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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

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 an order authorizing the Debtor in Possession to use cash collateral. This motion is made and based upon the following facts:

1. The Debtor filed a petition under Chapter 11 of the United States Bankruptcy Code on the 18th day of April, 2017, and continues in possession of its property and the operation of its business as debtor in possession.
2. To the best of the Debtor's knowledge, information and belief, the only creditor which may claim to have liens against the Debtor's cash collateral is Rabo AgriFinance, LLC

("Rabo"). The amount owed to Rabo is approximately \$8,000,000.00 as of the date of the petition.

3. Rabo likely claims an interest in the cash collateral to be used. Nevertheless, the Debtor wishes to use that cash collateral to continue operating its business while this Chapter 11 case is pending and its reorganization plan is approved.

4. In the course of the Debtor's operation, 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.

5. In accordance with the requirements of 11 USC §363(c)(4), such proceeds will be segregated into a separate bank account.

6. 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.

7. 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 April 18, 2017, through the date of the final hearing on this Motion, including payroll expenses due and owing immediately. Attached hereto as *Exhibit A* is a projected income and expense statement for the time period covered by this Motion. Of the expenses listed on Exhibit A, the Debtor requests permission to pay the following expenses on an emergency basis pending the final hearing on this Motion:

- a. Bank/credit card fees
- b. Vehicle expenses
- c. Equipment rent
- d. Freight & Trucking
- e. Gas & Oil
- f. Workers Comp

- g. Other insurance
- h. Office Supplies
- i. Payroll expenses and taxes
- j. Postage
- k. Property tax
- l. Repairs
- m. Supplies
- n. Telephone
- o. Truck Tires
- p. Utilities
- q. Wheat Assessment
- r. Costs of Goods Sold (i.e., new products and hedging costs)¹

8. In addition to the use of cash collateral on an emergency basis pending a final hearing on this motion, the Debtor also seeks authorization to continue the use of cash collateral from and after the date of the final hearing through March 31, 2018, in accordance with the attached budget.

9. The amount of cash collateral sought to be used on an interim basis for the remainder of April, 2017 and May, 2017 (pending a final hearing on this Motion), is approximately \$3,987,410.00 from the sale of services, goods and/or equipment and continuing thereafter in accordance with the projected operating expenses budget (attached hereto as ***Exhibit A***) through the date of the final hearing.

10. 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.

11. The Debtor's projected income for April 2017 through March 2018, is included in the line-item budget that is attached hereto as ***Exhibit A***.

¹ To the extent necessary for adequate protection purposes, the Debtor also requests permission to pay the Rabo projected payments on an interim basis.

12. To the extent it claims a pre-petition lien in the Debtor's cash collateral, the Debtor is willing to give adequate protection to Rabo by granting Rabo a post-petition lien, 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 A*.)

13. 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 creditor is in excess of \$8,598,236.00 (this includes all collateral for this creditor, not just the post-petition receivables).

14. 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.

15. 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.

16. A copy of the Debtor's proposed interim cash collateral order is attached hereto as *Exhibit C*. A copy of the Debtor's proposed continuing cash collateral order is attached hereto as *Exhibit D*.

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WHEREFORE, the Debtor in Possession prays that an order be issued granting the debtor in possession 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 18th day of April, 2017.

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

CERTIFICATE OF MAILING

I hereby certify that on the 18th day of April, 2017, a true and correct copy of the foregoing Motion was filed electronically and upon such filing the CM/ECF registered participants were served by electronic means as more fully reflected on the Notice of Electronic Filing. I further certify that on said date the twenty largest unsecured creditors (described further on the attached **Exhibit B**) and any parties listed below, were served by depositing copies thereof in the United States Mail with first-class postage prepaid, enclosed in envelopes addressed to said creditors at their respective addresses.

Rabo AgriFinance LLC
6919 Chancellor Drive
Cedar Falls, IA 50613
(with a copy to Linda Kobliska,
Rabo's Deputy General Counsel, via email: linda.kobliska@raboag.com)

/s/ Matt Christensen
Matthew T. Christensen
Attorney for Debtor in Possession

EXHIBIT A

Farmers Grain - 12-month projection

Income	April	May	June	July	August	September	October	November	December	January	February	March	Total for 12 months
Hedging income (basis) only	272000	272000	272000	272000	272000	272000	272000	272000	272000	272000	272000	272000	3264000
Corn (open contract)	72,950	197,051	446,74	67,101	414,42	104,217	61,39	65,19	49,75	361	40	409	545,878
Barley						1,756							1,756
Grain drying	1,145	461	587	73	105	126	642	22,809	233,940	10,472	6,691	54,603	331,654
Custom work	632	330	495	233	220	948	83	440	12,311				15,692
Ground corn	1,811,565	2,259,650	2,166,301	1,769,022	1,620,592	1,294,220	2,059,684	2,144,741	2,055,156	1,876,063	2,074,642	2,288,965	23,420,601
Rent													0
Trucking	5,880	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	77,501
Wheat				466,234.58	466,234.58	466,234.58	466,234.58	466,234.58	466,234.58	466,234.58	466,234.58	466,234.58	4,196,111.22
Storage	6,963	6,434	4,363		15,152	300	2,467	211	18,183	332	9,378	41,326	105,109
Other	582	582	582	582	582	582	582	582	582	582	582	582	6,984
Total income	2,171,717	2,743,019	2,495,513	2,581,756.58	2,422,838.58	2,146,894.58	2,814,342.58	2,920,047.58	3,069,892.58	2,632,555.58	2,836,078.58	3,130,630.58	31,965,286.22
Cost of goods sold COGS													
brokered corn (contract)	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	20,736,000
Corn purchased (open)													0
Wheat purchased				500,000	2,100,000	980,000	246,000	200,384	400,000				4,428,384
Corn													0
Hedging cost	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Total	1,731,500	1,731,500	1,731,500	2,231,500	3,831,500	2,711,500	1,977,500	1,931,884	2,131,500	1,731,500	1,731,500	1,731,500	25,204,384
Gross profit	440,217	1,011,519	764,013	350,256.58	-1,408,661.42	-564,605.42	836,842.58	988,163.58	938,392.58	901,055.58	1,104,578.58	1,399,130.58	6,760,902.22
Operating Expense													
Bank Service charge	350	350	350	350	350	350	350	350	350	350	450	450	4,400
Vehicle expenses		450	450	450	450	450	450	450	450	450	1,500	1,500	7,050
Dues & Subscriptions		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	6,000	6,000	25,500
Equip rent		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000			54,000
Frt & Trucking	30,000	300,000	200,000	220,000	310,000	200,000	200,000	200,000	200,000				1,860,000
Gas & Oil		25,000		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	275,000
HVUT				5,000					11,000				16,000
Workers Comp	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Other insurance	12,000	4,400	4,400	20,000	4,400	4,400	4,400	12,100	4,400	4,400	4,400	4,400	83,700
License and permits		1,200	6,500	6,500	1,000	1,000	4,000	1,000	30,000	1,000	1,000	1,000	54,200
Meals & Int		200	200	200	200	200	200	200	200	200	200	200	2,200
Office Supplies	400	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,400
Payroll expenses		90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	990,000
Payroll Taxes		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	88,000
Postage		260	260	260	260	260	260	260	260	260	260	260	2,860
Professional fees		180	1500	300	300	200	300	1000	800	1400	200	400	6,580
Property tax		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	88,000
Railroad rent			4,100						975				5,075
Other rent				30,000	30,000		170	170	170		1,200		61,710
Repairs		15,000	15,000	30,000	9,000	15,000	20,000	15,000	30,000	40,000		15,000	219,000
Small tools		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	16,500
Ground storage					25,000								25,000
Supplies		1,700	4,000	1,700	2,700	1,300	1,600	2,600	1,300	1,100	1,000	1,400	20,400
Telephone		800	800	800	800	800	800	800	800	800	800	800	8,800
Travel		916	916	916	916	916	916	916	916	916	916	916	10,076
Truck tire		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	66,000
Utilities		10,000	10,000	10,000	10,000	10,000	20,000	25,000	105,000	13,000	16,000	7,000	236,000
Wheat Assessment		1,300	800	1,300	500	1,000	21,000	800		2,000	3,400	2,700	34,800
Attorney Fees		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	27,500
US Trustee Fees	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	19,500
Rabo Bank payment		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,100,000
													0
Total Operating expenses	45,575	590,081	502,601	581,101	649,201	489,201	527,771	513,971	639,946	319,201	298,151	287,851	\$5,444,651.00
													COGS
													\$25,204,384.00
													Total expenses
													\$30,649,035.00
													Total income
													\$31,965,286.22
													Net Balance
													\$1,316,251.22

EXHIBIT B

Fill in this information to identify the case:

Debtor name **FARMERS GRAIN, LLC**

United States Bankruptcy Court for the: **DISTRICT OF IDAHO**

Case number (if known): _____

Check if this is an amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders

12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
Bruce Cruickshank 10572 Virginia Lane Payette, ID 83661		COGS				\$137,398.80
Connell Grain Growers 3132 Road O NE Moses Lake, WA 98837		Services rendered				\$32,064.02
Connell Grain Growers 3132 Road O NE Moses Lake, WA 98837		Services rendered	Unliquidated Disputed			\$2,804,178.29
DC Land-Mark Combs Mark Combs 29863 Farmway Road Caldwell, ID 83607		COGS				\$680,883.22
DC Land-Mark Combs Mark Combs 29863 Farmway Road Caldwell, ID 83607		COGS				\$413,963.56
Deseret Farms Post Office Box 1585 Nyssa, OR 97913		COGS				\$206,448.74
Doug Stipe 3555 Clark Blvd Ontario, OR 97914		COGS				\$57,204.24
Frahm Farm Rod Frahm 418 King Avenue Ontario, OR 97914		COGS				\$65,777.48

Debtor **FARMERS GRAIN, LLC**
Name _____

Case number (if known) _____

Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services,	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim		
				Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
Gavilon 1111 Bedke Boulevard Post Office Box 1089 Burley, ID 83318		COGS				\$185,340.00
Harlen Garner 1041 Janetta Ave Nyssa, OR 97913		COGS				\$15,965.92
Hartley Farms & Feedlot 552 Enterprise Avenue Nyssa, OR 97913		COGS				\$292,512.31
Jensen Farms, LLC 2436 11th Ave E Vale, OR 97918		COGS				\$176,430.00
Jim Belnap 1764 3rd Ave Vale, OR 97918		COGS	Disputed			\$37,413.00
JLJ Farms, LLC 29862 Emmett Road Caldwell, ID 83607		COGS				\$149,728.25
Lansing Trade Group 815 Highway 26 Bliss, ID 83314		COGS				\$220,514.39
Lansing Trade Group 815 Highway 26 Bliss, ID 83314		COGS				\$134,878.36
Lansing Trade Group 815 Highway 26 Bliss, ID 83314		COGS				\$41,176.10
MUA Post Office Box 338 Montezum Montezuma, KS 67867		Insurance				\$12,022.93
Scott Cruickshank 1746 Pennington Drive Ontario, OR 97914		COGS				\$26,242.96
WBH Farms 743 Beet Dump Road Nyssa, OR 97913		COGS				\$464,670.40

EXHIBIT C

UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

In re:)
) Case No.:
FARMERS GRAIN, LLC,)
) (Chapter 11)
 Debtor.)
)
)
)

ORDER GRANTING EMERGENCY MOTION FOR USE OF CASH COLLATERAL

THIS MATTER came before the court for a preliminary hearing on the Debtor’s *Emergency and Continuing Motion for Authorization to Use Cash Collateral* (Docket No. ___) on the ___ day of April, 2017, after notice being given to the twenty largest unsecured creditors and other parties in interest. Appearing at the hearing on behalf of the Debtor was Matthew T. Christensen of Angstman Johnson.

The Court, having reviewed and considered the Debtor’s motion, being fully advised of the merits of said motion, and good cause appearing therefore, hereby enters its Order as follows:

IT IS HEREBY ORDERED that effective April 18, 2017, the Debtor is authorized the interim use of cash collateral.

IT IS FURTHER ORDERED that said cash collateral shall be used to pay only the following expenses through May 31, 2017, to-wit:

<u>Expense Category</u>	<u>Estimated Amount</u>
Bank/Credit Card Fees	\$700.00
Vehicle expenses	\$450.00
Equipment rent	\$6,000.00
Freight & Trucking	\$330,000.00
Gas & Oil	\$25,000.00
Workers Comp	\$2,400.00
Other insurance	\$16,400.00
Office Supplies	\$2,400.00
Payroll expenses and taxes	\$98,000.00
Postage	\$260.00

Property tax	\$8,000.00
Repairs	\$15,000.00
Supplies	\$1,700.00
Telephone	\$800.00
Truck Tires	\$6,000.00
Utilities	\$10,000.00
Wheat Assessment	\$1,300.00
Cost of Goods Sold	\$3,463,000.00
TOTAL	\$3,987,410.00

IT IS FURTHER ORDERED that Rabo AgriFinance, LLC, shall maintain its adequate protection liens on all post-petition collateral to the same extent as existed pre-petition to the extent of cash collateral actually used by the Debtor.

IT IS FURTHER ORDERED that the Debtor operate in compliance with the U.S. Trustee's Guidelines.

IT IS FURTHER ORDERED that proceeds shall be segregated into a separate bank account in accordance with the requirements of 11 U.S.C. §363(c)(4).

IT IS FURTHER ORDERED that Debtor's Motion for Use of Cash Collateral shall be and the same is hereby scheduled for a final hearing on the ___ day of May, 2017, at _____ a.m./p.m., at the federal courthouse located in Boise, Idaho.

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Order submitted by:
Matthew T. Christensen, attorney for the Debtor

EXHIBIT D

UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

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

ORDER GRANTING MOTION FOR USE OF CASH COLLATERAL

THIS MATTER came before the court for a preliminary hearing on the Debtor’s *Emergency and Continuing Motion for Authorization to Use Cash Collateral* (Docket No. ___ – the “Motion”) on the ___ day of April, 2017, after notice being given to the twenty largest unsecured creditors and other parties in interest. A final hearing was held on the Motion on May ___, 2017. The Debtor and its counsel appeared at the hearings on the Motion.

The Court, having reviewed and considered the Motion, and being fully advised of the merits of said motion, and good cause appearing therefore, hereby enters its Order as follows:

IT IS HEREBY ORDERED that effective May 31, 2017, the Debtor is authorized the use of cash collateral.

IT IS FURTHER ORDERED that the Debtor may use cash collateral to pay the expenses outlined on the Debtor’s projected budget, including the adequate protection payment to Rabo AgriFinance, LLC (attached to the Motion as Exhibit A). The Debtor shall not make any payments for attorney, accountant or other professional fees without approval by the Court pursuant to 11 U.S.C. §330 and/or 331, but shall hold any such payments in the Debtor-in-Possession bank account pending court approval.

IT IS FURTHER ORDERED that Rabo AgriFinance, LLC, shall maintain its adequate protection liens on all post-petition collateral to the same extent as existed pre-petition to the extent of cash collateral actually used by the Debtor.

IT IS FURTHER ORDERED that the Debtor operate in compliance with the U.S. Trustee's Guidelines.

IT IS FURTHER ORDERED that proceeds shall be segregated into a separate bank account in accordance with the requirements of 11 U.S.C. §363(c)(4).

IT IS FURTHER ORDERED that this authorization to use cash collateral shall expire on March 31, 2018, unless extended by the Court prior to that date.

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Order submitted by:
Matthew T. Christensen, attorney for the Debtor