

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF IOWA

In re:)	Case No. 16-01825-als11
)	
WELLMAN DYNAMICS CORPORATION)	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: 36-3198501)	
_____)	No Hearing Set

COMES NOW, Wellman Dynamics Corporation (“WDC” or the “Debtor”), Debtor and Debtor in Possession herein, by and through its duly-employed General Reorganization Counsel, Jeffrey D. Goetz, Esq. of the law firm of Bradshaw, Fowler, Proctor & Fairgrave, P.C., and pursuant to Bankruptcy Code Section 363, files this Motion for Continued Use of Cash Collateral for the period beginning on December 2, 2017, through and including January 26, 2018, and in support of this Motion, the Debtor would show this Honorable Court as follows:

1. On September 13, 2016 (the “Petition Date”), Fansteel, Inc. (“Fansteel”), 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 (Fansteel 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 (WDC Docket Item 170).

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

3. On December 23, 2016, the Debtors filed a Motion for Continued Use of Cash Collateral (Fansteel Docket Item 337) and TCTM Financial FS (“TCTM”) and the Committee filed limited objections thereto (Fansteel 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. (Fansteel 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 (Fansteel 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 (Fansteel 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 (Fansteel 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 (Fansteel 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 (Fansteel 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. (Fansteel Docket Item 588). The Court entered the Stipulation and Consent Order on February 28, 2017 (Fansteel 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 (Fansteel Docket Item 650). The Committee filed a Preliminary Objection to the Debtors' Emergency Motion on March 14, 2017 (Fansteel Docket Item 654) and TCTM filed a Limited Objection on March 16, 2017 (Fansteel 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 (Fansteel 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 (Fansteel 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 (Fansteel 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 (Fansteel 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 (Fansteel Docket Item 878).

9. On June 15, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (WDC Docket Item 204) and the Court entered an Order on June 29, 2017 (WDC Docket Item 227) 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 Fansteel Docket Item 871 and approved by the Court at Fansteel Docket Item 876.

10. On July 11, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (WDC Docket Item 235) and the Court entered an Order on July 25, 2017 (WDC Docket Item 257) authorizing the Debtor to continue its use of cash collateral through August 25, 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 Fansteel Docket Item 871 and approved by the Court at Fansteel Docket Item 876.

11. On August 14, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (WDC Docket Item 297) (the "August 14 Cash Collateral Motion") and the Court entered an Order on August 22, 2017 (WDC Docket Item 312) authorizing the Debtor to continue its use of cash collateral through September 22, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee 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) (the “May 11 Consent Order”), and as modified by the relief sought in the August 14 Cash Collateral Motion, provided, however, that the Committee’s rights were reserved with respect to Paragraphs 6 and 7 of the May 11 Consent Order.

12. On August 18, 2017, the Court entered a Stipulation and Consent Order re Mediation (Docket Item 307) ordering the Debtors, TCTM, the Committee, PBGC, the NRC, the EPA, William Bieber, 510 Ocean Drive, and ODEQ to participate in mediation regarding WDC’s and WDMA’s pending motions to sell and potential plan options.

13. On September 8, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (WDC Docket Item 336) (the “September 8 Cash Collateral Motion”) and the Court entered an Order on September 20, 2017 (WDC Docket Item 345) authorizing the Debtor to continue its use of cash collateral through October 20, 2017, pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in its May 11 Consent Order, and as modified by the relief sought in the September 8 Cash Collateral Motion, provided, however, that the Committee’s rights were reserved with respect to Paragraphs 6 and 7 of the May 11 Consent Order.

14. On October 6, 2017, the Debtor filed a Motion for Continued Use of Cash Collateral (WDC Docket Item 357) (the “October 6 Cash Collateral Motion”), and the Court entered an Order on October 23, 2017 (WDC Docket Item 372) authorizing the Debtor to continue its use of cash collateral through December 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 docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in its May 11 Consent Order, and as modified by the relief sought in the October 6 Cash Collateral Motion, provided, however, that the Committee's rights were reserved with respect to Paragraphs 6 and 7 of the May 11 Consent Order.

15. Because of the sale hearings scheduled on December 12, 2017 and the upcoming holidays, it is necessary that the Debtor have flexibility to use cash collateral through January 26, 2018.

16. The Debtor seeks to continue its use of cash collateral through January 26, 2018 pursuant to and upon the same terms as those previously agreed to by TCTM and the Committee in the Stipulation and Consent Order docketed on May 10, 2017 (Fansteel Docket Item 871) and approved by this Court in the May 11 Consent Order, and as modified by the relief sought in this Motion.

17. Attached hereto as Exhibit "A" is the Debtor's cash collateral budget.

18. 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 January 26, 2018.

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: November 15, 2017

/s/ Jeffrey Goetz
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General Reorganization Counsel for Wellman
Dynamics Corporation, 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/ Barbara Warner

Wellman Dynamics Corporation
Cash Collateral Budget
8 Weeks Ending January 26, 2018

Week #	1	2	3	4	5	6	7	8
Week Ended	12/8/2017	12/15/2017	12/22/2017	12/29/2017	1/5/2018	1/12/2018	1/19/2018	1/26/2018
Week Sales	619,817	1,154,858	1,957,213	-	546,190	1,265,418	1,284,452	1,189,947
Operating Cash Receipts								
Collections from Customers	768,541	1,813,223	775,746	829,961	953,127	1,418,632	611,464	698,027
Other	-	-	-	-	-	-	-	-
Total Operating Cash Receipts	768,541	1,813,223	775,746	829,961	953,127	1,418,632	611,464	698,027
Operating Cash Disbursements								
Payroll Related - Direct Cost								
Gross Payrolls	376,847	477,730	376,818	426,738	377,016	426,924	377,015	427,010
Quarterly Employer Payroll Taxes	-	-	-	-	-	-	-	-
Vision and Dental	-	3,555	14,538	-	-	-	3,555	10,903
Union Pension Contribution	-	-	86,000	-	-	-	94,556	-
Disability	-	14,276	-	-	-	-	14,276	-
Unicorn Payroll	-	-	2,461	-	-	-	-	2,600
Subtotal - Payroll Direct Costs	376,847	495,561	479,817	426,738	377,016	426,924	489,402	440,513
Payroll Related - Allocated Cost								
Health Insurance	108,900	72,600	72,600	72,600	108,900	72,600	72,600	153,300
Workers' Compensation Insurance	56,200	56,200	56,200	56,200	44,900	44,900	44,900	44,900
Subtotal - Payroll Related Allocated Costs	165,100	128,800	128,800	128,800	153,800	117,500	117,500	198,200
Subtotal - Payroll Related	541,947	624,361	608,617	555,538	530,816	544,424	606,902	638,713
Operating Expenses - Direct Costs								
Raw Materials	270,534	118,626	104,475	103,406	135,299	194,453	146,613	166,406
Manufacturing Expenses	207,687	278,517	194,344	202,361	163,886	269,212	188,131	145,092
Property Taxes	-	-	-	-	-	-	-	-
Building Rent	-	-	-	-	-	-	-	-
Travel Expenses	-	-	-	-	-	-	-	-
Ordinary Course Professional Fees	-	-	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-	-	-
Customer Deposits/Tooling	-	-	-	(86,413)	-	-	(96,576)	-
Less Prepaid to Vendor/Tooling	-	-	-	-	-	-	-	-
Subtotal - Operating Expenses- Direct Costs	478,221	397,143	298,820	219,354	299,185	463,665	238,168	311,499
Operating Expenses - Allocated Costs								
Commercial Insurance	-	-	-	-	14,943	-	-	-
Other	1,900	3,100	1,900	1,900	1,900	4,000	1,900	1,900
Subtotal - Operating Expenses- Allocated Costs	1,900	3,100	1,900	1,900	16,843	4,000	1,900	1,900
Subtotal - Operating Expenses	480,121	400,243	300,720	221,254	316,028	467,665	240,068	313,399
Total Operating Cash Disbursements	1,022,068	1,024,604	909,336	776,792	846,844	1,012,089	846,970	952,111
Net Operating Cash Flows	(253,527)	788,619	(133,591)	53,168	106,283	406,543	(235,506)	(254,084)
Non-Operating Items								
Receipts:								
AST AR / Inventory Run off	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Non-Operating Receipts	-	-	-	-	-	-	-	-
Disbursements:								
PBGC Insurance Premium	-	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-	-
Franchise Taxes	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Paydown Secured Loan	-	-	-	-	-	-	-	-
Transfer to FMRI	-	-	-	-	-	-	-	-
Bankruptcy Professional Fees	-	-	-	-	-	-	-	-
Allocated Corporate Costs	34,903	26,062	23,133	19,626	27,295	23,303	25,133	29,433
Total Non-Operating Disbursements	34,903	26,062	23,133	19,626	27,295	23,303	25,133	29,433
Net Cash Flow	(288,430)	762,558	(156,724)	33,542	78,989	383,241	(260,639)	(283,517)
Beginning Cash Balance	2,324,313	2,035,883	2,798,441	2,641,717	2,675,259	2,754,248	3,137,489	2,876,850
Ending Cash Balance *	2,035,883	2,798,441	2,641,717	2,675,259	2,754,248	3,137,489	2,876,850	2,593,333

* Year-End Cash Balance includes \$1,000,000 reserve for Q1 2018 Operating Expenses