




CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

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THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed September 28, 2016


United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

In Re:

JARRET CORN CATTLE
COMPANY, INC.

Debtor.

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§

Case No. 16-50181-RLJ-11

FINAL ORDER GRANTING DEBTOR'S USE OF CASH COLLATERAL

On this date came on for final hearing the Debtors' Emergency Motion For Interim Use of Cash Collateral and to Set Final Hearing on Use of Cash Collateral ("Motion"), and the Court having been advised by counsel for the Debtor and counsel for Lone Star State Bank, Lubbock, Texas ("Bank"), which asserts a security interest in various assets of the Debtor's bankruptcy estate, that the Debtor and the Bank have reached an agreement concerning the Debtor's use of cash collateral on a final basis under the terms and conditions set forth in this Order, and the Court having determined that the agreement of the parties to allow the final use of cash collateral is proper and

in the best interest of the bankruptcy estates, the Court enters the following final findings and orders relating to the Motion:

1. Jarret Corn Cattle Company, Inc. is the Debtor in Possession in the above-referenced bankruptcy proceeding.

2. The Debtor filed for relief under Chapter 11 of the U.S. Bankruptcy Code on August 25, 2016 (“Petition Date”).

3. This is a core proceeding and this Court has jurisdiction over this matter pursuant to 28 U.S.C. Sections 1334 and 157, and 11 U.S.C. Sections 363. Venue is proper pursuant to 28 U.S.C. Sections 1408 and 1409.

4. The Debtor operates a custom cattle grow yard in Plains, Yoakum County, Texas. The Debtor owns approximately 1,054 acres of real property in Yoakum County, Texas on which the Debtor operates its custom cattle grow yard.

5. The Debtor uses the land to grow calves to a certain weight prior to transferring them to a feed yard to finish them out. On the Petition Date, the Debtor held approximately 290 head of calves for its customers.

6. On August 22, 2016, the Debtor sold 44 head of cattle it held to Tyson Foods in Amarillo, Texas. The sale of the 44 head of cattle generated \$59,105.99 in cash.

7. The Debtor seeks authority to use the \$59,105.99 generated from the 44 head of cattle in its operations of its custom grow yard operation to pay for expenses such as feed, fuel, utilities, office expenditures, and labor in accordance with the budget attached to this Order as Exhibit “A” (the “Budget”).

8. The Court finds that the notice and opportunity for hearing concerning the Court’s

consideration of the Motion on a final basis is adequate under the circumstances.

9. The parties have reached an agreement to allow the final use of cash collateral. The Debtor may use the cash collateral which it realized from the sale of the cattle in accordance with the Budget.

10. Nothing in this Order prevents any party to this Order, or any other creditor or party in interest in these bankruptcy cases, from contesting the nature, extent, priority, or validity of any creditor's alleged lien or ownership interest in the cattle or the proceeds realized from the sale of the cattle.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that the Debtor is authorized to use the cash collateral realized from the sale of the cattle on a final basis in accordance with and to pay the expenses set forth in the Budget. Upon request by the Debtor, the Budget can be adjusted according to the operational needs of the Debtor by agreement of the Debtor and Bank and without further order of the Court;

IT IS FURTHER ORDERED that as adequate protection of the Bank's interest in the cash collateral in accordance with 11 U.S.C. §§ 361 and 363(e) and applicable law, the Bank is hereby granted a replacement like kind lien and security interest in the Debtor's post-petition accounts receivable generated by the Debtor's custom cattle feeding operation in an amount equal to the amount of cash collateral used in accordance with 11 U.S.C. § 361(2) in the same priority and in the same nature, extent and validity as such liens, if any, existed pre-petition. To the extent a lien is created in accounts receivable, accruing or becoming the Debtor's property on a post-petition basis, such lien shall extend only to protect the Bank for the amounts of cash collateral used on a post-petition basis to such post petition assets. This Order shall be sufficient and conclusive evidence of

the priority, attachment, and validity of all of the replacement liens, if any, and security interests, if any, of the Bank granted herein, and the liens granted, created and/or ratified herein shall, by virtue of the filing of a certified copy of this Order in any filing or recording office in any county or state, constitute valid liens without the necessity of creating, filing, recording, or serving any financing statements or other documents that might otherwise be required under federal or state law in any jurisdiction or the taking of any other action to validate the adequate protection replacement liens granted herein to the Bank in this Order and, in such event, the subject filing or recording officer is authorized to file or record a certified copy of this Order.

IT IS FURTHER ORDERED that the adequate protection amount shall have priority in the Chapter 11 case or related bankruptcy case if this case is converted to Chapter 7 in accordance with the provisions of Section 507(b) of the Bankruptcy Code over all administrative expenses of the kind specified in Section 507(a) of the Bankruptcy Code. No costs or administrative expenses which have been or may be incurred in this bankruptcy case, in any conversion of this bankruptcy case, or in any proceeding related thereto, and no priority claims, including, without limitation, any super priority claims, are or will be prior to or on parity with Bank's claim for the adequate protection amount.

IT IS FURTHER ORDERED that nothing in this Order shall limit, impair, waive or otherwise affect the rights of any of the parties to contest the nature, extent, validity, or priority of the liens or interests asserted by the Bank, or any other party, in these bankruptcy cases, and any findings in this Order are only interim findings for the sole purpose of allowing the interim use of the cash collateral as specified herein. Any reference in this order to "cash collateral" is not an express or implied finding as to the nature, extent, validity, or priority neither of the liens, if any, securing the Bank's claim, nor of the nature or extent of the Debtor's ownership of any cattle.

IT IS FURTHER ORDERED that the Debtor shall provide an accounting of the use of cash collateral to the Bank within 48 hours from a written request from Bank.

IT IS FURTHER ORDERED that the findings of fact and conclusions of law of this Court pursuant to this Order shall be deemed effective upon the entry of this Order. To the extent that such findings may constitute conclusions, and vice versa, they hereby are deemed as such.

End of Order

**APPROVED AS TO FORM AND CONTENT
AND ENTRY REQUESTED:**

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**Jarret Corn Cattle Company
Monthly Cash Flow Projection**

	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Beginning Cash	59,105.99	77,048.99	94,991.99	112,934.99
Feed Gross Profit	39,000.00	39,000.00	39,000.00	39,000.00
Processing income	2,100.00	2,100.00	2,100.00	2,100.00
Salaries and Wages	(10,500.00)	(10,500.00)	(10,500.00)	(10,500.00)
Payroll Taxes	(957.00)	(957.00)	(957.00)	(957.00)
Fuel and Oil	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)
Contract Labor	(300.00)	(300.00)	(300.00)	(300.00)
Utilites	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)
Repairs	(250.00)	(250.00)	(250.00)	(250.00)
Supplies	(400.00)	(400.00)	(400.00)	(400.00)
Vet and Supplies	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)
Insurance	(A) -	-	-	-
Communications	(400.00)	(400.00)	(400.00)	(400.00)
Professional Fees	(3,600.00)	(3,600.00)	(3,600.00)	(3,600.00)
Wells Fargo Debt Payment	(1,393.00)	(1,393.00)	(1,393.00)	(1,393.00)
TD Auto Debt Payment	(1,357.00)	(1,357.00)	(1,357.00)	(1,357.00)
Property Tax				(11,860.00)
Projected Cash at End of Month	<u>77,048.99</u>	<u>94,991.99</u>	<u>112,934.99</u>	<u>119,017.99</u>
Net Increase(Decrease) in Cash for the Month	17,943.00	17,943.00	17,943.00	6,083.00

(A) Aug-Dec health insurance paid in July

