




SO ORDERED.

SIGNED this 5th day of October, 2018.


BENJAMIN A. KAHN
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION**

**IN RE:
MULTIFLORA GREENHOUSES, INC.,
DEBTOR.**

**Chapter 11
Case No. 18-80691**

**SECOND INTERIM ORDER AUTHORIZING DEBTOR'S USE OF CASH
COLLATERAL AND PROVIDING NOTICE OF FURTHER HEARING**

THIS CAUSE was scheduled for hearing on October 2, 2018 upon Debtor Multiflora Greenhouse Inc.'s ("Multiflora's") Emergency Motion for Authorization of Cash Collateral. James C. White appeared for Debtors Multiflora and Austram LLC, Daniel C. Bruton appeared for creditor Carolina Farm Credit, ACA, Stephanie Osborne appeared for Julie Smith Mason and Julie Smith Mason LLC, Gerald A. Jeutter, Jr. appeared for Wyatt-Quarles Seed Co. and William P. Miller Bankruptcy Administrator appeared.

It appears to the Court that the terms and conditions set forth below are reasonable and appropriate, are in the best interest of the bankruptcy estate and all creditors and should be approved. It further appears to the Court that the notice of the Motion which Multiflora provided to creditors and parties in interest is adequate and proper.

THEREFORE based upon Multiflora's Emergency Motion for Authorization of Cash Collateral, the arguments of counsel and the record in this case, the Court hereby makes the following FINDINGS OF FACT and CONCLUSIONS OF LAW:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 157 and § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. Multiflora filed its petition pursuant to Chapter 11 of the United States Bankruptcy Code on September 24, 2018 (the "Petition Date") and operates as a debtor-in-possession. A Committee of Unsecured Creditors ("Committee") has not been appointed.

3. Multiflora and Carolina Farm Credit ACA ("CFC") are parties to: (i) that certain Loan Agreement dated as of October 12, 2015 by and between Multiflora Greenhouses Inc. and CFC (the "Loan Agreement"); (ii) that certain Promissory Note issued by Multiflora dated as of October 12, 2015 in the original principal amount of \$750,000.00 (the "Note"); and that certain Security Agreement dated October 12, 2015 (the "Security Agreement"), and, together with the Loan Agreement and Note and all agreements, documents and instruments at any time executed or delivered in connection with them or related to them, collectively referred to as the "Loan Documents".

4. As security for the indebtedness under the Loan Documents, Multiflora entered into the Security Agreement purporting to grant CFC a first priority lien and security interest in all of the Multiflora's personal property, including but not limited to Multiflora's accounts and inventory (the "Collateral").

5. Upon information and belief, Multiflora believes that CFC's lien on the Collateral is duly perfected by the filing of a financing statement as required by law.

6. Multiflora is not aware of any other liens or security interests against accounts receivable or inventory, the proceeds of which would constitute “cash collateral” as that term is defined in the Bankruptcy Code.

7. Multiflora asserts that the terms and condition of this Order appear to provide adequate protection of the interests of CFC in Multiflora’s use of cash collateral. CFC retains all rights with respect to adequate protection, including a right to seek further relief under 11 U.S.C. §§ 361, 362, and 363 and any other remedies available under applicable law.

8. Multiflora asserts that the terms, conditions, and limitations of this Order are reasonably tailored to protect the interests of all creditors of the bankruptcy estate.

9. The requirements of the Bankruptcy Rules and the Bankruptcy Code, including without limitation Bankruptcy Rule 4001(d), have been satisfied for Multiflora’s use of cash collateral and for the grant of adequate protection to CFC upon the terms set forth in this Order.

10. The findings, conclusions, or orders set forth herein are made on an interim basis, shall not constitute a final decision on any legal or factual issue, and are without prejudice to the right of any party to raise, contest, or seek the same or a different outcome at any subsequent hearing.

WHEREFORE, based upon the foregoing Findings of Fact and Conclusions of Law the Court hereby ORDERS:

1. To the extent Debtor expends cash collateral pursuant to the terms of this Order and without limiting the effect of 11 U.S.C § 552, CFC shall have and hereby is granted a continuing post-petition lien in the same categories of property of the estate and in the same priority in which CFC held a similar, unavoidable lien in property of Multiflora as of the Petition Date, and the proceeds thereof, whether acquired by Debtor pre-petition or post-petition (the

“Post-petition Collateral”), equivalent to a lien granted under §§ 364(c)(2) and (3) of the Bankruptcy Code, but only to the extent of cash collateral used. The validity, enforceability, and perfection of the aforesaid post-petition liens on the Post-petition Collateral shall not depend upon filing, recordation, or any other act required under applicable state or federal law, rule, or regulation.

2. Multiflora shall not use cash collateral except to pay its ordinary, necessary and reasonable post-petition operating expenses and administrative expenses necessary for the administration of this estate, including Multiflora’s reasonable attorneys’ fees as approved by this Court and quarterly fees, as set forth in the consolidated Multiflora and Austram budget attached as **Exhibit “A.”**

3. At no time shall Multiflora and Austram vary from the budgeted top-level categories (those categories indicated by gray shading on the attached budget), or the budgeted total, by more than 10% without the written consent of CFC or a subsequent order of this Court.

4. If Multiflora and Austram anticipate a variance in any top-level category that will exceed 10%, they shall provide counsel for CFC and the Bankruptcy Administrator with a report showing expenditures-to-date for each budget category and reflecting the anticipated variance. Within two (2) business days, CFC shall in writing either accept or reject any such projected variance. Failure to reject any such variance within two business days shall be deemed acceptance. If CFC rejects the proposed variance, Multiflora and Austram may seek Court approval of the variance by filing a request with the Court; provided however that a hearing of such request shall not occur on less than five (5) business days’ notice to the Bankruptcy Administrator, the Debtor, and all creditors.

5. The Debtors shall maintain separate Debtor-in-Possession bank accounts (“DIP Accounts”) for Multiflora Greenhouses, Inc and Austram LLC into which they shall deposit all income. All income and expenses for each respective company shall be paid from that company’s respective DIP Account.

6. Upon reasonable prior notice, Multiflora shall provide to the Bankruptcy Administrator and representatives and/or employees of CFC all such information as they may reasonably request for the purpose of appraising or evaluating the collateral of Multiflora.

7. The Debtor shall pay as adequate protection to CFC pursuant to 11 U.S.C. §§ 361, 362 and 363 the sum of \$7,500.00 per month. Adequate protection payments shall be made on or before the 10th of each month for the payment of adequate protection for the preceding month.

8. CFC reserves the right to contend that the terms and conditions of this Order do not constitute adequate protection of its interests and reserves its right to seek further relief under 11 U.S.C. §§ 361, 362 and 363.

9. Multiflora expressly reserves its right to seek the use of cash collateral beyond the stated terms of this Order. Any party may seek further consideration of the relief granted in this Order or other cash collateral issues by filing a request with the Court; provided however that a hearing of such request shall not occur on less than five (5) business days’ notice to the Bankruptcy Administrator, the Debtor, and all creditors.

10. This Order shall remain in full force and effect until the earlier of (i) entry of an Order by the Court modifying the terms of the use of cash collateral or the adequate protection provided to CFC; (ii) entry of an order by the Court terminating this Order for cause, including but not limited to breach of its terms and conditions; or (iii) upon filing of a notice of default as provided in this Order.

11. The following shall constitute events of default:

- a. If Multiflora fails to make the adequate protection payments set forth in this Order;
- b. If Multiflora fails to comply with any of the terms and conditions of this Order;
- c. If Multiflora uses cash collateral in a manner other than as agreed in this Order;
- d. Conversion of this case to a proceeding under Chapter 7 of the Bankruptcy Code; or
- e. Appointment of a trustee or examiner.

12. Upon filing of a written notice of default with the Court by CFC (which shall be served upon Multiflora by fax or email and Federal Express and served upon the Bankruptcy Administrator by U.S. Mail) Multiflora may request a hearing to challenge the declaration of default. The parties shall have the right to seek an expedited hearing on any challenge by the Debtor, provided, however, that such hearing shall not occur on less than three (3) business days' notice to the other parties. If the Debtor does not challenge the notice of default within five (5) business days after service of a written notice, the party serving the notice of default is granted relief from the automatic stay provision of 11 U.S.C. § 362 to collect any outstanding debt.

13. Nothing in this Order shall be deemed to authorize or direct Multiflora to pay any pre-petition debt.

14. Multiflora shall pay all state, federal and ad valorem taxes as they become due and will make all tax deposits and file all state and federal returns on a timely basis.

15. Multiflora shall not dispose of any assets out of the ordinary course of business without the advance, written consent of CFC and, as necessary, the approval of this Court.

16. This Order shall be in effect until October 30, 2018 at 9:30 AM.

17. A further hearing (which may be a final hearing) on this Motion will be held at 9:30 AM on October 30, 2018 in the U.S. Bankruptcy Court, Courtroom 1, Second Floor, 101 S. Edgeworth Street, Greensboro, NC 27401 at which time the Court will further consider the Motion for Authority To Use Cash Collateral.

18. Multiflora shall serve a copy of this Order upon the Bankruptcy Administrator, creditors asserting a lien on any property of the estate or an interest in cash collateral, and the creditors holding the 20 largest unsecured claims, and shall file a certificate of such service with the Court.

WE CONSENT:

/s/ Daniel C. Bruton
Daniel C. Bruton
BELL DAVIS PITT
100 N. Cherry Street
Winston-Salem, NC 27101
DBruton@belldavispitt.com
336-722-3700

Attorney for Carolina Farm Credit ACA

/s/ James C. White
James C. White
PARRY TYNDALL WHITE
100 Europa Drive #401
Chapel Hill, NC 27517
jwhite@ptwfirm.com
919-246-4676

Attorney for the Debtor

END OF DOCUMENT

| | Oct-18 |
|---|----------------------|
| STARTING CASH | \$ 110,569.24 |
| Ordinary Income/Expense | |
| Income | |
| AUSTRAM LLC | \$ 75,000.00 |
| SPRING SEASON SALES | \$ - |
| FALL SEASON SALES | \$ 225,000.00 |
| POINSETTIA SEASON SALES | \$ - |
| SALES- PRODUCTS FOR RESALE | \$ - |
| SALES - RETAIL | \$ 5,000.00 |
| SALES - SOFT DRINKS | \$ 300.00 |
| DONATION FOR CHARITABLE EVENT | \$ - |
| SPONSORSHIP INCOME | \$ - |
| Total Income | 305,300.00 |
| Cost of Goods Sold | |
| PURCHASES- PRODUCT FOR RESALE | \$ - |
| PURCHASES- FOIL POT COVERS | \$ - |
| PURCHASES - CONTAINERS / TRAYS | \$ - |
| PURCHASES- FERTILIZER/PESTICIDE | \$ 1,500.00 |
| PURCHASES - PACKING MATERIAL | \$ - |
| PURCHASES - PLANT MATERIAL | \$ - |
| PURCHASES - PLANTS RESALE | \$ - |
| PURCHASES - PLUGS | \$ 6,000.00 |
| PURCHASES - SEEDS | \$ 1,000.00 |
| PURCHASES - SOFT DRINKS | \$ 225.00 |
| PURCHASES - SOIL | \$ 20,000.00 |
| PURCHASES - TAGS | \$ 1,500.00 |
| PURCHASES - TOOLS & SUPPLIES | \$ 150.00 |
| VENDOR DISCOUNT | |
| PAYROLL | |
| GH EXECUTIVE MANAGEMENT | \$ 3,950.00 |
| SALES | \$ 3,350.00 |
| MAINTENANCE | \$ 2,500.00 |
| GREEN TEAM | \$ 37,500.00 |
| EXTRA LABOR | \$ - |
| DRIVERS | \$ 10,000.00 |
| Total PAYROLL | 57,300.00 |
| COST OF GOODS SOLD | 0.00 |
| Total COGS | 87,675.00 |
| Expense | |
| Austram | |
| Consulting (Austram) | \$ - |
| Freight & Shipping (Austram) | \$ 5,000.00 |
| Marketing- Catalogs (Austram) | \$ - |
| Marketing- Conferences & Shows | \$ 4,000.00 |

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|---|-------------------|
| Warehouse Lease (+Electric) | \$ 11,000.00 |
| Austram - Other | \$ 110,000.00 |
| Total Austram | 130,000.00 |
| WRITE OFF- BAD CUSTOMER DEBT | |
| *AUTO EXPENSES | |
| Car Allowance (Austram) | \$ 500.00 |
| *INSURANCE- GAP | \$ - |
| *FUEL- GA | \$ 250.00 |
| *REPAIRS & MAINTENANCE- GA | \$ 250.00 |
| *PERMITS/FEES- GA | \$ 200.00 |
| *AUTO EXPENSES - Other | \$ 500.00 |
| Total *AUTO EXPENSES | 1,700.00 |
| BANK / COMPANYCC /GENERAL FEES | |
| MERCHANT FEES | \$ 750.00 |
| SERVICE CHARGES- GENERAL | \$ 350.00 |
| BANK FEE- REIMB. EXP. | \$ - |
| LATE FEES | \$ - |
| INTEREST/ FINANACE CHARGES | \$ - |
| BANK / COMPANYCC /GENERAL FEES - Other | \$ - |
| Total BANK / COMPANYCC /GENERAL FEES | 1,100.00 |
| CHARITABLE CONTRIBUTIONS | \$ - |
| COMMISSIONS & FEES | \$ 3,000.00 |
| *DUES & SUBSCRIPTIONS | \$ - |
| *EMPLOYEE RECOGNITION | \$ - |
| GREENHOUSE | |
| HEATING EXPENSE | \$ 6,000.00 |
| REPAIR & MAINTENANCE | \$ 3,000.00 |
| LICENSES,PERMITS,INSPECTION FEE | \$ - |
| SUPPLIES | \$ 1,000.00 |
| SMALL TOOLS & EQUIPMENT | \$ 1,000.00 |
| Total GREENHOUSE | 11,000.00 |
| DEPRECIATION | \$ - |
| INSURANCE | |
| INSURANCE - COMMERCIAL AUTO | \$ 7,000.00 |
| INSURANCE - GENERAL LIABILITY | \$ 3,000.00 |
| INSURANCE - WORKERS COMP | \$ 5,000.00 |
| *INSURANCE- HEALTH OFFICERS | \$ - |
| *INSURANCE - LIFE OFFICER | \$ - |
| Total INSURANCE | 15,000.00 |
| IT SERVICES | |
| SUPPORT CONTRACT | \$ 1,000.00 |
| IT EQUIPMENT/MAINTENANCE | \$ 500.00 |
| IT SERVICES - Other | \$ 150.00 |
| Total IT SERVICES | 1,650.00 |
| *LOAN EXPENSES | |
| INTEREST | \$ - |

| | |
|---------------------------------------|------------------|
| Total *LOAN EXPENSES | 0.00 |
| MARKETING | |
| WEBSITE/ONLINE DEVELOPMENT | \$ 8,000.00 |
| TRADE SHOWS/EVENTS | \$ 1,000.00 |
| OPEN HOUSE EVENT | \$ - |
| PRINT/MATERIALS | \$ 400.00 |
| AVAILABILITY ADVERTISING | |
| FAX BLASTS | \$ 200.00 |
| EMAIL BLASTS | \$ 100.00 |
| AVAILABILITY ADVERTISING - Other | \$ - |
| Total AVAILABILITY ADVERTISING | 300.00 |
| MARKETING - Other | \$ - |
| Total MARKETING | 9,700.00 |
| MEALS AND ENTERTAINMENT | |
| ENTERTAINMENT MEALS | \$ 500.00 |
| EMPLOYEE MEALS | \$ 500.00 |
| ENTERTAINMENT-MISC/CUSTOMERS | \$ 250.00 |
| MEALS AND ENTERTAINMENT - Other | \$ - |
| Total MEALS AND ENTERTAINMENT | 1,250.00 |
| OFFICE EXPENSE | |
| COPIER LEASE & SUPPLIES | \$ 800.00 |
| MISC. OFFICE EXPENSE | \$ 1,250.00 |
| PROPERTY/GROUNDS MAINTENANCE | \$ 350.00 |
| GENERAL OFFICE SUPPLIES | \$ 2,500.00 |
| JANITORIAL | \$ 800.00 |
| PAYROLL PROCESSING | \$ 250.00 |
| REGISTERS | \$ 200.00 |
| SOFTWARE EXPENSE | \$ 200.00 |
| POSTAGE | \$ 200.00 |
| OFFICE EXPENSE - Other | \$ - |
| Total OFFICE EXPENSE | 6,550.00 |
| PAYROLL EXPENSES | |
| EXECUTIVE SALARIES | \$ 12,500.00 |
| ADMINISTRATIVE- HOURLY | \$ - |
| ADMINISTRATIVE- SALARIED | \$ 18,500.00 |
| Sales Team- Direct (Austram) | \$ 3,750.00 |
| Warehouse (Austram) | \$ 5,000.00 |
| SALES COMMISSIONS | \$ 1,100.00 |
| EE BONUS | \$ - |
| PERSONAL/VACATION PAY | \$ - |
| PAYROLL EXPENSES - Other | \$ - |
| Total PAYROLL EXPENSES | 40,850.00 |
| PAYROLL TAXES | |
| FICA - ER | \$ 7,500.00 |
| FUTA EXPENSE - ER | \$ 150.00 |
| NC UNEMPLOYMENT EXPENSE | \$ 400.00 |

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| PAYROLL TAXES - Other | \$ 150.00 |
| Total PAYROLL TAXES | 8,200.00 |
| PENSION EXPENSE | |
| PROFESSIONAL FEES | |
| ACCOUNTING | \$ 5,000.00 |
| CONSULTING FEES | \$ - |
| LEGAL FEES | \$ 10,000.00 |
| PROFESSIONAL FEES - Other | \$ - |
| Total PROFESSIONAL FEES | 15,000.00 |
| RENTAL PROPERTIES | |
| Corporate Housing | \$ - |
| RENT- NEW SHARON CH RD & WALKER | \$ - |
| ELECTRIC- PROPERTIES | \$ 400.00 |
| RENTAL - R&M | \$ 150.00 |
| Total RENTAL PROPERTIES | 550.00 |
| SHIPPING AND DELIVERY EXPENSE | |
| SOFTWARE FEES | \$ 500.00 |
| FLEET RENTALS | \$ 18,000.00 |
| FLEET FUEL & OIL/FLUIDS | |
| DEF- Bulk | \$ - |
| FLEET FUEL & OIL/FLUIDS - Other | \$ 15,000.00 |
| Total FLEET FUEL & OIL/FLUIDS | 15,000.00 |
| FLEET REPAIRS & MAINTENANCE | \$ 250.00 |
| DRIVER LODGING | \$ 225.00 |
| TOLLS | \$ 75.00 |
| PENALTIES & CITATIONS | \$ - |
| LOGS & OTHER MISC. | \$ 3,500.00 |
| DRIVER RECRUITMENT | \$ 75.00 |
| Total SHIPPING AND DELIVERY EXPENSE | 37,625.00 |
| TAXES | |
| PROPERTY TAXES | \$ - |
| FEDERAL INCOME TAX PAID | \$ - |
| NC INCOME TAX PAID | \$ 1,700.00 |
| TAXES - Other | \$ - |
| Total TAXES | 1,700.00 |
| TELEPHONE | |
| OFFICE PHONES | \$ 400.00 |
| CELL/WIRELESS | \$ 250.00 |
| Total TELEPHONE | 650.00 |
| TRAVEL EXPENSE | |
| LODGING / HOTEL | \$ 1,500.00 |
| TRAVEL- AIR | \$ 1,000.00 |
| TRAVEL- AUTO RENTAL / FARE | \$ 400.00 |
| TRAVEL MEALS | \$ 250.00 |
| MISC FEE / TICKET / ADMISSION | \$ 75.00 |
| Total TRAVEL EXPENSE | 3,225.00 |

UTILITIES

| | |
|-----------------|-------------|
| ELECTRIC | \$ 3,500.00 |
|-----------------|-------------|

| | |
|-----------------|-------------|
| INTERNET | \$ 1,200.00 |
|-----------------|-------------|

| | |
|-------------------|-----------|
| CBL ACCESS | \$ 150.00 |
|-------------------|-----------|

| | |
|-------------------------------------|-----------|
| WASTE DUMPSTER & REMOVAL | \$ 650.00 |
|-------------------------------------|-----------|

| | |
|--------------------------|------|
| UTILITIES - Other | \$ - |
|--------------------------|------|

| | |
|------------------------|----------|
| Total UTILITIES | 5,500.00 |
|------------------------|----------|

| | |
|-------------------------------|------|
| UNCATEGORIZED EXPENSES | \$ - |
|-------------------------------|------|

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|----------------------|------------|
| Total Expense | 294,250.00 |
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| Oct-18 |
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|-----------------------------------|-------------|
| Adequate Protection to CFC | \$ 7,500.00 |
|-----------------------------------|-------------|

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|-----------------------|-----------|
| Quarterly Fees | \$ 325.00 |
|-----------------------|-----------|

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|----------------------|----------------|
| Profit / Loss | \$ (84,450.00) |
|----------------------|----------------|

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|---------------------|--------------|
| CASH ON HAND | \$ 33,944.24 |
|---------------------|--------------|