETS AND LIABILITIES OF THE DEBTOR

7 The values ascribed to the assets below are based on the Debtor's best estimate and other
8 factors such as the purchase price, comparable sales, and tax assessments, and where applicable as
9 referenced below, on appraisals obtained.

10 A. Real Property

11 1. None. The Debtor rents the facility where it operates its business.

12 B. Personal Property

13 1. Cash on Hand

14 The debtor held approximately \$1,400.00 in cash at the time of the filing of the petition
15 for relief herein. The Debtor's cash has been used in the operation of its business.

16 2. Bank Accounts

17 The Debtor held approximately \$32,509.78 in business bank accounts at the time of the
18 filing of the petition for relief herein. The Debtor's cash has been used in the operation of its
19 business.

20 3. Accounts Receivable

21 The Debtor listed general accounts receivable in the amount of approximately
22 \$408,982.40 (\$531,145.97 less a 23% reduction for doubtful accounts). The accounts receivable have
23 been collected in the ordinary course of business and used in the business operations.

24 4. Inventory

25 The Debtor listed inventory valued at approximately \$48,983.42.

26 5. Office Equipment, Furnishings and Supplies

27 The Debtor listed miscellaneous office equipment, furniture and supplies valued at
28 \$15,600.00.

1 6. Automobiles

2 The Debtor listed the following vehicles in its Schedule B:

3

4	2008 Toyota ¾ Ton Pickup (VIN x3144)	\$8,650.00
5	2007 Toyota Tundra (VIN x8687)	\$7,370.00
6	2009 Passenger Van (VIN x2452)	\$8,122.00
7	2011 F-350 Flatbed (VIN x9757) (Leased)	\$11,788.00
8	2011 F-350 4x4 (VIN x8196) (Leased)	\$15,071.00
9	2012 Toyota Tundra (VIN x2986) (Leased)	\$17,477.00
10	2012 Toyota Tundra (VIN x5031) (Leased)	\$17,477.00
11	2012 Ford F-250 (VIN x3622) (Leased)	\$17,859.00
12	2011 Passenger Van (VIN x2285) (Leased)	\$5,434.00
	2012 Toyota Tundra (VIN x0425) (Leased)	\$17,477.00
	2012 Toyota Tundra (VIN x1740) (Leased)	\$13,956.00
	2011 Ford Van (VIN x4698) (Leased)	\$12,853.00
	2012 Ford F-350 (VIN x0603) (Leased)	\$11,967.00
	Dodge Ram 2500 (VIN x5041) (Leased)	\$30,309.00
	TOTAL	\$195,810.00

13 7. Trailers

14 The Debtor listed the following trailers in its Schedule B:

15

16	1998 Carso Big Open Top Trailer (VIN x2994)	\$1,200.00
17	2002 Haulmark Trailer (VIN x5911)	\$1,200.00
18	2005 Parker Open Top Trailer (VIN x4570)	\$1,200.00
19	1994 Wells Cargo Trailer (VIN x0192)	\$1,200.00
20	2005 Parker Open Top Trailer (VIN x6847)	\$1,200.00
21	2006 Big Tex Small Tip Trailer (VIN x0890)	\$3,000.00
22	2006 Haulmark (no door) Trailer (VIN x1878)	\$1,000.00
23	2006 Haulmark Side Door Trailer (VIN x1483)	\$1,500.00
24	2006 Parker Ranger Trailer (VIN x2515)	\$1,000.00
25	2007 Haulmark 14' Box Trailer (VIN x2969)	\$2,500.00
26	2007 Haulmark 6 x 14 Trailer (VIN x3120)	\$2,500.00
27	2007 12' WWTRA Box Trailer (VIN x6959)	\$2,500.00
28	2007 14' WWTRA Box Trailer (VIN x1454)	\$2,500.00
	2007 14' WWTRA Box Trailer (VIN x7155)	\$2,500.00
	2008 GRTRA 7 Ton Trailer (VIN X1918)	\$3,500.00
	1987 Fleming 6x14 Trailer (VIN x5230)	\$2,500.00
	1990 Chucka Tilt Trailer (VIN x5603)	\$1,500.00
	1994 Wells Box Trailer (VIN x9225)	\$1,500.00
	2008 Big Tex Trailer (VIN x6461)	\$2,000.00
	2012 Look Trailer (VIN x2505)	\$2,500.00
	2013 Look Trailer (VIN x3297)	\$2,500.00
	2012 Wells Cargo Trailer (VIN x2645)	\$2,500.00

2012 Wells Cargo Trailer (VIN x2225)	\$2,500.00
2006 Trailer (VIN x5764)	\$1,500.00
TOTAL	\$47,500.00

8. Machinery, Fixtures, Equipment and Supplies

The Debtor listed the following machinery and equipment in its Schedule B:

2005 Skid Steer Bobcat (small) (VIN x1318)	\$3,000.00
Water Wagon (VIN x2234)	\$2,000.00
6K Towable Generator (Blue) (VIN x4077)	\$2,500.00
Blaster #1 (oil cooled) (VIN x280-2)	\$27,500.00
1999 MQ25 Generator #2 (VIN x6640)	\$2,500.00
2004 Case Skip Loader (VIN x1627)	\$6,500.00
Sprayer Trailer	\$350.00
1750 Skid Steer Bobcat (big) (VIN x3843)	\$5,000.00
25 yd. Vacuum Box	\$3,300.00
Nissan Forklift (VIN x0353)	\$3,500.00
8x15 Storage Container	\$1,000.00
3K Gal. Water Tank	\$500.00
(10) 25 Gal. Poly Tanks	\$250.00
(2) 3K Blk. Water Tanks	\$500.00
High Vol. Filtration System	\$400.00
Rescue System	\$500.00
Blaster #2 (water cooled) (VIN x2078)	\$27,500.00
Misc. Blaster parts, hoses and equipment	\$2,000.00
Tile Scraper (blue)	\$1,500.00
Scraper Attachment (round)	\$200.00
Bobcat Flat Tile Scraper	\$200.00
Bobcat Pallet Fork	\$200.00
Bobcat Grapple Bucket	\$200.00
Riding Tile Scraper (yellow)	\$5,000.00
Ditch Witch Fx30/500 (VIN x2268); Ditch Witch Trailer #3	\$22,000.00
Dustless Blaster	\$8,000.00
Wacker G70 Generator	\$15,000.00
Lance (VIN x2672)	\$300.00
SRT6 (VIN x7799)	\$500.00
Scarfier Concrete Grind	\$1,000.00
Mig Welder 186	\$1,000.00
Ditch Witch #4 (800 Gal) (VIN x1855); Ditch Witch Trailer #4	\$33,000.00
Ditch Witch #5 (VIN x2183); Ditch Witch Trailer #5	\$33,000.00
TOTAL	\$209,900.00

9. Interests in Insurance Policies

The Debtor listed the following insurance policies in its Schedule B. These types of life insurance policies have little or no cash surrender value but can be a valuable resource if an

1 unfortunate event occurs and the individual were to pass away. Since the bankruptcy filing, BMO
 2 would not consent to the use of its cash collateral to pay the ongoing premiums for those policies
 3 requiring monthly payments, and thus the Debtor has not made the premium payments. As a result,
 4 the policies noted below that are self-funding remain viable and the remaining policies are being
 5 terminated by the insurance companies. The Debtor is the beneficiary on all life insurance policies.
 6

7 American National Insurance Policy No. UO567812 (No Surrender Value) – on life of Jon Riggs	\$200,000 death benefit; self-funded
8 American National Insurance Policy No. UO567811 – on life of Jon Riggs	\$2.4 million death benefit; premium owed or policy will terminate
9 American National Insurance Policy No. UO59603 – on life of Jeff Cromer	\$500,000 death benefit; self-funded
10 American National Insurance Policy No. ANB0007801 (Term Life Insurance-on life of Jon Riggs)	Terminated
11 American National Insurance Policy No. ANB0007793 (Term Life Insurance- on life of Dusty Ellington)	Terminated
12 Principle Life Insurance Policy No. 7640158 (Disability-Dusty Ellington)	\$10k per month disability
13 Principle Life Insurance Policy No. 7569240/7595736 (Disability-Jon Riggs)	\$8k per month disability
14 Great Divide Insurance Company General Commercial Liability; Contractors Pollution and Microbial Insurance Policy No. ECPO1511066-16	General liability policy
15 Nautilus Insurance Company Workers Compensation and Employee Liability Policy No. WCA15107761516	Workers compensation policy
16 Nautilus Insurance Company Automobile Insurance Policy No. BAP2014907- 10	Auto policy
17 Great Divide Insurance Company Excess Liability Insurance Policy No. FFX1511068-16	General liability policy

18 C. Financial Reports

19 The Debtor's monthly operating reports are current and copies can be obtained from the
 20 Court's electronic docket or from the Debtor's counsel.
 21

22 D. Administrative Expenses

23 The Debtor anticipates its administrative expenses will consist primarily of attorneys' fees for
 24 Aiken Schenk Hawkins Ricciardi P.C. ("ASHR"). On March 10, 2016, ASHR received a cashier's
 25 check in the amount of \$20,000.00 from Susan Ellington. On March 10, 2016, ASHR applied
 26 \$1,717.00 for the filing fee for the Chapter 11 bankruptcy proceeding of the Debtor. ASHR offset
 27
 28

1 \$3,650.00 for pre-petition services performed. The Debtor has authority to set aside \$10,000 per
2 month for the payment of its attorneys' fees, and the Court subsequently authorized the Debtor to
3 actually pay over 50% of the set aside funds on an ongoing basis. ASHR estimates its remaining
4 unpaid fees will be in the range of \$50,000 depending on creditor activity in this case and believes that
5 it should be paid out of the Debtor's post-petition earnings. There may be additional administrative
6 expenses for related costs such as experts and appraisal fees.

7 E. Priority Claims

8 The Arizona Department of Revenue ("ADOR") filed an Unsecured Priority Claim in the
9 amount of \$22,264.24 for TPT taxes for the periods ended September 30, 2014, September 30, 2015
10 and December 31, 2015. This Proof of Claim should be amended once the Debtor has filed the
11 appropriate tax returns.

12 The Internal Revenue Service ("IRS") filed an amended Unsecured Priority Claim in the
13 amount of \$3,771.62 for 2013 FUTA taxes and interest and an Unsecured Claim in the amount of
14 \$1,964.53 for 2015 estimated partnership taxes and penalties on its Unsecured Priority Claim. This
15 Proof of Claim should be amended once the Debtor has filed the appropriate tax returns.

16 The Debtor listed the New Mexico Taxation and Revenue Department as "Notice Only."
17 Nevertheless, it filed a proof of claim for \$202.62. The Debtor is investigating this proof of claim
18 because it believes it is current on any payments.

19 Native's tax liability passes through to the Riggs and Ellingtons. The Riggs have prepared
20 their 2014 and 2015 tax returns, and the Ellingtons are continuing to work on their 2014, 2015 and
21 prior year tax returns. In relation to the pass through tax obligation, the breakdown for payment
22 would be:

23 2014: Riggs Portion \$1527.00 Native Portion \$34,331 (plus an amount for penalties)

24 2015: Riggs Portion \$1328.00 Native Refund (\$13,296)

25 Total Due as of August 15: Riggs \$2855 Native \$21,035

26 Native provided this information to BMO and requested payment authorization from BMO, but to
27 date BMO has not provided that authorization.

28 For the Ellingtons, because 2013 and all prior years were already resolved through each owner's

1 capital accounts, the Ellingtons will be responsible themselves for any tax liability that they have for
2 2013 and any prior years, and their obligation with respect to the Native pass-through for 2014 and
3 2015 will be similar numbers to the Riggs' numbers above (net \$21,035).

4 The payments relating to the Riggs and the Ellingtons by Native will be paid directly to the taxing
5 authorities by Native, as soon as Native receives authorization from BMO or the Court approves
6 Native's Plan. Native already requested authorization from BMO to pay these obligations, but BMO
7 has not yet provided such authorization.

8 F. Secured Claims

9 Bank of the West (Ditch Witch) filed a Secured Claim in the amount of \$59,138.60 related to
10 its lien on the Debtor's Wacker G70 Generator and Ditch Witch trailers and equipment. The Debtor
11 and Bank of the West have executed a Stipulation to resolve their differences.

12 BMO filed a Secured Claim in the amount of \$640,916.70 related to its lien against the
13 Debtor's cash, inventory, accounts receivable and equipment. The Debtor has made various proposals
14 to BMO to resolve its Secured Claim but to date the parties have not resolved their differences.

15 Enterprise has not yet filed a proof of claim with respect to its interest in various equipment
16 held by the Debtor. The Debtor and Enterprise have executed a Stipulation to resolve their
17 differences.

18 Maricopa County Treasurer filed a secured claim in the amount of \$12,783.33 for 2015 and
19 estimated 2016 personal property taxes.

20 The Debtor has been making ongoing payments on its secured claims including taxes to
21 Maricopa County. Thus, the parties will need to resolve the actual amounts to be paid.

22 G. Unsecured Claims

23 The Debtor anticipates the total amount of Allowed Unsecured Claims in this Class will be
24 approximately \$564,543.58 owed for business-related debt.

25 H. Claims Register

26 Attached hereto as Exhibit "B" is a chart reflecting the status of claims as the Debtor is
27 presently aware.

28 **VI. CLASSIFICATION**

A. Priority Claims: Class 1

1 Class 1-A consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)
2 (Administrative Claims).

3 Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8) (Tax
4 Claims).

5 **B. Secured Claims: Class 2**

6 Class 2-A consists of the Allowed Secured Claim of Bank of the West/Ditch Witch
7 Financial Services (“Bank of the West”) regarding its first position lien on a portion of the Debtor’s
8 equipment.

9 Class 2-B consists of the Allowed Secured Claim of BMO Harris Bank, N.A. (“BMO”)
10 regarding its first position lien on the Debtor’s accounts receivable and a portion of the Debtor’s
11 equipment.

12 Class 2-C consists of the Allowed Secured Claim of Enterprise FM Trust
13 (“Enterprise”) regarding its first position lien on the Debtor’s vehicles.

14 Class 2-D consists of the Allowed Secured Claim of the Maricopa County Treasurer
15 relating to personal property taxes.

16 **C. General Unsecured Claims: Class 3**

17 Class 3-A consists of the Allowed Unsecured Claims of Creditors of the Debtor.

18 Class 3-B consists of the Allowed Unsecured Claims of Administrative Convenience
19 Unsecured Claims of Creditors that wish to elect to reduce their payment to a total of 50% of their
20 Allowed Unsecured Claim in order to be paid ahead of unsecured creditors not making the election.

21 **D. Debtor’s Interest: Class 4**

22 Class 4-A consists of the Allowed Interest of the Debtor.

23 **VII. IMPAIRMENT OF CLASSES**

24 Classes 1-A and 1-B are unimpaired under the Plan. All other classes are impaired, as that
25 term is defined in 11 U.S.C. §1124.

26 **VIII. TREATMENT OF CLASSES**

27 **A. Priority Claims: Class 1**

28 **1. Administrative Claims: 1-A**

1 This Class consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)
2 (Administrative Claims) related to the Debtor. Unless they agree to an alternative form of treatment,
3 the Allowed Claims of Class 1-A shall be paid in full, in cash, by the earlier of the Effective Date or
4 the date that such are allowed and ordered paid by the Court. Any Class 1-A Claim not allowed as
5 of the Effective Date shall be paid as soon thereafter as they are allowed by the Court according to
6 the terms of this Class. The Allowed Administrative Claim of counsel for the Debtor that has not
7 been paid as of the Effective Date shall be paid in monthly payments of principal and interest, with
8 interest at 8%, until paid in full, and paid before any distributions to general unsecured creditors.
9 The Interest Holders have guaranteed the payment of all Allowed Administrative Claims.

10 **2. Tax Claims: 1-B**

11 Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8)-tax claims.
12 ADOR, IRS and the New Mexico Taxation & Revenue Department are within this Class.

13 As provided in 11 U.S.C. §1129(a)(9)(C), unless they agree to an alternative form of
14 treatment, the Allowed Priority Claims of Class 1-B (if any) shall be paid in full, in cash, in regular
15 installment payments of a total value, as of the Effective Date of the Plan, equal to the Allowed
16 Priority Claim, over a period ending five (5) years after the Petition Date, and in a manner that is not
17 less favorable than the most favored non-priority unsecured claim provided for by the Plan (other
18 than cash payments made to a class of creditors under §1122(b)). Any Allowed Priority Claims will
19 receive interest at the Tax Claim Rate. Any Class 1-C Claim not allowed as of the Effective Date
20 shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class.

21 The Debtor is treated as a pass-through entity to the Equity Interests for tax purposes. The
22 Debtor is working on its tax returns for 2014 and 2015. Once those pass through liabilities are
23 calculated, they will be paid by Native in the ordinary course of business.

24 The Debtor may pre-pay all of these Claims as it is able through operations. The Debtor
25 projects that all of these Claims will be paid within one year of the Effective Date.

26 The Arizona Department of Revenue (“ADOR”) filed an Amended Unsecured Priority Claim
27 in the amount of \$144.00 for TPT taxes for the periods ended September 30, 2014, September 30,
28 2015 and December 31, 2015 and an Amended General Unsecured Claim in the amount of
\$1,676.72 for estimated penalties for the tax period ended September 30, 2014, September 30, 2015,

1 and December 31, 2015. This Proof of Claim should be amended once the Debtor has filed any
2 necessary tax returns. To the extent there is a dispute between the Debtor and ADOR as to the
3 amount of ADOR's priority claim, the Debtor will file an objection to the proof of claim.

4 The IRS filed an amended Unsecured Priority Claim in the amount of \$3,771.62 for 2013
5 FUTA taxes and interest and an Unsecured Claim in the amount of \$1,964.53 for 2015 estimated
6 partnership taxes and penalties on its Unsecured Priority Claim. This Proof of Claim should be
7 amended once the Debtor has filed any necessary tax returns. To the extent there is a dispute
8 between the Debtor and the IRS as to the amount of the IRS' priority claim, the Debtor will file an
9 objection to the proof of claim.

10 New Mexico Taxation & Revenue Department filed an Unsecured Priority Claim in the
11 amount of \$202.62. The Debtor believes it is current on all payments to New Mexico Taxation &
12 Revenue Department. To the extent there is a dispute between the Debtor and the New Mexico
13 Taxation & Revenue Department as to the amount of this priority claim, the Debtor will file an
14 objection to the proof of claim.

15 **B. Secured Claims: Class 2**

16 **1. Bank of the West: Class 2-A**

17 Class 2-A consists of the Allowed Secured Claim held by Bank of the West related to
18 its first position lien on (1) a 2012 Ditch Witch FX30 Vacuum SN: CMWFX30XCCOOOI603; (2) a
19 T18S Ditch Witch Trailer VIN:1DSB202S5CI701855; (3) a 2010 Ditch Witch FX30 Vacuum SN:
20 CMWFX30XEB0001081; (4) a T18S Ditch Witch Trailer VIN: 1DSB202S0B1702183; (5) a 2012
21 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; (6) a 2012 Ditch Witch T18S Trailer VIN:
22 1DSB122C7C1702268; and (7) a Wacker G70 Generator (collectively the "Equipment"). Bank of the
23 West filed a proof of claim in the amount of \$59,138.60. The Debtor and Bank of the West reached a
24 Stipulation as to the treatment of Bank of the West on this Allowed Secured Claim. In the event of
25 any inconsistency between the Plan and the Stipulation, the terms of the Stipulation control. The
26 Parties agree that \$59,138.60 is the value of the Equipment and shall be the value of the Bank of the
27 West's secured claim as to the Equipment (the "Allowed Secured Claim") for purposes of the
28 Stipulation and the Debtor's Plan of Reorganization. The Debtor is contemplating selling the 2012
Ditch Witch FX30 SN: CMWFX30XVCOOO1383; 2012 Ditch Witch T18S Trailer VIN:

1 IDSB122C7C1702268 (the "DW500"). The Debtor sold the DW500 for \$19,500 (net). The net sales
2 proceeds for the sale of the DW500 shall be applied to the outstanding balance owing on The Bank of
3 the West Allowed Secured Claim. The Bank of the West consented to the sale of the DW500 to Ditch
4 Witch. The Debtor shall pay the balance of the Allowed Secured Claim in the amount of \$39,138.600
5 over 5 years, in monthly payments of \$748.03, at 5% simple annual interest. Payments commenced
6 the first day of the first month after the Court approved the Stipulation and shall continue monthly
7 thereafter until paid in full. Payments shall be made by the Debtor to the Bank of the West and sent
8 via mail to Ditch Witch, a Division of Bank of the West, 475 Sansome Street, 19th Floor, San
9 Francisco, CA 94111, or by such other means or address subsequently designated by the Bank of the
10 West in writing. The Debtor may prepay the Allowed Secured Claim without penalty at any time.
11 The Debtor may further sell any of the Equipment as it sees fit once it receives consent from Bank of
12 the West, and Bank of the West shall release its lien on any equipment sold, so long as the Debtor
13 remains current on the monthly payments to Bank of the West and Bank of the West receives the net
14 sale proceeds from the sale to apply to the outstanding principal balance. Bank of the West shall also
15 release its lien on the Equipment once its Allowed Secured Claim has been paid. Once the Allowed
16 Secured Claim is paid in full pursuant to the terms of the Stipulation, the Bank of the West shall
17 release any and all rights or interests it may have in the Equipment. If the Debtor fails to tender the
18 monthly payments as required under this Stipulation, or if a tendered payment is not honored by the
19 Bank of the West, then the Bank of the West shall provide written notice to the Debtor at 3250 S. 35th
20 Ave., Phoenix, AZ 8009, or such further address as the Debtor shall provide to Bank of the West, and
21 if the default occurs while the above-captioned bankruptcy proceeding remains active, to the Debtor's
22 counsel at 2390 East Camelback Road, Ste. 400, Phoenix, Arizona, 85016, indicating the nature of the
23 default. If the Debtor fails to cure the default with certified funds after the passage of 10 calendar days
24 from the date said written notice is received by the Debtor and its counsel if applicable, Bank of the
25 West may file a declaration of such uncured event of default with the Court, requesting relief from the
26 automatic stay. If the Plan of Reorganization in this case has been confirmed, Bank of the West shall
27 have its contractual and statutory rights under the loan agreement to exercise its remedies. The terms
28 of this Stipulation shall also control and resolve any claim Bank of the West may have against any
guarantor.

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2. **BMO Harris Bank: Class 2-B**

Class 2-B consists of the Allowed Secured Claim held by BMO related to its first position lien on the Debtor's cash, inventory, accounts receivable and a portion of the Debtor's equipment. BMO filed a proof of claim in the amount of \$640,916.70. The Debtor believes the amount owed as of the Petition Date was \$631,929.56. The Debtor has been selling various pieces of BMO's collateral and the net sale proceeds have been paid over to BMO for application against the principal balance owing to BMO. The Debtor has also been paying adequate protection payments to BMO in the amount of \$1,000 per week. The parties will agree, or the Debtor will request that the Court determine, the amount of BMO's Allowed Secured Claim. BMO's Allowed Secured Claim will be reamortized over 15 years, at 4.5%, and paid in equal monthly payments of principal and interest, with the first payment being due 30 days after the Confirmation Date, and a 10 year balloon payment. The Debtor may pre-pay this obligation in whole or in part at any time without penalty. The treatment provided herein shall apply to the Debtor and any guarantor of this debt.

3. **Enterprise FM Trust: Class 2-C**

Class 2-C consists of the Allowed Secured Claim held by Enterprise related to its first position lien on various of the Debtor's vehicles. The Debtor and Enterprise entered into a Stipulation for the treatment of Enterprise. To the extent there is any inconsistency between the Stipulation and this Plan, the Stipulation controls. The amount owing as of August 31, 2016 is \$103,196.28 (the "Present Balance"). The Present Balance includes an interest component. The Vehicles have annual taxes and license fees, which Enterprise estimates to be approximately \$500 per month, and which is and will be paid on an ongoing basis by Enterprise until such time as title to the Vehicles is transferred to Native. Native shall pay Enterprise monthly payments of \$5,000 per month to satisfy the Present Balance and the annual taxes and license fees for the remaining Vehicles. Payments shall commence with the first monthly payment after the Court's approval of the Stipulation and continue monthly thereafter until the Present Balance is paid in full. Enterprise shall remain secured in the remaining Vehicles until the Present Balance has been paid in full. When the Present Balance has been paid in full, Enterprise

1 shall release its lien on all of the remaining Vehicles and Native shall at that time have free and clear
2 title to all of the remaining Vehicles. Payments shall be paid to Enterprise at P.O. Box 800089,
3 Kansas City, MO 64180-0089, unless Enterprise designates in writing an alternative address for the
4 payments. Native may prepay the Present Balance without penalty at any time. Native may further
5 sell any of the remaining Vehicles as it sees fit once it receives consent from Enterprise (or may sell
6 any of the vehicles through Enterprise) and Enterprise shall release its lien on any vehicle sold, so
7 long as Native remains current on the monthly payments to Enterprise and Enterprise receives the net
8 sale proceeds from the sale to apply to the outstanding balance owing on the Present Balance. If
9 Native fails to tender the \$5,000 monthly payments as required under the Stipulation, or if a tendered
10 payment is not honored by Enterprise, then Enterprise shall provide written notice to Native at 2435 E.
11 University, Phoenix, AZ 85035, or such further address as Native shall provide to Enterprise, and to
12 the Native's counsel at 2390 East Camelback Road, Ste. 400, Phoenix, Arizona, 85016, indicating the
13 nature of the default. Written notice may be effectuated by email. If Native fails to cure the default
14 with after the passage of 10 business days from the date said written notice is received by Native and
15 its counsel, Enterprise may file a declaration of such uncured event of default with the Court. The
16 automatic stay of 11 U.S.C. §362 is terminated upon the Court's order approving the Stipulation.
17 Enterprise shall have its contractual and statutory rights under the Agreement to exercise its remedies.
18 The terms of the Stipulation shall control and resolve any claim Enterprise may have against any
19 guarantor. The parties agree that Enterprise shall receive \$6,000 of its attorneys' fees, which shall be
20 paid at the end of the payment schedule in the same monthly payment amounts. The parties shall bear
21 any other of their own attorneys' fees and costs in entering into the Stipulation. To the extent either
22 party must seek relief from the Court to compel compliance with the terms of the Stipulation, the
23 prevailing party shall be entitled to recover its attorneys' fees.
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4. **Maricopa County Treasurer: Class 2-D**

Class 2-D consists of the Allowed Secured Claim held by the Maricopa County Treasurer related to personal property taxes. Maricopa County Treasurer filed a secured claim in the amount of \$12,783.33 for 2015 and estimated 2016 personal property taxes. The Debtor is in the process of reviewing this proof of claim and may need to file an objection thereto if its records do not agree with the records of Maricopa County. Maricopa County will retain its liens on the Debtor's personal property and will be paid its Allowed Secured Claim as follows: (a) All pre-petition personal property taxes that became due prior to the Effective Date which were not paid as of the Effective Date, shall be paid in equal monthly installments over a period of twelve (12) months from the Effective Date, and shall bear interest at the state law rate from the date the taxes came due, (b) all post-petition taxes due prior to the Effective Date shall be paid in the ordinary course of business and shall be paid in full by the Effective Date, (c) the Reorganized Debtor shall pay any personal property taxes which accrue and become due after the Effective Date as said amounts become due and payable pursuant to state law, (d) the Reorganized Debtor may prepay any of these Allowed Secured Claims at any time without penalty; and (e) Maricopa County shall retain its lien(s) until its claims are paid in full. Pursuant to the terms of the Stipulation executed between the Debtor, BMO, and Maricopa County, to the extent the Debtor sells any personal property that is the collateral of BMO, Maricopa County shall receive 10% of the net sale proceeds and shall release its lien upon receipt of its share of the sale proceeds. Any such payments shall be applied to Maricopa County's Allowed Secured Claim.

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C. **Unsecured Claims: Class 3**

1. **General Unsecured Claims: Class 3-A**

Class 3-A consists of the Allowed Unsecured Claims of Creditors. Class 3-A Creditors may elect on their ballot (at their sole option) to be treated in accordance with Class 3-B, or it shall be treated in accordance with Class 3-A. Class 3-A Creditors shall be paid a pro-rata share from the Debtor's Excess Cash Flow, on a semi-annual basis (with payments to be sent out for the prior half-year by February 15 and August 15), after all senior Allowed Claims (including Class 3-B) have been paid in accordance with the terms of the Plan, until the Allowed Unsecured Claim have been paid in full.

1 2. **Administrative Convenience Unsecured Claims: Class 3-B**

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3 Class 3-B consists of Allowed Unsecured Claims of Creditors that made an election
4 on their ballot to be treated in accordance with Class 3-B. Class 3-B Creditors shall be paid a pro-
5 rata share from the Debtor's Excess Cash Flow, on a semi-annual basis (with payments to be sent
6 out for the prior half-year by February 15 and August 15), until they have been paid 50% of the
7 amount of their Allowed Claim, after all senior Allowed Claims have been paid in accordance with
8 the terms of the Plan, but before any payments are made to Class 3-A.

8 **D. Debtor's Interest: Class 4**

9 1. **Debtor's Interest: Class 4-A**

10 This Class consists of the Allowed Interests of the Interest Holders of the Debtor.
11 The current Interest Holders are Jon Riggs and Dusty Ellington. Dusty Ellington will not be
12 participating in the reorganized Debtor. In consideration for retaining his Interest, Jon Riggs shall
13 contribute to the Debtor sufficient cash to fund any shortfall owing to the Debtor's professionals as
14 of the Effective Date (presently that amount is projected to be \$50,000). Jon Riggs shall retain his
15 Allowed Interest in the Debtor, but unless, and until all senior Allowed Claims are paid in full in
16 accordance with the terms of the Plan, Jon Riggs shall receive no distribution on account of his
17 Allowed Interests.

18 **IX. LIQUIDATION ANALYSIS**

19 The following is a Liquidation Analysis indicating what the Debtor believes creditors would
20 receive in the event of a liquidation. The figures for "market value" and "liquidation value" are the
21 Debtor's best estimate on what these assets are worth on a market or liquidation basis.

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Asset	Market Value	Liquidation Value	Secured Claim	Equity
Cash on Hand	\$1,400.00	\$1,400.00	\$631,929.56	\$0
Bank Account	\$32,509.78	\$32,509.78	\$631,929.56	\$0
Accounts Receivable	\$408,982.40	\$408,982.40	\$631,929.56	\$0
Inventory	\$48,983.42	\$48,983.42	\$631,929.56	\$0
Misc. Office Furniture/Fixtures/Equip.	\$15,600.00	\$14,040.00 ¹	\$631,929.56	\$0
Machinery/Equipment/Vehicles	\$453,210.00	\$407,889.00 ¹	\$787,234.03	\$0
Insurance Policies	\$2,972.68	\$2,972.68	\$631,929.56	\$0
Gross Equity				\$0

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¹ Debtor assumes a 10% cost of sale at liquidation.

1	Administrative Claims:			
2	Attorneys' fees			(\$100,000.00)
3	ADOR Priority Claim			(\$22,264.24)
	IRS Priority Claim			(\$42,070.00)
	Liquidation Equity			\$0

4 Substantially all of the Debtor's assets are secured by BMO, Enterprise, and Bank of the West.
5 Creditors should note that on a liquidation basis, full market value for assets cannot be obtained.
6 Further, there are costs associated with a liquidation of assets that must be paid out of any sale
7 proceeds. The liquidation analysis does not contain an estimation of any tax liability which could be
8 associated with the liquidation. This would lessen the recovery to creditors. **Creditors should note**
9 **that after Administration Claims and Priority Claims, no Liquidation Equity would exist for the**
10 **benefit of general Unsecured Claims. Nonetheless, the Debtor will pay in full all of its**
11 **Administrative Claims and Priority Claims out of its Excess Cash Flow and pay a pro-rata**
12 **distribution to its general unsecured creditors until general unsecured creditors have been paid**
13 **in full the amount of their allowed claims so that general unsecured creditors will receive a**
14 **distribution from the estate that is vastly greater than they would receive on liquidation.**

15 This analysis is provided for informational purposes only, given that the Debtor's Plan does
16 not contemplate a liquidation of all assets. The importance of the analysis is to illustrate that if the
17 Debtor's estate was liquidated, values would lessen significantly and creditors would not be paid
18 quickly and general unsecured creditors would not receive a distribution at all. The Debtor's Plan not
19 only calls for the commencement of immediate payments to creditors, it also enhances the ability to
20 pay creditors in a greater amount more quickly. Unsecured creditors should be mindful that all
21 administrative claims and priority claims are paid before any distribution to general unsecured claims.

22 **X. DEBTOR'S INCOME PROJECTIONS**

23 The Debtor has operated profitably while in bankruptcy, to a large extent due to the extensive
24 efforts of its principals. The Debtor will continue to generate sufficient revenues to service its
25 operating expenses and to pay the debt service called for under the Plan. Attached hereto as Exhibit
26 "C" are the Debtor's projections provided on an annual basis. As those projections demonstrate, the
27 Debtor will be able to continue to operate profitably, and will generate sufficient income to be able to
28 service the debt as is necessary under the Plan.

During the bankruptcy proceeding, the annual salaries of the Debtors' principals have been:

1 Jon Riggs \$78,000

2 Kim Riggs \$46,800

3 Suzie Ellington \$78,000

4 Because as of the confirmation of the Plan Dusty Ellington will no longer be an Interest
5 Holder in the Reorganized Debtor, and Suzie Ellington will likewise cease working for the Debtor.
6 All of her duties will be performed by Kim Riggs going forward. Thus, post-confirmation, the
7 salaries will be as follows:

8 Jon Riggs \$78,000

9 Kim Riggs \$60,000

10 These salaries are reflected in the projections.

11 The tax liability to be paid by the Debtor going forward is incorporated into the projections as
12 well. The first year reflects the payment obligations for 2014, 2015. The second year reflects the
13 payment obligation for 2016, and so forth.

14 **XI. EFFECT OF CONFIRMATION**

15 Except as otherwise provided in the Plan or the Court's order confirming the Plan, the
16 Confirmation Order acts as a discharge, effective as of the Effective Date, of any and all debts of the
17 Debtor that arose at any time before the entry of the Confirmation Order, including but not limited to,
18 all principal and any and all interest accrued thereon, pursuant to §1141(d)(1) of the Bankruptcy Code.
19 The discharge of the Debtor shall be effective as to each claim regardless of whether a proof of claim
20 thereof was filed, whether the claim is an allowed claim, or whether the holder thereof votes to accept
21 the Plan.

22 In addition, any pre-confirmation obligations of the Debtor dealt with in the Plan shall be
23 considered New Obligations of the Debtor and these New Obligations shall not be considered in
24 default unless and until the Reorganized Debtor defaults on the New Obligations pursuant to the terms
25 of the Plan. The New Obligations provided for in the Plan shall be in the place of, and completely
26 substitute for, any pre-Confirmation obligations of the Debtor and, once the Plan is confirmed, the
27 only obligations of the Debtor shall be such New Obligations as provided for under the Plan.

28 **XII. IMPLEMENTATION AND FUNDING OF THE DEBTOR'S PLAN**

The Debtor's plan will be funded by its operations and Excess Cash Flow. The Reorganized

1 Debtor shall act as the Disbursing Agent under the Plan.

2 In the event any entity which possesses an Allowed Secured Claim, or any other lien in any of
3 the Debtor's property for which the Plan requires the execution of any documents to incorporate the
4 terms of the Plan, fails to provide a release of its lien or execute the necessary documents to satisfy the
5 requirements of the Plan, the Debtor may record a copy of their Plan and the Confirmation Order with
6 the appropriate governmental agency and such recordation shall constitute the lien release and
7 creation of the necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable, he
8 may obtain a further Order from the Court that may be recorded in order to implement the terms of the
9 Plan.

10 **XIII. TAX CONSEQUENCES**

11 Pursuant to §1125(a)(1) of the Bankruptcy Code, the Debtor is to provide a discussion of the
12 potential material federal tax consequences of the Plan to the Debtor, any successor to the Debtor, and
13 a hypothetical investor typical of the holders of claims or interests in the case, that would enable such
14 a hypothetical investor of the relevant class to make an informed judgment about the Plan, but
15 adequate information need not include such information about any other possible or proposed plan
16 and in determining whether the Disclosure Statement provides adequate information, the Court shall
17 consider the complexity of the case, the benefit of additional information to creditors and other
18 parties in interest, and the cost of providing additional information.

19 Neither the Debtor nor its lawyers can make any statements with regard to the tax
20 consequences of the Plan on any of the creditors. Although they would note that to the extent the
21 creditor is not paid in full their Allowed Claim, they should consult with their tax advisor concerning
22 the possibility of writing off for tax purposes that portion of their Allowed Claim that is not paid.
23 Each creditor in this case, when analyzing the Plan, should consult with its own professional advisors
24 to determine whether or not acceptance of the Plan by the creditor will result in any adverse tax
25 consequences to the creditor.

26 The Bankruptcy Tax Act generally provides that the Debtor does not have to recognize income
27 from the discharge of indebtedness. The Plan contemplates significant discharge of indebtedness;
28 however, because the Debtor is in bankruptcy, it will not have to recognize the discharge of
indebtedness as income for tax purposes. The Debtor does not believe the Plan will cause any adverse

1 tax consequences.

2 **XIV. NON-ALLOWANCE OF PENALTIES AND FINES**

3 No distribution shall be made under this Plan on account of, and no allowed claim, whether
4 secured, unsecured, priority, or administrative, shall include any fine, penalty, exemplary or punitive
5 damages, late charges or other monetary charge relating to or arising from any default or breach by the
6 Debtor, and any claim on account thereof shall be deemed disallowed whether or not an objection to it
7 is filed.

8 **XV. EXECUTORY CONTRACTS**

9 The Debtor rejects all executory contracts and unexpired leases not otherwise assumed herein
10 or by separate order of the Court. Claims for any executory contracts or unexpired leases rejected by
11 the Debtor shall be filed no later than 10 days after the earlier of Confirmation or the date the
12 executory contract or unexpired lease is specifically rejected. Any such Claims not timely filed and
13 served shall be disallowed.

14 **XVI. VOTING PROCEDURE**

15 The Plan divides the claims of creditors and of interest-holders into separate classes. All
16 classes of claimants are encouraged to vote; however, only the vote of holders of claims that are
17 impaired by the Plan will have a significant impact upon the confirmation process. Generally, this
18 includes creditors who, under the Plan, will receive less than payment in full of their claims on the
19 Effective Date of the Plan.

20 All creditors entitled to vote on the Plan must cast their vote by completing, dating and signing
21 the ballot which has been mailed to them together with the Disclosure Statement. The ballot contains
22 instructions concerning the deadline for submitting the ballot and to what address the ballot should be
23 mailed.

24 This Disclosure Statement has been approved by the Bankruptcy Court in accordance with
25 §1125 of the Bankruptcy Code, and is provided to each person whose claim or interest has been
26 scheduled by the Debtor, or who has filed a proof of claim or interest with respect to the Debtor or its
27 property, each known equity interest holder and other parties-in-interest known to the Debtor. The
28 Disclosure Statement is intended to assist creditors in evaluating the Plan and in determining whether
to accept the Plan. In determining acceptance of the Plan, votes of creditors will only be counted if

1 submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent
2 and liquidated, or who has timely filed with the Court a proof of claim or proof of interest.

3 The Bankruptcy Court will schedule a hearing to determine whether the requirements for
4 confirmation under the Bankruptcy Code have been met and whether the Plan has been accepted by
5 each impaired class and by the requisite number of creditors in such class. Under §1126 of the Code,
6 an impaired class is deemed to have accepted the Plan upon a favorable vote of at least two-thirds
7 (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of class members
8 voting on the Plan. Further, unless there is unanimous acceptance of the Plan by an impaired class,
9 the Court must also determine that class members will receive at least as much as they would if the
10 Debtor was liquidated under Chapter 7 of the Code.

11 Even if each class of creditors does not accept the Plan, the Plan can be confirmed under
12 §1129(b) of the Code, so long as one impaired class of creditors accepts the Plan. The failure of each
13 class to accept the Plan could very well result in a conversion of this case to a Chapter 7 or dismissal
14 of the Chapter 11, and the secured creditors repossessing their collateral and disposing of it in a
15 commercially reasonable manner with no obligation to unsecured creditors.

16 **XVII. MODIFICATION OF PLAN**

17 In addition to its modification rights under §1127 of the Bankruptcy Code, the Debtor may
18 amend or modify its Plan at any time prior to Confirmation without leave of the Court. The Debtor or
19 the Reorganized Debtor may propose amendments and/or modifications of its Plan at any time
20 subsequent to Confirmation with leave of the Court and upon notice to Creditors. After Confirmation
21 of the Plan, the Debtor or the Reorganized Debtor may, with approval of the Court, as long as it does
22 not materially or adversely affect the interests of Creditors, remedy any defect or omission or
23 reconcile any inconsistencies of the Plan, or in the Confirmation Order, if any may be necessary to
24 carry out the purposes and intent of his Plan.

25 **XVIII. CLOSING OF THE CASE**

26 If the Court does not close this case on its own motion, the Reorganized Debtor will move the
27 Court to close this case once the Plan is deemed substantially consummated. Until substantial
28 consummation, the Reorganized Debtor will be responsible for filing pre- and post-confirmation
reports required by the United States Trustee and paying the quarterly post-confirmation fees of the

1 United States Trustee, in cash, pursuant to 28 U.S.C. §1930, as amended. Pursuant to 11 U.S.C.
2 §1129(a)(12), all fees payable under section 1930 of title 28, as determined by the Court at the hearing
3 on confirmation of the Plan, will be paid, in cash, on the Effective Date.

4 **XIX. RETENTION OF JURISDICTION**

5 The Court will retain jurisdiction until the Plan has been fully consummated for, including but
6 not limited to, the following purposes:

7 1. The classification of the Claims of any Creditors and the re-examination of any Claims
8 which have been allowed for the purposes of voting, and for the determination of such objections as
9 may be filed to the Creditor's Claims. The failure by the Debtor to object to or examine any Claim for
10 the purpose of voting shall not be deemed to be a waiver of the Debtor's rights to object to or to re-
11 examine the Claim in whole or in part.

12 2. To determine any Claims which are disputed by the Debtor, whether such objections
13 are filed before or after Confirmation, to estimate any Un-liquidated or Contingent Claims pursuant to
14 11 U.S.C. §502(c)(1) upon request of the Debtor or any holder of a Contingent or Un-liquidated
15 Claim, and to make determination on any objection to such Claim.

16 3. To determine all questions and disputes regarding title to the assets of the estate, and
17 determination of all causes of action, controversies, disputes or conflicts, whether or not subject to
18 action pending as of the date of Confirmation, between the Debtor and any other party, including but
19 not limited to, any rights of the Debtor to recover assets pursuant to the provisions of the Bankruptcy
20 Code.

21 4. The correction of any defect, the curing of any omission or any reconciliation of any
22 inconsistencies in the Plan, or the Confirmation Order, as may be necessary to carry out the purposes
23 and intent of the Plan.

24 5. The modification of the Plan after Confirmation, pursuant to the Bankruptcy Rules and
25 the Bankruptcy Code.

26 6. To enforce and interpret the terms and conditions of the Plan.

27 7. The entry of an order, including injunctions, necessary to enforce the title, rights and
28 powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of such title,
right and power that this Court may deem necessary.

1 8. The entry of an order concluding and terminating this case.

2 **XX. DISCLAIMER**

3 Court approval of this Disclosure Statement and the accompanying Plan of Reorganization,
4 including exhibits, is not a certification of the accuracy of the contents thereof. Furthermore, Court
5 approval of these documents does not constitute the Court's opinion as to whether the Plan should be
6 approved or disapproved.

7 **XXI. RISKS**

8 The risk of the Plan lies essentially with the Debtor's ability to maintain its income to make
9 plan payments.

10 **XXII. PROPONENTS' RECOMMENDATION/ALTERNATIVES TO THE PLAN**

11 The Debtor recommends that all creditors entitled to vote for the Plan do so. The alternatives
12 to confirmation of the Plan would be either conversion of this case to a case under Chapter 7 of the
13 Bankruptcy Code or its dismissal.

14 Conversion will result in the appointment of a Chapter 7 trustee and, most likely, the hiring of
15 an attorney by the trustee. Expenses incurred in administering the Chapter 7 case will take priority in
16 the right to payment over allowed, administrative expenses incurred in the Chapter 11 case. Both
17 Chapter 7 and Chapter 11 administrative expenses take priority over the payment of unsecured claims
18 without priority. In other words, conversion would likely decrease the net amount available to pay
19 currently existing creditors, and it is extremely likely general unsecured creditors would not receive
20 any distribution in a Chapter 7. Further, a Chapter 7 proceeding would not provide the Debtor with
21 the means to pay its Administrative Claims and Priority Claims over time.

22 In addition, conversion could substantially delay any distribution to creditors beyond the time
23 period for distribution defined in the Plan. A Chapter 7 trustee is not limited to specific deadlines for
24 closing a case and distributing assets to creditors. It is not unusual for distributions in Chapter 7 cases
25 to be delayed for years. Moreover, the return on the assets of the Estate a trustee is likely to obtain
26 through a standard Chapter 7 liquidation could be less than the return the Plan will generate.

27 Dismissal of this case would leave all creditors holding unsecured claims in the position of
28 having to institute legal proceedings to collect their debts. Moreover, outside the context of a
bankruptcy case, the first creditor to collect may collect all non-exempt property, leaving nothing to

1 be paid to remaining creditors. In addition, dismissal of this case would open the door for the Debtor
2 to file a new bankruptcy case, which could further delay or reduce funds available to pay creditors.

3 For all these reasons, the Debtor urges you to vote to accept the Plan and to return your ballots
4 in time to be counted.

5 DATED this 22nd day of September, 2016.

6 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

7
8 By/s/ D. Lamar Hawkins
9 D. Lamar Hawkins
10 Heather A. Macre
2390 E. Camelback Rd., Suite 400
Phoenix, Arizona 85016
Attorneys for Debtor

11 NATIVE ENVIRONMENTAL, L.L.C.

12
13 /s/ Jon Riggs
14 By: Jon Riggs
Its: Manager

15 COPY of the foregoing mailed, or served
via electronic notification* or fax** or if so marked,
this 22nd day of September, 2016, to:

16 Office of the U.S. Trustee* ustpreregion14.px.ecf@usdoj.gov
17 Jennifer A. Giaimo* Jennifer.A.Giaimo@usdoj.gov
230 N. First Avenue, Suite 204
18 Phoenix, AZ 85003-1706

19 Philip G. Mitchell* pmitchell@cavanaghlaw.com
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1850 N. Central Ave., Suite 2400
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Attorneys for BMO Harris Bank, N.A.

22 Synchrony Bank* claims@recoverycorp.com
23 c/o Recovery Management Systems Corporation
25 SE 2nd Avenue, Suite 1120
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28
/s/ Lisa Harnack

EXHIBIT A

1 **AIKEN SCHENK HAWKINS & RICCIARDI P.C.**
2 **2390 East Camelback Road, Suite 400**
3 **Phoenix, Arizona 85016-3479**
4 **Telephone: (602) 248-8203**
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8 **D. Lamar Hawkins – 013251**
9 **Heather Macre – 026625**
10 Attorneys for Debtor

11 **IN THE UNITED STATES BANKRUPTCY COURT**
12 **FOR THE DISTRICT OF ARIZONA**

13 In re:
14 NATIVE ENVIRONMENTAL, L.L.C.,
15 Debtor.

Chapter 11 Proceedings

Case No. 2:16-bk-2378-DPC

DEBTOR'S FIRST AMENDED PLAN OF REORGANIZATION

16 Address: 3250 S. 35th Ave.
17 Phoenix, AZ 85009

18 Taxpayer Identification No.: xx-xxx7687

19 Native Environmental, L.L.C. (the "Debtor"), debtor-in-possession in the above-captioned
20 bankruptcy estate, submits to the Court and creditors of the Debtor's estate the following First
21 Amended Plan of Reorganization (the "Plan"), pursuant to §1121(a) of the Bankruptcy Code.

22 **I. DEFINITIONS**

23 For purposes of this Plan, except as expressly provided or unless the context otherwise
24 requires, all capitalized terms not otherwise defined have the meanings ascribed to them in Section I
25 of the Plan. Any term used in the Plan that is not defined in the Plan but is defined in the
26 Bankruptcy Code or the Bankruptcy Rules retains the meaning ascribed to such term in the
27 Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such terms include the
28 plural as well as the singular, the masculine gender includes the feminine gender, and the feminine
gender includes the masculine gender.

As used in this Plan, the following terms have the meanings specified below:

Administrative Claim: A Claim for payment of an administrative expense of a kind specified
in 11 U.S.C. §§503(b) or 1114(e)(2) and entitled to priority pursuant to Code §507(a)(1), including,
but not limited to, (a) the actual, necessary costs and expenses, incurred after the Petition Date, of

1 preserving the bankruptcy estate and operating the Debtor's business, (b) all Allowed Claims of
2 professionals appointed by the Bankruptcy Court, (c) all fees and charges assessed against the
3 bankruptcy estate under 28 U.S.C. §1930, and (d) all Allowed Claims that are entitled to be treated
4 as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under Code §546(c)(2).

5 ADOR: The Arizona Department of Revenue.

6 Allowed Claim: Allowed Claim shall mean a Claim:

7 (a) with respect to which a proof of claim has been filed with the Court within the applicable
8 period of limitation fixed by Rule 3003 of the Rules of Bankruptcy Procedure and to which no
9 objection to the allowance of the Claim has been filed by the Debtor or any other party or as to
10 which any such objection has been determined by an order or judgment of the Court which is no
11 longer subject to appeal and to which no appeal is pending, or

12 (b) Scheduled in the list of creditors prepared and filed with the Court pursuant to Rule
13 1007(b), Rules of Bankruptcy Procedure, and not listed as disputed, contingent or un-liquidated as to
14 the amount.

15 An Allowed Claim shall not include un-matured or post-petition interest, penalties, fees or
16 costs, unless specifically stated in the Plan. Notwithstanding §502(a) of the Code and Rules 3001
17 and 3003, for the purposes of the Plan, a Claim shall not be an Allowed Claim unless it satisfies the
18 definition of Allowed Claim under this Plan.

19 Allowed Interest: An Allowed Interest shall mean an Interest in the Debtor held by a person
20 or entity, as of the Effective Date, and as to which Interest no objection has been made within the
21 time allowed for the making of objections, or as to which such Interest is allowed by a final order, or
22 an Interest as to which a timely and proper proof of interest has been filed, and as to which proof of
23 interest no objection has been made within the time allowed for making objections.

24 Allowed Priority Claim: The Allowed Claim of a Claimant that is entitled to priority in
25 payment under 11 U.S.C. §507(a)(2) through (a)(8).

26 Allowed Secured Claim: An Allowed Claim to the extent that such Allowed Claim is secured
27 by a lien which is unavoidable, on property in which the estate has an interest, to the extent of the
28 value of such Creditor's interest in the estate's interest in such property as determined in light of the
purpose of the valuation and of the proposed disposition and use of such property and determined as

1 of the Petition Date.

2 Allowed Unsecured Claim: An Allowed Claim to the extent that such Allowed Claim is not
3 secured by a lien on property in which the estate has an interest.

4 Ballot: Each of the ballot forms distributed with the Disclosure Statement to holders of
5 Impaired Claims entitled to vote as specified in this Plan in connection with the solicitation of
6 acceptances of this Plan.

7 Bankruptcy Code: 11 U.S.C. §101 et seq.

8 Bankruptcy Court: The United States Bankruptcy Court for the District of Arizona or any
9 other court which may have jurisdiction over this case or any proceeding arising under, in, or
10 relating to this case.

11 Bankruptcy Rule: The Federal Rules of Bankruptcy Procedure as amended and the Local
12 Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the
13 case may be.

14 Bar Date: The date, if any, designated by the Bankruptcy Court as the last date for filing
15 Proofs of Claim or Interest against the Debtor.

16 Chapter 11: Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §1101, et seq.

17 Claim: (a) a right to payment, whether or not such right is reduced to judgment, liquidated,
18 un-liquidated, fixed, contingent, matured, un-matured, disputed, undisputed, legal, equitable, secured
19 or unsecured, which right arose or accrued prior to the date of Confirmation, or; (b) a right to an
20 equitable remedy for breach of performance if such breach gives rise to a right to payment, whether
21 or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, un-
22 matured, disputed, undisputed, secured, or unsecured, where such right arose or accrued prior to
23 Confirmation, or; (c) a claim arising under 11 U.S.C. §502(g).

24 Claimant or Creditor: Any person or entity that asserts a Claim.

25 Class: A category of holders of Claims or Interests as described in this Plan.

26 Confirmation: The signing by the Court of the Confirmation Order.

27 Confirmation Date: The date upon which the Confirmation Order is entered upon the docket.

28 Confirmation Hearing: The hearing held by the Bankruptcy Court regarding confirmation of
the Plan, as it may be continued from time to time.

1 Confirmation Order: The Order signed by the Bankruptcy Court pursuant to 11 U.S.C. §1129
2 confirming this Plan.

3 Contingent Claim: Any Claim for which a proof of claim has been filed with the Bankruptcy
4 Court: (a) which was not filed in a sum certain, or which has not accrued and is dependent on a
5 future event that has not occurred and may never occur, and (b) which has not been allowed on or
6 before the Confirmation Date.

7 Court: The United States Bankruptcy Court for the District of Arizona, which has jurisdiction
8 in this case.

9 Debtor: Native Environmental, L.L.C.

10 Disbursing Agent: The Reorganized Debtor shall be the Disbursing Agent and shall make
11 distributions to holders of Allowed Claims under the Plan.

12 Disclosure Statement: The Debtor's disclosure statement and any amendments and
13 supplements thereto as approved by an order of the Bankruptcy Court.

14 Disputed Claim: A Claim which the Debtor listed as un-liquidated, disputed or contingent in
15 his Schedules or to which an objection has been filed which has not been resolved by a final order of
16 the Bankruptcy Court.

17 Effective Date: 30 days after the Confirmation Date. If 30 days after the Confirmation Date
18 falls on a weekend or a holiday, the Effective Date will be the first business day thereafter.

19 Excess Cash Flow: Cash flow of the Debtor's post-petition income after deduction from its
20 post-petition income all operating expenses and a reserve for operating capital, a reserve for capital
21 replacements, capital improvements, depreciation, taxes, and all payments to secured,
22 administrative, and priority creditors.

23 Final Order: An order or judgment which has not been stayed.

24 Impaired: When used with reference to a Claim or Interest, a Claim or Interest that is
25 impaired within the meaning of Code §1124.

26 Insider: A person or entity within the definition contained at §101(31) of the Bankruptcy
27 Code.

28 IRS: The Internal Revenue Service.

Interest: Any equity interest in the Debtor as of the Effective Date.

1 Interest Holder: Any person or persons owning an Interest in the Debtor as of the Effective
2 Date.

3 New Obligations: Those debts of the Debtor which existed pre-confirmation, but which are
4 modified by the confirmed Plan resulting in the creation of a new note. The obligations for which
5 the Reorganized Debtor has liability under the terms of the confirmed Plan. Said new obligations
6 shall not be considered in default unless and until the Reorganized Debtor defaults on said
7 obligations after the Effective Date.

8 Oversecured: The term describing the Allowed Claim of a secured Creditor when the value
9 of the collateral securing said Allowed Claim exceeds the amount of the debt serving as the basis for
10 said Allowed Claim.

11 Person: Any individual, corporation, partnership, joint venture, association, joint stock
12 company, trust, unincorporated association or organization, governmental agency, or associated
13 political subdivision.

14 Petition: The original petition under Chapter 11.

15 Petition Date: The date on which the Petition was filed, March 10, 2016.

16 Plan: This Plan of Reorganization and any amendments or supplements thereto.

17 Plan Rate: The rate of interest referred to in the Plan which is the prime rate.

18 Proof of Claim: The proof of claim that must be filed by a holder of an Impaired Claim by
19 the Bar Date.

20 Pro Rata: The ratio of an Allowed Claim or Allowed Interest in a particular Class to the
21 aggregate amount of all Allowed Claims or Allowed Interests in that Class.

22 Reorganized Debtor: The Debtor after the Effective Date.

23 Tax Claim Rate: The rate of interest, to be determined by the Bankruptcy Court at the
24 Confirmation Hearing, that, when applied to the amount of an Allowed Priority Claim to be paid in
25 installments will result in such installments being of an aggregate value, as of the Effective Date,
26 equal to the Allowed amount of such Claim, consistent with the requirements of 11 U.S.C.
27 §1129(a)(9). At the Confirmation Hearing, the Debtor will request the Court determine that the Tax
28 Claim Rate is four percent per annum.

1 Undersecured: The term describing the Allowed Claim of a secured Creditor when the value
2 of the collateral securing said Allowed Claim is less than the debt which serves as the basis of said
3 Allowed Claim.

4 Voting Deadline: The voting deadline for voting to accept or reject this Plan, as determined
5 by the Bankruptcy Court.

6 **II. CLASSIFICATION OF CLAIMS AND INTERESTS**

7 **A. Priority Claims: Class 1**

8 Class 1-A consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)
9 (Administrative Claims).

10 Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8) (Tax
11 Claims).

12 **B. Secured Claims: Class 2**

13 Class 2-A consists of the Allowed Secured Claim of Bank of the West/Ditch Witch
14 Financial Services (“Bank of the West”) regarding its first position lien on a portion of the Debtor’s
15 equipment.

16 Class 2-B consists of the Allowed Secured Claim of BMO Harris Bank, N.A. (“BMO”)
17 regarding its first position lien on the Debtor’s accounts receivable and a portion of the Debtor’s
18 equipment.

19 Class 2-C consists of the Allowed Secured Claim of Enterprise FM Trust
20 (“Enterprise”) regarding its first position lien on the Debtor’s vehicles.

21 Class 2-D consists of the Allowed Secured Claim of the Maricopa County Treasurer
22 relating to personal property taxes.

23 **C. General Unsecured Claims: Class 3**

24 Class 3-A consists of the Allowed Unsecured Claims of Creditors of the Debtor.

25 Class 3-B consists of the Allowed Unsecured Claims of Administrative Convenience
26 Unsecured Claims of Creditors that wish to elect to reduce their payment to a total of 50% of their
27 Allowed Unsecured Claim in order to be paid ahead of unsecured creditors not making the election.
28

1 **D. Debtor's Interest: Class 4**

2 Class 4-A consists of the Allowed Interest of the Debtor.

3 **III. IMPAIRMENT OF CLASSES**

4 Classes 1-A and 1-B are unimpaired under the Plan. All other classes are impaired, as that
5 term is defined in 11 U.S.C. §1124.

6 **IV. TREATMENT OF CLASSES**

7 **A. Priority Claims: Class 1**

8 **1. Administrative Claims: 1-A**

9 This Class consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)
10 (Administrative Claims) related to the Debtor. Unless they agree to an alternative form of treatment,
11 the Allowed Claims of Class 1-A shall be paid in full, in cash, by the earlier of the Effective Date or
12 the date that such are allowed and ordered paid by the Court. Any Class 1-A Claim not allowed as
13 of the Effective Date shall be paid as soon thereafter as they are allowed by the Court according to
14 the terms of this Class. The Allowed Administrative Claim of counsel for the Debtor that has not
15 been paid as of the Effective Date shall be paid in monthly payments of principal and interest, with
16 interest at 8%, until paid in full, and paid before any distributions to general unsecured creditors.
17 The Interest Holders have guaranteed the payment of all Allowed Administrative Claims.

18 **2. Tax Claims: 1-B**

19 Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8)-tax claims.
20 ADOR, IRS and the New Mexico Taxation & Revenue Department are within this Class.

21 As provided in 11 U.S.C. §1129(a)(9)(C), unless they agree to an alternative form of
22 treatment, the Allowed Priority Claims of Class 1-B (if any) shall be paid in full, in cash, in regular
23 installment payments of a total value, as of the Effective Date of the Plan, equal to the Allowed
24 Priority Claim, over a period ending five (5) years after the Petition Date, and in a manner that is not
25 less favorable than the most favored non-priority unsecured claim provided for by the Plan (other
26 than cash payments made to a class of creditors under §1122(b)). Any Allowed Priority Claims will
27 receive interest at the Tax Claim Rate. Any Class 1-C Claim not allowed as of the Effective Date
28 shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class.

1 The Debtor is treated as a pass-through entity to the Equity Interests for tax purposes. The
2 Debtor is working on its tax returns for 2014 and 2015. Once those pass through liabilities are
3 calculated, they will be paid by Native in the ordinary course of business.

4 The Debtor may pre-pay all of these Claims as it is able through operations. The Debtor
5 projects that all of these Claims will be paid within one year of the Effective Date.

6 The Arizona Department of Revenue (“ADOR”) filed an Amended Unsecured Priority Claim
7 in the amount of \$144.00 for TPT taxes for the periods ended September 30, 2014, September 30,
8 2015 and December 31, 2015 and an Amended General Unsecured Claim in the amount of
9 \$1,676.72 for estimated penalties for the tax period ended September 30, 2014, September 30, 2015,
10 and December 31, 2015. This Proof of Claim should be amended once the Debtor has filed any
11 necessary tax returns. To the extent there is a dispute between the Debtor and ADOR as to the
12 amount of ADOR’s priority claim, the Debtor will file an objection to the proof of claim.

13 The IRS filed an amended Unsecured Priority Claim in the amount of \$3,771.62 for 2013
14 FUTA taxes and interest and an Unsecured Claim in the amount of \$1,964.53 for 2015 estimated
15 partnership taxes and penalties on its Unsecured Priority Claim. This Proof of Claim should be
16 amended once the Debtor has filed any necessary tax returns. To the extent there is a dispute
17 between the Debtor and the IRS as to the amount of the IRS’ priority claim, the Debtor will file an
18 objection to the proof of claim.

19 New Mexico Taxation & Revenue Department filed an Unsecured Priority Claim in the
20 amount of \$202.62. The Debtor believes it is current on all payments to New Mexico Taxation &
21 Revenue Department. To the extent there is a dispute between the Debtor and the New Mexico
22 Taxation & Revenue Department as to the amount of this priority claim, the Debtor will file an
23 objection to the proof of claim.

24 **B. Secured Claims: Class 2**

25 **1. Bank of the West: Class 2-A**

26 Class 2-A consists of the Allowed Secured Claim held by Bank of the West related to
27 its first position lien on (1) a 2012 Ditch Witch FX30 Vacuum SN: CMWFX30XCCOOOI603; (2) a
28 T18S Ditch Witch Trailer VIN:1DSB202S5CI701855; (3) a 2010 Ditch Witch FX30 Vacuum SN:
CMWFX30XEB0001081; (4) a T18S Ditch Witch Trailer VIN: IDSB202S0B1702183; (5) a 2012

1 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; (6) a 2012 Ditch Witch T18S Trailer VIN:
2 IDSB122C7C1702268; and (7) a Wacker G70 Generator (collectively the "Equipment"). Bank of the
3 West filed a proof of claim in the amount of \$59,138.60. The Debtor and Bank of the West reached a
4 Stipulation as to the treatment of Bank of the West on this Allowed Secured Claim. In the event of
5 any inconsistency between the Plan and the Stipulation, the terms of the Stipulation control. The
6 Parties agree that \$59,138.60 is the value of the Equipment and shall be the value of the Bank of the
7 West's secured claim as to the Equipment (the "Allowed Secured Claim") for purposes of the
8 Stipulation and the Debtor's Plan of Reorganization. The Debtor is contemplating selling the 2012
9 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; 2012 Ditch Witch T18S Trailer VIN:
10 IDSB122C7C1702268 (the "DW500"). The Debtor sold the DW500 for \$19,500 (net). The net sales
11 proceeds for the sale of the DW500 shall be applied to the outstanding balance owing on The Bank of
12 the West Allowed Secured Claim. The Bank of the West consented to the sale of the DW500 to Ditch
13 Witch. The Debtor shall pay the balance of the Allowed Secured Claim in the amount of \$39,138.600
14 over 5 years, in monthly payments of \$748.03, at 5% simple annual interest. Payments commenced
15 the first day of the first month after the Court approved the Stipulation and shall continue monthly
16 thereafter until paid in full. Payments shall be made by the Debtor to the Bank of the West and sent
17 via mail to Ditch Witch, a Division of Bank of the West, 475 Sansome Street, 19th Floor, San
18 Francisco, CA 94111, or by such other means or address subsequently designated by the Bank of the
19 West in writing. The Debtor may prepay the Allowed Secured Claim without penalty at any time.
20 The Debtor may further sell any of the Equipment as it sees fit once it receives consent from Bank of
21 the West, and Bank of the West shall release its lien on any equipment sold, so long as the Debtor
22 remains current on the monthly payments to Bank of the West and Bank of the West receives the net
23 sale proceeds from the sale to apply to the outstanding principal balance. Bank of the West shall also
24 release its lien on the Equipment once its Allowed Secured Claim has been paid. Once the Allowed
25 Secured Claim is paid in full pursuant to the terms of the Stipulation, the Bank of the West shall
26 release any and all rights or interests it may have in the Equipment. If the Debtor fails to tender the
27 monthly payments as required under this Stipulation, or if a tendered payment is not honored by the
28 Bank of the West, then the Bank of the West shall provide written notice to the Debtor at 3250 S. 35th
Ave., Phoenix, AZ 8009, or such further address as the Debtor shall provide to Bank of the West, and

1 if the default occurs while the above-captioned bankruptcy proceeding remains active, to the Debtor's
2 counsel at 2390 East Camelback Road, Ste. 400, Phoenix, Arizona, 85016, indicating the nature of the
3 default. If the Debtor fails to cure the default with certified funds after the passage of 10 calendar days
4 from the date said written notice is received by the Debtor and its counsel if applicable, Bank of the
5 West may file a declaration of such uncured event of default with the Court, requesting relief from the
6 automatic stay. If the Plan of Reorganization in this case has been confirmed, Bank of the West shall
7 have its contractual and statutory rights under the loan agreement to exercise its remedies. The terms
8 of this Stipulation shall also control and resolve any claim Bank of the West may have against any
9 guarantor.

10 **2. BMO Harris Bank: Class 2-B**

11 Class 2-B consists of the Allowed Secured Claim held by BMO related to its first position
12 lien on the Debtor's cash, inventory, accounts receivable and a portion of the Debtor's equipment.
13 BMO filed a proof of claim in the amount of \$640,916.70. The Debtor believes the amount owed as
14 of the Petition Date was \$631,929.56. The Debtor has been selling various pieces of BMO's
15 collateral and the net sale proceeds have been paid over to BMO for application against the principal
16 balance owing to BMO. The Debtor has also been paying adequate protection payments to BMO in
17 the amount of \$1,000 per week. The parties will agree, or the Debtor will request that the Court
18 determine, the amount of BMO's Allowed Secured Claim. BMO's Allowed Secured Claim will be
19 reamortized over 15 years, at 4.5%, and paid in equal monthly payments of principal and interest,
20 with the first payment being due 30 days after the Confirmation Date, and a 10 year balloon
21 payment. The Debtor may pre-pay this obligation in whole or in part at any time without penalty.
22 The treatment provided herein shall apply to the Debtor and any guarantor of this debt.

23 **3. Enterprise FM Trust: Class 2-C**

24
25 Class 2-C consists of the Allowed Secured Claim held by Enterprise related to its first position
26 lien on various of the Debtor's vehicles. The Debtor and Enterprise entered into a Stipulation for the
27 treatment of Enterprise. To the extent there is any inconsistency between the Stipulation and this
28 Plan, the Stipulation controls. The amount owing as of August 31, 2016 is \$103,196.28 (the "Present

1 Balance”). The Present Balance includes an interest component. The Vehicles have annual taxes and
2 license fees, which Enterprise estimates to be approximately \$500 per month, and which is and will be
3 paid on an ongoing basis by Enterprise until such time as title to the Vehicles is transferred to Native.
4 Native shall pay Enterprise monthly payments of \$5,000 per month to satisfy the Present Balance and
5 the annual taxes and license fees for the remaining Vehicles. Payments shall commence with the first
6 monthly payment after the Court’s approval of the Stipulation and continue monthly thereafter until
7 the Present Balance is paid in full. Enterprise shall remain secured in the remaining Vehicles until the
8 Present Balance has been paid in full. When the Present Balance has been paid in full, Enterprise
9 shall release its lien on all of the remaining Vehicles and Native shall at that time have free and clear
10 title to all of the remaining Vehicles. Payments shall be paid to Enterprise at P.O. Box 800089,
11 Kansas City, MO 64180-0089, unless Enterprise designates in writing an alternative address for the
12 payments. Native may prepay the Present Balance without penalty at any time. Native may further
13 sell any of the remaining Vehicles as it sees fit once it receives consent from Enterprise (or may sell
14 any of the vehicles through Enterprise) and Enterprise shall release its lien on any vehicle sold, so
15 long as Native remains current on the monthly payments to Enterprise and Enterprise receives the net
16 sale proceeds from the sale to apply to the outstanding balance owing on the Present Balance. If
17 Native fails to tender the \$5,000 monthly payments as required under the Stipulation, or if a tendered
18 payment is not honored by Enterprise, then Enterprise shall provide written notice to Native at 2435 E.
19 University, Phoenix, AZ 85035, or such further address as Native shall provide to Enterprise, and to
20 the Native’s counsel at 2390 East Camelback Road, Ste. 400, Phoenix, Arizona, 85016, indicating the
21 nature of the default. Written notice may be effectuated by email. If Native fails to cure the default
22 with after the passage of 10 business days from the date said written notice is received by Native and
23 its counsel, Enterprise may file a declaration of such uncured event of default with the Court. The
24 automatic stay of 11 U.S.C. §362 is terminated upon the Court’s order approving the Stipulation.
25 Enterprise shall have its contractual and statutory rights under the Agreement to exercise its remedies.
26
27
28

1 The terms of the Stipulation shall control and resolve any claim Enterprise may have against any
2 guarantor. The parties agree that Enterprise shall receive \$6,000 of its attorneys' fees, which shall be
3 paid at the end of the payment schedule in the same monthly payment amounts. The parties shall bear
4 any other of their own attorneys' fees and costs in entering into the Stipulation. To the extent either
5 party must seek relief from the Court to compel compliance with the terms of the Stipulation, the
6 prevailing party shall be entitled to recover its attorneys' fees.
7

8 **4. Maricopa County Treasurer: Class 2-D**

9 Class 2-D consists of the Allowed Secured Claim held by the Maricopa County Treasurer
10 related to personal property taxes. Maricopa County Treasurer filed a secured claim in the amount
11 of \$12,783.33 for 2015 and estimated 2016 personal property taxes. The Debtor is in the process of
12 reviewing this proof of claim and may need to file an objection thereto if its records do not agree
13 with the records of Maricopa County. Maricopa County will retain its liens on the Debtor's personal
14 property and will be paid its Allowed Secured Claim as follows: (a) All pre-petition personal
15 property taxes that became due prior to the Effective Date which were not paid as of the Effective
16 Date, shall be paid in equal monthly installments over a period of twelve (12) months from the
17 Effective Date, and shall bear interest at the state law rate from the date the taxes came due, (b) all
18 post-petition taxes due prior to the Effective Date shall be paid in the ordinary course of business
19 and shall be paid in full by the Effective Date, (c) the Reorganized Debtor shall pay any personal
20 property taxes which accrue and become due after the Effective Date as said amounts become due
21 and payable pursuant to state law, (d) the Reorganized Debtor may prepay any of these Allowed
22 Secured Claims at any time without penalty; and (e) Maricopa County shall retain its lien(s) until its
23 claims are paid in full. Pursuant to the terms of the Stipulation executed between the Debtor, BMO,
24 and Maricopa County, to the extent the Debtor sells any personal property that is the collateral of
25 BMO, Maricopa County shall receive 10% of the net sale proceeds and shall release its lien upon
26 receipt of its share of the sale proceeds. Any such payments shall be applied to Maricopa County's
27 Allowed Secured Claim.
28

1 **C. Unsecured Claims: Class 3**

2 **1. General Unsecured Claims: Class 3-A**

3 Class 3-A consists of the Allowed Unsecured Claims of Creditors. Class 3-A
4 Creditors may elect on their ballot (at their sole option) to be treated in accordance with Class 3-B,
5 or it shall be treated in accordance with Class 3-A. Class 3-A Creditors shall be paid a pro-rata share
6 from the Debtor's Excess Cash Flow, on a semi-annual basis (with payments to be sent out for the
7 prior half-year by February 15 and August 15), after all senior Allowed Claims (including Class 3-
8 B) have been paid in accordance with the terms of the Plan, until the Allowed Unsecured Claim have
9 been paid in full.

10 **2. Administrative Convenience Unsecured Claims: Class 3-B**

11 Class 3-B consists of Allowed Unsecured Claims of Creditors that made an election
12 on their ballot to be treated in accordance with Class 3-B. Class 3-B Creditors shall be paid a pro-
13 rata share from the Debtor's Excess Cash Flow, on a semi-annual basis (with payments to be sent
14 out for the prior half-year by February 15 and August 15), until they have been paid 50% of the
15 amount of their Allowed Claim, after all senior Allowed Claims have been paid in accordance with
16 the terms of the Plan, but before any payments are made to Class 3-A.

17 **D. Debtor's Interest: Class 4**

18 **1. Debtor's Interest: Class 4-A**

19 This Class consists of the Allowed Interests of the Interest Holders of the Debtor.
20 The current Interest Holders are Jon Riggs and Dusty Ellington. Dusty Ellington will not be
21 participating in the reorganized Debtor. In consideration for retaining his Interest, Jon Riggs shall
22 contribute to the Debtor sufficient cash to fund any shortfall owing to the Debtor's professionals as
23 of the Effective Date (presently that amount is projected to be \$50,000). Jon Riggs shall retain his
24 Allowed Interest in the Debtor, but unless, and until all senior Allowed Claims are paid in full in
25 accordance with the terms of the Plan, Jon Riggs shall receive no distribution on account of his
26 Allowed Interests.

27 **V. MEANS FOR EXECUTING THE PLAN**

28 **A. Funding**

 Pursuant to §1123(a)(8) of the Bankruptcy Code, the Debtor shall provide for the payment to

1 creditors under its Plan of all or such portion of the profits generated by the Debtor in its normal
2 business operations, as is necessary for the execution of the Plan.

3 **B. Liquidation of Estate Property**

4 The Debtor shall have the authority to retain such brokers, agents, counsel, or
5 representatives, as they deem necessary to liquidate all assets of the bankruptcy estate. Prior to
6 Confirmation, the Debtor may sell its property pursuant to an order of the Bankruptcy Court to the
7 highest and best bidder. Any sales which occur post-confirmation shall not require approval of the
8 Bankruptcy Court for the sale, although the Debtor will be free to seek such order if it deems
9 appropriate.

10 **C. Management**

11 The Reorganized Debtor will continue to operate under the same management structure
12 utilized prior to Confirmation.

13 **D. Disbursing Agent.**

14 The Reorganized Debtor shall act as the Disbursing Agent under the Plan.

15 **E. Documentation of Plan Implementation.**

16 In the event any entity which possesses an Allowed Secured Claim or any other lien in any of
17 the Debtor's property for which the Plan requires the execution of any documents to incorporate the
18 terms of the Plan, fails to provide a release of its lien or execute the necessary documents to satisfy
19 the requirements of the Plan, the Debtor may record a copy of this Plan or the Confirmation Order
20 with the appropriate governmental agency and such recordation shall constitute the lien release and
21 creation of any necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable,
22 he may obtain a further Order from the Court that may be recorded in order to implement the terms
23 of the Plan.

24 **VI. EFFECT OF CONFIRMATION**

25 Except as otherwise provided in the Plan or the Confirmation Order, Confirmation acts as a
26 discharge, effective as of Confirmation, of any and all debts of the Debtor, that arose any time before
27 the entry of the Confirmation Order including, but not limited to, all principal and all interest
28 accrued thereon, pursuant to §1141(d)(1) of the Bankruptcy Code. The discharge shall be effective

1 as to each Claim, regardless of whether a proof of claim thereon was filed, whether the Claim is an
2 Allowed Claim, or whether the holder thereof votes to accept the Plan.

3 In addition, any pre-confirmation obligations of the Debtor dealt with in this Plan shall be
4 considered New Obligations of the Debtor, and these New Obligations shall not be considered in
5 default unless and until the Reorganized Debtor defaults on the New Obligations pursuant to the
6 terms of the Plan. The New Obligations provided for in the Plan shall be in the place of, and
7 completely substitute for, any pre-confirmation obligations of the Debtor and, once the Plan is
8 confirmed, the only obligations of the Debtor shall be such New Obligations as provided for under
9 the Plan.

10 Pursuant to the terms of the Plan, all creditors are to be paid in full. As a result, the
11 confirmation of the Plan shall act as a stay of any litigation or any judgment obtained against any
12 guarantor for obligations on which the Debtor is primarily liable and the Debtor will seek an
13 injunction against any creditor against taking any action or continuing any action against any
14 guarantor. Any guaranty of the Debtor's obligations shall remain effective to the Debtor's
15 performance under the Plan, and only recoverable if the Debtor fails to make its payments under the
16 terms of the Plan.

17 **VII. OBJECTIONS TO AND ESTIMATIONS OF CLAIMS**

18 **A. Objections and Bar Date for Filing Objections.**

19 As soon as practicable, but in no event later than 120 days after the Effective Date,
20 objections to Claims shall be filed with the Bankruptcy Court and served upon the Debtor and the
21 holders of each of the Claims to which objections are made pursuant to the Bankruptcy Code and the
22 Bankruptcy Rules. Objections filed after such date will be barred.

23 **B. Settlement of Claims.**

24 Settlement of any objection to a Claim not exceeding \$10,000.00 shall be permitted on the
25 eleventh (11th) day after notice of the settlement has been provided to the Debtor, the Creditors, the
26 settling party, and other persons specifically requesting such notice, and if on such date there is no
27 written objection filed, such settlement shall be deemed approved. In the event of a written
28 objection to the settlement, the settlement must be approved by the Court on notice to the objecting
party.

1 **C. Estimation of Claims.**

2 For purposes of making distributions provided for under the Plan, all Claims objected to shall
3 be estimated by the Disbursing Agent at an amount equal to (i) the amount, if any, determined by the
4 Court pursuant to §502(c) of the Bankruptcy Code as an estimate for distribution purposes; (ii) an
5 amount agreed to between the Debtor and the Claimant; or, (iii) that amount set forth as an estimate
6 in the Plan or Disclosure Statement. Notwithstanding anything herein to the contrary, no
7 distributions shall be made on account of any Claim until such Claim is an Allowed Claim.

8 **D. Unclaimed Funds and Interest**

9 Distribution to Claimants shall be mailed by the Reorganized Debtor to the Claimants at the
10 address appearing on the master mailing matrix unless the Claimant provides the Reorganized
11 Debtor with an alternative address. For a period of one year from the date that a distribution was to
12 be made by the disbursing agent but has gone uncollected by the Claimant, the disbursing agent shall
13 retain any distributions otherwise distributable hereunder which remain unclaimed or as to which the
14 disbursing agent has not received documents required pursuant to the Plan. Thereafter, the
15 unclaimed funds shall revert in the Reorganized Debtor.

16 **VIII. NONALLOWANCE OF PENALTIES AND FINES**

17 No distribution shall be made under this Plan on account of, and no other Allowed Claim,
18 whether secured, unsecured, administrative, or priority, shall include any fine, penalty, exemplary or
19 punitive damages, late charges, default interest or other monetary charges relating to or arising from
20 any default or breach by the Debtor, and any Claim on account thereof shall be deemed disallowed,
21 whether or not an objection was filed to it.

22 **IX. CLOSING OF CASE**

23 Until this case is officially closed, the Reorganized Debtor will be responsible for filing pre-
24 and post-confirmation reports required by the United States Trustee and paying the quarterly post-
25 confirmation fees of the United States Trustee, in cash, pursuant to 28 U.S.C. §1930, as amended.
26 Pursuant to 11 U.S.C. §1129(a)(12), all fees payable under section 1930 of title 28, as determined by
27 the Court at the hearing on confirmation of the Plan, will be paid, in cash, on the Effective Date.

28 **X. MODIFICATION OF THE PLAN**

 In addition to her modification rights under §1127 of the Bankruptcy Code, the Debtor may

1 amend or modify this Plan at any time prior to Confirmation without leave of the Court. The Debtor
2 may propose amendments and/or modifications of this Plan at any time subsequent to Confirmation
3 with leave of the Court and upon notice to Creditors. After Confirmation of the Plan, the Debtor
4 may, with approval of the Court, as long as it does not materially or adversely affect the interests of
5 Creditors, remedy any defect or omission or reconcile any inconsistencies of the Plan, or in the
6 Confirmation Order, if any may be necessary to carry out the purposes and intent of this Plan.

7 **XI. JURISDICTION OF THE COURT**

8 The Court will retain jurisdiction until this Plan has been fully consummated for including,
9 but not limited to, the following purposes:

10 1. The classification of the Claims of any Creditors and the re-examination of any
11 Claims which have been allowed for the purposes of voting, and for the determination of such
12 objections as may be filed to the Creditor's Claims. The failure by the Debtor to object to or examine
13 any Claim for the purpose of voting shall not be deemed to be a waiver of the Debtor's rights to
14 object to or to re-examine the Claim in whole or in part.

15 2. To determine any Claims which are disputed by the Debtor, whether such objections
16 are filed before or after Confirmation, to estimate any Unliquidated or Contingent Claims pursuant
17 to 11 U.S.C. §502(c)(1) upon request of the Debtor or any holder of a Contingent or Unliquidated
18 Claim, and to make determination on any objection to such Claim.

19 3. To determine all questions and disputes regarding title to the assets of the estate, and
20 determination of all causes of action, controversies, disputes or conflicts, whether or not subject to
21 action pending as of the date of Confirmation, between the Debtor and any other party, including but
22 not limited to, any rights of the Debtor to recover assets pursuant to the provisions of the Bankruptcy
23 Code.

24 4. The correction of any defect, the curing of any omission or any reconciliation of any
25 inconsistencies in this Plan, or the Confirmation Order, as may be necessary to carry out the
26 purposes and intent of this Plan.

27 5. The modification of this Plan after Confirmation, pursuant to the Bankruptcy Rules
28 and the Bankruptcy Code.

6. To enforce and interpret the terms and conditions of this Plan.

1 7. The entry of an order, including injunctions, necessary to enforce the title, rights and
2 powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of such title,
3 right and power that this Court may deem necessary.

4 8. The entry of an order concluding and terminating this case.

5 **XII. RETENTION AND ENFORCEMENT OF CLAIMS**

6 Pursuant to §1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain and
7 may enforce any and all claims of the Debtor, except those claims specifically waived herein.

8 **XIII. EXECUTORY CONTRACTS**

9 The Debtor rejects all executory contracts and unexpired leases not otherwise assumed herein
10 or by separate order of the Court. Claims for any executory contracts or unexpired leases rejected by
11 the Debtor shall be filed no later than ten (10) days after the earlier of Confirmation or the date the
12 executory contract or unexpired lease is specifically rejected. Any such Claims not timely filed and
13 served shall be disallowed.

14 **XIV. REVESTING**

15 Except as provided for in the Plan or in the Confirmation Order, on the Effective Date the
16 Reorganized Debtor shall be vested with all the property of the estate free and clear of all claims,
17 liens, charges, and other interests of Creditors, arising prior to the Effective Date. Upon the
18 Effective Date, the Reorganized Debtor shall operate her business free of any restrictions.

19 DATED this ___ day of _____, 2016.

20 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

21 By/s/ D. Lamar Hawkins

22 D. Lamar Hawkins
23 Heather A. Macre
24 2390 E. Camelback Rd., Suite 400
25 Phoenix, Arizona 85016
26 Attorneys for Debtor

27 NATIVE ENVIRONMENTAL, L.L.C.

28 /s/ Jon Riggs

By: Jon Riggs
Its: Manager

EXHIBIT B

Native Environmental, L.L.C. Chapter 11 No. 16-2378-DPC							
Claims Analysis							
Claim No	Creditor	Scheduled Amount	Scheduled as Unknown/ Not Scheduled	Co-Debtor	C/U/D	POC Amount	Comments
Secured Creditors:							
2	Bank of the West	\$ 7,500.00				\$ 59,138.60	x 3448; Wacker G70 Generator; Includes Ditch Witch Fin. Svs. Claims
20	BMO Harris Bank, N.A.	\$ 631,929.56				\$ 640,916.70	x0004; A/R; Equipment, etc.
	Ditch Witch Financial Services	\$ 66,000.00					Equipment x9430
	Ditch Witch Financial Services	\$ 22,000.00					Equipment x9430
	Enterprise FM Trust	\$ 59,804.47					x8937; Vehicles
3	Maricopa County Treasurer	\$ 4,221.75				\$ 12,783.83	2015 and 2016 Estimated Personal Property Taxes
	Total Secured:	791,455.78					
Priority Creditors:							
1	AZ Dept. of Revenue	Notice Only				\$ 144.00	Amended Claim filed 5/17/16
5	IRS	Notice Only				\$ 3,771.62	2013 FUTA taxes and interest; Amd Claim 4/15/16
18	New Mexico Taxation & Revenue Dept.	Notice Only				\$ 202.62	
	Total Priority:						
Unsecured Creditors:							
1	AZ Dept. of Revenue					\$ 1,676.72	Amended Claim filed 5/17/16
	A to Z Equipment Rentals	Notice Only			C/U		x3750
16	ABATIX	\$ 8,277.75			C/U	\$ 8,143.03	x5112
6	American Express		Not Scheduled		C/U	\$ 10.16	x2000
8	American Express	\$ 54,000.00			C/U	\$ 56,449.64	x1004
	Apache Junction Landfill	Notice Only			C/U		x0444
	Attorney General of Arizona	Notice Only			C/U		
	Benson Security Systems, Inc.	\$ 99.00			C/U		x5085
	Big E's Tire	\$ 65.87			C/U		x3165
17	BlueLine Rentals	\$ 35,051.81			C/U	\$ 35,051.81	x1617
19	BMO Harris Bank, N.A.	\$ 141,181.50			C/U	\$ 156,497.90	x6477
	Copper Mountain Landfill	\$ 5,782.91			C/U		
	CPS, Inc.	Notice Only			C/U		x3029
21	De Lage Landen Financial Services Inc.		Not Scheduled			No amount listed	Re: Toshiba Color Copier
	Ditch Witch	\$ 5,287.06			C/U		x5800
	Earth Mover Tire Sales, Inc.	\$ 317.47			C/U		
	Flash Delivery Inc.	\$ 12.71			C/U		x2265
	Haley Cook Enterprise, LLC	\$ 400.00			C/U		
	I Data Systems	Notice Only			C/U		
23	Inline Distributing Company	\$ 203,548.46			C/U	\$ 204,279.36	x5826
	IPFS Corporation AZP	\$ 14,429.73			C/U		xT102
5	IRS		Not Scheduled			\$ 13,664.53	2014 and 2015 partnership returns
10	Jennings Strouss & Salmon, PLC	Notice Only			C/U	\$ 1,411.42	
	K2 Waste Solutions Real Estate Holdings	Notice Only			C/U		
	Linebarger Goggan Blair & Sampson, LLP	\$ 228.63			C/U		x0501
	McAQD c/o One Stop Shop	Notice Only			C/U		
	Midstate Pipe & Supply	\$ 22.44			C/U		
9	MP Environmental Services, Inc.	\$ 5,301.60			C/U	\$ 5,301.60	xENVI
18	New Mexico Taxation & Revenue Dept.		Not Scheduled			\$ 37.92	
12	NLB Corporation (Claim filed by Ross, Stuart & Dawson)	\$ 26,872.51			C/U	\$ 26,621.53	x2376
	Occupational Health Centers	\$ 5,179.50			C/U		x6340
	Outline Products LLC	\$ 1,042.61			C/U		
	Phoenix Welding Supply Co.	\$ 16.18			C/U		x3105
	Principle Life Insurance Co.	Notice Only			C/U		
	Purchase Power	\$ 527.96			C/U		x5342
13	Quinn DeAngelis, PC	Notice Only			C/U	\$ 400.00	
22	Red J Environmental Corporation	\$ 3,090.00			C/U	\$ 3,090.00	
	Relentless Accountability	\$ 14,500.00			C/U		
	Republic Services #466 Yuma	\$ 4,377.83			C/U		x0574
	Right Away Disposal	\$ 1,100.00			C/U		x4836
	Sam's Club	\$ 65.37			C/U		x0276
7	Southwest Regional Landfill	\$ 12,432.83			C/U	\$ 12,432.83	x2018
	Staples Credit Plan	\$ 28.28			C/U		x4308
	Sunbelt Rentals, Inc.	\$ 2,013.71			C/U		x0219
11	Toshiba Business Solutions, USA	\$ 308.46			C/U	\$ 308.46	xB2DN
	Toshiba Financial Services	\$ 372.80			C/U		x5447
	United Rentals NW, Inc.	Notice Only			C/U		x5890
14, 15	US Ecology Nevada, Inc.	\$ 15,950.00			C/U	\$ 15,950.00	x2148; duplicate claims filed
	Waste Management of AZ	Notice Only			C/U		x2384
	Web Techs.net	\$ 698.00			C/U		
	Weinberger Waste Disposal	Notice Only			C/U		x4134
4	Wex Bank		Not Scheduled			\$ 4,115.61	x4038
	Winners Circle Training	\$ 1,960.00			C/U		
	Wright Express FSC	Notice Only			C/U		x4038
	Total Unsecured:	\$ 564,542.98					

EXHIBIT C

Native Environmental
Projected Income Statements

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	\$ 3,800,000	\$ 3,850,000	\$ 3,900,000	\$ 3,950,000	\$ 4,000,000	\$ 4,050,000	\$ 4,100,000	\$ 4,150,000	\$ 4,200,000	\$ 4,250,000
Cost of Construction	2,280,000	2,280,000	2,340,000	2,370,000	2,400,000	2,430,000	2,460,000	2,490,000	2,520,000	2,550,000
Gross Profit	1,520,000	1,570,000	1,560,000	1,580,000	1,600,000	1,620,000	1,640,000	1,660,000	1,680,000	1,700,000
General and Administrative:										
Admin Salaries	320,000	320,000	340,000	340,000	360,000	360,000	380,000	380,000	400,000	400,000
Liability Insurance	125,000	125,000	125,000	130,000	130,000	130,000	135,000	135,000	135,000	135,000
Workers Comp	125,000	125,000	125,000	130,000	130,000	130,000	135,000	135,000	135,000	135,000
Depreciation Expense	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Vehicles	100,000	100,000	100,000	100,000	110,000	110,000	110,000	110,000	120,000	120,000
Other	360,000	385,000	410,000	435,000	460,000	485,000	510,000	535,000	560,000	585,000
Total General and Administrative	1,210,000	1,235,000	1,280,000	1,315,000	1,370,000	1,395,000	1,450,000	1,475,000	1,530,000	1,555,000
Net Income	310,000	335,000	280,000	265,000	230,000	225,000	190,000	185,000	150,000	145,000

Native Environmental
Projected Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Income	\$ 310,000	\$ 335,000	\$ 280,000	\$ 265,000	\$ 230,000	\$ 225,000	\$ 190,000	\$ 185,000	\$ 150,000	\$ 145,000
Add Back Depreciation	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Equipment Expenditures	(60,000)	(80,000)	(60,000)	(80,000)	(60,000)	(80,000)	(60,000)	(80,000)	(60,000)	(80,000)
Cash Flows from Operations	\$ 430,000	\$ 435,000	\$ 400,000	\$ 365,000	\$ 350,000	\$ 325,000	\$ 310,000	\$ 285,000	\$ 270,000	\$ 245,000
Income Tax Requirements	(144,000)	(134,000)	(112,000)	(106,000)	(92,000)	(90,000)	(76,000)	(74,000)	(60,000)	(58,000)
Net Company Generated Cash Flow	286,000	301,000	288,000	259,000	258,000	235,000	234,000	211,000	210,000	187,000
Cash Used for Settlement of Priority Claims										
Administrative Claims 1-A Legal	(100,000)									
Tax Claims 1-B	(7,759.49)									
Bank of the West: Class 2-A	(9,316.08)	(9,316.08)	(9,316.08)	(9,316.08)	(9,316.08)					
BMO Harris Bank: Class 2-B	(58,843.28)	(58,843.28)	(78,843.28)	(78,843.28)	(98,843.28)	(98,843.28)	(98,843.28)	(98,843.28)	(98,843.28)	(113,059.67)
Enterprise FM Trust: Class 2-C	(60,000.00)	(40,000.00)								
Maricopa County Treasurer: Class 2-D	(12,783.33)									
Total Cash Used for Settlement of Priority Claims	(248,702)	(108,159)	(88,159)	(88,159)	(108,159)	(98,843)	(98,843)	(98,843)	(98,843)	(113,060)
Net Cash Generated after Priority Claims to apply to General Unsecured Claims: Class 3-A and 3-B	37,298	192,841	199,841	170,841	149,841	136,157	135,157	112,157	111,157	73,940
Repayment of unsecured		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(75,000)	(75,000)
Net annual change in cash		142,841	149,841	120,841	99,841	86,157	85,157	62,157	36,157	(1,060)
Cumulative Cash Generated		180,138	329,979	450,820	550,660	636,817	721,974	784,131	820,287	819,228

EXHIBIT D

Native Environmental
Income Statements 2010-2015

	2015	2014	2013	2012	2011	2010
Revenue	\$ 4,334,814	\$ 7,916,359	\$ 8,566,364	\$ 9,631,463	\$ 10,190,229	\$ 9,591,664
Cost of Construction	3,082,424	5,971,025	6,520,751	6,655,760	6,158,420	5,296,226
Gross Profit	<u>1,252,390</u>	<u>1,945,334</u>	<u>2,045,613</u>	<u>2,975,703</u>	<u>4,031,809</u>	<u>4,295,438</u>
General and Administrative:						
Admin Salaries	792,685	838,374	1,352,918	1,325,145	1,399,314	1,335,259
Liability Insurance	51,805	235,899	157,290	99,743	83,091	70,783
Workers Comp	6,004	11,228	11,065	12,032	8,176	9,976
Depreciation Expense	180,000	205,071	211,804	170,440	179,923	154,927
Vehicles	106,528	241,658	234,658	270,505	254,450	233,604
Other	672,539	1,014,871	771,503	1,244,321	1,060,782	918,759
Total General and Administrative	<u>1,809,561</u>	<u>2,547,101</u>	<u>2,739,238</u>	<u>3,122,186</u>	<u>2,985,736</u>	<u>2,723,308</u>
Net Income	<u>(557,171)</u>	<u>(601,767)</u>	<u>(693,625)</u>	<u>(146,483)</u>	<u>1,046,073</u>	<u>1,572,130</u>