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Attorney for Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF IDAHO

In re:

FARMERS GRAIN, LLC,

Debtor.

Case No. 17-00450-TLM  
Chapter 11

REVISED EMERGENCY AND  
CONTINUING MOTION FOR  
AUTHORIZATION TO USE CASH  
COLLATERAL

The Debtor in the above-entitled matter, Farmers Grain, LLC, by and through its counsel of record, ANGSTMAN JOHNSON, and pursuant to 11 USC §363, moves the Court for orders authorizing the Debtor in Possession to use cash collateral. This motion is made and based upon the following facts:

The Debtor filed a petition under Chapter 11 of the United States Bankruptcy Code on the 18<sup>th</sup> day of April, 2017, and continues in possession of its property and the operation of its business as debtor in possession.

**INFORMATION REQUIRED BY LOCAL BANKRUPTCY RULE 4001.1**

In conformance with Local Bankruptcy Rule 4001.1, the Debtor provides the following information:

1. *Identity of the creditor(s) whose cash collateral is to be utilized and the relationship, if any, of the creditor(s) to the Debtor.* The creditors with an interest in the collateral are listed on the attached ***Exhibit 1***, along with the relationship (if any) to the Debtor, and amount due those creditors at the time the bankruptcy petition was filed.

2. *If interim use is requested, the amount of cash collateral to be used until the time of the final hearing on the motion to use cash collateral and the amount of cash collateral to be used thereafter.* Interim use is requested. The Debtor's requested interim cash collateral use is listed on the attached ***Exhibit 2***. The long-term cash collateral use is described on the projected budget attached as ***Exhibit 3***.

3. *A line-item budget listing projected income and expenses for one year.* See attached ***Exhibit 3***.

4. *The estimated balance owed to the creditors with an interest in the cash collateral.* See ***Exhibit 1*** attached hereto.

5. *If the cash collateral is rent, the amount of the gross and net rent realized each month, a description of the property from which the rent is generated, and an estimate of its fair market value.* The cash collateral proposed to be used is the cash generated from sales of inventory and/or equipment – not rent.

6. *If the cash collateral is receivables, a description and itemization of such receivables and, if any accounts receivable aging statement exists, the same must be provided to the affected creditor(s) and any party requesting such statement.* The cash

collateral to be used includes receivables from the sale of inventory, as well as outstanding receivables. A current list of outstanding receivables is attached hereto as ***Exhibit 4***.

7. *The estimated fair market value, and the basis of the estimate, of the collateral which allegedly secures the creditor's claims.* A current list of the Debtor's grain inventory is attached hereto as ***Exhibit 5***. The estimated value is based on the current market price for the grain listed.

8. *The estimated value, and the basis of the estimate, of any property offered as adequate protection.* For all creditors, the Debtor offers a replacement lien in the inventory and receivables (valued on Exhibits 4 and 5 attached hereto). For Rabo AgriFinance, as described below, the Debtor also proposes a replacement lien in the Debtor's real property, equipment and vehicles. The value of those items is listed on the Debtor's previously-filed schedules.

9. *A statement of whether or not the Debtor proposes any provision contained in the Guidelines Regarding Motions to Use Cash Collateral or to Obtain Credit, or Stipulations Regarding the Same which is other than a provision normally approved by the court (under subsection (a) of the Guidelines) and, if so, the provision shall be clearly identified.* The only provision of this type is the granting a replacement lien to Rabo AgriFinance in the Debtor's real property and vehicles, as identified in bold type below. However, this provision is tempered by the fact that the post-petition lien in those items is only granted to the extent Rabo's petition date security interest in the Debtor's other collateral is decreased or impaired by the Debtor's use of cash collateral.

**ADDITIONAL INFORMATION**

**Debtor's continued operations and budget**

In the Debtor's best estimate, the Debtor will continue to collect income of approximately \$2,663,773.85 per month from the sale of services, goods/products and/or equipment, which is the cash collateral the Debtor seeks authorization to use. In accordance with the requirements of 11 USC §363(c)(4), such proceeds will be segregated into a separate bank account.

The Debtor does not have sufficient income to continue its operations without the use of cash collateral, and seeks authorization to use cash collateral on an interim basis and on a continuing basis during 2017 and 2018 to pay operating expenses.

By this motion, the Debtor requests authorization to use cash collateral on an emergency basis, pending a final hearing on this motion, to pay the expenses from June 1, 2017, through the date of the final hearing on this Motion (July 11, 2017),. Attached hereto as ***Exhibit 3*** is a projected income and expense statement for the time period covered by this Motion. Attached as ***Exhibit 2*** is the list of expenses the Debtor seeks to pay during the interim period (June 1, 2017 through July 11, 2017), including the estimated amounts. The amount of cash collateral sought to be used on an interim basis for the period of June 1, 2017 through July 11, 2017 (pending a final hearing on this Motion), is approximately \$4,140,153.85 from the sale of services, goods and/or equipment and continuing thereafter in accordance with the projected operating expenses budget (attached hereto as ***Exhibit 3***). If the Debtor is not permitted to use cash collateral to pay operating expenses, the Debtor will be unable to continue its business operation (including paying payroll expenses), and will in all likelihood be unable to fund the plan

to be proposed hereafter. The Debtor's projected income through March 2018, is included in the line-item budget that is attached hereto as *Exhibit 3*.

**Proposed adequate protection and lien status**

To the extent grain producers claim or hold a pre-petition statutory lien in the Debtor's inventory or cash collateral, the Debtor proposes continuing the pre-petition liens, post-petition, in those items. Historically, as the Debtor received grain from the grain producers, it stored the grain in its grain bins, elevators and sheds. The grain is not kept segregated by producer, but is commingled. Accordingly, the Debtor asserts that all grain producers who remain unpaid have an equal-priority statutory grain producers lien pursuant to Oregon Revised Statute 87.755, et seq., in all of the Debtor's grain until 45-days after the payment due-date for that producer (unless extended pursuant to the Oregon statutes). The Debtor proposes to continue this same lien priority and expiration as the grain producers held pre-petition.

Additionally, as the grain producers price their grain at different times (thereby creating different and/or disparate payment due-dates), the Debtor historically paid grain producers from the sale of grain inventory – but the payments were made on a rolling basis based on the due dates established when the producers priced their delivered grain. This has the effect of creating a rolling inventory/payment scheme, whereby one grain producer may be paid from the sale of existing grain, but the grain actually delivered by that producer months previously may have already been sold by the Debtor. This payment method has always worked in the Debtor's past practice, and the Debtor has always had sufficient grain and/or cash proceeds on hand to pay all grain producers as their payments came due. The Debtor proposes this same operating structure going

forward. As several grain producers are now due for payment, the Debtor proposes as part of its interim cash collateral request that the producers listed on the attached *Exhibit 6* be paid the specific amounts listed thereon during the interim cash collateral period. In the Debtor's view, all of these producers have valid liens on the grain and proceeds thereof. Further, the Debtor will hold sufficient cash collateral to pay these producers during the interim period. In addition, the cost of goods sold

To the extent it claims a pre-petition lien in the Debtor's cash collateral, the Debtor proposes granting a post-petition adequate protection lien to Rabo, to the same extent that it had a lien pre-petition, against the Debtor's post-petition cash collateral. In addition, the Debtor proposes a monthly adequate protection payment to Rabo in the amount of \$100,000.00. (These adequate protection payments are included in the line-item budget attached hereto as *Exhibit 3*.)

**Additionally, the Debtor proposes an additional adequate protection lien to Rabo in the Debtor's motor vehicles listed in Part 8 of the Debtor's Schedule A/B and real estate described in Part 9 of the Debtor's Schedule A/B. However, this additional lien is only to the extent of the cash collateral used by the Debtor, and only to extent Rabo's Petition Date security position in the remaining assets (in which Rabo held a pre-petition lien) is otherwise decreased or impaired by the Debtor's use of cash collateral, taking into account the value of the remaining collateral, the pre-petition producer liens held by the grain producers, and all adequate protection payments made to Rabo.**

As best as it can be determined by the Debtor, based upon current market conditions and values, the estimated fair market wholesale value for all of the collateral

which may secure the above-named creditors is in excess of the amount owed to the secured creditors.

If the Court determines the adequate protection proposed by the Debtor is not sufficient, then the Debtor requests that a determination be made as to any additional amount to be paid as adequate protection.

In the event any creditor's name appears on any check received from the sale of services, goods and/or equipment, said parties should be required to endorse the same. A copy of the Debtor's proposed interim cash collateral order is attached hereto as *Exhibit 7*. A copy of the Debtor's proposed continuing cash collateral order is attached hereto as *Exhibit 8*.

WHEREFORE, the Debtor in Possession prays that an order be issued granting the debtor the right to use cash collateral on an emergency and continuing basis, namely proceeds from the sale of services, goods and/or equipment, to pay the ongoing expenses set forth in the budget that is attached hereto and made a part hereof, and that the Debtor be entitled to do so until further order of this Court. The Debtor further requests that all parties named on checks be required to endorse all checks received from the sale of services, goods or equipment, to the extent of the cash collateral authorized to be used by the Debtor.

DATED this 26<sup>th</sup> day of May, 2017.

/s/ Matt Christensen  
MATTHEW T. CHRISTENSEN  
Attorney for the Debtor



Label Matrix for local noticing  
0976-1  
Case 17-00450-TLM  
District of Idaho [LIVE]  
Boise  
Fri May 26 09:04:51 MDT 2017

AGL TRUCKING  
Post Office Box 110  
Jerome, ID 83338-0110

ALLEN SCHMID  
5350 CUSTER ROAD  
NEW PLYMOUTH ID 83655-5121

ANDY NIGHTINGALE  
839 ONION AVENUE  
ONTARIO OR 97914-8649

Agricharts  
209 W. Jackson Blvd 2nd FLR  
Chicago, IL 60606-6802

BILL ZIEGLER  
5667 SE 3RD AVENUE  
NEW PLYMOUTH ID 83655-5436

BRUCE CRUICKSHANK  
10572 VIRGINIA LANE  
PAYETTE ID 83661-5055

Burke Electric, INC.  
Post Office Box 28  
Payette, ID 83661-0028

W Dallas Burkhalter  
OFFICE OF ATTORNEY GENERAL  
POB 790  
Boise, ID 83701-0790

C M Enterprises  
32219 Fort Lane  
Parma, ID 83660-6375

CHESTER L MILLSAP  
3427 SW THIRD AVENUE  
NEW PLYMOUTH ID 83655-5164

CHRIS UNRUH  
25225 HIPWELL LANE  
GRANDVIEW ID 83624-5119

~~CHS, Inc.  
Hawley Troxell Ennis & Hawley, LLP  
877 Main Street, Suite 1000  
Boise, ID 83702-5884~~

CLAY A NIGHTINGALE  
839 ONION AVENUE  
ONTARIO OR 97914-8649

~~Brett R Cahoon  
OFFICE OF THE US TRUSTEE US DEPT  
720 Park Blvd., Ste. 220  
Boise, ID 83712-7785~~

Cascade Natural Gas  
Post Office Box 99065  
Boise, ID 83799-0065

Chris Unruh  
25225 Hipwell Lane  
Grand View, ID 83624-5119

~~Matthew Todd Christensen  
Angstman Johnson, PLLC  
3649 N. Lakeharbor Lane  
Boise, ID 83703-6913~~

~~D Blair Clark  
1513 Tyrell Lane, Suite 130  
Boise, ID 83706-4255~~

Connell Grain Growers  
3132 Road O NE  
Moses Lake, WA 98837-9516

DC LAND-MARK COMBS  
MARK COMBS  
29863 FARMWAY ROAD  
CALDWELL ID 83607-8679

DCS Technologies, LLC  
2090 Center Avenue  
Payette, ID 83661-2732

DENVER K UNRUH  
2995 ELMORE ROAD  
PARMA ID 83660-6206

DOUBLE H  
MICHAEL HARTLEY  
POST OFFICE BOX 2563  
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DOUG STIPE  
3555 CLARK BLVD  
ONTARIO OR 97914-8735

DWONN K. UNRUH  
5565 SUNSET ROAD  
FRUITLAND ID 83619-3758

Deseret Farms  
Post Office Box 1585  
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ENSH FARMS  
33621 HWY 78  
GRAND VIEW ID 83624-5030

FARM CREDIT LEASING SVC CORP  
600 HIGHWAY 169 SOUTH SUITE 300  
MINNEAPOLIS MN 55426-1246

FARMERS GRAIN, LLC  
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Frahm Farm  
Rod Frahm  
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Ontario, OR 97914-8801

GALEN JANTZ  
1547 VALE VIEW ROAD  
VALE OR 97918-5142

GAVILON  
1111 BEDKE BOULEVARD  
POST OFFICE BOX 1089  
BURLEY ID 83318-0948

GORDON TROUT  
POST OFFICE BOX 816  
HOMEDALE ID 83628-0816

HARLEN GARNER  
1041 JANETTA AVENUE  
NYSSA OR 97913-5322

HARTLEY FARMS FEEDLOT  
552 ENTERPRISE AVENUE  
NYSSA OR 97913-5418

IVAN K. UNRUH  
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FRUITLAND ID 83619-3758

Idaho Dept of AG  
PO Box 790  
Boise, ID 83701-0790

Idaho State Dept of Ag  
PO Box 790  
Boise, ID 83701-0790

JEANETTE L. KOEHN  
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FRUITLAND ID 83619-5045

JENNIFER D KOEHN  
2775 SW FIRST AVENUE  
NEW PLYMOUTH ID 83655-5148

JENSEN FARMS, LLC  
2463 11TH AVE E  
VALE OR 97918

JEREMY L KOEHN  
2775 SW FIRST AVENUE  
NEW PLYMOUTH ID 83655-5148

JESUS S MADERA-SUIZR  
3923 DENTON STREET  
CALDWELL ID 83607-8043

JLJ FARMS, LLC  
29862 EMMETT ROAD  
CALDWELL ID 83607-7506

JOSE CISNEROS  
1148 SW SIXTH AVENUE  
ONTARIO OR 97914-3310

JOSE SANTOS  
624 N SECOND STREET  
NYSSA OR 97913-3316

Jensen Farms, LLC  
2468 11th Avenue E.  
Vale, OR 97918

Jensen Farms, LLC  
2436 11th Ave E  
Vale, OR 97918-5155

Jesus S. Madera-Huizar  
3923 Denton Street  
Caldwell, ID 83607-8043

Jim Belnap  
1764 3rd Ave  
Vale, OR 97918-5002

~~R-Ron Kerl  
POB 4229  
Pocatello, ID 83205-4229~~

LANSING TRADE GROUP  
815 HIGHWAY 26  
BLISS ID 83314-5120

LISA L UNRUH  
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BONNERS FERRY ID 83805-5425

LLOYD SAUNDERS  
2086 MECHAM ROAD  
VALE OR 97918-5373

MUA  
Post Office Box 338  
Montezuma, KS 67867-0338

MUA  
Post Office Box 338 Montezum  
Montezuma, KS 67867-0338

Millington Zwygart CPA  
1803 Ellis Avenue  
Caldwell, ID 83605-4810

NELSON MADERA  
2405 APPLEWOOD AVENUE  
FRUITLAND ID 83619-2145

Napa Auto Parts  
Post Office Box 1425  
Twin Falls, ID 83303-1425

ORIN G KOEHN  
2775 SW FIRST AVENUE  
NEW PLYMOUTH ID 83655-5148

Oregon Dept. of Revenue  
Post Office Box 14725  
Salem, OR 97309-5018

Oregon Trail Transport  
62833 Buchanan Lane  
La Grande, OR 97850-5205

PHILLIP GALLEGOS  
BOX 2368  
NYSSA OR 97913-0368

RALPH THORNLEY  
1973 MILLER ROAD  
ADRIAN OR 97901-5088

RIVERCREST FARMS  
JAKE SPEELMON  
792 WOODBRIDGE ROAD  
ADRIAN OR 97901-5381

ROGER LANG  
2475 GRAHAM BLV  
VALE OR 97918-5624

Rabo AgriFinance LLC  
6919 Chancellor Drive  
Cedar Falls, IA 50613-6926

Rabo Agrifinance Inc.  
c/o Ron Kerl  
PO Box 4229  
Pocatello, ID 83205-4229

S P Trucking, LLC  
835 NE Union  
Mountain Home, ID 83647-1797

SAIF Corporation  
400 High Steet SE  
Salem, OR 97312-1000

SCOTT CRUICKSHANK  
1746 PENNINGTON DRIVE  
ONTARIO OR 97914-4256

STANDAGE FARMS  
LARRY STANDAGE  
1725 AIRPORT ROAD  
VALE OR 97918-5650

STEFANI D MILLSAP  
1350 GLENWAY AVENUE  
FRUITLAND ID 83619-3777

~~Sheila Rae Schwager  
HAWLEY TROXELL ENNIS and HAWLEY LLP  
POB 1617  
Boise, ID 83701-1617~~

Treasure Valley Tax Services  
Post Office Box 726  
Fruitland, ID 83619-0726

US Trustee  
~~Washington Group Central Plaza  
720 Park Blvd, Ste 220  
Boise, ID 83712-7785~~

VICENTE G MORENO JR  
586 YAKIMA STREET S  
VALE OR 97918-1481

Valley Wide Cooperative  
1833 S. Lincoln Avenue  
Jerome, ID 83338-6138

Verizon Wireless  
Post Office Box 660108  
Dallas, TX 75266-0108

WATSON AGRICULTURE, INC.  
C/O DOUG DELONG, CONTROLLER  
PO BOX 300  
PARMA, ID 83660-0300

WATSON AGRICULTURE, INC.  
POST OFFICE BOX 300  
201 E. MAIN STREET  
PARMA ID 83660-0300

WBH FARMS  
743 BEET DUMP ROAD  
NYSSA OR 97913-5500

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

~~(d)AGL Trucking  
Post Office Box 110  
Jerome, ID 83338-0110~~

~~(d)Bruce Cruickshank  
10572 Virginia Lane  
Payette, ID 83661-5055~~

~~(d)DC Land-Mark Combs  
Mark Combs  
29863 Farmway Road  
Caldwell, ID 83607-8679~~

~~(d) Doug Stipe  
3555 Clark Blvd  
Ontario, OR 97914-8735~~

~~(d) Galen Jantz  
1547 Vale View Road  
Vale, OR 97918-5142~~

~~(d) Gaviion  
1111 Bedke Boulevard  
Post Office Box 1089  
Burley, ID 83318-0948~~

~~(d) Harlen Garner  
1041 Janetta Ave  
Nyssa, OR 97913-5322~~

~~(d) Hartley Farms Feedlot  
552 Enterprise Avenue  
Nyssa, OR 97913-5418~~

~~(d) JJJ Farms, LLC  
29862 Emmett Road  
Caldwell, ID 83607-7506~~

~~(d) Jose Cisneros  
1148 SW Sixth Avenue  
Ontario, OR 97914-3310~~

~~(d) Jose Santos  
624 N. Second Street  
Nyssa, OR 97913-3316~~

~~(d) Lansing Trade Group  
815 Highway 26  
Bliss, ID 83314-5120~~

~~(d) Lisa L. Unruh  
2195 Moonshadow Road  
Bonners Ferry, ID 83805-5425~~

~~(d) Nelson Madera  
2405 Applewood Avenue  
Fruitland, ID 83619-2145~~

~~(d) Scott Cruickshank  
1746 Pennington Drive  
Ontario, OR 97914-4256~~

~~(u) Treasure Valley Tax Services  
Post Office Box 726~~

~~(d) Vicente G. Moreno, Jr.  
586 Yakima Street S  
Vale, OR 97918-1481~~

~~(d) WBH Farms  
743 Beet Dump Road  
Nyssa, OR 97913-5500~~

~~(d) Watson Agriculture, Inc.  
c/o Doug DeLong, Controller  
PO Box 300  
Parma, ID 83660-0300~~

~~End of Label Matrix  
Mailable recipients 82  
Bypassed recipients 19  
Total 101~~

# Exhibit 1

**Exhibit 1 - List of creditors with interest in cash collateral**

<b>Creditor Name</b>	<b>Relationship to Debtor</b>	<b>Amount owed on petition date</b>
Allen Schmid	Grain producer	\$2,840.03
Bill Ziegler	Grain producer	\$6,094.93
Bruce Cruickshank	Grain producer	\$138,590.01
Chris Unruh	Grain producer and partial owner	\$1,676,132.76
Daryl Eldred	Grain Producer	\$58,420.33
DC Land	Grain Producer	\$1,268,164.06
Double H	Grain Producer	\$56,219.13
Doug Stipe	Grain Producer	\$57,204.24
Ensz Farms	Grain Producer	\$4,048.11
Gordon Trout	Grain Producer	\$486.65
Hartley Farms & Feedlot	Grain Producer	\$364,124.12
Jensen Farms LLC	Grain Producer	\$177,041.59
JLJ Farms LLC	Grain Producer	\$149,728.25
Lloyd Saunders	Grain Producer	\$77,712.46
Mike Hartley	Grain Producer	\$2,978.91
Ralph Thornley	Grain Producer	\$39,593.00
Rivercrest Farms	Grain Producer	\$334.12
Roger Lang	Grain Producer	\$67,151.06
Scott Cruickshank	Grain Producer	\$26,242.96
Standage Farms	Grain Producer	\$9,986.13
Watson Agriculture Inc.	Grain Producer	\$28,396.46
WBH Farms	Grain Producer	\$464,670.40
Rabo AgriFinance	Lender	\$7,948,900.00

# Exhibit 2

**Interim Cash Collateral Request**

<b>Category</b>	<b>Amount Requested</b>
Vehicle Expenses	\$609.68
Freight and Trucking	\$47,910.90
Gas and Oil	\$33,870.97
Workers Comp	\$1,625.00
Other insurance	\$11,496.77
Office Supplies	\$2,709.68
Payroll	\$160,000.00
Payroll taxes	\$16,000.00
Postage	\$352.26
Repairs	\$25,645.16
Supplies	\$4,603.23
Telephone	\$1,083.87
Truck Tires	\$8,129.03
Utilities	\$13,548.39
Rabo payments	\$200,000.00
COGS (includes payment to grain producers)	\$3,612,568.91
<b>TOTAL</b>	<b>\$4,140,153.85</b>

(Note - some payments are for amounts due in May 2017)

# Exhibit 3



# Exhibit 4

**Farmers Grain, LLC**  
**A/R Aging Summary**  
 As of May 25, 2017

10:29 AM  
 05/25/2017

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>&gt; 90</u>	<u>TOTAL</u>
Al Mar Dairy	22,877.36	21,492.03	0.00	0.00	0.00	44,369.39
Beranna Dairy	50,888.34	0.00	0.00	0.00	0.00	50,888.34
Box Canyon Dairy	52,411.76	0.00	0.00	0.00	0.00	52,411.76
Cameron Koehn	1,477.48	0.00	0.00	0.00	0.00	1,477.48
Cedar Ridge Dairy	111,873.77	0.00	0.00	0.00	0.00	111,873.77
Daytona Dairy	152,343.33	177,917.44	68,125.45	0.00	0.00	398,386.22
DeHoog Dairy	6,361.25	684.85	707.67	639.19	353,139.56	361,532.52
Double A Dairy	139,070.32	103,962.09	0.00	0.00	1.78	243,034.19
Dry Creek Dairy #1	27,647.03	263,928.57	0.00	17.82	146.54	291,739.96
Fairview Dairy	23,883.75	0.00	0.00	0.00	0.00	23,883.75
J&D Dairy	17,183.48	0.00	0.00	0.00	0.00	17,183.48
Jantz Family Farms	702.36	19,183.02	0.00	0.00	101,391.31	121,276.69
Jason Johnson	5,915.18	0.00	0.00	0.00	0.00	5,915.18
L & V Dairy	69,409.41	29,693.25	0.00	0.00	0.00	99,102.66
Lansing Grain-Customer	0.00	1,809.96	0.00	0.00	0.00	1,809.96
Lauren Unruh Trucking -c	0.00	3,320.40	0.00	0.00	0.00	3,320.40
Lone Pine Dairy	83,956.77	32,465.47	0.00	82.81	370.84	116,875.89
MM Feedlot	17,164.31	0.00	0.00	0.00	0.00	17,164.31
MooRiah Dairy	17,037.71	0.00	0.00	0.00	0.00	17,037.71
Nederend Dairy	108,650.47	88,411.96	32.86	29.68	15,015.44	212,140.41
Pioneer Commodities	0.00	768.96	0.97	0.00	0.00	769.93
Sage Dairy	33,548.46	5,529.66	0.00	0.00	0.00	39,078.12
Thiel Dairy LLC	0.00	80.57	83.26	75.20	32,938.26	33,177.29
Toledo Dairy	1,528.00	0.00	0.00	0.00	0.00	1,528.00
Toledo Dairy #2	46,926.00	0.00	0.00	0.00	0.00	46,926.00
Toledo T & S Dairy	20,879.10	0.00	0.00	0.00	0.00	20,879.10
Toledo T3 Dairy	20,831.25	0.00	0.00	0.00	0.00	20,831.25
Tom Collins	0.00	379.25	0.00	0.00	0.00	379.25
Van Vliet Dairy	39,528.01	5,956.42	0.00	0.00	0.00	45,484.43
Werkhoven	0.00	5,613.55	0.00	0.00	0.00	5,613.55
Willow Creek Dairy	0.00	352.83	364.57	443.15	146,468.95	147,629.50
Withers Dairy	5,442.67	2,434.89	0.00	0.00	0.00	7,877.56
<b>TOTAL</b>	<b><u>1,077,537.57</u></b>	<b><u>763,985.17</u></b>	<b><u>69,314.78</u></b>	<b><u>1,287.85</u></b>	<b><u>649,472.68</u></b>	<b><u>2,561,598.05</u></b>

# Exhibit 5

**Inventory Report for Farmers Grain, LLC**

**Corn Inventory as of 5/24/17**

Location	Quantity in tons	Est. Market Value
Nyssa, OR and Weiser, ID	7842	\$1,443,084.84
Grandview, ID	2910	\$535,498.20
Bliss or Greenleaf, ID	3880	\$713,997.60
Gooding, ID	2000	\$368,040.00
Burley, ID	72	\$13,249.44
TOTAL	16704	\$3,073,870.08

**Wheat Inventory as of 5/24/17**

Location	Quantity	Est. Market Value
Nyssa, OR	559	\$73,788.00
TOTAL	559	\$73,788.00

# Exhibit 6

**Exhibit 6 - Grain Producers holding liens to be paid during interim period**

<b>Name of Producer</b>	<b>Amount of Payment</b>
JLJ Farms LLC (Beumeler)	\$190,841.00
Bruce Cruickshank	\$138,661.76
DC Land	\$1,094,846.78
Hartley Farms	\$364,124.12
Jensen Farms LLC	\$176,430.00
Lloyd Saunders	\$23,268.17
Ralph Thornley	\$39,593.00
Wagster Farms LLC	\$585.43
Watson Ag	\$28,396.46
WBH Farms	\$464,670.40
Chris Unruh	\$130,991.88
Daryl Eldred	\$61,939.14
Allen Schmid	\$3,011.09
<b>TOTAL</b>	<b>\$2,717,359.23</b>

# Exhibit 7

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF IDAHO

In re:	)	
	)	Case No.: 17-00450-TLM
FARMERS GRAIN, LLC,	)	
	)	(Chapter 11)
Debtor.	)	
	)	
_____	)	

**[PROPOSED] INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION AND ADEQUATE PROTECTION LIENS; NOTICE OF OPPORTUNITY TO OBJECT; AND NOTICE OF FINAL HEARING**

This matter having come before the Court on the “Revised Emergency and Continuing Motion for Authorization to Use Cash Collateral”, Docket No. \_\_\_\_ (the “Motion”) filed by Farmers Grain, LLC (“Debtor”); and

The Motion having come before the Court for a preliminary hearing on June 1, 2017 at 9:30 a.m. MDT (the “Hearing”); and

Matt Christensen appeared at the Hearing on behalf of Debtor; and

Good cause appearing therefor, it is

ORDERED, AND DECREED:

1. The Motion is granted to the extent set forth herein.
2. Debtor is authorized for the interim use of Cash Collateral (as defined in 11 U.S.C. § 363(a)) on the terms and subject to the conditions set forth in this Order for the period from June 1, 2017 through and including July 11, 2017, as outlined in the budget for said period attached to the Cash Collateral Motion as **Exhibit 2** (the “Budget”). Specifically, during this interim period through July 11, 2017, the Debtor is authorized to use cash collateral for the following purposes and in the following amounts:

<b>Purpose</b>	<b>Amount</b>
Vehicle Expenses	\$609.68
Freight and Trucking	\$47,910.90
Gas and Oil	\$33,870.97
Workers Comp	\$1,625.00
Other insurance	\$11,496.77
Office Supplies	\$2,709.68
Payroll	\$160,000.00
Payroll taxes	\$16,000.00
Postage	\$352.26
Repairs	\$25,645.16
Supplies	\$4,603.23
Telephone	\$1,083.87
Truck Tires	\$8,129.03
Utilities	\$13,548.39
COGS	\$3,612,568.91

Notwithstanding the foregoing, and except for any pre-petition wage claims approved by the Court for payment, Debtor shall not, in any event, pay any amount that is: (a) due and payable after July 11, 2017; or (b) for services or goods provided before April 18, 2017 (the “Petition Date”) other than as provided by order of the U.S. Bankruptcy Court; or (c) for goods or services to be provided after July 11, 2017. All parties that may claim an interest in the Cash Collateral are ordered to endorse all checks so that the cash collateral proceeds can be deposited in the Cash Collateral account.

3. During the interim period, the Debtor shall not expend Cash Collateral: (a) for any purpose other than those specified in the Budget; or (b) in amounts in excess of the total amount of any line item in the Budget; provided, however, Debtor may exceed the monthly amount for a line item expense by not more than 10% so long as the total expenditures for all budgeted line items do not exceed the total budgeted expense set forth in the Budget.

4. In an effort to provide creditors with adequate protection for the Debtor's use of Cash Collateral and the use of those creditors' other collateral:

A. All grain producer creditors (as identified on Exhibit 1 to the Motion) are hereby granted a post-petition adequate protection lien in all grain and proceeds thereof. This grant of a lien is only to the extent of Cash Collateral used by the Debtor.

B. Rabo is hereby granted adequate protection liens (the "Adequate Protection Liens"), in all farm products, inventory, accounts, equipment, general intangibles, hedging agreements, the motor vehicles described in Part 8 of the Debtor's Schedule A/B and real estate described in Part 9 of the Debtor's Schedule A/B, and the products and proceeds thereof which may be acquired by the Debtor after the Petition Date. The grant of a lien is only to the extent of Cash Collateral used by the Debtor. Further, the post-petition adequate protection lien on the vehicles and real estate (described in Part 8 and Part 9 of Debtor's Schedule A/B) is granted only to the extent Rabo's Petition Date security position in the remaining assets (in which Rabo held a pre-petition lien) is otherwise decreased or impaired by the Debtor's use of Cash Collateral, taking into account the value of the remaining collateral, the pre-petition producer liens held by applicable grain producers, and all Adequate Protection Payments made to Rabo.

C. The Adequate Protection Liens shall be for the purpose of providing creditors with adequate protection for their interest in Cash Collateral and for the purpose of securing the repayment of the Cash Collateral used by the Debtor from and after the Petition Date. Except for the adequate protection liens in Debtor's motor vehicles and real estate granted to Rabo, the extent, validity and priority of the creditors' Adequate

Protection Liens shall be the same as the extent, validity and priority of their pre-petition security interests in Debtor's property.

D. The Adequate Protection Liens shall be, and they hereby are, declared to be valid and perfected without the need for the execution, recording or filing of any further document or instrument or the taking of any further act otherwise required under non-bankruptcy law. Notwithstanding the foregoing, any creditor shall be entitled to take, if it chooses, any and all steps advisable or necessary to perfect its security interests in accordance with non-bankruptcy law. Debtor shall execute such agreements and instruments in that regard as are reasonably requested by said creditor.

E. The Debtor shall pay Rabo the sum of \$100,000.00 monthly as an Adequate Protection Payment, beginning on June 1, 2017 and continuing on the first day of each succeeding month thereafter until the Cash Collateral used by the Debtor is paid in full to Rabo, until the Adequate Protection Payment is modified by order of the U.S. Bankruptcy Court, until a Final Order Authorizing the Use of Cash Collateral is entered by the Court, or until a Chapter 11 Plan is confirmed by the Court.

F. To the extent the following is not already included in a Monthly Operating Report filed by the Debtor, the Debtor shall provide Rabo's counsel, by fax, ECF Notice or e-mail, the following financial information and reports:

i. a report setting forth the below-described information for, unless otherwise specified, the period **April 18, 2017** through **July 11, 2017** (the "Applicable Period"):

(a) A report specifying for each line item of the Budgets the actual receipts and payments made during the Applicable Period;

(b) All income or other receipts during the Applicable Period separately setting forth the source of the income and the amount attributable to such source;

(c) Copies of all bank statements for the Applicable Period (including copies of checks, if provided by the Debtor's bank with the bank statements);

G. The Debtor shall not propose granting a security interest in the Cash Collateral to any person, firm or entity except for statutory liens and liens approved by the Court and granted to Rabo. Nothing herein, however, shall restrict statutory lienholders from perfecting their liens.

H. The Debtor shall allow a creditor the right to inspect its collateral at any reasonable time of the creditor's choosing, and will cooperate with the creditor in the appraisal of the creditor's collateral, including the motor vehicles disclosed in Debtor's Schedules (Part 8) having a fair market value of \$1,184,093.38 and real estate disclosed in Debtor's Schedules (Part 9) having a fair market value of \$4,131,899.56. In the event any creditor acquires an appraisal of that creditor's collateral (including the vehicles and real estate), the creditor shall provide a copy of the appraisal(s) to the Debtor within five (5) days of the creditor's receipt of the appraisal.

I. Upon request, the Debtor shall provide a creditor with proof of adequate insurance coverage for its collateral, the Cash Collateral, Debtor's motor vehicles and real estate, and the Debtor's business operations.

5. Nothing in this Order shall prevent or prejudice a creditor from requesting the Court, on an emergency basis or otherwise, to terminate the use of Cash Collateral prior to July

11, 2017, or from seeking any other relief including, without limitation, stay relief or dismissal or conversion of this case.

6. Debtor's authorization to use Cash Collateral under this Order shall terminate on July 11, 2017, unless extended by an order of the Court. Provided, however, the terms and conditions of this Order and the rights and adequate protection provided in this Order shall remain binding, valid and in full force and effect as to the Cash Collateral and other collateral used by the Debtor during the term of this Order irrespective of whether:

A. A further order authorizing the continued use of Cash Collateral is entered; or

B. This bankruptcy case is dismissed or converted to a bankruptcy case under a different chapter. The terms and conditions of this Order and the rights and adequate protection provided in this Order shall remain binding, valid and in full force and effect as to any successor bankruptcy trustee.

7. Debtor's authorization to use Cash Collateral shall terminate immediately upon:

A. The conversion of this case to a proceeding under Chapter 7; or

B. Dismissal of this bankruptcy case.

8. The final hearing on the Motions shall be held before the above-captioned Court on July 11, 2017 at 1:30 p.m. in Boise, Idaho. The U.S. Courthouse in Boise, Idaho is located at 550 W. Fort St., Boise, Idaho.

9. This Order is subject to the objection of parties in interest in accordance with Federal Rule of Bankruptcy Procedure 4001(d). Any party in interest shall file its objection with the Court and serve the objection upon the undersigned counsel. Any such party who files an objection shall, at the same time, provide notice of a hearing on the objection to this Order,

which hearing date shall have been obtained in advance from the Court's calendar clerk. In the absence of a timely-filed objection, this Order shall be considered a final order.

10. This Order is effective on June 1, 2017, and the Debtor is authorized to use Cash Collateral effective immediately in accordance with the terms of this Order notwithstanding a delay in the entry of the Order.

//end of text//

# Exhibit 8

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF IDAHO

In re: )  
 ) Case No.: 17-00450-TLM  
FARMERS GRAIN, LLC, )  
 ) (Chapter 11)  
Debtor. )  
 )  
 )  
\_\_\_\_\_ )

**[PROPOSED] CONTINUING ORDER AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION AND ADEQUATE PROTECTION LIENS**

This matter having come before the Court on the “Revised Emergency and Continuing Motion for Authorization to Use Cash Collateral”, Docket No. \_\_\_\_ (the “Motion”) filed by Farmers Grain, LLC (“Debtor”); and

The Motion having come before the Court for a final hearing on July 11, 2017 at 1:30 p.m. MDT (the “Hearing”); and

Matt Christensen appeared at the Hearing on behalf of Debtor; and

Good cause appearing therefor, it is

ORDERED, AND DECREED:

1. The Motion is granted to the extent set forth herein.
2. Debtor is authorized for the continuing use of Cash Collateral (as defined in 11 U.S.C. § 363(a)) on the terms and subject to the conditions set forth in this Order for the period from July 11, 2017 through and including March 31, 2018, as outlined in the budget for said period attached to the Cash Collateral Motion as **Exhibit 3** (the “Budget”).
3. During this period, the Debtor shall not expend Cash Collateral: (a) for any purpose other than those specified in the Budget; or (b) in amounts in excess of the total amount

of any line item in the Budget; provided, however, Debtor may exceed the monthly amount for a line item expense by not more than 10% so long as the total expenditures for all budgeted line items do not exceed the total budgeted expense set forth in the Budget.

4. In an effort to provide creditors with adequate protection for the Debtor's use of Cash Collateral and the use of those creditors' other collateral:

A. All grain producer creditors (as identified on Exhibit 1 to the Motion) are hereby granted a post-petition adequate protection lien in all grain and proceeds thereof. This grant of a lien is only to the extent of Cash Collateral used by the Debtor.

B. Rabo is hereby granted adequate protection liens (the "Adequate Protection Liens"), in all farm products, inventory, accounts, equipment, general intangibles, hedging agreements, the motor vehicles described in Part 8 of the Debtor's Schedule A/B and real estate described in Part 9 of the Debtor's Schedule A/B, and the products and proceeds thereof which may be acquired by the Debtor after the Petition Date. The grant of a lien is only to the extent of Cash Collateral used by the Debtor. Further, the post-petition adequate protection lien on the vehicles and real estate (described in Part 8 and Part 9 of Debtor's Schedule A/B) is granted only to the extent Rabo's Petition Date security position in the remaining assets (in which Rabo held a pre-petition lien) is otherwise decreased or impaired by the Debtor's use of Cash Collateral, taking into account the value of the remaining collateral, the pre-petition producer liens held by applicable grain producers, and all Adequate Protection Payments made to Rabo.

C. The Adequate Protection Liens shall be for the purpose of providing creditors with adequate protection for their interest in Cash Collateral and for the purpose of securing the repayment of the Cash Collateral used by the Debtor from and after the

Petition Date. Except for the adequate protection liens in Debtor's motor vehicles and real estate granted to Rabo, the extent, validity and priority of the creditors' Adequate Protection Liens shall be the same as the extent, validity and priority of their pre-petition security interests in Debtor's property.

D. The Adequate Protection Liens shall be, and they hereby are, declared to be valid and perfected without the need for the execution, recording or filing of any further document or instrument or the taking of any further act otherwise required under non-bankruptcy law. Notwithstanding the foregoing, any creditor shall be entitled to take, if it chooses, any and all steps advisable or necessary to perfect its security interests in accordance with non-bankruptcy law. Debtor shall execute such agreements and instruments in that regard as are reasonably requested by said creditor.

E. The Debtor shall pay Rabo the sum of \$100,000.00 monthly as an Adequate Protection Payment, beginning on August 1, 2017 and continuing on the first day of each succeeding month thereafter until the Cash Collateral used by the Debtor is paid in full to Rabo, until the Adequate Protection Payment is modified by order of the U.S. Bankruptcy Court, until a Final Order Authorizing the Use of Cash Collateral is entered by the Court, or until a Chapter 11 Plan is confirmed by the Court.

F. To the extent the following is not already included in a Monthly Operating Report filed by the Debtor, the Debtor shall provide Rabo's counsel, by fax, ECF Notice or e-mail, the following financial information and reports:

- i. a report setting forth the below-described information:
  - (a) A report specifying for each line item of the Budgets the actual receipts and payments made during the Applicable Period;

(b) All income or other receipts during the Applicable Period separately setting forth the source of the income and the amount attributable to such source;

(c) Copies of all bank statements for the Applicable Period (including copies of checks, if provided by the Debtor's bank with the bank statements);

G. The Debtor shall not propose granting a security interest in the Cash Collateral to any person, firm or entity except for statutory liens and liens approved by the Court and granted to Rabo. Nothing herein, however, shall restrict statutory lienholders from perfecting their liens.

H. The Debtor shall allow a creditor the right to inspect its collateral at any reasonable time of the creditor's choosing, and will cooperate with the creditor in the appraisal of the creditor's collateral, including the motor vehicles disclosed in Debtor's Schedules (Part 8) having a fair market value of \$1,184,093.38 and real estate disclosed in Debtor's Schedules (Part 9) having a fair market value of \$4,131,899.56. In the event any creditor acquires an appraisal of that creditor's collateral (including the vehicles and real estate), the creditor shall provide a copy of the appraisal(s) to the Debtor within five (5) days of the creditor's receipt of the appraisal.

I. Upon request, the Debtor shall provide a creditor with proof of adequate insurance coverage for its collateral, the Cash Collateral, Debtor's motor vehicles and real estate, and the Debtor's business operations.

5. Nothing in this Order shall prevent or prejudice a creditor from requesting the Court, on an emergency basis or otherwise, to terminate the use of Cash Collateral prior to

March 31, 2018, or from seeking any other relief including, without limitation, stay relief or dismissal or conversion of this case.

6. Debtor's authorization to use Cash Collateral under this Order shall terminate on March 31, 2018, unless extended by an order of the Court. Provided, however, the terms and conditions of this Order and the rights and adequate protection provided in this Order shall remain binding, valid and in full force and effect as to the Cash Collateral and other collateral used by the Debtor during the term of this Order irrespective of whether:

A. A further order authorizing the continued use of Cash Collateral is entered; or

B. This bankruptcy case is dismissed or converted to a bankruptcy case under a different chapter. The terms and conditions of this Order and the rights and adequate protection provided in this Order shall remain binding, valid and in full force and effect as to any successor bankruptcy trustee.

7. Debtor's authorization to use Cash Collateral shall terminate immediately upon:

A. The conversion of this case to a proceeding under Chapter 7; or

B. Dismissal of this bankruptcy case.

8. This Order is effective on July 11, 2017, and the Debtor is authorized to use Cash Collateral effective immediately in accordance with the terms of this Order notwithstanding a delay in the entry of the Order.

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