



ENTERED  
10/05/2016

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE: §  
**Kubco Decanter Services, Inc.** § **CASE NO. 16-34581**  
*DEBTOR* § **(CHAPTER 11)**

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**ORDER AUTHORIZING USE OF CASH  
COLLATERAL AND GRANTING ADEQUATE PROTECTION**

The Court has considered the Debtor's MOTION FOR APPROVAL OF USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION (the "Motion") filed by Kubco Decanter Services, Inc. as debtor-in-possession on behalf of this bankruptcy estate (the "Debtor"), seeking, inter alia pursuant to Sections 105, 361, 362, and 363(c) of Title 11 of the United States Code (the "Bankruptcy Code"), and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authority to use Cash Collateral (as defined below). This Court having reviewed the Motion, Notice provided to parties-in-interest, the evidence, the record in this proceeding and argument of Counsel finds that:

The use of the cash collateral requested in the Motion is necessary for the preservation of the estate and the limited continuation of the Debtor's business and is authorized by Section 363(c)(2) of the Bankruptcy Code;

Amegy Bank of Texas ("Amegy") is a secured creditor with a pre-petition security interest in the Debtor's inventory and accounts, that become cash collateral pursuant to 11 U.S.C. § 552(b)(2) ("Cash Collateral"), Amegy has not filed opposition to the use of the Cash Collateral; and

The granting of the Motion is in the best interest of the Debtor's estate and its creditors, provides adequate protection to Amegy and should be granted in accordance with the terms and provisions of this Cash Collateral Order.

Therefore, it is **ORDERED** that:

1. The Debtor is authorized to use Cash Collateral in accordance with the terms and conditions contained in this Cash Collateral Order. The use of such Cash Collateral shall in accordance with the budget attached as Exhibit "A" (the "Budget") including the payment of United States Trustee fees pursuant to 28 U.S.C. § 1930(a)(6) and administrative claims allowed pursuant to 11 U.S.C. § 330;

2. The Debtor shall segregate and account to Amegy for all Cash Collateral which it possesses, or which the Debtor might hereafter obtain. Any and all Cash Collateral received on a post-petition basis by the Debtor shall be collected, received, and maintained by the Debtor in its D-I-P account and shall not be used except in accordance with the terms of this Cash Collateral Order;

3. The Debtor may use the Cash Collateral for the purpose of meeting its obligations in the ordinary course of business, including payment of post-petition bills and expenses, including but not limited to the payment utilities, maintenance, and other operational expense to operate and maintain the property of the estate, all in accordance with the Budget attached to this Cash Collateral Order.

4. Amegy is hereby granted adequate protection of its interest in Cash Collateral by the following:

(a) **Replacement liens:** Effective as of the Petition Date in this case, valid and automatically perfected first priority lien and security interests in and upon all of the properties and assets of the Debtor to the extent that Amegy's Cash Collateral is used during the period provided by this Cash Collateral Order including those properties and assets pledged by the Debtor to Amegy in the pre-petition loan documents and acquired before or after the Petition Date, whether now owned and existing or hereafter acquired, created, or arising, and all products and proceeds thereof (including, without limitation, claims of the Debtor against third parties for loss or damage to such property), and all accessions thereto, substitutions and replacements therefor, and wherever located, and all assets acquired by the Debtor post-petition (except recoveries pursuant to Sections 547, 548, 549, 550, and 553 of the Bankruptcy Code) (collectively, the "Collateral"). In addition, to the extent such adequate protection is insufficient to adequately protect the Amegy's interest, the Amegy is hereby granted a superpriority

administrative expense claim and all of the other benefits and protections allowable under Section 507(b) of the Bankruptcy Code, subordinate only to administrative claims allowed pursuant to 11 U.S.C. §330 and quarterly fees owed to the United States Trustee pursuant to 28 U.S.C. §1930(a)(6) (collectively the "Adequate Protection Liens").

(b) **Enforcement of liens:** The Adequate Protection Liens on the Collateral shall have the same priority as the Amegy's lien on the Debtor's property as existed on the Petition Date. The Adequate Protection Liens shall be enforceable against the Debtor, its estate and any successors thereto, including without limitation, any trustee or other estate representative appointed in this Chapter 11 case, or any case under Chapter 7 of the Bankruptcy Code upon the conversion of any of this Chapter 11 case, or in any other proceedings superseding or related to any of the foregoing (collectively, "Successor Case"). The Adequate Protection Liens shall be valid and enforceable against any trustee or other estate representative appointed in the chapter 11 case or any Successor Case, or upon the dismissal of this Chapter 11 case or Successor Case. The Adequate Protection Liens shall not be subject to sections 510, 549, or 550 of the Bankruptcy Code. The Adequate Protection Liens shall be deemed legal, valid, binding, enforceable, and perfected liens, not subject to subordination, impairment or avoidance, for all purposes in this Chapter 11 case and any Successor Case.

(c) **Automatic Perfection of liens.** This Order shall be sufficient and conclusive evidence of the granting, attachment, validity, perfection, and priority of the Adequate Protection Liens without the necessity of obtaining, filing or recording any financing statement, mortgage notice, or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action to validate or perfect (in accordance with applicable law) the Adequate Protection Liens, or to entitle Amegy to the priorities granted herein.

(d) **Property Insurance:** The Debtor shall maintain insurance coverage covering the Collateral in accordance with the pre-petition loan documents with the Amegy and the Debtor shall deliver, upon request, evidence of the maintenance of such insurance.

(e) **Cash Payments:** Beginning on October 15, 2016 and continuing monthly thereafter during the term of this Order, the Debtor shall pay cash payments in the amount of \$5,000.00 per month to Amegy as further adequate protection and Amegy shall apply such payments to the principal of its secured claim against the Secured.

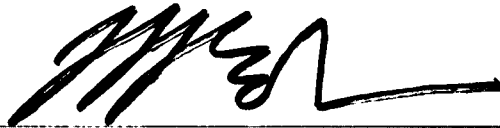
5. The provisions of this Order and any actions taken pursuant hereto shall survive entry of any order which may be entered: (a) converting this Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code; (b) dismissing this Chapter 11 case or any Successor Case; or (c) pursuant to which this Court abstains from hearing any of this Chapter 11 case or Successor Case.

6. The Debtor's right to use Cash Collateral shall continue until Confirmation of its Plan or until further order of this Court.

Date:

Reserve Judge Signature

10/5/2016



*Jeff Bohn*  
*United States Bankruptcy Judge*

**ENTRY REQUESTED:**

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*/s/ Peter Johnson*

By: \_\_\_\_\_  
Peter Johnson SBT 10778400

**COUNSEL FOR THE DEBTOR**

Cash Collateral Monthly Budget Projection

EXHIBIT "A"

Revised 10/5/16

Kubco Decanter Services, Inc., Debtor Case 16-34581

Description	Sep-16 Actual	Oct-16	Nov-16	Dec-16	Jan-16	Feb-16	Mar-16
<b>Income</b>							
AR Collections	85,667	154,508	0	0	0	0	0
Contract Revenue-WIP		0	48,215	47,000	0	0	0
Other	11,590	0	0	0	0	0	0
<b>Total Gross Income</b>	<b>97,258</b>	<b>154,508</b>	<b>48,215</b>	<b>47,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cost of goods sold</b>							
Cost of Goods Sold-WIP	0	0	0	0	0	0	0
Contract Services Labor	2,153	1,500	1,500	1,500	1,500	1,500	1,500
Salaries-Field	1,141	2,854	0	0	0	0	0
Salaries-Supervisor	3,787	9,468	3,977.2	3,977	4,971.5	3,977	3,977
Blue Prints	0	0	0	0	0	0	0
Materials	0	0	0	0	0	0	0
Equipment - Rental	0	0	0	0	0	0	0
Equipment - Repairs	0	0	0	0	0	0	0
Miscellaneous Expense	0	0	0	0	0	0	0
Medical Expenses	0	0	0	0	0	0	0
Labor Burden	0	0	0	0	0	0	0
Fuel	0	0	0	0	0	0	0
<b>Total Costs of Goods Sold</b>	<b>7,081</b>	<b>13,822</b>	<b>5,477</b>	<b>5,477</b>	<b>6,472</b>	<b>5,477</b>	<b>5,477</b>
<b>Gross profit (unadjusted)</b>	<b>90,176</b>	<b>140,687</b>	<b>42,738</b>	<b>41,523</b>	<b>(6,472)</b>	<b>(5,477)</b>	<b>(5,477)</b>
<b>Collections</b>							
Cash Collected	90,176	140,687	42,738	41,523	(6,472)	(5,477)	(5,477)
<b>Total Cash Collected</b>	<b>90,176</b>	<b>140,687</b>	<b>42,738</b>	<b>41,523</b>	<b>(6,472)</b>	<b>(5,477)</b>	<b>(5,477)</b>
<b>Operating costs</b>							
Misc-Exp	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0
Automobile Expense	0	0	0	0	0	0	0
Automobile Leasing	0	0	0	0	0	0	0
Automobile Expense	0	0	0	0	0	0	0
Accounting	0	0	0	0	0	0	0
Insurance Auto	0	0	0	0	0	0	0
Insurance Health	0	7,055	7,055	7,055	8,718	8,718	8,718
Insurance Life	0	14,391	7,055	7,055	7,055	7,055	7,055
Insurance Comm Pkg	0	0	0	0	0	0	0
Insurance Workers Comp	0	4,489	0	0	0	0	0
Legal	0	0	0	0	0	0	0
Medical Expense	0	0	0	0	0	0	0
Maintenance & Repairs	0	0	0	0	0	0	0
Office supplies	0	100	100	100	100	100	100
Other Office Expenses	0	0	0	0	0	0	0
Contract Services	0	0	0	0	0	0	0
Contract Services Admin	0	0	0	0	0	0	0
Advertising & Promotion	0	0	0	0	0	0	0
Computer Expense	0	0	0	0	0	0	0
Bank Charges	621	621	621	621	621	621	621
Interest	0	0	0	0	0	0	0
Postage & Shipping	0	0	0	0	0	0	0
Radioes & Pagers	0	0	0	0	0	0	0
Rent Equipment	0	174	54	54	174	54	54
Rent Office	0	39,000	39,000	39,000	39,000	39,000	39,000
Telephone	791	813	813	813	813	813	813
Utilities	2,066	2,401	2,401	2,401	2,401	2,401	2,401
Security	0	0	0	0	0	0	0
Telephone Call Meter	0	669	669	669	669	669	669
Training & Education	0	0	0	0	0	0	0
Dues & Subscriptions	0	0	0	0	0	0	0

Travel	0	0	0	0	0	0	0
Meals	0	0	0	0	0	0	0
Tax - Property	0	0	0	0	0	0	0
Salaries Officers	5,120	12,801	10,741	10,241	12,801	10,241	10,241
Salaries Warehouse	0	0	0	0	0	0	0
Salaries Administrative	2,839	7,018	5,849	5,849	7,018	5,849	5,849
Sales Tax	87	0	0	0	0	0	0
FICA	0	0	0	0	0	0	0
P/R Tax Expense	6,745	11,062	6,745	6,745	8,432	6,745	6,745
FUTA	0	2,526	0	0	0	0	0
SUTA	0	0	0	0	0	0	0
Telephone	0	0	0	0	0	0	0
Office Area Trash	261	261	261	261	261	261	261
Other Professionals on Court Reports	0	5,000	5,000	5,000	5,000	5,000	5,000
<b>Office of the United States Trustee</b>	<b>0</b>	<b>978</b>	<b>0</b>	<b>0</b>	<b>4,875</b>	<b>0</b>	<b>0</b>
	<b>16,130</b>	<b>148,060</b>	<b>92,526</b>	<b>87,526</b>	<b>97,937</b>	<b>87,526</b>	<b>87,526</b>
<b>Adequate Protection Payments</b>							
Amegy Bank	0	5,000	5,000	5,000	5,000	5,000	5,000
					0	0	0
					0	0	0
<b>Total Expenses</b>	<b>16,130</b>	<b>153,060</b>	<b>92,526</b>	<b>92,526</b>	<b>102,937</b>	<b>92,526</b>	<b>92,526</b>
<b>Net Cash Flow</b>	<b>72,048</b>	<b>(1,526)</b>	<b>(43,789)</b>	<b>(51,003)</b>	<b>(109,408)</b>	<b>(98,003)</b>	<b>(98,003)</b>
<b>Cash- Beginning</b>	<b>10,287</b>	<b>179,337</b>	<b>100,900</b>	<b>117,170</b>	<b>66,170</b>	<b>(43,239)</b>	<b>(141,241)</b>