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**THE UNITED STATES BANKRUPTCY COURT
IN THE NORTHERN OF TEXAS
SAN ANGELO DIVISION**

In re: §
§
TERRILL MANUFACTURING §
CO., INC. § **Case No. 16-60105**
§
Debtor § **CHAPTER 11**

**DEBTOR’S EXPEDITED MOTION, PURSUANT TO 11 U.S.C. §363 FOR AN INTEERIM
ORDER APPROVING USE OF CASH COLLATERAL**

NOTICE

NO HEARING WILL BE CONDUCTED ON THIS MOTION FOR RELIEF UNLESS A WRITTEN RESPONSE IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY (20) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH REQUESTS FOR HEARING. IF NO RESPONSE IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF A RESPONSE IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Terrill Manufacturing Co., Inc. (“Debtor”) in the above-captioned Chapter 11 case (the “Bankruptcy Case”) respectfully files this Expedited Motion, Pursuant to 11 U.S.C. §363, for an

**Motion for Authorization Use of Cash Collateral
Terrill Manufacturing Co., Inc.**

Interim Order Approving the Use of Cash Collateral (the “Motion”), and in support hereof, states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §1334. Consideration of this action is a core proceeding pursuant to 28 U.S.C. §157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§1408 and 1409.

PROCEDURAL BACKGROUND

2. On September 20, 2016 (the “Petition Date”), the Debtor commenced this bankruptcy Case by filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §101, et seq. (the “Bankruptcy Code”)¹.

3. The Debtor continues to operate its business and manage its properties as Debtor-in-Possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committees have been appointed in this Bankruptcy Case.

FACTUAL BACKGROUND

4. Debtor was formed in 1948. Debtor owns real property located in San Angelo, Texas (the “Warehouse”) and designs, manufactures, and installs custom woodwork and other finishing pieces for inside of commercial buildings.

5. Debtor secured funding from First Financial Bank of San Angelo (“Bank”) through a Note and line of credit (“Note”) designed to allow the Debtor to operate and pay off the notes with the income generated from the sales of services and products. The Note became due and owing on April 1, 2016. Debtor and Bank were in process of negotiations regarding payment, as

¹ Case was originally filed in the Western District, San Antonio Division due to a scrivener’s error and subsequently transferred to this Court.

well as possible third party lenders. On or about September 19, 2016, Bank seized money in all Debtor's operating accounts disrupting its business operations and preventing it from paying expenses as they come due.

6. Largely due to the onerous burdens created by the seizure of operating cash out of Debtor's accounts, Debtor has become insolvent and unable to meet its debts as they come due.

7. The Debtor's Bankruptcy Case is intended to assist the Debtor in, among other things: (i) restructuring Debtor's debts; (ii) addressing existing and potential litigation with creditors to whom the Debtor has been unable to make payments; (iii) reorganizing the Debtor's obligations to enable them to pursue new business and growth opportunities; and (iv) maintaining customer loyalty by allowing the Debtor to continue leasing and refurbishing space in this historic building.

A. First Financial Bank Note

8. Debtor executed a promissory note establishing a \$1,250,000.00 business loan from Bank. The Note had a fixed interest rate and a maturity date of April 2016. A commercial security agreement/deed of trust was also executed June 1, 2006 and purports to grant a lien on (A) a life insurance policy; (B) inventory; and (C) securities or investment property as set out in exhibits to the Note.

9. As of the Petition Date, Debtor believes that approximately \$940,000.00 in principal remains due on the Note along with interest and fees.

RELIEF REQUESTED AND AUTHORITY FOR RELIEF

10. By this Motion, the Debtor respectfully requests the entry of an interim order to allow the Debtor to use cash proceeds and income realized from the proceeds of its accounts

receivable to the extent that the same falls under the definition of “cash collateral” under section 363(a) of the Bankruptcy Code (“Cash Collateral”) on an interim and final basis pursuant to section 363 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 4001(b), in order to operate its business and make payments that arise in the administration of this bankruptcy case in the ordinary course of business.

11. Debtor must begin making use of the Cash Collateral immediately. Specifically, the Debtor must make necessary post-petition payments to employees, suppliers, utilities, repair or janitorial services in order to continue to operate its business. The Debtor is under certain deadlines to supply manufactured items for completion of larger contracts for several schools. Contracts for completion of schools in two separate districts, Killeen ISD and Madisonville ISD are the subject of motions to assume or reject executory contract on file in this case. Debtor needs to operate its business continuously in order to maintain its revenues and protect the estate. The Debtor requests interim authorization for the use of Cash Collateral to fund critical operating expenses such as payroll, basic overhead costs, materials, vendors, supplies, delivery, and the ongoing costs of basic repairs and/or janitorial services for its manufacturing facility. Accordingly, Debtor has provided a monthly budget attached as “Exhibit “A” outlining its monthly expenses.

12. For the purposes of this Motion only, the Debtor assumes that Bank holds secured claims against the cash collateral of the Debtor. The Debtor reserves all rights to contest, dispute, object to, avoid, and/or raise any and all defenses and claims against the Bank.

13. Section 363 of the Bankruptcy Code provides generally that a chapter 11 debtor may not use, sell, or lease cash collateral unless each party with an interest in the collateral

consents or unless the Court after notice and hearing, authorizes such use, sale, or lease. 11 U.S.C. §§363(c)(2) and 1107(a).

14. Pursuant to section 363 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 4001(b), the Debtor requests authorization to use cash collateral on the terms set forth below.

15. Post-petition, the Debtor shall collect all sums payable to it in respect to its ongoing business operations all such sums collected by Debtor shall constitute "Cash Collateral" as defined by sec 363(a) of the Bankruptcy Code. The Debtor shall deposit all revenues derive from all sources into the Debtor's consolidated debtor-in-possession account (the "DIP Account"), and use such funds to pay all post-petition obligations and operating expenses of the Debtor as are in accordance with Exhibit "A".

16. The Debtor reserves all rights to seek further relief as is just and appropriate under the circumstances.

REQUEST FOR INTERIM HEARING ON RELIEF REQUESTED HEREIN

17. Pursuant to Bankruptcy Rule 4001(b), the Debtor requests that the Court conduct an interim hearing on this Motion at such time as the Court is available. The requested use of cash collateral pending entry of a final order is necessary to avoid immediate irreparable injury to the Debtor and their estates. For purposes of the interim hearing on this Motion, the Debtor seeks to use approximately \$705,239.00 to pay post-petition obligations which are or will be due for the end of the month of September 2016 and for the month of October 2016 before a final hearing may be held.

WHEREFORE, PREMISES CONSIDERED, DEBTOR respectfully requests that the Court: (i) grant the Motion and relief requested herein; (ii) enter an Order authorizing the Debtor to use cash collateral as set forth herein, and (iii) granting the Debtor all such and other further relief as is just.

Respectfully submitted,
Spigner & Associates, PC

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CERTIFICATE OF CONFERENCE

I hereby certify that I spoke with Kelly Gill on October 10, 2016 concerning the Motion for Use of Cash Collateral and my intent to file this Motion on behalf of Debtor. Mr. Gill indicated that he was not opposed to the Motion for Use of Cash Collateral of Debtor, but that possible agreement may be considered.

/s/ Reedy Macque Spigner
Reedy Macque Spigner

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the above and foregoing has been sent via electronic service to the following:

DEBTOR: Terrill Manufacturing Co., Inc.

Creditor First Financial Bank
Kelly Gill, McMahon Surovik Suttle
kgill@mcmahonlawtx.com

Jon Davis, Shannon Porter & Johnson
jrd@shannonprter.com

U.S. TRUSTEE

and to all parties requesting electronic service or on the attached mailing matrix, on the 10th day of October, 2016.

By: /s/ Reedy Macque Spigner
Reedy Macque Spigner