

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	Chapter 11 Proceeding
)	
JOHN M. SCALI, SR.,)	Bkr Case. No. 16-05072
)	(Jointly Administered)
Debtor.)	
)	Chapter 11
)	
)	Hon. Deborah L. Thorne
)	

In re:)	Chapter 11 Proceeding
)	
GRAND & PULASKI CITGO, INC.)	Bkr Case. No. 16-05081
)	
Debtor.)	
)	Hon. Deborah L. Thorne
)	

**TENTH ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL OF
LENDER AND PARENT PETROLEUM,
PROVIDING PROTECTION AND PROVIDING OTHER RELIEF**

This matter coming to be heard on the Motion of Grand & Pulaski, Inc., Debtor/Debtor-in-possession herein ("Debtor"), for Authority to Use Cash Collateral pursuant to Section 363 of the Bankruptcy Code (the "Motion"); sufficient notice having been provided; the Court having previously entered an *Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated February 24, 2016 (the "*First Interim Order*"), a *Second Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated March 2, 2016 (the "*Second Interim Order*"), a *Third Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief*

dated March 30, 2016 (the "*Third Interim Order*"), a *Fourth Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated April 29, 2016 (the "*Fourth Interim Order*"), a *Fifth Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated May 25, 2016 (the "*Fifth Interim Order*"), *Sixth Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated June 22, 2016 (the "*Sixth Interim Order*"), a *Seventh Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated July 27, 2016 (the "*Seventh Interim Order*"), and an *Eighth Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated August 24, 2016 (the "*Eighth Interim Order*"), and a *Ninth Order Authorizing Interim Use of Cash Collateral of Lakeside Bank and Parent Petroleum, Providing Protection and Providing Other Relief* dated October 19, 2016 (the "*Ninth Interim Order*"); this Court having determined that the Debtor's use of cash collateral to cover the expenditures set forth in Exhibit A hereto for the period January 1, 2017, through January 31, 2017, and set forth in Exhibit B hereto for the period of February 1, 2017, through February 28, 2017, is necessary to avoid immediate and irreparable harm to the Debtor's estate pending a final hearing on the Motion; this Court being fully advised in the premises; and Debtor, John M. Scali, Sr., ("*Scali*")¹ and Lender having stipulated as follows:

¹ On or about February 24, 2016, the Court entered orders directing the joint administration of the bankruptcy cases of Grand & Pulaski Citgo, Inc., and John M. Scali, Sr., as captioned above.

1. The Debtor operates a gas station and convenience store and manages a 2-unit apartment building located at or near 1345 N. Pulaski Road, Chicago, IL 60651 (collectively, the "Real Estate").

2. Lender (Assignee of Lakeside Bank) ("Lender") asserts claims against the Debtor which Lender asserts are secured by valid, and perfected first priority liens on substantially all assets of the Debtor (the "Personal Property Collateral"), and a valid, perfected first priority lien on all cash from operations and all other proceeds generated from the Personal Property Collateral (the "Cash Collateral", together with the Personal Property Collateral, the "Pre-Petition Collateral").

3. Parent Petroleum, Inc. ("Parent Petroleum") also asserts certain liens with respect to the Cash Collateral.

4. Nothing in this order shall prejudice the rights of Lender or Parent Petroleum to assert that it is the sole owner of all or a portion of the Cash Collateral to the exclusion of the Debtor or any creditor, or the right of the Debtor or any creditor to contest such assertion.

5. The proceeds generated from the Personal Property Collateral, including all operations of the Debtor, constitutes cash collateral as defined in §363(a) of the Bankruptcy Code.

6. The Debtor requires the limited, interim use of Cash Collateral for the maintenance and preservation of the Personal Property Collateral through the payment of ordinary and necessary expenses of operation. Lender has agreed to such use, but only upon the terms and conditions of this Order.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

A. The Debtor is hereby authorized to use Cash Collateral in which Lender and/or Parent Petroleum assert an interest, on an interim basis, during the period January 1, 2017, through February 28, 2017 (“Budget Period”).

B. The Debtor’s right to use Cash Collateral under this Order is to be governed by the following provisions:

1. The Debtor shall not use any Cash Collateral, except as authorized and permitted by this Order or by a subsequent order of the Court or by written agreement of Lender.

2. During the Budget Period, the Debtor may pay only those expenses set forth on Exhibit A hereto listed in the column for the period of January 1, 2017, through January 31, 2017 and set forth on Exhibit B hereto listed in the column for the period of February 1, 2017, through February 28, 2017 (collectively, the “Budget”). The Debtor shall be authorized to expend funds for the items included in the Budget plus a ten percent (10%) variance for any individual expense on the Budget, not to exceed a total variance of ten percent (10%) of the total operating expenses for the Budget Period. Notwithstanding the foregoing, the Debtor is authorized to use cash collateral to purchase gasoline and goods to sell in the ordinary course of Debtor’s business of operating a gas station and convenience store at 1345 N. Pulaski Road, Chicago, IL 60651, and all purchases of gasoline and goods shall be at prevailing market prices for a gas station and convenience store purchasing gasoline and goods for sale to consumers.

3. To the extent that receipts received by the Debtor for the Budget Period exceed the amounts paid for budgeted expenses (“Net Income”), the Debtor is

hereby directed to hold such Net Income in its existing accounts at Lakeside Bank pending further order of the Court.

4. The amounts listed as Real Estate Tax and Rent on the Budget shall deposited into the Debtor-in-Possession Account of Scali at Lakeside Bank, and Scali is directed to hold such Real Estate Tax and Rent amounts pending further order of the Court.

5. On January 1, and February 1, 2017 Scali shall remit to Lender the amount of \$10,000.00 from Scali's debtor-in-possession account at Lakeside Bank and such payment shall be applied provisionally to the claims of Lender as additional adequate protection.

C. As protection for any diminution in the value of Lender's and/or Parent Petroleum's interests in the Pre-Petition Collateral, whether resulting from the use of Cash Collateral, the imposition of the automatic stay under Bankruptcy Code §362, or otherwise:

(a) Lender and Parent Petroleum are hereby granted to the extent not heretofore granted, a lien against and security interest in all presently owned and hereafter-acquired property, assets, and rights, of any kind or nature, of the Debtor respecting the Personal Property Collateral (but not including causes of action, if any, of the estate arising under §§544, 545, 546, 547, 548, 549, 550, or 552 of the Bankruptcy Code), wherever located (the "Post-Petition Liens"), subject only to valid and enforceable liens and security interests existing on said property, assets, or rights of the Debtor at the time of the commencement of the case or, in the case of property, assets or rights

acquired after the petition date, at the time the Debtor's estate acquires the property, assets or rights;

(b) Consistent with §552 of the Bankruptcy Code, Lender and Parent Petroleum are hereby granted replacement liens and security interests in the Debtor's post-petition assets including the proceeds, products, rents and profits, and all property and assets of the Debtor which are of the same type or nature as the Pre-petition Collateral, coming into existence or acquired by the Debtor on or after the petition date to the same extent and priority as existed with respect to the Pre-petition Collateral (the "Post-petition Collateral");

(c) The Debtor shall maintain and pay premiums for insurance against loss to cover the property with regard to which Lender and Parent Petroleum assert security interests which secure their respective claims.

(d) The Debtor will permit the Lender and Parent Petroleum to inspect, upon reasonable notice, within reasonable hours, the Debtor's books and records;

(e) The Debtor shall, upon reasonable request, make available to the Lender and Parent Petroleum evidence of that which purportedly constitutes its collateral or proceeds;

(f) The Debtor will properly maintain the property used in the operation of its business, including the property which purportedly secures the claims of Lender and Parent Petroleum;

(g) On or before January 15, 2017, Debtor shall update the budget attached to the Ninth Interim Order, so that Debtor reconciles the budget by including a comparison of actual operating collections, actual operating disbursements, and actual net

cash to the budgeted amounts for the period ending December 31, 2016; thereafter, for so long as Debtor is authorized by the Court to use Cash Collateral, and within fourteen (14) days following the end of each month, the Debtor shall reconcile each monthly budget by including a comparison of actual operating collections, actual operating disbursements, and actual net cash to the budgeted amounts for each month.

(h) Lender shall have all the rights accorded to it pursuant to § 507(b) of the Bankruptcy Code in respect of any adequate protection provided herein, and in the event, notwithstanding the protection granted to the Lender pursuant to this Order, such protection is inadequate, the Lender shall have the right to assert that such claim for diminution in value of the Pre-Petition Collateral has priority over all other administrative expenses allowable under the Code pursuant to § 507(b), except for and to the extent of any and all fees due to the U.S. Trustee.

D. The Post-Petition Liens granted to Lender and Parent Petroleum pursuant to the terms of this Order shall be valid and perfected, as of the date of this Order, without the need for the execution or filing of any further document or instrument otherwise required to be executed or filed under applicable non-bankruptcy law.

E. The automatic stay imposed by §362 of the Bankruptcy Code is hereby modified and vacated, to the extent necessary, to implement and effectuate the terms and conditions of this Order. The automatic stay, in all other respects, shall remain in effect pending further order of this Court.

F. The Debtor's authority to use Cash Collateral under this order shall terminate upon the earlier of (the "Termination Date"): (a) three (3) business days following the date upon which Lender delivers to the Debtor and any official committee

appointed in the Debtor's case, through their respective counsel – whether by overnight mail, facsimile, or electronic mail – notice of the occurrence of an Event of Default under this order; (b) entry of an order of the Bankruptcy Court providing for the termination or modification of this order, and (c) December 31, 2016.

G. Each of the following events shall constitute an Event of Default:


- (a) entry of an order converting the Debtor's chapter 11 case to a case under chapter 7 of the Bankruptcy Code;
- (b) entry of an order appointing a Chapter 11 Trustee;
- (c) entry of an order dismissing the Debtor's case; and
- (d) failure of the Debtor to comply with this order, including failure to comply with the terms of the Budget.

H. Upon three (3) business days following the date upon which Lender delivers to the Debtor notice of the occurrence of an Event of Default under this order in accordance with Paragraph F, (a) the Debtor shall cease using Cash Collateral and shall hold all Cash Collateral pending further order of the Court; and (b) the Lender shall be entitled to seek modification of the automatic stay in order to pursue all of its rights and remedies against the Debtor, or request any other relief it deems appropriate, and the Debtor reserved all of its rights to oppose such relief.

I. Nothing herein is intended, nor shall it be deemed, to constitute a waiver of the right of the Lender to request relief from the Bankruptcy Court or of the Debtor's right to contest any such requests.

J. A further hearing on Debtor's continued/extended interim use of cash collateral pursuant to Bankruptcy Rule 4001 will be held on **February 28, 2017, at 10:00 a.m.**, which hearing may be continued from time to time without further notice.

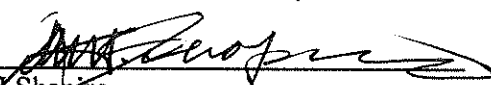
SO ORDERED


Enter: 
Hon. Deborah L. Thorne
United States Bankruptcy Judge

28 DEC 2016

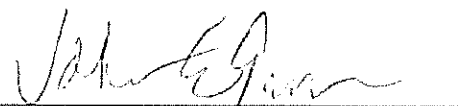
AGREED TO:

GRAND & PULASKI CITGO, INC.

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Grand & Pulaski Inc.		
Budget Projection for Period starting 1/1/17		
and ending 1/31/17		
Income		Monthly
Gasoline Revenue		110,000.00
Carwash Revenue		8,400.00
Store Revenue		39,000.00
Lottery Income Net		7,100.00
Concession		10,000.00
Apartment Rent		1905.00
	Total Income	\$ 176,405
Cost of Goods Sold		
	Gasoline	100000
	Store	35000
	Car Wash	700
	Total Cost of Goods Sold	\$ 135,700
Operating Expenses		
	Payroll - General	12675
	Payroll -Administration	5000
	Employer Payroll Tax Expense	1400
	Equipment Rental	1000
	License, Fees, Office	1000
	Officer's Life Insurance	54
	Real Estate Tax	3300
	Rent	10000
	General Insurance Expense	1008
	Quarterly Fees	4875
	Telephone	434
	Repair/maintenance	850
	Utilities	4000
	Total Operating Expenses	\$ 45,596
	Net Income (Loss)	\$ (4,891)

EXHIBIT "A"

Grand & Pulaski Inc.		
Budget Projection for Period starting 2/1/17		
and ending 2/28/17		
Income	Monthly	
Gasoline Revenue		110,000.00
Carwash Revenue		8,700.00
Store Revenue		39,000.00
Lottery Income Net		7,100.00
Concession		10,000.00
Apartment Rent		1905.00
	Total Income	\$ 176,705
Cost of Goods Sold		
	Gasoline	100000
	Store	35000
	Car Wash	700
	Total Cost of Goods Sold	\$ 135,700
Operating Expenses		
	Payroll - General	12675
	Payroll - Administration	5000
	Employer Payroll Tax Expense	1400
	Equipment Rental	1000
	License, Fees, Office	1000
	Officer's Life Insurance	54
	Real Estate Tax	3300
	Rent	10000
	General Insurance Expense	1008
	Legal Fees	20000
	Telephone	434
	Repair/maintenance	850
	Utilities	3500
	Total Operating Expenses	\$ 60,221
	Net Income (Loss)	\$ (19,216)

EXHIBIT "B"