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7 **IN THE UNITED STATES BANKRUPTCY COURT**
8 **FOR THE DISTRICT OF ARIZONA**

9 In re:
10 NATIVE ENVIRONMENTAL, L.L.C.,
11 Debtor.

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

14 Taxpayer Identification No.: xx-xxx7687

Chapter 11 Proceedings

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

**DEBTOR'S FIRST DISCLOSURE
STATEMENT**

15 **I. INTRODUCTION**

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

19 11 U.S.C. §1125(b) prohibits the solicitation of acceptances or rejections of a plan of
20 reorganization unless such plan is accompanied by a copy of the Disclosure Statement which has been
21 approved by the Bankruptcy Court.

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

26 Unless otherwise noted, those portions of the Plan and this Disclosure Statement providing
27 factual information concerning the Debtor, its assets and liabilities, have been prepared from
28 information submitted by the Debtor and its retained professionals. The Debtor and other

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

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

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

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

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

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

27 Even if each class of creditors does not accept the Plan, the Plan can be confirmed under
28 §1129(b) of the Code, so long as one impaired class of creditors accepts the Plan. This is referred to
as the "cram down" provision. The failure of each class to accept the Plan could very well result in a

1 conversion of this case to a Chapter 7 or dismissal of the Chapter 11, and the secured creditors
2 repossessing its collateral and disposing of it in a commercially reasonable manner with no obligation
3 to unsecured creditors.

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

6 **II. DEFINITIONS**

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

9 **III. THE DEBTOR AND EVENTS PRECIPITATING THE CHAPTER 11**

10 The Debtor was organized on October 25, 2000. The Debtor is owned by Jon Riggs and
11 Dusty Ellington. Jon Riggs and Dusty Ellington are the Managers of the Debtor. Kim Riggs and
12 Suzie Ellington, the wives of Jon and Dusty, also work for the Debtor.

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

26 The Debtor is a mature company that has made it through the worst of times. The Debtor
27 continues to procure clients and has a promising and productive future. The Debtor has the client
28 base, the dedicated work force and the drive to succeed. The Debtor currently has 45 full-time
employees.

1 The Debtor is 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 **IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11**

6 A. Administrative Proceedings

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

9 B. Retention of Professionals

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

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

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

25 C. Use of Cash Collateral

26 On March 10, 2016, the Debtor filed an Emergency Motion for Authorization to Use Cash
27 Collateral. Pursuant to the Motion, the Debtor requested an order authorizing the use of cash
28 collateral in accordance with Budget attached to the Motion. On March 14, 2016, BMO Harris Bank,
N.A. (“BMO”) filed a Notice of Non-Consent to Debtor’s Use of Cash Collateral. On March 15,

1 2016, the U.S. Trustee filed a Response to the Motion. On March 16, 2016, BMO also filed a
2 Response to the Motion. A hearing was held on March 16, 2016. At the hearing the parties reached
3 an interim resolution and requested a continued hearing. The continued hearing was held on March
4 22, 2016. At the March 22, 2016 hearing, the Court approved the Debtor's use of Cash Collateral
5 through the close of business on April 12, 2016 and set a continued hearing on the matter for April 12,
6 2016. An Order granting the Motion was entered on March 24, 2016.

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

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

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

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

27 E. Claims Bar Date

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

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

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

11 G. Motion to Approve Lease Agreement

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

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

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

25 I. Appointment of Unsecured Creditors Committee

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

28 J. ASHR's Fee Applications

ASHR will file applications for fees and costs incurred in its representation of the Debtor.

1 Orders approving ASHR's application for fees will be signed by the Court to reflect the fees and costs
2 that are payable. ASHR will be filing additional fee applications from time to time during this
3 proceeding. Because this matter is ongoing, interested parties should review the Court's docket for
4 the current status of this matter.

5 K. Bookkeeper's Fee Applications

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

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

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

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

20 On May 13, 2016, the Debtor filed a Stipulation for Claim Treatment with Bank of the West
21 regarding Bank of the West's claim secured by: (1) a 2012 Ditch Witch FX30 Vacuum SN:
22 CMWFX30XCCOOOI603; (2) a T18S Ditch Witch Trailer VIN:1DSB202S5CI701855; (3) a 2010
23 Ditch Witch FX30 Vacuum SN: CMWFX30XEB0001081; (4) a T18S Ditch Witch Trailer VIN:
24 IDSB202S0B1702183; (5) a 2012 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; (6) a 2012
25 Ditch Witch T18S Trailer VIN: IDSB122C7C1702268; and (7) a Wacker G70 Generator (collectively
26 the "Equipment"). The Parties came to an agreement regarding Bank of the West's Allowed Secured
27 Claim. On June 10, 2016, the Court entered an Order approving the Stipulation.

28 N. Stipulation for Partial Claim Treatment with Enterprise FM Trust

On May 19, 2016, the Debtor filed a Stipulation for Partial Claim Treatment with Enterprise

1 FM Trust (“Enterprise”) regarding Enterprise’s claim secured by 11 vehicles (collectively the
2 “Vehicles”). The parties agreed that the Debtor will return two of the Vehicles to Enterprise for sale
3 and a credit against the principal balance owing on its account: (1) 2011 Ford Passenger Van, VIN
4 1FBSS3BL9BDA52285 and (2) 2011 Ford Utility Van VIN 1FTNE1EW3BDB34698. The
5 determination of the total amount owed under the Enterprise Lease Agreement and the total value of
6 the Vehicles will be the topic of a further stipulation between the parties. On June 16, 2016, the Court
7 entered an Order approving the Stipulation.

8 O. Motion to Reject Toshiba Lease and Service Contract

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

13 P. Motion to Extend Lease Assumption or Rejection Deadline

14 On May 31, 2016, the Debtor filed a Motion to Extend the Lease Assumption or Rejection
15 Deadline (the “Motion”). By its Motion, the Debtor sought an Order extending the deadline that the
16 Debtor has to reject or assume any leases for 90 days from July 8, 2016 to October 6, 2016.
17 Ultimately, the Court entered an Order approving the Motion.

18 **V. DESCRIPTION OF ASSETS AND LIABILITIES OF THE DEBTOR**

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

22 A. Real Property

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

24 B. Personal Property

25 1. Cash on Hand

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

28 2. Bank Accounts

The Debtor held approximately \$32,509.78 in business bank accounts at the time of the

1 filing of the petition for relief herein. The Debtor's cash has been used in the operation of its
2 business.

3 3. Accounts Receivable

4 The Debtor listed general accounts receivable in the amount of approximately
5 \$408,982.40 (\$531,145.97 less a 23% reduction for doubtful accounts). The accounts receivable have
6 been collected in the ordinary course of business and used in the business operations.

7 4. Inventory

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

9 5. Office Equipment, Furnishings and Supplies

10 The Debtor listed miscellaneous office equipment, furniture and supplies valued at
11 \$15,600.00.

12 6. Automobiles

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

2008 Toyota ¾ Ton Pickup (VIN x3144)	\$8,650.00
2007 Toyota Tundra (VIN x8687)	\$7,370.00
2009 Passenger Van (VIN x2452)	\$8,122.00
2011 F-350 Flatbed (VIN x9757) (Leased)	\$11,788.00
2011 F-350 4x4 (VIN x8196) (Leased)	\$15,071.00
2012 Toyota Tundra (VIN x2986) (Leased)	\$17,477.00
2012 Toyota Tundra (VIN x5031) (Leased)	\$17,477.00
2012 Ford F-250 (VIN x3622) (Leased)	\$17,859.00
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

24 7. Trailers

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

1998 Carso Big Open Top Trailer (VIN x2994)	\$1,200.00
2002 Haulmark Trailer (VIN x5911)	\$1,200.00
2005 Parker Open Top Trailer (VIN x4570)	\$1,200.00
1994 Wells Cargo Trailer (VIN x0192)	\$1,200.00

1	2005 Parker Open Top Trailer (VIN x6847)	\$1,200.00
2	2006 Big Tex Small Tip Trailer (VIN x0890)	\$3,000.00
	2006 Haulmark (no door) Trailer (VIN x1878)	\$1,000.00
3	2006 Haulmark Side Door Trailer (VIN x1483)	\$1,500.00
	2006 Parker Ranger Trailer (VIN x2515)	\$1,000.00
4	2007 Haulmark 14' Box Trailer (VIN x2969)	\$2,500.00
	2007 Haulmark 6 x 14 Trailer (VIN x3120)	\$2,500.00
5	2007 12' WWTRA Box Trailer (VIN x6959)	\$2,500.00
	2007 14' WWTRA Box Trailer (VIN x1454)	\$2,500.00
6	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
8	1990 Chucka Tilt Trailer (VIN x5603)	\$1,500.00
	1994 Wells Box Trailer (VIN x9225)	\$1,500.00
9	2008 Big Tex Trailer (VIN x6461)	\$2,000.00
	2012 Look Trailer (VIN x2505)	\$2,500.00
10	2013 Look Trailer (VIN x3297)	\$2,500.00
	2012 Wells Cargo Trailer (VIN x2645)	\$2,500.00
11	2012 Wells Cargo Trailer (VIN x2225)	\$2,500.00
12	2006 Trailer (VIN x5764)	\$1,500.00
13	TOTAL	\$47,500.00

8. Machinery, Fixtures, Equipment and Supplies

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

16	2005 Skid Steer Bobcat (small) (VIN x1318)	\$3,000.00
17	Water Wagon (VIN x2234)	\$2,000.00
18	6K Towable Generator (Blue) (VIN x4077)	\$2,500.00
	Blaster #1 (oil cooled) (VIN x280-2)	\$27,500.00
19	1999 MQ25 Generator #2 (VIN x6640)	\$2,500.00
	2004 Case Skip Loader (VIN x1627)	\$6,500.00
20	Sprayer Trailer	\$350.00
	1750 Skid Steer Bobcat (big) (VIN x3843)	\$5,000.00
21	25 yd. Vacuum Box	\$3,300.00
	Nissan Forklift (VIN x0353)	\$3,500.00
22	8x15 Storage Container	\$1,000.00
	3K Gal. Water Tank	\$500.00
23	(10) 25 Gal. Poly Tanks	\$250.00
24	(2) 3K Blk. Water Tanks	\$500.00
	High Vol. Filtration System	\$400.00
25	Rescue System	\$500.00
	Blaster #2 (water cooled) (VIN x2078)	\$27,500.00
26	Misc. Blaster parts, hoses and equipment	\$2,000.00
27	Tile Scraper (blue)	\$1,500.00
	Scraper Attachment (round)	\$200.00
28	Bobcat Flat Tile Scraper	\$200.00

1	Bobcat Pallet Fork	\$200.00
2	Bobcat Grapple Bucket	\$200.00
	Riding Tile Scraper (yellow)	\$5,000.00
3	Ditch Witch Fx30/500 (VIN x2268); Ditch Witch Trailer #3	\$22,000.00
	Dustless Blaster	\$8,000.00
4	Wacker G70 Generator	\$15,000.00
	Lance (VIN x2672)	\$300.00
5	SRT6 (VIN x7799)	\$500.00
6	Scarfier Concrete Grind	\$1,000.00
	Mig Welder 186	\$1,000.00
7	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
8	TOTAL	\$209,900.00

9 9. Interests in Insurance Policies

10 The Debtor listed the following insurance policies in its Schedule B. These types of
11 life insurance policies have little or no cash surrender value but can be a valuable resource if an
12 unfortunate event occurs and the individual were to pass away.

13	American National Insurance Policy No. UO567812 (No Surrender Value)	\$0
14	American National Insurance Policy No. UO567811	\$2,972.68
15	American National Insurance Policy No. UO59603	\$0
16	American National Insurance Policy No. ANB0007801 (Term Life Insurance-Jon Riggs)	\$0
17	American National Insurance Policy No. ANB0007793 (Term Life Insurance-Dusty Ellington)	\$0
18	Principle Life Insurance Policy No. 7640158 (Disability-Dusty Ellington)	\$0
	Principle Life Insurance Policy No. 7569240/7595736 (Disability-Jon Riggs)	\$0
19	Great Divide Insurance Company General Commercial Liability; Contractors Pollution and Microbial Insurance Policy No. ECPO1511066-16	\$0
20	Nautilus Insurance Company Workers Compensation and Employee Liability Policy No. WCA15107761516	\$0
21	Nautilus Insurance Company Automobile Insurance Policy No. BAP2014907-10	\$0
22	Great Divide Insurance Company Excess Liability Insurance Policy No. FFX1511068-16	\$0

23 C. Financial Reports

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

26 D. Administrative Expenses

27 The Debtor anticipates its administrative expenses will consist primarily of attorneys' fees for
28 Aiken Schenk Hawkins Ricciardi P.C. ("ASHR"). On March 10, 2016, ASHR received a cashier's

1 check in the amount of \$20,000.00 from Susan Ellington. On March 10, 2016, ASHR applied
2 \$1,717.00 for the filing fee for the Chapter 11 bankruptcy proceeding of the Debtor. ASHR offset
3 \$3,650.00 for pre-petition services performed. The Debtor has authority to set aside \$10,000 per
4 month for the payment of its attorneys' fees. ASHR estimates its fees will be in the range of \$100,000
5 depending on creditor activity in this case and believes that it should be paid out of the Debtor's post-
6 petition earnings. There may be additional administrative expenses for related costs such as experts
7 and appraisal fees.

8 E. Priority Claims

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

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

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

20 F. Secured Claims

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

24 BMO filed a Secured Claim in the amount of \$640,916.70 related to its lien against the
25 Debtor's cash, inventory, accounts receivable and equipment.

26 Enterprise has not yet filed a proof of claim with respect to its interest in various equipment
27 held by the Debtor. Enterprise may assert that its position is as a lessor, not a secured interest in the
28 equipment. The Debtor and Enterprise have executed a Stipulation to resolve their differences.

Maricopa County Treasurer filed a secured claim in the amount of \$12,783.33 for 2015 and

1 estimated 2016 personal property taxes.

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

4 G. Unsecured Claims

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

7 H. Claims Register

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

10 **VI. CLASSIFICATION**

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

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

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

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

17 Class 2-A consists of the Allowed Secured Claim of Bank of the West/Ditch Witch
18 Financial Services ("Bank of the West") regarding its first position lien on a portion of the Debtor's
19 equipment.

20 Class 2-B consists of the Allowed Secured Claim of BMO Harris Bank, N.A. ("BMO")
21 regarding its first position lien on the Debtor's accounts receivable and a portion of the Debtor's
22 equipment.

23 Class 2-C consists of the Allowed Secured Claim of Enterprise FM Trust
24 ("Enterprise") regarding its first position lien on the Debtor's vehicles.

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

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

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

Class 3-B consists of the Allowed Unsecured Claims of Administrative Convenience

1 Unsecured Claims of Creditors that wish to elect to reduce their payment to a total of 50% of their
2 Allowed Unsecured Claim in order to be paid ahead of unsecured creditors not making the election.

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

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

5 **VII. IMPAIRMENT OF CLASSES**

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

8 **VIII. TREATMENT OF CLASSES**

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

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

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

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

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

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

1 receive interest at the Tax Claim Rate. Any Class 1-C Claim not allowed as of the Effective Date
2 shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class.

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

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

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

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

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

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

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

28 Class 2-A consists of the Allowed Secured Claim held by Bank of the West related to
its first position lien on (1) a 2012 Ditch Witch FX30 Vacuum SN: CMWFX30XCCOOOI603; (2) a

1 T18S Ditch Witch Trailer VIN:1DSB202S5CI701855; (3) a 2010 Ditch Witch FX30 Vacuum SN:
2 CMWFX30XEB0001081; (4) a T18S Ditch Witch Trailer VIN: 1DSB202S0B1702183; (5) a 2012
3 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; (6) a 2012 Ditch Witch T18S Trailer VIN:
4 1DSB122C7C1702268; and (7) a Wacker G70 Generator (collectively the "Equipment"). Bank of the
5 West filed a proof of claim in the amount of \$59,138.60. The Debtor and Bank of the West reached a
6 Stipulation as to the treatment of Bank of the West on this Allowed Secured Claim. In the event of
7 any inconsistency between the Plan and the Stipulation, the terms of the Stipulation control. The
8 Parties agree that \$59,138.60 is the value of the Equipment and shall be the value of the Bank of the
9 West's secured claim as to the Equipment (the "Allowed Secured Claim") for purposes of the
10 Stipulation and the Debtor's Plan of Reorganization. The Debtor is contemplating selling the 2012
11 Ditch Witch FX30 SN: CMWFX30XVCOOO1383; 2012 Ditch Witch T18S Trailer VIN:
12 1DSB122C7C1702268 (the "DW500"). The Debtor sold the DW500 for \$19,500 (net). The net sales
13 proceeds for the sale of the DW500 shall be applied to the outstanding balance owing on The Bank of
14 the West Allowed Secured Claim. The Bank of the West consented to the sale of the DW500 to Ditch
15 Witch. The Debtor shall pay the balance of the Allowed Secured Claim in the amount of \$39,138.600
16 over 5 years, in monthly payments of \$748.03, at 5% simple annual interest. Payments commenced
17 the first day of the first month after the Court approved the Stipulation and shall continue monthly
18 thereafter until paid in full. Payments shall be made by the Debtor to the Bank of the West and sent
19 via mail to Ditch Witch, a Division of Bank of the West, 475 Sansome Street, 19th Floor, San
20 Francisco, CA 94111, or by such other means or address subsequently designated by the Bank of the
21 West in writing. The Debtor may prepay the Allowed Secured Claim without penalty at any time.
22 The Debtor may further sell any of the Equipment as it sees fit once it receives consent from Bank of
23 the West, and Bank of the West shall release its lien on any equipment sold, so long as the Debtor
24 remains current on the monthly payments to Bank of the West and Bank of the West receives the net
25 sale proceeds from the sale to apply to the outstanding principal balance. Bank of the West shall also
26 release its lien on the Equipment once its Allowed Secured Claim has been paid. Once the Allowed
27 Secured Claim is paid in full pursuant to the terms of the Stipulation, the Bank of the West shall
28 release any and all rights or interests it may have in the Equipment. If the Debtor fails to tender the
monthly payments as required under this Stipulation, or if a tendered payment is not honored by the

1 Bank of the West, then the Bank of the West shall provide written notice to the Debtor at 3250 S. 35th
2 Ave., Phoenix, AZ 8009, or such further address as the Debtor shall provide to Bank of the West, and
3 if the default occurs while the above-captioned bankruptcy proceeding remains active, to the Debtor's
4 counsel at 2390 East Camelback Road, Ste. 400, Phoenix, Arizona, 85016, indicating the nature of the
5 default. If the Debtor fails to cure the default with certified funds after the passage of 10 calendar days
6 from the date said written notice is received by the Debtor and its counsel if applicable, Bank of the
7 West may file a declaration of such uncured event of default with the Court, requesting relief from the
8 automatic stay. If the Plan of Reorganization in this case has been confirmed, Bank of the West shall
9 have its contractual and statutory rights under the loan agreement to exercise its remedies. The terms
10 of this Stipulation shall also control and resolve any claim Bank of the West may have against any
11 guarantor.

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

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

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

26
27 Class 2-C consists of the Allowed Secured Claim held by Enterprise related to its first position
28 lien on various of the Debtor's vehicles. As of April 30, 2016, the amount owed Enterprise pre- and

1 post-petition was \$137,649.24 (which includes an interest component). The parties agreed that Native
2 would return two of the Vehicles to Enterprise for sale and a credit against the principal balance
3 owing on its account: (1) 2011 Ford Passenger Van, VIN 1FBSS3BL9BDA52285 and (2) 2011 Ford
4 Utility Van VIN 1FTNE1EW3BDB34698. To the extent the Debtor determines to sell (or work with
5 Enterprise so that Enterprise sells) any of the remaining vehicles that constitute Enterprise's collateral,
6 the Debtor may do so, so long as the net sale proceeds are paid over to Enterprise for application on
7 the principal balance owing on its Allowed Secured Claim. The remaining balance from \$137,649.24,
8 after application of any net sale proceeds from any vehicles, constitutes Enterprise's Allowed Secured
9 Claim as of April 30, 2016. Native has been paying \$4,500 per month to Enterprise since April, 2016,
10 and will continued to pay \$4,500 per month to Enterprise monthly going forward until its Allowed
11 Secured Claim has been paid. These payments resolve any ongoing monthly payments and to cure the
12 pre-petition arrearages that may be owed to Enterprise. Upon payment of the Allowed Secured Claim,
13 Enterprise shall receive no further payments from the Debtor and shall immediately release its lien on
14 any of the vehicles and provide clear titles for the vehicles to the Debtor. If Native fails to tender the
15 \$4,500 monthly payments, or if a tendered payment is not honored by Enterprise, then Enterprise shall
16 provide written notice to Native at 2435 E. University, Phoenix, AZ 85035, or such further address as
17 Native shall provide to Enterprise, and to the Native's counsel at 2390 East Camelback Road, Ste.
18 400, Phoenix, Arizona, 85016, indicating the nature of the default. Written notice may be effectuated
19 by email. If Native fails to cure the default with certified funds after the passage of 10 calendar days
20 from the date said written notice is received by Native and its counsel, Enterprise may file a
21 declaration of such uncured event of default with the Court, requesting relief from the automatic stay.
22 The Debtor may pre-pay this obligation at any time without penalty.
23
24
25

26
27 **4. Maricopa County Treasurer: Class 2-D**

28 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

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

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

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

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

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

28 Class 3-B consists of Allowed Unsecured Claims of Creditors that made an election
on their ballot to be treated in accordance with Class 3-B. Class 3-B Creditors shall be paid a pro-

1 rata share from the Debtor's Excess Cash Flow, on a semi-annual basis (with payments to be sent
 2 out for the prior half-year by February 15 and August 15), until they have been paid 50% of the
 3 amount of their Allowed Claim, after all senior Allowed Claims have been paid in accordance with
 4 the terms of the Plan, but before any payments are made to Class 3-A.

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

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

7 This Class consists of the Allowed Interests of the Interest Holders of the Debtor. In
 8 consideration for retaining their Interests, Interest Holders shall contribute to the Debtor sufficient
 9 cash to fund any shortfall owing to the Debtor's professionals as of the Effective Date (presently that
 10 amount is projected to be \$50,000). The Interest Holders shall retain their Allowed Interest in the
 11 Debtor, but unless, and until all senior Allowed Claims are paid in full in accordance with the terms
 12 of the Plan, the Interest Holders shall receive no distribution on account of their Allowed Interests.

13 **IX. LIQUIDATION ANALYSIS**

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

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
Administrative Claims:				
Attorneys' fees				(\$100,000.00)
ADOR Priority Claim				(\$22,264.24)
IRS Priority Claim				(\$3,771.62)
Liquidation Equity				\$0

26 Substantially all of the Debtor's assets are secured by BMO or its other secured creditors.
 27 Creditors should note that on a liquidation basis, full market value for assets cannot be obtained.

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

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

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

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

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

24 **XI. EFFECT OF CONFIRMATION**

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

1 thereof was filed, whether the claim is an allowed claim, or whether the holder thereof votes to accept
2 the Plan.

3 In addition, any pre-confirmation obligations of the Debtor dealt with in the 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 terms
6 of the Plan. The New Obligations provided for in the Plan shall be in the place of, and completely
7 substitute for, any pre-Confirmation obligations of the Debtor and, once the Plan is confirmed, the
8 only obligations of the Debtor shall be such New Obligations as provided for under the Plan.

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

10 The Debtor's plan will be funded by its operations and Excess Cash Flow. The Reorganized
11 Debtor shall act as the Disbursing Agent under the Plan.

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

20 **XIII. TAX CONSEQUENCES**

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

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

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

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

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

19 **XV. EXECUTORY CONTRACTS**

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

25 **XVI. VOTING PROCEDURE**

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

1 Effective Date of the Plan.

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

6 This Disclosure Statement has been approved by the Bankruptcy Court in accordance with
7 §1125 of the Bankruptcy Code, and is provided to each person whose claim or interest has been
8 scheduled by the Debtor, or who has filed a proof of claim or interest with respect to the Debtor or its
9 property, each known equity interest holder and other parties-in-interest known to the Debtor. The
10 Disclosure Statement is intended to assist creditors in evaluating the Plan and in determining whether
11 to accept the Plan. In determining acceptance of the Plan, votes of creditors will only be counted if
12 submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent
13 and liquidated, or who has timely filed with the Court a proof of claim or proof of interest.

14 The Bankruptcy Court will schedule a hearing to determine whether the requirements for
15 confirmation under the Bankruptcy Code have been met and whether the Plan has been accepted by
16 each impaired class and by the requisite number of creditors in such class. Under §1126 of the Code,
17 an impaired class is deemed to have accepted the Plan upon a favorable vote of at least two-thirds
18 (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of class members
19 voting on the Plan. Further, unless there is unanimous acceptance of the Plan by an impaired class,
20 the Court must also determine that class members will receive at least as much as they would if the
21 Debtor was liquidated under Chapter 7 of the Code.

22 Even if each class of creditors does not accept the Plan, the Plan can be confirmed under
23 §1129(b) of the Code, so long as one impaired class of creditors accepts the Plan. The failure of each
24 class to accept the Plan could very well result in a conversion of this case to a Chapter 7 or dismissal
25 of the Chapter 11, and the secured creditors repossessing their collateral and disposing of it in a
26 commercially reasonable manner with no obligation to unsecured creditors.

27 **XVII. MODIFICATION OF PLAN**

28 In addition to its modification rights under §1127 of the Bankruptcy Code, the Debtor may
amend or modify its Plan at any time prior to Confirmation without leave of the Court. The Debtor or

1 the Reorganized Debtor may propose amendments and/or modifications of its Plan at any time
2 subsequent to Confirmation with leave of the Court and upon notice to Creditors. After Confirmation
3 of the Plan, the Debtor or the Reorganized Debtor may, with approval of the Court, as long as it does
4 not materially or adversely affect the interests of Creditors, remedy any defect or omission or
5 reconcile any inconsistencies of the Plan, or in the Confirmation Order, if any may be necessary to
6 carry out the purposes and intent of his Plan.

7 **XVIII. CLOSING OF THE CASE**

8 If the Court does not close this case on its own motion, the Reorganized Debtor will move the
9 Court to close this case once the Plan is deemed substantially consummated. Until substantial
10 consummation, the Reorganized Debtor will be responsible for filing pre- and post-confirmation
11 reports required by the United States Trustee and paying the quarterly post-confirmation fees of the
12 United States Trustee, in cash, pursuant to 28 U.S.C. §1930, as amended. Pursuant to 11 U.S.C.
13 §1129(a)(12), all fees payable under section 1930 of title 28, as determined by the Court at the hearing
14 on confirmation of the Plan, will be paid, in cash, on the Effective Date.

15 **XIX. RETENTION OF JURISDICTION**

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

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

23 2. To determine any Claims which are disputed by the Debtor, whether such objections
24 are filed before or after Confirmation, to estimate any Un-liquidated or Contingent Claims pursuant to
25 11 U.S.C. §502(c)(1) upon request of the Debtor or any holder of a Contingent or Un-liquidated
26 Claim, and to make determination on any objection to such Claim.

27 3. To determine all questions and disputes regarding title to the assets of the estate, and
28 determination of all causes of action, controversies, disputes or conflicts, whether or not subject to
action pending as of the date of Confirmation, between the Debtor and any other party, including but

1 not limited to, any rights of the Debtor to recover assets pursuant to the provisions of the Bankruptcy
2 Code.

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

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

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

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

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

13 **XX. DISCLAIMER**

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

18 **XXI. RISKS**

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

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

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

25 Conversion will result in the appointment of a Chapter 7 trustee and, most likely, the hiring of
26 an attorney by the trustee. Expenses incurred in administering the Chapter 7 case will take priority in
27 the right to payment over allowed, administrative expenses incurred in the Chapter 11 case. Both
28 Chapter 7 and Chapter 11 administrative expenses take priority over the payment of unsecured claims
without priority. In other words, conversion would likely decrease the net amount available to pay

1 currently existing creditors, and it is extremely likely general unsecured creditors would not receive
2 any distribution in a Chapter 7. Further, a Chapter 7 proceeding would not provide the Debtor with
3 the means to pay its Administrative Claims and Priority Claims over time.


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

9 Dismissal of this case would leave all creditors holding unsecured claims in the position of
10 having to institute legal proceedings to collect their debts. Moreover, outside the context of a
11 bankruptcy case, the first creditor to collect may collect all non-exempt property, leaving nothing to
12 be paid to remaining creditors. In addition, dismissal of this case would open the door for the Debtor
13 to file a new bankruptcy case, which could further delay or reduce funds available to pay creditors.


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

16 DATED this 8th day of July, 2016.

17 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

18 By 
19 D. Lamar Hawkins
20 Heather A. Macre
21 2390 E. Camelback Rd., Suite 400
22 Phoenix, Arizona 85016
23 Attorneys for Debtor

24 NATIVE ENVIRONMENTAL, L.L.C.

25 By: 
26 Its: Manager

27 COPY of the foregoing mailed, or served
28 via electronic notification* or fax** or if so marked,
this 8th day of July, 2016, to:

Office of the U.S. Trustee* ustpregion14.px.ecf@usdoj.gov
Jennifer A. Giaimo* Jennifer.A.Giaimo@usdoj.gov
230 N. First Avenue, Suite 204
Phoenix, AZ 85003-1706

1 Philip G. Mitchell* pmitchell@cavanaghlaw.com
2 The Cavanagh Law Firm
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5 *Attorneys for BMO Harris Bank, N.A.*

6 Synchrony Bank* claims@recoverycorp.com
7 c/o Recovery Management Systems Corporation
8 25 SE 2nd Avenue, Suite 1120
9 Miami, FL 33131-1605

10 John J. Fries* jfries@rcalaw.com
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14 *Attorneys for Enterprise Fleet Management*

15 Lori A. Lewis* lewisl01@mcao.maricopa.gov
16 Maricopa County Attorney's Office
17 Civil Services Division
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19 222 N. Central Avenue, Suite 1100
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21 *Attorneys for Maricopa County Treasurer*

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8 **D. Lamar Hawkins – 013251**
9 **Heather Macre – 026625**
10 **Attorneys for Debtor**

7 **IN THE UNITED STATES BANKRUPTCY COURT**
8 **FOR THE DISTRICT OF ARIZONA**

9 In re:

10 NATIVE ENVIRONMENTAL, L.L.C.,

11 Debtor.

12 Address: 3250 S. 35th Ave.
13 Phoenix, AZ 85009

14 Taxpayer Identification No.: xx-xxx7687

Chapter 11 Proceedings

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

**DEBTOR'S FIRST PLAN OF
REORGANIZATION**

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

18 **I. DEFINITIONS**

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

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

27 Administrative Claim: A Claim for payment of an administrative expense of a kind specified
28 in 11 U.S.C. §§503(b) or 1114(e)(2) and entitled to priority pursuant to Code §507(a)(1), including,

553125.1

EXHIBIT A

1 but not limited to, (a) the actual, necessary costs and expenses, incurred after the Petition Date, of
2 preserving the bankruptcy estate and operating the Debtor's business, (b) all Allowed Claims of
3 professionals appointed by the Bankruptcy Court, (c) all fees and charges assessed against the
4 bankruptcy estate under 28 U.S.C. §1930, and (d) all Allowed Claims that are entitled to be treated
5 as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under Code §546(c)(2).

6 ADOR: The Arizona Department of Revenue.

7 Allowed Claim: Allowed Claim shall mean a Claim:

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

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

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

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

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

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

1 purpose of the valuation and of the proposed disposition and use of such property and determined as
2 of the Petition Date.

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

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

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

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

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

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

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

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

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

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

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

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

Confirmation Hearing: The hearing held by the Bankruptcy Court regarding confirmation of

1 the Plan, as it may be continued from time to time.

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

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

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

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

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

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

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

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

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

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

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

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

IRS: The Internal Revenue Service.

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

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

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

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

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

15 Petition: The original petition under Chapter 11.

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

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

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

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

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

23 Reorganized Debtor: The Debtor after the Effective Date.

24 Tax Claim Rate: The rate of interest, to be determined by the Bankruptcy Court at the
25 Confirmation Hearing, that, when applied to the amount of an Allowed Priority Claim to be paid in
26 installments will result in such installments being of an aggregate value, as of the Effective Date,
27 equal to the Allowed amount of such Claim, consistent with the requirements of 11 U.S.C.
28 §1129(a)(9). At the Confirmation Hearing, the Debtor will request the Court determine that the Tax
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 **D. Debtor’s Interest: Class 4**

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

2 **III. IMPAIRMENT OF CLASSES**

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

5 **IV. TREATMENT OF CLASSES**

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

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

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

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

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

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

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. As of April 30, 2016, the amount owed Enterprise pre- and
27 post-petition was \$137,649.24 (which includes an interest component). The parties agreed that Native
28 would return two of the Vehicles to Enterprise for sale and a credit against the principal balance

1 owing on its account: (1) 2011 Ford Passenger Van, VIN 1FBSS3BL9BDA52285 and (2) 2011 Ford
2 Utility Van VIN 1FTNE1EW3BDB34698. To the extent the Debtor determines to sell (or work with
3 Enterprise so that Enterprise sells) any of the remaining vehicles that constitute Enterprise's collateral,
4 the Debtor may do so, so long as the net sale proceeds are paid over to Enterprise for application on
5 the principal balance owing on its Allowed Secured Claim. The remaining balance from \$137,649.24,
6 after application of any net sale proceeds from any vehicles, constitutes Enterprise's Allowed Secured
7 Claim as of April 30, 2016. Native has been paying \$4,500 per month to Enterprise since April, 2016,
8 and will continued to pay \$4,500 per month to Enterprise monthly going forward until its Allowed
9 Secured Claim has been paid. These payments resolve any ongoing monthly payments and to cure the
10 pre-petition arrearages that may be owed to Enterprise. Upon payment of the Allowed Secured Claim,
11 Enterprise shall receive no further payments from the Debtor and shall immediately release its lien on
12 any of the vehicles and provide clear titles for the vehicles to the Debtor. If Native fails to tender the
13 \$4,500 monthly payments, or if a tendered payment is not honored by Enterprise, then Enterprise shall
14 provide written notice to Native at 2435 E. University, Phoenix, AZ 85035, or such further address as
15 Native shall provide to Enterprise, and to the Native's counsel at 2390 East Camelback Road, Ste.
16 400, Phoenix, Arizona, 85016, indicating the nature of the default. Written notice may be effectuated
17 by email. If Native fails to cure the default with certified funds after the passage of 10 calendar days
18 from the date said written notice is received by Native and its counsel, Enterprise may file a
19 declaration of such uncured event of default with the Court, requesting relief from the automatic stay.
20 The Debtor may pre-pay this obligation at any time without penalty.
21
22
23

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

25 Class 2-D consists of the Allowed Secured Claim held by the Maricopa County Treasurer
26 related to personal property taxes. Maricopa County Treasurer filed a secured claim in the amount
27 of \$12,783.33 for 2015 and estimated 2016 personal property taxes. The Debtor is in the process of
28 reviewing this proof of claim and may need to file an objection thereto if its records do not agree

1 with the records of Maricopa County. Maricopa County will retain its liens on the Debtor's personal
2 property and will be paid its Allowed Secured Claim as follows: (a) All pre-petition personal
3 property taxes that became due prior to the Effective Date which were not paid as of the Effective
4 Date, shall be paid in equal monthly installments over a period of twelve (12) months from the
5 Effective Date, and shall bear interest at the state law rate from the date the taxes came due, (b) all
6 post-petition taxes due prior to the Effective Date shall be paid in the ordinary course of business
7 and shall be paid in full by the Effective Date, (c) the Reorganized Debtor shall pay any personal
8 property taxes which accrue and become due after the Effective Date as said amounts become due
9 and payable pursuant to state law, (d) the Reorganized Debtor may prepay any of these Allowed
10 Secured Claims at any time without penalty; and (e) Maricopa County shall retain its lien(s) until its
11 claims are paid in full. Pursuant to the terms of the Stipulation executed between the Debtor, BMO,
12 and Maricopa County, to the extent the Debtor sells any personal property that is the collateral of
13 BMO, Maricopa County shall receive 10% of the net sale proceeds and shall release its lien upon
14 receipt of its share of the sale proceeds. Any such payments shall be applied to Maricopa County's
15 Allowed Secured Claim.

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

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

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

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

26 Class 3-B consists of Allowed Unsecured Claims of Creditors that made an election
27 on their ballot to be treated in accordance with Class 3-B. Class 3-B Creditors shall be paid a pro-
28 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), until they have been paid 50% of the

1 amount of their Allowed Claim, after all senior Allowed Claims have been paid in accordance with
2 the terms of the Plan, but before any payments are made to Class 3-A.

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

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

5 This Class consists of the Allowed Interests of the Interest Holders of the Debtor. In
6 consideration for retaining their Interests, Interest Holders shall contribute to the Debtor sufficient
7 cash to fund any shortfall owing to the Debtor's professionals as of the Effective Date (presently that
8 amount is projected to be \$50,000). The Interest Holders shall retain their Allowed Interest in the
9 Debtor, but unless, and until all senior Allowed Claims are paid in full in accordance with the terms
10 of the Plan, the Interest Holders shall receive no distribution on account of their Allowed Interests.

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

12 **A. Funding**

13 Pursuant to §1123(a)(8) of the Bankruptcy Code, the Debtor shall provide for the payment to
14 creditors under its Plan of all or such portion of the profits generated by the Debtor in its normal
15 business operations, as is necessary for the execution of the Plan.

16 **B. Liquidation of Estate Property**

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

23 **C. Management**

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

26 **D. Disbursing Agent.**

27 The Reorganized Debtor shall act as the Disbursing Agent under the Plan.
28

1 **E. Documentation of Plan Implementation.**

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
5 the requirements of the Plan, the Debtor may record a copy of this Plan or the Confirmation Order
6 with the appropriate governmental agency and such recordation shall constitute the lien release and
7 creation of any necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable,
8 he may obtain a further Order from the Court that may be recorded in order to implement the terms
9 of the Plan.

10 **VI. EFFECT OF CONFIRMATION**

11 Except as otherwise provided in the Plan or the Confirmation Order, Confirmation acts as a
12 discharge, effective as of Confirmation, of any and all debts of the Debtor, that arose any time before
13 the entry of the Confirmation Order including, but not limited to, all principal and all interest
14 accrued thereon, pursuant to §1141(d)(1) of the Bankruptcy Code. The discharge shall be effective
15 as to each Claim, regardless of whether a proof of claim thereon was filed, whether the Claim is an
16 Allowed Claim, or whether the holder thereof votes to accept the Plan.

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

24 Pursuant to the terms of the Plan, all creditors are to be paid in full. As a result, the
25 confirmation of the Plan shall act as a stay of any litigation and the Debtor will seek an injunction
26 against any creditor against taking any action or continuing any action against any guarantor. Any
27 guaranty of the Debtor's obligations shall remain effective to the Debtor's performance under the
28 Plan, and only recoverable if the Debtor fails to make its payments under the terms of the Plan.

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

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

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

7 **B. Settlement of Claims.**

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

14 **C. Estimation of Claims.**

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

21 **D. Unclaimed Funds and Interest**

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

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

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

7 **IX. CLOSING OF CASE**

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

13 **X. MODIFICATION OF THE PLAN**

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

21 **XI. JURISDICTION OF THE COURT**

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

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

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

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

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

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

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

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

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

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

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

23 **XIII. EXECUTORY CONTRACTS**

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

1 **XIV. REVESTING**

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

6 DATED this ____ day of _____, 2016.

7 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

8
9 By 

10 D. Lamar Hawkins
11 Heather A. Macre
12 2390 E. Camelback Rd., Suite 400
13 Phoenix, Arizona 85016
14 Attorneys for Debtor

15 NATIVE ENVIRONMENTAL, L.L.C.

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By: 
Its: Manager

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; Armd 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				

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	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000	\$ 3,350,000	\$ 3,350,000	\$ 3,350,000	\$ 3,400,000	\$ 3,400,000	\$ 3,400,000	\$ 3,450,000
Cost of Construction	1,980,000	1,980,000	1,980,000	2,010,000	2,010,000	2,010,000	2,040,000	2,040,000	2,040,000	2,070,000
Gross Profit	1,320,000	1,320,000	1,320,000	1,340,000	1,340,000	1,340,000	1,360,000	1,360,000	1,360,000	1,380,000
General and Administrative:										
Admin Salaries	300,000	300,000	320,000	320,000	320,000	330,000	330,000	330,000	340,000	340,000
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	360,000	360,000	365,000	365,000	365,000	370,000	370,000	370,000	370,000
Total General and Administrative	1,190,000	1,190,000	1,210,000	1,225,000	1,235,000	1,245,000	1,260,000	1,260,000	1,280,000	1,280,000
Net Income	130,000	130,000	110,000	115,000	105,000	95,000	100,000	100,000	80,000	100,000

EXHIBIT

C

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	\$ 130,000	\$ 130,000	\$ 110,000	\$ 115,000	\$ 105,000	\$ 95,000	\$ 100,000	\$ 100,000	\$ 80,000	\$ 100,000
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)
Liquidation of Equipment	50,000	-								
Cash Flows from Operations	\$ 300,000	\$ 230,000	\$ 230,000	\$ 215,000	\$ 225,000	\$ 195,000	\$ 220,000	\$ 200,000	\$ 200,000	\$ 200,000
Income Tax Requirements	(52,000)	(52,000)	(44,000)	(46,000)	(42,000)	(38,000)	(40,000)	(40,000)	(32,000)	(40,000)
Net Company Generated Cash Flow	248,000	178,000	186,000	169,000	183,000	157,000	180,000	160,000	168,000	160,000
Cash Used for Settlement of Priority and Secured 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	(58,835.64)	(58,835.64)	(58,835.64)	(98,835.64)	(78,835.64)	(98,835.64)	(78,835.64)	(98,835.64)	(78,835.64)	(108,983.90)
Enterprise FM Trust: Class 2-C	(54,000.00)	(54,000.00)	(54,000.00)							
Maricopa County Treasurer: Class 2-D	(12,783.33)									
Total Cash Used for Settlement of Priority and Secured Claims	(242,695)	(122,152)	(122,152)	(108,152)	(88,152)	(98,836)	(78,836)	(98,836)	(78,836)	(108,984)
Net Cash Generated after Priority Claims to apply to General Unsecured Claims: Class 3-A and 3-B	5,305	55,848	63,848	60,848	94,848	58,164	101,164	61,164	89,164	51,016
Cumulative Cash Generated		61,154	125,002	185,850	280,699	338,863	440,027	501,192	590,356	641,372