

Date Signed:
October 18, 2017



SO ORDERED.

A handwritten signature in black ink, appearing to read "R. Faris", written over a horizontal line.

Robert J. Faris
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re

HAWAII ISLAND AIR, INC.,
a Delaware corporation,

Debtor and
Debtor-in-Possession.

Case No. 17-01078
(Chapter 11)

Interim Hearing:

Date: October 18, 2017

Time: 9:30 a.m.

Judge: Honorable Robert J. Faris

**STIPULATION AND AGREED FIRST INTERIM ORDER
(i) AUTHORIZING USE OF CASH COLLATERAL PURSUANT TO
11 U.S.C. § 363(c)(2), (ii) GRANTING ADEQUATE PROTECTION
PURSUANT TO 11 U.S.C. §§ 361 AND 363, (iii) SCHEDULING OF FINAL
HEARING, AND (iv) GRANTING RELATED RELIEF;
EXHIBITS A AND B**

Upon the Motion of Hawaii Island Air, Inc., a Delaware corporation (hereinafter “Debtor” or “Borrower”), a Motion for Order Authorizing Debtor to Use Cash Collateral Pursuant to 11 U.S.C. § 363(c)(2), (ii) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363 and (iii) Scheduling a Final Hearing, and (iv) Granting Related Relief (“Cash Collateral Motion”), wherein the

RJF

~~EXHIBIT 1~~

Debtor moved this Court for, among other things, the entry of an interim order (this “First Interim Order”) authorizing the Debtor’s use of cash collateral on an interim basis (the “Interim Relief), and after notice and a hearing on the Interim Relief, the Court finds, subject to the terms and conditions hereof, that (i) the Interim Relief requested in the Cash Collateral Motion is in the best interests of the Debtor, its estate and its creditors; (ii) the Interim Relief is necessary to provide the Debtor with sufficient cash and liquidity to avoid immediate and irreparable harm during the term of this Interim Order; (iii) in accordance with Rule 4001(a), (b) and (d) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and LBR 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Hawaii (the “Local Rules”), due and proper notice of the Cash Collateral Motion and the hearing on the Interim Relief has been given, and no other or further notice is necessary with respect to the Interim Relief; and (iv) upon the record herein, including, without limitation, statements of counsel, after due deliberation thereon, good and sufficient cause exists for the entry of this Interim Order granting the Interim Relief as set forth herein. Therefore,

I. BACKGROUND

A. On October 16, 2017 (the “Petition Date”), the Debtor commenced this Chapter 11 case (the “Chapter 11 Case”) by filing a voluntary

petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended (the “Bankruptcy Code”), in the United States Bankruptcy Court for the District of Hawaii (the “Court”).

B. The Debtor continues to operate its federally licensed inter-island air carrier business and manage its properties as Debtor-in-Possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in this Chapter 11 Cases, and no official committee of unsecured creditors or other statutory committee (an “Official Committee”) has been formed as of the hearing on the Interim Relief.

C. The Court has jurisdiction, pursuant to 28 U.S.C. §§ 157(b) and 1334, over this Chapter 11 Case, and over the persons and property affected hereby. Consideration of the Cash Collateral Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are Sections 105, 361, 363 and 507 of the Bankruptcy Code, Bankruptcy Rules 4001(a), (b) and (d) and 6003 and Local Rule 4001-2.

II. PRE-PETITION SENIOR SECURED LOANS PROVIDED BY AND CARBONVIEW LIMITED, LLC AND PACAP AVIATION FINANCE, LLC

D. Prior to the filing of the petition, the Debtor and Carbonview Limited, LLC and PaCap Aviation Finance, LLC (hereinafter collectively “Secured

Creditors”) entered into various loan arrangements documented, including recorded UCC-1 Financings Statements. See Exhibits A and B attached hereto.

E. Secured Creditors allege that to secure its obligations under the Secured Loan Agreements, the Debtor granted to Secured Creditors a security interest in its collateral, including all of the following property of the Debtor, whether now owned or hereafter acquired or existing, and wherever located (collectively, including “Cash Collateral (defined below), the “Pre-Petition Collateral”):

The Collateral shall consist of all tangible and intangible personal property of Debtor (and all of Debtor's right, title and interest therein and thereto), whether now owned by Debtor or acquired by Debtor after the date hereof at any time, including, but not limited to, goods, machinery, equipment, fixtures, documents, customer lists, contract rights, instruments, books, records, files, genera) intangibles, goodwill, chattel paper, accounts receivable and accounts; including all cash and non-cash proceeds of all such property, the products and increase of all such property, and all additions and replacements to all such property. The term "proceeds" above includes whatever is receivable or received by Debtor when Collateral is sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

* * *

All of debtor’s right, title and interest in and to the property described in Exhibit A attached hereto and incorporated herein, and al proceeds thereof. . . .

See Exhibit A (Description of collateral of Carbonview Limited, LLC).

All properties, goods, inventory, equipment, furniture, fixtures, leases, supplies, documents, instruments, chattel paper, accounts, records, cash, money and intellectual property rights (including but not limited to, copyrights, moral rights, patents, patent applications, mask works, trademarks, service marks, trade names, trade secrets and other general intangibles), including, without limitation, all rotatable, expendable and other spare parts; all accounts receivable, including all proceeds of air traffic liability payments received and/or withheld; all payments made, owed by or received from all customers, wholesalers, distributors, interline and code-share partners and all customer lists, contracts and agreements related thereto; all deposits, cash reserves and prepaid expenses; all contract rights and rights to receive payments; all insurance contracts and proceeds; all operations manuals and records; all employee and personnel contracts and records; all licenses, permits, certificates and approvals, including those issued by federal, state, county and local governmental authorities, whether now owned or hereafter acquired, and all proceeds of the foregoing.

See Exhibit B (Description of collateral of PaCap Aviation, LLC).

F. Secured Creditors allege that the Debtor is liable to the Secured Creditors in respect to the loans made, and certain accrued and unaccrued interest, costs and fees, pursuant to the Secured Loan Agreements in the aggregate principal amount of \$4,000,000.00 (exclusive of certain interest and fees accrued and unpaid thereon and other costs, expenses and indemnities) (the “Pre-Petition Loan Indebtedness”).

G. Secured Creditors allege that Secured Creditors’ security interests in, and liens on, the Pre-Petition Collateral were properly perfected and are valid and enforceable first priority liens on and security interests in the Pre-Petition

Collateral that Debtor's cash on hand and cash equivalents as of the Petition Date that constitute proceeds of the Pre-Petition Collateral are cash collateral of Secured Creditors within the meaning of Bankruptcy Code § 363(a) ("Cash Collateral"). Secured Creditors allege that they are entitled, pursuant to Bankruptcy Code §§ 361 and 363(e), to adequate protection of its interest in the Pre-Petition Collateral, including for the use of Cash Collateral, the use, sale or lease of the Pre-Petition Collateral other than Cash Collateral, and for the imposition of the automatic stay.

H. Secured Creditors allege that in accordance with Section 552(b) of the Bankruptcy Code, the Pre-Petition Collateral includes, without limitation, all proceeds, products and profits of the Pre-Petition Collateral, whether existing before or after the commencement of the Chapter 11 Cases, "Available Cash" shall consist of the Debtor's cash and cash equivalents that are subject to the existing lien of Secured Creditors. Secured Creditors allege that, as of the Petition Date, all of the Available Cash is the proceeds, products and profits of the Pre-Petition Collateral. However, under § 552(b), the revenues generated after the filing of the petition is not part of Secured Creditors' cash collateral and is not subject to Secured Creditors' pre-petition security interest.

I. Secured Creditors allege that Cash held on the Petition Date together with any cash or cash equivalent proceeds of the Pre-Petition Collateral received on or after the Petition Date shall constitute Cash Collateral.

J. Secured Creditors allege that (i) the Secured Loan Obligations constitute legal, valid and binding obligations of the Debtor, enforceable in accordance with the terms of the Secured Loan Agreements (other than in respect of the stay of enforcement arising from Section 362 of the Bankruptcy Code), (ii) no offsets, defenses or counterclaims exist to the currently outstanding Secured Loan Obligations, (iii) Secured Creditors' liens and security interests are first priority, valid, enforceable, perfected and not subject to avoidance, subordination or challenge; (iv) and no portion of the Secured Loan Obligations is subject to avoidance, subordination or disallowance pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

K. Secured Creditors allege that the value of the Pre-Petition Collateral exceeds the amount of the Secured Loan Obligations outstanding as of the Petition Date.

III. THE DEBTOR'S NEED FOR USE OF CASH COLLATERAL

L. An immediate need exists for the Debtor to have access to the Cash Collateral in order to continue its operations, meet its payroll and other necessary, ordinary course business expenditures, administer and preserve the value of its estate, and maintain adequate access to cash in amounts customary and necessary for a company of this size in this industry to maintain customer and vendor confidence. The ability of the Debtor to finance its operations by way of

working capital requires its access to cash resources, the absence of which would immediately and irreparably harm the Debtor, its estate, and its creditors. The Debtor requires these cash resources to operate its businesses, preserve the confidences of vendors, suppliers and customers, and to preserve the value of their businesses.

M. The Debtor has requested, pursuant to Section 363(c) of the Bankruptcy Code, that Secured Creditors consent to the Debtor's use of Cash Collateral and the Debtor's use, sale and lease of the other Pre-Petition Collateral pursuant to the terms and conditions of this Interim Order during the Interim Cash Collateral Period (as defined below). Secured Creditors allege they are entitled to adequate protection pursuant to Sections 361 and 363(e) of the Bankruptcy Code with respect to pre-petition Cash Collateral and other Pre-Petition Collateral, including, without limitation, to compensate Secured Creditors for any loss or diminution in the value of pre-petition Cash Collateral or other Pre-Petition Collateral resulting from the Debtor's use of Cash Collateral, the use, sale or lease of other Pre-Petition Collateral and the imposition of the automatic stay during the Interim Cash Collateral Period.

N. Subject to the entry, and continued effectiveness of this Interim Stipulated Order the Court has authorized the Debtor to use Cash Collateral and use, sell or lease other Pre-Petition Collateral during the Interim Cash Collateral

Period. The foregoing notwithstanding, nothing in this Interim Order shall be construed as limiting or prohibiting Secured Creditors or other parties from objecting to any relief sought by the Debtor in this Chapter 11 case, including, without limitation, any DIP Financing¹ or any motion for the further use of Cash Collateral, other than the entry of this Interim Order and any Final Order entered on the Cash Collateral Motion (“Final Order”), provided such Final Order is on terms acceptable to Secured Creditors.

O. The Interim Relief requested herein is, subject to the terms and conditions hereof, necessary, essential and appropriate for the continued operations of the Debtor’s business and the preservation of its estate and the value of the Debtor’s business.

P. Good and sufficient cause has been shown for the entry of this Interim Order. Among other things, the entry of this Interim Order is in the best interests of the Debtor, its creditors and its estate because it will enable the Debtor to (i) continue operating its businesses and avoid an immediate shutdown of operations, (ii) meet obligations for payroll, necessary expenditures, and other operating expenses, (iii) pay necessary fees and professional expenses under the Bankruptcy Code and make payments authorized under other orders entered by the

¹ The term “DIP Financing” means any debtor-in-possession financing facility, cash loans or liquidity facility provided to the Debtor pursuant to Section 364 of the Bankruptcy Code secured by liens on and against property of the Debtor’s estate. Any party that provides the Debtor with DIP Financing shall be referred to as a “DIP Lender.”

Court, (iv) obtain needed goods and services, (v) retain vendor, and employee confidence, and (vi) maintain adequate cash resources customary and necessary for a retail operation of this size, thereby avoiding immediate and irreparable harm to the Debtor's estate.

Q. Adequate notice was given of this Motion to Approve the Stipulated First Interim Order for the Use of Cash Collateral.

R. The Debtor has requested immediate entry of this Stipulated First Interim Order pursuant to Bankruptcy Rule 6004(g), and Secured Creditors has consented to the Interim Relief contained herein. Good and sufficient cause has been shown for the entry of this Interim Order.

NOW, based upon the Cash Collateral Motion of the Debtor and the record before the Court with respect to the Cash Collateral Motion made by the Debtor at the Interim Hearing, and good cause appearing therefor,

IT IS ORDERED, ADJUDGED AND DECREED effective immediately that:

1. The Cash Collateral Motion for First Stipulated Interim Order for the Use of Cash Collateral is GRANTED with respect to the Interim Relief on the terms and conditions set forth herein.

2. Period of Interim Relief. Any provision of the Bankruptcy Code or the Bankruptcy Rules notwithstanding, this Interim Order shall take effect

immediately on the Petition Date. So long as no breach of the termination provisions hereof has occurred, this Interim Order shall remain in effect until the earliest of the close of business on November 15, 2017, or such period as it may be extended pursuant to the following proviso, (the “Interim Cash Collateral Period”), *provided*, that upon the written consent of Secured Creditors, the First Interim Cash Collateral Period may be extended without further prior order of the Court to such day and time as is agreed and on such other conditions as is agreed among the Debtor and Secured Creditors, *provided, further*, that the Debtor must file notice of any such extension with the Court.

GOOD FAITH, RELIANCE AND CONDUCT

3. Secured Creditors shall have Replacement Liens only with regard to any use of property which is Cash Collateral of Secured Creditors pursuant to Section 363 of the Bankruptcy Code.

4. (a) Nothing in this Interim Order shall in any way be construed or interpreted to impose upon Secured Creditors or its agents, advisors or employees (in their capacities as such) any liability for any claims arising from the activities of the Debtor or any of its affiliates, before or after the Petition Date, in the operation of its businesses, or in connection with its restructuring efforts.

(b) In exercising any of their rights or remedies, as and when permitted pursuant to this Interim Order, Secured Creditors shall not be deemed to be in control of the operations of the Debtor.

5. Based on the findings set forth in this Interim Order, Secured Creditors' reliance in good faith on the terms thereof, if any of the provisions of this Interim Order are hereafter modified, vacated or stayed by an order of this Court or another court, such stay, modification or vacation shall not affect the validity and enforceability of any claim, lien, security interest or priority authorized for Secured Creditors' benefit that is granted or attaches prior to the effective date of such stay, modification or vacation, and any use of Cash Collateral or use, sale or lease of other Pre-Petition Collateral by the Debtor pursuant to this Interim Order prior to the effective date of such modification, stay or vacation shall be governed in all respects by the original provisions of this Interim Order.

AUTHORIZED USE OF CASH COLLATERAL

6. The Debtor is hereby authorized to use Cash Collateral during the Interim Cash Collateral Period, subject to the conditions and limitations set forth herein.

7. Authorized Uses of Cash Collateral. The Debtor may use Cash Collateral during the Interim Cash Collateral Period to pay only the ordinary and

reasonable expenses of operating its businesses which are necessary to avoid immediate and irreparable harm. The next cash collateral order shall include a budget.

8. Secured Loan Agreement Amendments. During the Interim Cash Collateral Period, the material terms of the Secured Loan Agreements shall continue in full force and effect except as may be modified by operation of law or pursuant to the terms of this Interim Order.

**ADEQUATE PROTECTION IN FAVOR OF SECURED CREDITORS
FOR THE DEBTOR'S USE OF CASH COLLATERAL**

9. Adequate Protection. On account of the Debtor's use of Cash Collateral, its use, sale or lease of the other Pre-Petition Collateral and the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code, in each case during the Interim Cash Collateral Period, Secured Creditors are hereby granted the following adequate protection pursuant to Sections 361 and 363(e) of the Bankruptcy Code:

(a) Replacement Liens. Replacement liens of the same validity, perfection, priority and/or extent of any existing pre-petition lien in Debtor's collateral is hereby granted, assigned, and pledged for any post-petition use of the Secured Creditors' pre-petition cash collateral to the extent the same existed on the Petition Date and Replacement liens shall not cutoff, alter or

subordinate any rights in the collateral. Said Replacement Lien shall be automatically perfected.

(b) Taxes. The Debtor shall and hereby agrees to pay all post-petition federal, state and county taxes (other than real property taxes) as and when due, regardless of whether such taxes appear on the Budget.

DISCLOSURE REQUIRED OF THE DEBTOR

10. As additional adequate protection for the benefit of Secured Creditors, the Debtor shall provide Secured Creditors, by electronic mail or other reasonably acceptable means, the following information during the Interim Cash Collateral Period:

(a) Reporting. Copies of all reports as are required by the Secured Loan Agreements or such additional reports as Secured Creditors may reasonably request from time to time, all in form, detail and substance reasonably satisfactory to Secured Creditors.

(b) Copies of Documents. Copies of (i) all non-privileged reports, appraisals, business plans, investigations or other similar documents provided to Secured Creditors, its counsel or Official Committee or any potential DIP Lender, (ii) any and all audits prepared by the Debtor's controller;

(c) Communications Regarding Any Asset Sale, DIP Loan or Plan of Reorganization. The Debtor or its counsel shall provide status reports

concerning any asset sale, DIP Loan or Plan of Reorganization involving the Debtor, together with copies of all related non-privileged documents including, without limitation, letter(s) of intent, copies of draft and final versions of all consultants' reports, business plans, term sheets, equity purchase agreements, merger agreements, asset purchase agreements, Chapter 11 plan term sheets, draft Chapter 11 plans and similar documents as they become available to the Debtor.

**TERMINATION OF THE DEBTOR'S ABILITY
TO USE CASH COLLATERAL**

11. The Debtor's ability to use Cash Collateral during the Interim Cash Collateral Period will terminate (i) immediately upon the occurrence of any event described in subsections (a), (c), (e) or (f) below, (ii) immediately at the close of business on the business day following the occurrence of an event described in subsection (h) (unless such event of default has been cured), or (iii) if any event described in any other subsection below shall occur, five (5) business days after Secured Creditors deliver written notice to the Debtor that an event of default has occurred, unless such event of default has been fully cured within such five (5) business day period:

(a) the expiration of the Interim Order as provided herein, other than due to the entry of the Final Order or any other order of the Court approving the Debtor's use of Cash Collateral;

(b) the Debtor's failure to comply with any of the material terms or conditions of this Interim Order;

RJF

(c) if (i) ~~if~~ the Chapter 11 case shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code; (ii) the Debtor shall file a motion, or other pleading, seeking dismissal of the Chapter 11 case under Section 1112 of the Bankruptcy Code, or otherwise; or (iii) a trustee under Chapter 11 of the Bankruptcy Code, a responsible officer or an examiner with enlarged powers relating to the operation of the Debtor's business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106 of the Bankruptcy Code shall be appointed or elected in any of the Chapter 11 Cases;

(d) the Borrower fail in any material respect to comply with any provisions in the Secured Loan Agreements governing insurance on its properties, except to the extent such compliance is excused by operation of the Bankruptcy Code; or

(e) in the event Secured Creditors consent in writing to any DIP Financing, the occurrence of a default, material breach or termination event under the terms of such DIP Financing, or an order approving such DIP Financing, shall constitute an event of default under this Interim Order as though this Interim Order contained such provisions in their entirety.

Upon the occurrence of a termination event as set forth above (and including any applicable cure period), Secured Creditors' consent to the Debtor's use of Cash Collateral shall automatically terminate and the Debtor may not use, sell or lease Cash Collateral and shall segregate and account for any Cash Collateral in their possession, custody or control, and shall hold such Cash Collateral for the exclusive benefit of Secured Creditors, subject to further order of the Court.

EXERCISE OF REMEDIES BY SECURED CREDITORS

12. Limitation on Exercise of Rights and Remedies. Secured Creditors shall not take any action during the Interim Cash Collateral Period to seize or take control over any of the Cash Collateral, Pre-Petition Collateral, Replacement Collateral or the Debtor's other property, nor shall it impose freezes of assets or seek to exercise any alleged right of setoff or recoupment, or exercise any other right or remedy against the Pre-Petition Collateral, Cash Collateral, Replacement Collateral or the Debtor's other property during the Interim Cash Collateral Period; provided, that Secured Creditors may do any of the foregoing after application to, and receiving authority from, the Court, to the extent necessary, upon a breach or violation by the Debtor of any of the terms or conditions of, or upon the termination of, this Interim Order.

13. Additional Relief. Notwithstanding any provision hereof, this Interim Order is without prejudice to Secured Creditors' rights to seek any other or additional relief in, or relating to, the Chapter 11 case, including, without limitation, relief from the automatic stay pursuant to Section 362 of the Bankruptcy Code, and the filing of objections and/or claims relating to motions for adequate protection, or the use, sale, lease or other disposition of the Pre-Petition Collateral, Replacement Collateral or Cash Collateral.

14. No Waiver. Except as expressly set forth herein, no rights of Secured Creditors are waived pursuant to, or modified by, this Interim Order. Secured Creditors' rights and remedies pursuant to the Secured Loan Agreements, the secured creditors' rights and remedies under any applicable laws and this Interim Order shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. Secured Creditors' failure, at any time or times hereafter, to require strict performance by the Debtor of any provision of this Interim Order shall not waive, affect or diminish any right of Secured Creditors thereafter to demand strict compliance and performance herewith. Any failure or delay on Secured Creditors part in the exercise of any rights, remedies, claims, powers, benefits or privileges under the Secured Loan Agreements or this Interim Order shall not constitute a waiver by Secured Creditors, subject to Secured Creditors to any liability to any

entity under this Interim Order or preclude any other or further exercise of any such right or remedy or the exercise of any other right or remedy. None of Secured Creditors' rights or remedies under this Interim Order shall be deemed to have been suspended or waived by Secured Creditors unless such suspension or waiver is in writing and directed to the Debtor or the Court specifying such suspension or waiver.

15. No Reliance. In the negotiation of this Interim Order, Secured Creditors did not have any obligation or duty to any other entity to exercise any of their rights, remedies, claims, powers, benefit or privileges.

**ADDITIONAL PROVISIONS GOVERNING RIGHTS
OF THE PARTIES**

16. Carve-Out. Prior to the Final Hearing, the Debtor and Secured Creditors shall attempt to negotiate an appropriate "carve-out" or similar procedure for the payment of allowed professional fees and disbursements incurred by the professionals retained pursuant to Bankruptcy Code §§ 327, 328 or 1103(a). Notwithstanding anything herein to the contrary, the Carve-Out may be used to object to or contest in any manner, or raise any defenses to, the amount, validity, perfection, priority, extent or enforceability of the Secured Loan Obligations or the liens securing the Secured Loan Obligations, or to prosecute or assert any claims or causes of action against Secured Creditors. Nothing contained herein shall limit or impair Secured Creditors' rights to object to any request for compensation

submitted by any professional retained by the Debtor or any Official Committee, all of such rights being expressly preserved. The Secured Creditors agree to the use of cash collateral, including pre and post-petition cash collateral, to pay the professional fees “carve out”.

MISCELLANEOUS

17. Binding Effect. The provisions of this Interim Order shall be binding upon and inure to the benefit of the Debtor, Secured Creditors, and any Official Committee, and any trustee subsequently appointed for the estate of the Debtor, whether in this Chapter 11 case or in the event of a conversion to a case under Chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Interim Order. However, the Binding Effect of this Interim Order does not bind a subsequently appointed Chapter 11 trustee, or if the case is converted, a Chapter 7 trustee. Further, in the event this case is converted to a proceeding under Chapter 7 of the Bankruptcy Code, any lien created or recognized by this Order shall be subordinate to the trustee’s fees and expenses and the United States Trustee’s quarterly fees.

18. Force and Effect and Jurisdiction. In the event that any order dismissing this Chapter 11 case is entered pursuant to Section 1112 of the Bankruptcy Code, or otherwise, (a) the Secured Loan Obligations, Replacement Liens and Super-Priority Claim granted to or for the benefit of Secured Creditors

pursuant to this Interim Order shall continue in full force and effect and shall maintain their priorities as provided in this Interim Order until all of the Secured Loan Obligations shall have been indefeasibly paid in full, and (b) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing such claims and liens.

19. Continuing Effect of Secured Loan Agreements. Except to the extent this Interim Order expressly provides otherwise, the Debtor shall continue to faithfully perform, and be bound by, terms of the Secured Loan Agreements. In the case of any conflict between the terms of the Secured Loan Agreements and this Interim Order, this Interim Order shall control.

20. Titles and Headings. The titles and headings in this Interim Order are and shall be without substantive meaning or content of any kind whatsoever.

21. Time of the Essence. Time is of the essence as to all terms, conditions and provisions set forth in this Interim Order.

22. Immediate Effect. This Interim Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable immediately upon execution thereof.

NOTICE OF SECOND INTERIM HEARING

23. Second Interim Hearing. The Second Interim Hearing on the Cash Collateral Motion is scheduled for October 20, 2017 at 10:00, _____ a .m. Following entry of this Interim Order, the Debtor shall immediately provide notice of the Cash Collateral Motion and a copy of this Interim Order and notice of the Interim Hearing to (i) the Initial Notice Parties, (ii) any counsel to any Official Committee, and (iii) any party that has filed a request for notice in the Chapter 11 Case within 24 hours of the entry of this Order. Such notice shall constitute good and sufficient notice of the Interim Hearing. The notice of approval of this Interim Order shall state that any party in interest objecting to the use of Cash Collateral or the terms of the Interim Order shall file written objections with the Clerk of the Bankruptcy Court no later than October 19, 2017, which objections shall be served so that the same are received on or before such date by: (a) counsel to the Debtor, (b) counsel to any Official Committee; (c) the U.S. Trustee; and (d) counsel for Secured Creditors.

Any objections by creditors or other parties in interest to any of the provisions of this Interim Order shall be deemed waived unless filed and served in accordance with the notice on or before the close of business on such date.

STIPULATION

24. Retention of Jurisdiction. The Bankruptcy Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

The below named Secured Creditors hereby approve and stipulate to the First Interim Order for the Use of Cash Collateral.

Date: _____

CARBONVIEW LIMITED, LLC

By /S/ _____
PAUL T. MARINELLI
Its President

Date: _____

PACAP AVIATION FINANCE, LLC

By PacifiCap Investment Management, LLC
Its Manager
By /S/ _____
JEFFREY AU
Its Manager

APPROVED AS TO FORM:

TED N. PETTIT
ELLEN A. SWICK
Proposed Attorneys for
Debtor and Debtor-in-Possession
HAWAII ISLAND AIR, INC.

Submitted by:
CASE LOMBARDI & PETTIT
A LAW CORPORATION
TED N. PETTIT 4287-0
Email: tpettit@caselombardi.com
ELLEN A. SWICK 10514-0
Email: eswick@caselombardi.com
Pacific Guardian Center, Mauka Tower
737 Bishop Street, Suite 2600
Honolulu, Hawai'i 96813-3283
Tel. No.: (808) 547-5400
Fax No.: (808) 523-1888