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

	§	
IN RE:	§	
	§	
PRO RESOURCES I, LLC,	§	Case No. 16-44041-mxm11
	§	
DEBTOR.	§	
	§	

MOTION FOR ENTRY OF INTERIM ORDER: (I) APPROVING STIPULATION AND AGREEMENT REGARDING DEBTOR’S MOTION FOR POST-PETITION FINANCING AND USE OF CASH COLLATERAL; (II) GRANTING LIENS AND SECURITY INTERESTS PURSUANT TO 11 U.S.C. § 364(c); AND (III) AUTHORIZING USE OF CASH COLLATERAL

PRO RESOURCES I, LLC, debtor in the above-styled and numbered case (hereinafter referred to as the “Debtor”) files its *Motion for Entry of Interim Order: (i) Approving Stipulation and Agreement regarding Debtor’s Motion for Post-Petition Financing and Use of Cash Collateral; (ii) Granting Liens and Security Interests Pursuant to 11 U.S.C. § 364(c); and (iii) Authorizing Use of Cash Collateral* (the “Motion”), and in support hereof would show the Court the following:

I. JURISDICTION

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157(b)(1) and 1334. This is a core proceeding under 28 USC §157(b)(2)(A).

2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory authority for the relief requested herein is 11 U.S.C. § 363, Rule 4001 of the Federal Rules of Bankruptcy Procedure and Local Rule 4001 of the Local Rules of Bankruptcy Procedures for the Northern District of Texas.

II. BACKGROUND SUMMARY

4. The Debtor is a single member limited liability company organized under the laws of Texas. Its principal place of business is located at 9401 North Freeway, Fort Worth, Texas 76177. The Debtor's business includes transportation and logistics services, including the servicing of large distribution plants.

5. Mr. Doug Owens possesses 100% of the membership interests of the Debtor and operates the Debtor as its Member-Manager. On October 20, 2016, Mr. Owens voted 100% of the membership interests of the Debtor and thus resolved and authorized the Debtor to file bankruptcy under Chapter 11.

6. On the same day, the Debtor filed its voluntary petition for relief under Chapter 11 (the "Petition Date"). The Debtor continues to operate its business as debtor-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108. No trustee, examiner, or official committee has been appointed in this case.

7. During its normal and customary operations, the Debtor incurs various expenses monthly, including, without limitation, employee wages and salaries, fuel charges, utilities, truck and trailer lease payments, rent and associated fees (the "Expenses")

8. The Debtor's sole source of funds is its revenues generated through operations, which involve payments made on invoices usually due within 60 days.

9. Pursuant to this Motion, the Debtor is seeking to incur debt by borrowing funds in sufficient quantum necessary for effective reorganization from Marquette Transportation

Finance, LLC (“MTF”) post-petition. The terms and recitals of the agreement are set forth below and more fully pursuant to a stipulation and agreement attached as “**Exhibit 1**” (the “Stipulation”)

III. STATEMENT PURSUANT TO FED. R. BANKR. P. 4001(d)

10. In order to avoid immediate and irreparable harm to the Debtor’s estate, the Debtor and MTF seek to enter into the Stipulation. Under the terms of the Stipulation, the Debtor and MTF desire to enter into a post-petition loan, the proceeds of which will be used to pay off the Debtor’s prepetition obligation to MTF and to fund the normal operations of the Debtor.

11. The outstanding balance of the Debtor’s prepetition obligation to MTF was \$550,458.42 as of the Petition Date (the “Prepetition Indebtedness”). The face value of the Debtor’s prepetition accounts equaled approximately \$692,860.36.

12. The Prepetition Indebtedness was secured by security interests and granted to MTF by the Debtor in the accounts receivable of the Debtor (described more fully in the Stipulation). Such grant was commemorated by the filing of UCC Financing Statements with the Texas Secretary of State.

13. Certain other parties, including Fox Capital Group, Inc. have since filed UCC Financing Statements of record and may make claim to have an interest in the Debtor’s cash collateral. While such claimed interests are not admitted by the Debtor at this time, any such claims as may be valid are will be adequately protected through replacement liens as described.

14. Pursuant to the Stipulation, the Debtor is seeking to borrow from MTF post-petition (the “Post-Petition Indebtedness”). Without the Post-Petition Indebtedness, the Debtor will not have the funds necessary to operate its business, maintain assets, or pay employees, payroll taxes, insurance, utilities, fuel suppliers, or other vendors; it will not be able to afford its

overhead, lease payments, and other expenses necessary for an orderly reorganization of the Debtor's business that will preserve the value of the Debtor's estate.

15. Pursuant to 11 U.S.C. §§ 364(a), 364(b), and 364(d)(1), the Debtor has attempted, and is unable to obtain, either unsecured credit or unsecured credit allowable under § 503(b)(1) as an administrative expense in the amounts and on as favorable terms as are being agreed by MTF.

16. Under the terms and conditions of the Stipulation, MTF has indicated a willingness to extend credit to the Debtor. The Debtor believes that, under the circumstances, the terms and conditions are a fair and reasonable response to the Debtor's request for financial assistance.

17. The approval of the Stipulation will minimize disruption of the Debtor as a going concern, will increase the possibilities for a successful reorganization, and is therefore in the best interest of the estate and its creditors. Debtor represents that no financing is available on terms and conditions more favorable than those offered by MTF.

18. The essential terms of the Post-Petition Indebtedness under the Stipulation are as follows:

- a. MTF agrees to advance funds to the Debtor in an aggregate amount up to the lesser of 90% of the total value of the Debtor's qualified receivables or \$650,000.00 (the "Maximum Amount").
- b. In exchange for such advances, Debtor will direct each of its account debtors on the Debtor's accounts receivables to make payment directly to MTF.
- c. Interest will accrue monthly on any sums advanced and owed by Debtor at an interest rate equal to the lesser of 6.5% or the highest rate allowable under Minnesota law.
- d. As account debtors make payment to MTF on amounts due to the Debtor, the Debtor shall be entitled to seek additional advances up to the Maximum Amount.
- e. MTF shall be granted a replacement, first priority senior lien in the following assets of the Debtor (the "Post-Petition Collateral"):

All present and future Accounts, all of Debtor's other accounts; chattel paper, instruments, payment intangibles and deposit accounts; all as defined in the Uniform Commercial Code and all proceeds thereof, but specifically excluding: (i) any rolling stock consisting of tractors or trailers and the proceeds thereof, including but not limited to all lease payments for such equipment; and (ii) specifically excluding avoidance actions and other actions under Chapter 5 of the Bankruptcy Code and any proceeds or recoveries therefrom.

To the extent of the Debtor's use of cash collateral, all junior lienholders with valid liens existing as of the Petition Date shall be granted replacement liens in the Post-Petition Collateral subordinate to the liens and claims of MTF granted pursuant to the Stipulation.

19. Adequate Protection: Pursuant to the Stipulation, the parties agree that such replacement liens in the Post-Petition Collateral constitutes adequate protection.

20. Termination Date: The Debtor's ability to use cash collateral pursuant to the Cash Collateral Order shall end on the date on which any subsequent cash collateral order is entered. Until such time, the Debtor shall continue to be allowed to use cash collateral pursuant to the Cash Collateral Order.

IV. GOOD FAITH OF MTF UNDER 11 U.S.C. § 364(e)

21. The Debtor believes that MTF has acted in good faith in agreeing to extend credit in accordance with the Stipulation and this Motion. The terms of the Post-Petition Indebtedness are being provided in exchange for reasonably equivalent value and fair consideration, and the terms were negotiated at arms' length.

22. Therefore, the Debtor further seeks a finding by this Court that any credit extended and loans made to the Debtor by MTF pursuant to the Stipulation were done in good faith, as the term is used in 11 U.S.C. § 364(e).

V. NOTICE

23. The Debtor has served notice of this Motion on: (a) the Office of the United States Trustee for the Northern District of Texas; (b) all entities claiming an interest in the cash

collateral, including Fox Capital Group, Inc. and Marquette Transportation Finance, LLC (c) all secured creditors; and (g) the 20 largest unsecured creditors. The Debtor submits that no other or further notice need be provided under Fed. R. Bankr. P. 4001.

VII. PRAYER FOR RELIEF

WHEREFORE, Pro Resources I, LLC, as debtor-in-possession, respectfully requests the Court enter appropriate orders: (i) authorizing the Debtor to enter into, perform, and be bound by the Stipulation; (ii) authorizing the Debtor's interim use of cash collateral to repay the Prepetition Indebtedness and to operate the debtor as set forth herein; (iii) authorizing the Debtor to obtain credit under 11 U.S.C. § 364(c) under the terms of the Stipulation; (iv) granting MTF first priority replacement lien in the Post-Petition Collateral as adequate protection under the terms of the Stipulation; (v) finding that MTF has extended such credit to the Debtor in good faith pursuant to 11 U.S.C. § 364(e); (vi) granting such additional junior liens in the Post-Petition Collateral for such claims as the Court later determines to be valid, secured, and perfected; and (vii) granting such other and further relief to which the Debtor may be justly entitled.

Respectfully submitted,

/s/ Charles Brackett Hendricks

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CERTIFICATE OF SERVICE

A separate certificate of service will be filed.