

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF IOWA

In re:	)	Case No. 16-01823-als11
)	
FANSTEEL, INC.	)	Chapter 11
)	
Debtor and Debtor in Possession	)	Hon Anita L. Shodeen
)	
1746 Commerce Rd.	)	DEBTOR'S MOTION FOR
Creston, IA 50801	)	CONTINUED USE OF CASH
	)	COLLATERAL
EIN: 36-1058789)	
_____	)	No Hearing Set

COMES NOW, Fansteel, Inc., (“Fansteel” or the “Debtor”), Debtor and Debtor in Possession herein, by and through its undersigned counsel, and pursuant to Bankruptcy Code Section 363, files this Motion for Continued Use of Cash Collateral, and in support of this Motion, the Debtor would show this Honorable Court as follows:

1. On September 13, 2016 (the “Petition Date”), Fansteel, Wellman Dynamics Corporation (“WDC”), and Wellman Dynamics Machinery & Assembly, Inc. (“WDMA”) (collectively, the “Debtors”) filed their Voluntary Petitions under Chapter 11 of the Bankruptcy Code (Docket Item 1), and each is duly operating as Debtor in Possession of its respective estate pursuant to Bankruptcy Code Sections 1107 and 1108. Debtors filed motions to jointly administer the cases pursuant to Bankruptcy Rule 1015(b) and the Court entered an Order authorizing joint administration on October 17, 2016 (Docket Item 207). The Court subsequently entered an Order on May 24, 2017 vacating its prior Order granting joint administration and discontinuing the joint administration of the Debtors’ cases under the lead case of Fansteel (Docket Item 891).

2. On September 23, 2016, the Office of the United States Trustee filed a Notice of Appointment of Committee of Unsecured Creditors (the “Committee”) (Docket Item 67).

3. On December 23, 2016, the Debtors filed a Motion for Continued Use of Cash Collateral (Docket Item 337) and TCTM Financial FS (“TCTM”) and the Committee filed limited objections thereto (Docket Items 366 & 367). On January 5, 2017, the Court granted the Debtors’ Motion for Continued Use of Cash Collateral through February 13, 2017, provided that the Debtors reserve and set aside (i) \$1,200,000 representing the customer pre-payments already received (the “Restricted Deposits”); (ii) the Restricted Deposits received from and after the date of the Court’s order unless use is authorized by Court Order; and (iii) the monthly payment amount to FMRI related to expenses arising due to environmental issues unless payment(s) is authorized by further Court Order. (Docket Item 372). A final hearing on the use of cash collateral was scheduled for February 10, 2017.

4. On February 6, 2017, the Debtors filed a Motion to Obtain Credit (Docket Item 478) seeking Court approval of the Restricted Deposits made to the Debtors by Sikorsky Aircraft Corporation (“Sikorsky”). On February 9, 2017, the Committee filed an Objection to the Motion to Obtain Credit (Docket Item 496) and on February 14, 2017, TCTM filed an Objection to the Motion to Obtain Credit (Docket Item 529).

5. A hearing on the Debtors’ use of cash collateral was scheduled for February 16, 2017 (Docket Items 417 & 505). By agreement of the parties, the hearing was deferred as the parties consented to Debtors’ use of cash collateral for four additional weeks (Docket Item 552), or through March 17, 2017, under the similar terms of the Court’s January 5, 2017 Order, and additionally providing that any Restricted Deposits received by the Debtors would be set aside and used for payment of professional fees only upon entry of a Court Order approving same from and after the date of the statements made in open Court on February 16 and 17, 2017 until March 16, 2017. The Court entered an Order authorizing continued use of cash collateral as previously

ordered for a time period not longer than four weeks pending further Order of the Court (Docket Item 552). The matter was rescheduled for hearing on February 28, 2017. The hearing on use of cash collateral scheduled for February 28, 2017 was continued to late March or early April. The Parties further agreed that the Debtors were authorized to pay, from the Restricted Deposits, the \$60,000 initial deposit to Huntington Bank for its continued due diligence analysis in connection with Huntington Bank's financing proposal. (Docket Item 588). The Court entered the Stipulation and Consent Order on February 28, 2017 (Docket Item 595).

6. On March 13, 2017, the Debtors filed an Emergency Motion for Order Authorizing Use of Restricted Deposits seeking authority to use an additional \$90,000 of the Restricted Deposits for Huntington Bank's continued due diligence expenses (Docket Item 650). The Committee filed a Preliminary Objection to the Debtors' Emergency Motion on March 14, 2017 (Docket Item 654) and TCTM filed a Limited Objection on March 16, 2017 (Docket Item 677). A telephonic hearing was held on March 17, 2017 and the Parties filed a proposed consent order authorizing additional use of the Restricted Deposits (Docket Item 697). The Court entered the Order on March 24, 2017 (Docket Item 719).

7. The Debtors' Motion to Obtain Credit and Objections thereto were scheduled for hearing on March 28, 2017. On March 28, 2017, the Debtors, the Committee, and TCTM entered into and filed a Stipulation and Consent Order re Debtors' Motion to Obtain Credit (Docket Item 735), which provided, among other things, to authorize the Debtors to use cash collateral through April 28, 2017, which date was subsequently extended (Docket Item 839) through May 12, 2017.

8. On May 10, 2017, the Debtors, the Committee, and TCTM entered into and filed a Stipulation and Consent Order re Debtors' Continued Use of Cash Collateral (Docket Item 871),

which provided, among other things, to authorize the Debtors to use cash collateral through June 30, 2017. The Stipulation and Consent Order at Docket Item 871 was entered by the Court on May 11, 2017 (Docket Item 878).

9. On June 15, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (Docket Item 954) and the Court entered an Order on June 29, 2017 (Docket Item 1003) authorizing the Debtor to continue its use of cash collateral for four weeks, beginning on July 1, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order at Docket Item 871 and approved by the Court at Docket Item 876.

10. The Debtor seeks to continue its use of cash collateral through September 30, 2017 pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order at Docket Item 871 and approved by the Court at Docket Item 876. A proposed order is attached hereto as Exhibit "A".

11. Attached hereto as Exhibit "B" is the Debtor's cash collateral budget.

12. Based on the foregoing, the Debtor requests the court enter an order authorizing the Debtor's continued use of cash collateral through and including the week ending September 30, 2017.

WHEREFORE, the Debtor prays for an Order approving the instant Motion and for such further and other relief as the Court deems just and equitable under the circumstances.

Dated: July 11, 2017

/s/ Thomas J. Joensen
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General Reorganization Counsel for Fansteel, Inc.,
Debtor and Debtor in Possession

CERTIFICATE OF SERVICE

This document was served electronically on parties who receive electronic notice through CM/ECF as listed on CM/ECF's notice of electronic filing.

/s/ Krystal Mikkilineni

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF IOWA

In re:	)	Case No. 16-01823-als11
)	
FANSTEEL, INC.	)	Chapter 11
)	
Debtor and Debtor in Possession	)	Hon Anita L. Shodeen
)	
1746 Commerce Rd.	)	ORDER GRANTING DEBTOR'S
Creston, IA 50801	)	MOTION FOR CONTINUED USE OF
	)	CASH COLLATERAL
EIN: 36-1058789)	
_____)	

On July 11, 2017, Fansteel, Inc. (“Fansteel” or the “Debtor”), Debtor and Debtor-in-Possession herein, filed its Motion for Continued Use of Cash Collateral (Docket Item ____) (the “Motion”), seeking entry of an order authorizing the Debtor to continue using the cash collateral of TCTM Financial FS, LLC (“TCTM”), pursuant to Bankruptcy Code Section 363.

It appearing that due and proper notice of the Motion having been given and a reasonable opportunity to object or to be heard regarding the relief requested by the Motion has been afforded to all interested persons and entities; and upon the proceedings held before this Court and in good and sufficient cause appearing therefore;

IT IS HEREBY FOUND:

- 1) The Debtor’s Motion is Granted;
- 2) The Debtor is authorized to continue to use TCTM’s collateral through September 30, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Official Committee of Unsecured Creditors in the Stipulation and Consent Order docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in its Order dated May 11, 2017 (Fansteel Docket Item 876).

3) The Debtor's continued use of cash collateral through September 30, 2017 shall be pursuant to and in conformity with the Budget attached to the Motion as Exhibit "B".

GOOD CAUSE APPEARING, IT IS SO ORDERED

Judge, U.S. Bankruptcy Court

Prepared and Submitted By:

s/ Thomas J. Joensen

Thomas J. Joensen

General Reorganization Counsel for Fansteel, Inc.,
Debtor and Debtor in Possession

Wellman Dynamics Corporation
Cash Collateral Budget
13 Weeks Ending September 29, 2017

Week # Week Ended	0 6/30/2017	1 7/7/2017	2 7/14/2017	3 7/21/2017	4 7/28/2017	5 8/4/2017	6 8/11/2017	7 8/18/2017	8 8/25/2017	9 9/1/2017	10 9/8/2017	11 9/15/2017	12 9/22/2017	13 9/29/2017
Operating Cash Receipts														
Collections from Customers	392,893	1,077,503	892,178	1,048,535	459,287	1,154,355	1,325,824	1,122,239	818,753	1,269,931	1,074,259	613,720	1,281,472	1,300,248
Other														
Total Operating Cash Receipts	392,893	1,077,503	892,178	1,048,535	459,287	1,154,355	1,325,824	1,122,239	818,753	1,269,931	1,074,259	613,720	1,281,472	1,300,248
Operating Cash Disbursements														
Payroll Related - Direct Cost														
Gross Payrolls	427,500	318,453	394,981	330,215	396,336	330,663	396,300	330,176	396,007	330,338	400,045	336,256	402,086	336,225
Quarterly Employer Payroll Taxes	-	-	-	-	-	153,000	-	-	-	-	-	-	-	-
Vision and Dental	13,759	-	-	3,443	20,444	-	-	3,443	20,444	-	-	3,443	20,444	-
Union Pension Contribution	-	-	86,000	-	-	-	-	86,000	-	-	-	54,000	32,000	-
Disability	-	-	-	13,999	-	-	-	13,999	-	-	-	13,999	-	-
Unicorn Payroll	2,812	-	-	-	2,461	-	-	-	-	2,461	-	-	-	2,461
Subtotal - Payroll Direct Costs	444,071	318,453	480,981	347,657	419,241	483,663	396,300	433,618	416,451	332,799	400,045	407,698	454,530	338,686
Payroll Related - Allocated Cost														
Health Insurance	104,910	139,611	104,910	121,050	107,223	123,471	80,700	80,700	80,700	123,471	80,700	80,700	80,700	80,700
Workers' Compensation Insurance	95,557	78,433	71,840	71,840	71,840	71,840	71,840	34,485	-	-	-	71,840	71,840	71,840
Subtotal - Payroll Related Allocated Costs	200,467	218,044	176,750	192,890	179,063	195,311	152,540	115,185	80,700	123,471	80,700	152,540	152,540	152,540
Subtotal - Payroll Related	644,538	536,497	657,731	540,547	598,304	678,974	548,840	548,803	497,151	456,270	480,745	560,238	607,070	491,226
Operating Expenses - Direct Costs														
Raw Materials	228,135	162,306	195,734	197,543	183,392	149,703	128,338	138,388	134,288	157,523	257,648	151,275	128,676	151,044
Manufacturing Expenses	108,541	211,022	117,311	136,375	116,204	235,289	141,548	136,672	105,730	241,551	128,475	137,663	104,788	128,261
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Rent														
Travel Expenses														
Ordinary Course Professional Fees														
Other Operating Expenses														
Customer Deposits/Tooling	(31,482)	(144,808)	(443,447)	(97,000)	-	-	-	-	(231,600)	-	-	-	-	(109,000)
Less Prepaid to Vendor/Tooling	92,344	-	443,696	111,356	43,800	15,650	168,737	-	-	-	35,500	42,000	-	-
Subtotal - Operating Expenses- Direct Costs	397,538	228,520	313,294	348,274	343,396	400,642	438,623	275,060	8,418	399,074	421,623	330,938	233,464	170,305
Operating Expenses - Allocated Costs														
Commercial Insurance	-	14,956	-	-	-	14,956	-	-	-	-	14,956	-	-	-
Other	1,900	1,900	2,608	1,900	1,900	1,900	1,900	2,608	1,900	1,900	1,900	2,608	1,900	1,900
Subtotal - Operating Expenses- Allocated Costs	1,900	16,856	2,608	1,900	1,900	16,856	1,900	2,608	1,900	1,900	16,856	2,608	1,900	1,900
Subtotal - Operating Expenses	399,438	245,376	315,902	350,174	345,296	417,498	440,523	277,668	10,318	400,974	438,479	333,546	235,364	172,205
Total Operating Cash Disbursements	1,043,976	781,873	973,634	890,721	943,600	1,096,472	989,363	826,471	507,470	857,244	919,224	893,784	842,434	663,430
Net Operating Cash Flows	(651,083)	295,629	(81,455)	157,814	(484,313)	57,882	336,461	295,768	311,284	412,687	155,035	(280,064)	439,039	636,817

Non-Operating Items																	
Receipts:																	
AST AR / Inventory Run off	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Total Non-Operating Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Disbursements:																	
Capital Expenditures																	
Franchise Taxes																	
Interest																	
Paydown Secured Loan																	
Bankruptcy Professional Fees																	
Allocated Corporate Costs	50,840	39,222	35,707	-	198,353	31,054	28,655	29,207	-	162,898	32,814	25,322	28,099	-	162,243	29,848	21,604
Total Non-Operating Disbursements	50,840	39,222	35,707	(198,353)	31,054	28,655	29,207	(162,898)	32,814	25,322	28,099	(162,243)	29,848	21,604			
Net Cash Flow	(701,923)	256,407	(117,162)	356,166	(515,367)	29,227	307,254	458,666	278,470	387,365	126,937	(117,821)	409,191	615,213			
Beginning Cash Balance	943,152	241,229	497,636	380,473	736,640	221,273	250,500	557,754	1,016,421	1,294,890	1,682,255	1,809,192	1,691,371	2,100,562			
Ending Cash Balance	241,229	497,636	380,473	736,640	221,273	250,500	557,754	1,016,421	1,294,890	1,682,255	1,809,192	1,691,371	2,100,562	2,715,775			