

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN**

In re:

Plasco Tooling & Engineering Corporation,
Debtor.

Case No. 17-49638-mar
Chapter 11
Hon. Mark. A. Randon

**COVER SHEET FOR FIRST DAY ORDER PERMITTING USE OF CASH
COLLATERAL, AUTHORIZING ADEQUATE PROTECTION AND
SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

The debtor has filed a motion to use cash collateral, which is attached to this Cover Sheet. In accordance with LBR 4001-2(b) (E.D.M.), the debtor has identified below, by page and paragraph number, the location in the proposed order accompanying the motion of each of the following provisions:

Provision	Contained in Proposed Order	Location in Proposed Order
(1) Provisions that grant liens on the estate's claims and causes of action arising under Chapter 5 of the Code.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(2) Provisions that grant cross-collateralization protection to the prepetition secured creditor (i.e., clauses that secure prepetition debt with categories of collateral that were not covered by the secured party's lien prepetition) other than liens granted solely as adequate protection against diminution in value of a prepetition creditor's collateral.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(3) Provisions that establish a procedure or conditions for relief from the automatic stay.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page <u>4</u> , ¶ <u>6</u>

(4) Provisions regarding the validity or perfection of a secured creditor's prepetition liens or that release claims against a secured creditor.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page <u>1</u> , ¶ <u>A-B</u>
(5) Provisions that prime any lien without that lienholder's consent.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(6) Provisions that relate to a sale of substantially all of the debtor's assets.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(7) Provisions for the payment of professional fees of the debtor or any committees, including any carve-outs for such payments.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(8) Provisions for the payment of prepetition debt.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(9) Provisions that waive the debtor's exclusive right to file or solicit acceptances of a plan during the time periods specified in 11 U.S.C. § 1121.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(10) Provisions that require the debtor's plan to be on terms acceptable to the secured creditor.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(11) Provisions that require or prohibit specific terms in the debtor's plan.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____
(12) Provisions establishing that proposing a plan inconsistent with the order constitutes a default.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page _____, ¶ _____

(13) Provisions that waive surcharge under 11 U.S.C. § 506(c).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ ____, But see p. 2, ¶D – Bank does not consent to surcharge.
(14) Provisions that address the rights and obligations of guarantors or co-obligors.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ ____,
(15) Provisions that prohibit the debtor from seeking approval to use cash collateral without the secured creditor's consent.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ ____,
(16) Provisions that purport to bind a subsequent trustee.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ ____,
(17) Provisions that obligate the debtor to pay any of a secured creditor's professional fees.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ ____,

Respectfully submitted,

WERNETTE HEILMAN PLLC

Dated: June 30, 2017

By: /s/ Ryan D. Heilman
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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN**

In re:

Plasco Tooling & Engineering Corporation,

Debtor.

Case No. 17-49638-mar
Chapter 11
Hon. Mark. A. Randon

**DEBTOR'S FIRST DAY MOTION
FOR ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING
DEBTOR TO USE CASH COLLATERAL, AUTHORIZING ADEQUATE PROTECTION
AND SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

Plasco Tooling & Engineering Corporation ("Debtor") through counsel, Wernette Heilman PLLC, for its Motion for Entry of Interim and Final Orders Authorizing Debtor to Use Cash Collateral and Authorizing Adequate Protection ("Motion"), states:

INTRODUCTION AND REQUEST FOR AN EXPEDITED HEARING

1. By this Motion, Debtor seeks entry of interim and final order under 11 U.S.C. § 363 authorizing Debtor to (i) use cash collateral in the ordinary course of Debtor's business and to pay costs and expenses related to this Chapter 11 case and (ii) provide adequate protection to the First State Bank ("Bank"), the Michigan Certified Development Corporation ("SBA Lender"), and any other entity that may have an interest in Debtor's cash collateral.

2. Debtor requires goods and materials to continue its business operations. Debtor's vendors require that Debtor pay cash in advance or on delivery. Debtor's operations will be impaired if it cannot obtain goods and material by Thursday, July 6, 2017. Debtor's operations will be seriously impaired resulting in immediate and irreparable harm if it cannot obtain goods and materials by Friday, July 7, 2017.

3. Further, Debtor is current on payment to the majority of its employees. However, due to a cash shortage, Debtor short-paid its last payroll by \$22,669.37. Certain of Debtor's employees have agreed to a short delay in receipt of payment, but will require payment as soon as possible and, in any event, by no later than next week.

4. Accordingly, Debtor requests a hearing on this Motion on Thursday, July 6 or, at the latest, on Friday, July 7, 2017.

JURISDICTION

5. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.

6. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b).

7. Venue of this proceeding and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

8. On June 29, 2017 ("Petition Date"), Debtor commenced a voluntary case under chapter 11 of title 11 of the United States Code.

9. Debtor continues to operate its business as debtor-in-possession as permitted under section §§ 1107 and 1108 of the Bankruptcy Code.¹

A. Debtor's Operations.

10. Debtor is a tooling and parts supplier to the aerospace industry, providing full-service program management, on-site tool design, programming and machining, and on-site installations, among. Debtor operates out of facilities located in Romeo, Michigan.

¹ Unless otherwise specified, statutory references in this Motion are to sections of the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.*

11. Debtor expects to generate positive cash flow by completing “work on hand.” The cash flow forecast attached as Exhibit 6 shows Debtor’s anticipated revenues and expenses for the month of July.

B. Prepetition Secured Debt and Debtor’s Cash Collateral.

12. Debtor believes that Bank and SBA Lender are the only secured creditors with an interest in Debtor’s cash collateral

13. Debtor agrees that the Bank has first position secured claims against Debtor in the following amounts (the “Bank Debt”):

Loan Number	Amount Owed
525091547019	\$2,000,000
525091547328	\$435,034.01
525091547521	\$252,247.48
525091547682	\$211,989.03

14. Debtor anticipates that the Bank may assert that the Bank Debt is greater than the numbers set forth above. Debtor and Bank are reconciling the differences and hopeful that they will amicably resolve any conflict.

15. Debtor agrees that it owes \$335,881.78 to SBA Lender (the “SBA Lender Debt”).

16. For purposes of complying with Local Rule 4001-2(a), Debtor believes that the Bank Debt and SBA Lender Debt are both fully secured, so that the value of the Bank’s and SBA Lender’s secured interests is equal to the amount of the debt covered by their liens.

17. Debtor owes obligations to various equipment lenders and financing companies with interests in specific machinery and equipment. However, Debtor does

not believe that any creditor other than Bank and SBA Lender have an interest in Debtor's cash collateral.

FACTUAL SUPPORT FOR RELIEF

A. Use of Cash Collateral

18. Debtor requires the use the cash collateral in the ordinary course of Debtor's business to fund payroll, purchase goods and materials, maintain its equipment and facilities, pay taxes and insurance, and to otherwise continue operating in the ordinary course of business. Debtor also requires the use cash collateral to make payments relating to this Chapter 11 case, including payment of professional fees and the United States Trustee's fees. See Declaration of John Zuccarini in Support of Debtor's First Day Motions, and Exhibit 6, Debtor's cash flow projections for July, 2017.

B Request for Immediate and Interim Relief

19. As set forth above, to avoid immediate and irreparable harm, Debtor requires the use of cash collateral by Thursday, July 6, 2017 and, in any event, no later than Friday, July 7, 2017 to purchase goods and material, to pay service providers, and to meet certain payroll obligations from the last week of June, 2017.

20. Debtor requests interim relief in the form of an order permitting Debtor to pay the necessary expenses for Debtor to continue its operations over the next thirty days until a final order can be entered.

21. As set forth in Debtor's cash flow forecast, Debtor requires the use of approximately \$309,531.72 in the month of July to maintain its operations, meet its payroll obligations, and remain in compliance with the United States Trustee's operating guidelines.

22. In further support of Debtor's request for interim relief, see also the Declaration of John Zuccarini. Debtor will also be prepared to provide testimony in support of this Motion at the hearing, if necessary.

C. Adequate Protection

23. Debtor proposes to pay monthly adequate protection payments to Bank in the amount of \$22,075.87 and to SBA Lender in the amount of \$4,780.80, representing principle and interest payments.

24. Debtor further seeks authorization to grant Bank and SBA Lender replacement liens ("Replacement Liens") in all Debtor's post-petition acquired assets to the same extent, and with the same priority, as their prepetition liens and security interests. For the avoidance of doubt, the Replacement Liens shall not attach to any avoidance actions (or their proceeds) arising under Chapter 5 of the Bankruptcy Code.

25. Debtor will also (i) keep its property fully insured, (ii) grant the Bank and SBA Lender reasonable access to Debtor's business records and premises, and (iii) provide cash flow projections, (iv) and otherwise timely perform all obligations of a debtor-in-possession required by the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and the orders of this Court.

LEGAL BASIS FOR RELIEF REQUESTED

26. Under section 363(c)(2) of the Bankruptcy Code, a debtor in possession may not use cash collateral unless "(a) each entity that has an interest in such cash collateral consents; or (b) the court, after notice and a hearing, authorizes such use . . . in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2).

27. Bank and SBA Lender are entitled to adequate protection of their interests in Debtor's cash collateral. 11 U.S.C. §§ 361, 362(d)(3)(B) and 363(e).

28. Debtor believes that the proposed adequate protection payments and Replacement Liens are sufficient to adequately protect Bank's and SBA Lender's interests in Debtor's cash collateral.

SCHEDULING A FINAL HEARING

29. Debtor further respectfully requests that the Court schedule a final hearing on the Motion as contemplated by LBR 4001-2(b)(3).

WHEREFORE, Debtor requests that the Court enter an order authorizing Debtor (i) to use cash collateral, (ii) provide the adequate protection to the Bank and SBA Lender as described above, (iii) scheduling a final hearing, and (iv) granting such further relief as the Court deems appropriate. A proposed order scheduling a hearing on the Motion is attached as Exhibit 1.

Respectfully submitted,

WERNETTE HEILMAN PLLC

Dated: June 30, 2017

By: /s/ Ryan D. Heilman
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EXHIBIT INDEX

EXHIBIT 1	Proposed Order granting the Motion
EXHIBIT 2	N/A – a copy of DN 8 (Order Scheduling First Day Hearings) will be served.
EXHIBIT 3	N/A
EXHIBIT 4	Certificate of Service – to be filed as a separate docket entry.
EXHIBIT 5	Declaration of John Zuccarini filed as a separate docket entry.
EXHIBIT 6	Cash Flow Projections for July, 2017.

UNITED STATES BANKRUPTCY COURT
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Debtor.

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Hon. Mark. A. Randon

**FIRST DAY ORDER PERMITTING USE OF CASH COLLATERAL,
AUTHORIZING ADEQUATE PROTECTION AND
SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

This matter having come before the Court upon the Debtor's Motion for Entry of an Order Permitting Use of Cash Collateral and Authorizing Adequate Protection ("Motion"); the Court having reviewed the Motion, the Declaration of John Zuccarini in support of Debtor's First Day Motions; and the Court being fully advised in the premises;

THE COURT FINDS that:

A. Debtor acknowledges that it is indebted to Bank for the Bank Debt and to SBA Lender for the SBA Lender Debt as stated in the Motion.¹

B. Debtor acknowledges that the Bank Debt and SBA Lender Debt are secured by essentially all Debtor's assets as set forth in the Security Agreement and perfected as set forth in the related UCC financing statement filed by Bank, each to the furthest extent permissible under applicable law.

C. Debtor's acknowledgements will not be binding on the United States Trustee, any subsequently-appointed committee and any Chapter 7 trustee that may be appointed in this case at any time in the future.

¹ All capitalized terms not defined in this Order shall have the meanings ascribed to them in the Motion.

D. Bank and SBA Lender do not consent to a surcharge by Debtor or any subsequently appointed trustee under 11 U.S.C. § 506(c).

E. Debtor requires the use of cash collateral to fund its business expenses, including payroll, insurance, material costs, and other expenses necessary for Debtor to maintain its operations and comply with the United States Trustee's Guidelines for the operation of a business by a debtor-in-possession. Debtor also requires use of cash collateral to pay expenses relating to this Chapter 11 case, including payments of professional fees and United States Trustee's fees.

F. Debtor will suffer irreparable harm if this Order is not entered on an interim basis. Among other things, Debtor requires the use of cash collateral to purchase goods, materials and services necessary for its business operations by no later than July 7, 2017.

IT IS HEREBY ORDERED that:

1. Debtor is authorized and directed to make the Adequate Protection Payments to Bank in the amount \$22,075.87 per month, commencing on July 28, 2017 and continuing each month until (i) payment of Debtor's obligations to Bank, (ii) the effective date of a confirmed plan of reorganization, (iii) waiver by Bank of the requirement to make adequate protection payments, or (iv) entry of an order providing for a modification in adequate protection payments.

2. Debtor is authorized and directed to make the Adequate Protection Payments to SBA Lender in the amount \$4,74.80 per month, commencing on July 28, 2017 and continuing each month until (i) payment of Debtor's obligations to SBA Lender, (ii) the effective date of a confirmed plan of reorganization, (iii) waiver by SBA

Lender of the requirement to make adequate protection payments, or (iv) entry of an order providing for a modification in adequate protection payments.

3. Debtor is authorized to use cash collateral to pay ordinary course business costs and expenses, non-ordinary course business costs and expenses that may be approved by this Court in a separate order, and payments relating to this Chapter 11 case, including payment of professional fees (subject to Court approval) and the United States Trustee's fees.

4. The following Adequate Protection is approved:

- a. Debtor shall timely make all adequate protection payments on the twenty-eighth day of each month (or, if the twenty-eighth day is not a Business Day, the first Business Day thereafter) in the amounts set forth in the Motion.
- b. The Replacement Liens are hereby granted in all Debtor's post-petition acquired assets and shall have the same priority as Bank's and SBA Lender's pre-petition liens and security interests. For the avoidance of doubt, the Replacement Liens shall not attach to any avoidance actions (or their proceeds) arising under Chapter 5 of the Bankruptcy Code.
- c. Debtor will timely perform all obligations of a debtor-in-possession required by the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and the orders of this Court;
- d. Debtor will grant Bank and SBA Lender access to Debtor's business records and premises for inspection upon reasonable notice, provided that it does not unreasonably interfere with the Debtor's business, and will provide monthly cash flow projections by the 28th day of the month for each succeeding month;
- e. Debtor will maintain insurance coverage for its property in accordance with the requirements of the United States Trustee and the loan documents between Debtor and Bank; and
- f. Debtor acknowledges and will not challenge that the Bank Debt and SBA Lender Debt is secured by a properly perfected security interest as set forth in the Security Agreement and the UCC

financing statement perfecting the security interest, both to the fullest extent permitted by applicable law.

5. Debtor's authority to use cash collateral, unless extended by agreement with Bank and SBA Lender or by Court order, shall terminate on the earlier of (i) any default under the conditions listed in paragraph 4 of this Order that is not timely cured as set forth below, (ii) conversion or dismissal of the bankruptcy case, (iii) appointment of a Chapter 11 trustee, or (iv) September 30, 2017.

6. Upon the occurrence of a default under paragraph 4 of this Order, Bank may file a notice with the Court describing the default which has occurred ("Notice of Default"). Upon the filing of a Notice of Default, Bank shall send a copy of the Notice of Default regular mail to Debtor's counsel, Debtor, and any other party requesting notice. Debtor will have 10 days to cure the default. If Bank files a statement with the Bankruptcy Court indicating that the default has not been cured within the 10-day cure period, Bank will be entitled to relief from the automatic stay and may exercise its rights under applicable non-bankruptcy law without further order of the Court. Debtor may seek a determination by the Court that a default has not occurred or was timely cured and, if such determination is sought, the Court may continue the automatic stay until a determination is made.

7. Nothing in this Order shall be construed to prevent Bank or any other party from filing a motion under 11 U.S.C. § 363(e) seeking different or additional Adequate Protection in the event that Bank or another party determines the Adequate Protection provided in this Order is not sufficient to protect its interests.

8. Nothing in this Order shall in any fashion be deemed to affect the validity of any of guarantees in favor of Bank.

9. Notice of this Order shall be given by Debtor via first class mail within 24 hours of its entry under Federal Rule of Bankruptcy Procedure 4001(d) and LBR 4001-2.

10. Objection Procedures:

a. The deadline to file an objection to this Order is 14 days from the entry of the Order, except that an official committee may file objections within 14 days after it is served with the entered order;

b. If an objection is timely filed, the final hearing will be held as required by L.B.R. 4001-2 on _____, 2017 at _____, __.m., at 211 W. Fort St., Courtroom 1825, Detroit, Michigan 48226; and

c. If no objection is timely filed, this Order may become a final order.

11. While this Order remains in effect and until it becomes a final order, Debtor's use of cash collateral may not exceed \$310,000. Debtor may request authorization to use additional cash collateral at any time before this Order becomes a final order.

12. This Court will retain jurisdiction over any and all disputes arising or otherwise relating to the construction, performance, and enforcement of the terms of this Order and the Settlement Agreement.

Exhibit 6**PLASCO TOOLING & ENGINEERING****Monthly Cash Flow Projections****July 1 - July 31****Revenue****July 1 - July 31**Sales

Tooling

\$369,004.67

Gross Sales

\$369,004.67

Customer Credit (anticipated)

\$55,000.00

Total Revenue**\$314,004.67****Operating Expenses (cont.)****July 1 - July 31**

Material

\$15,000.00

Payroll, including payroll taxes

\$160,000.00

Insurance

Health insurance

\$31,544.36

Worker's Comp.

\$2,811.77

Software

\$3,862.22

Rent

\$13,398.11

Utilities

trash removal

\$900.00

AS 9100 Audit Certification

\$5,000.00

power, light, and water

\$7,700.00

telephone

\$1,443.34

Office Supplies

\$2,500.00

Fuel

\$500.00

Maintenance

\$500.00

Lights (fixtures)

\$612.17

Laser Tracker

\$2,754.36

Adequate protection payments

\$26,816.67

Chapter 11 expenses, including filing fee,
professional fee escrow, and reserve for U.S.

Trustee fees.

\$10,184.00

Total Operating Expenses**\$285,527.00**

Unpaid June payroll:

\$24,004.72

Total Cash Flow**\$4,472.95**