



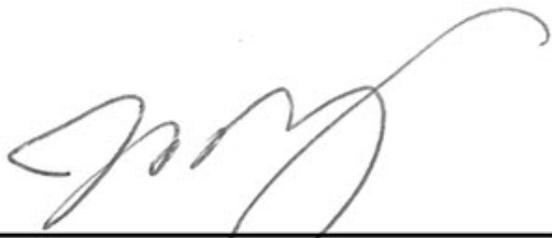
Order Filed on August 4, 2017
by Clerk U.S. Bankruptcy Court
District of New Jersey

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
<i>Caption in Compliance with D.N.J. LBR 9004-2(c)</i>	
Ciardi Ciardi & Astin Albert A. Ciardi, III, Esquire Daniel S. Siedman, Esquire One Commerce Square 2005 Market Street, Suite 3500 Philadelphia, PA 19103 Telephone: (215) 557-3550 Facsimile: (215) 557-3551	
In re: PRO-SPEC CORPORATION <div style="text-align: right;">Debtor.</div>	Case No.: 17-25463 Judge: JNP Chapter: 11 _____

ORDER

The relief set forth on the following pages 2-7 is **ORDERED**.

DATED: August 4, 2017



 Honorable Jerrold N. Poslusny, Jr.
 United States Bankruptcy Court

FIRST INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

This matter is before the Court on the motion of Pro-Spec Corporation (the “Debtor”) for authority to (i) continue of use of cash collateral, (ii) to permit post-petition financing, (iii) expedited hearing, reduced notice period and limited notice and (vi) related relief (the “Motion”). Notice of the Motion together with notice of the preliminary hearing thereon has been given and served by the Debtor to (1) Counsel for the Office of the United States Trustee, (2) Capital Bank of New Jersey (“Capital Bank”), (3) Counsel for IFIC, (4) the Debtor’s Top Twenty Unsecured Creditors, (5) Taxing Authorities, and (5) the Rule 2002 List of Creditors. The Court, having considered the Motion and any objections thereto, and after due deliberation and good and sufficient cause appearing for the entry of the within order, it is hereby found:

A. **Notice and Hearing.** Notice of the Motion pursuant to Federal Rule of Bankruptcy Procedure 9006(c) for the preliminary hearing on the Debtor’s use of cash collateral has been served in accordance with Section 102(1) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 4001(b), or if by Consent, under Federal Rule of Bankruptcy Procedure 4001(d) which notice is appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules in respect to the relief requested.

B. **Chapter 11 Filed.** Debtor filed its petition under Chapter 11 of the Bankruptcy Code on July 31, 2017 (the “Petition Date”) and is presently operating as a debtor-in-possession in accordance with sections 1107 and 1108 of the Bankruptcy Code.

C. **DIP Financing.** By way of the Motion, the Debtors have sought relief to obtain certain post-petition financing (the “DIP Financing”), and the Court has entered a First Interim Order Authorizing

the Debtor to Obtain Second-Priority Secured Post-Petition Financing (the “Interim DIP Financing Order”) simultaneously herewith.

D. **Cash Collateral.** “Cash Collateral” as defined by Section 363(a) of the Bankruptcy Code includes, but is not limited to, post-petition proceeds, advances under the DIP Financing and any proceeds thereof, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in Section 552(b) and as the term “proceeds” is described in UCC Sections 9-102 and 9-315. Cash Collateral does not include proceeds of projects for which International Fidelity Insurance Company (“IFIC”) has issued a bond, until such bond(s) have been discharged, at which time such proceeds shall constitute Cash Collateral.

E. **Necessity and Best Interest.** The Debtor does not have sufficient unencumbered cash or other assets with which to continue to operate its business in Chapter 11. The Debtor requires immediate authority to use Cash Collateral as defined herein in order to continue its business operations without interruption toward the objective of formulating an effective plan of reorganization. Debtor’s use of Cash Collateral to the extent and on the terms and conditions set forth herein is necessary to avoid immediate and irreparable harm to the estate pending a final hearing. The amount of cash collateral authorized to be used pending a final hearing or entry of a final order is not to exceed the amounts reflected in the Debtor’s budget, annexed hereto as **Exhibit “A”**, for the time period from the **Petition Date through August 16, 2017** (the “Budget”).

Purposes. The Debtor is authorized to use Cash Collateral only for the purposes and in the amounts not to exceed those specified in each line item as indicated in the Budget.

Although statutory fees pursuant to 28 U.S.C. § 1930(a)(6) are not included in this Budget, Cash Collateral may be used to pay statutory fees in subsequent cash collateral orders. For good cause shown,

IT IS on this _____ day of August, 2017,

ORDERED as follows:

1. **Use of Cash Collateral.** The Debtor is authorized to use Cash Collateral through **August 16, 2017** (the “Interim Cash Collateral Period”), solely for the purposes and in the amounts not to exceed those specified in each line item as indicated in the Budget with a variance of ten (10%) percent, and subject to compliance with the further terms and provisions of this Order. .

2. **Adequate Protection.** As adequate protection for use of its cash collateral, Capital Bank is GRANTED:

a. **Replacement Lien.** A replacement perfected security interest under Section 361(2) of the Bankruptcy Code to the extent the Cash Collateral is used by the Debtor, to the extent and validity and with the same priority in the Debtor’s post-petition collateral, including any advances made under the DIP Financing, and proceeds thereof, that Capital Bank held in the Debtor’s pre-petition collateral subject to 28 U.S.C. 1930(a)(6). To the extent any other creditor holds or asserts a lien position in cash collateral, such creditor shall receive a replacement lien to the same extent, priority and validity as it existed prior to the Petition Date. Nothing herein shall affect the rights of any Committee or Trustee to review or challenge any liens.

b. **Statutory Rights Under Section 507(b)**. To the extent the adequate protection provided for hereby proves insufficient to protect Capital Bank's interest in and to the Cash Collateral, it shall have a super-priority administrative expense claim, pursuant to Section 507(b) of the Bankruptcy Code, senior to any and all claims against the Debtor under Section 507(a) of the Bankruptcy Code, whether in this proceeding or in any superseding proceeding, subject to payments due under 28 U.S.C. § 1930(a)(6).

c. **Deemed Perfected**. The replacement liens and security interests granted herein are automatically deemed perfected upon entry of this Order without the necessity of Capital Bank or any party claiming an interest in cash collateral, taking possession, filing financing statements, mortgages or other documents only to the same extent priority and validity as existed pre-petition.

3. **Creditors' Rights of Inspection and Audit and Provision of Financial and other Information**. Upon reasonable notice by Capital Bank or the Official Committee of Unsecured Creditors, should one be appointed, Debtor shall permit such party and any of its agents reasonable and free access to the Debtor's records and place of business during normal business hours to verify the existence, condition and location of Collateral in which said creditor holds a security interest and to audit Debtor's cash receipts and disbursements. At any reasonable time, Debtor shall permit Capital Bank and any of its agents access to inspect the Collateral.

4. **Interlocutory Order and No Modification of Creditor's Adequate Protection**. This is an interlocutory order. Nothing contained herein shall be deemed or construed to (a) limit Capital Bank to the relief granted herein; (b) bar Capital Bank from seeking other and

further relief (including without limitation relief from the terms of this Order) for cause shown on such notice as the Court deems appropriate to the Debtor and other parties-in-interest entitled to notice of same; or (c) require Capital Bank to make any additional advances on any existing loan with the Debtor. The Order may be modified for cause shown by the Debtor, Capital Bank or any other party-in-interest on due notice. No such modification, however, shall deprive any party with an interest in cash collateral of its interest in Debtor's property or any rights granted hereunder.

5. **Compliance with Taxing Authorities.**

Debtor shall remit all required sales, payroll withholding and/or tax deposits or other applicable taxes on a timely basis and provide proof of such tax deposits within three (3) business days of the payment of payroll/wage tax.

Should the Debtor fail to perform any of the conditions set forth above, it shall be considered in default of this agreement. In the event of default, upon written notice to debtor, debtor's counsel, the United States Trustee, and any committee of unsecured creditors if appointed or the top twenty list of unsecured creditors, the debtor shall be prohibited from using Cash Collateral if the default is not cured within five (5) days.

6. **Termination of Use of Cash Collateral**

Any and all rights of the Debtor to use Cash Collateral as set forth in this Order shall terminate immediately upon (i) the Debtors' failure to make any budgeted post-petition payment to Capital Bank, or (ii) upon an Event of Default under the Interim DIP Financing Order. However, in the event of a termination, Capital Bank shall provide written notice to the Debtor, the United States Trustee, a committee of unsecured

creditors if appointed or the top twenty list of unsecured creditors, and shall have five (5) days to cure any such event of termination.

FURTHER INTERIM HEARING ORDER

IT IS FURTHER ORDERED, AND NOTICE IS HEREBY GIVEN

That any creditor or other interested party having any objection to this Interim Order shall file with the Clerk of this Court and serve upon counsel for the Debtor on or before the 14th **day of August, 2017** , at 5:00 p.m., a written objection and shall appear to advocate said objection at a Further Interim Hearing to be held at 2:00 p.m. on the 16th day of August, 2017 in Courtroom 4C, of the United States Bankruptcy Court for the District of New Jersey, Camden, New Jersey. In the event no objections are filed or not advocated at such hearing, then this Order shall continue in full force and effect.

NOTICE OF THE ORDER

IT IS FURTHER ORDERED that the Debtor serve a copy of this Order and Notice by first class mail within three (3) business days from the date hereof, on the following: (1) the United States Trustee, (2) Capital Bank, (3) Counsel for IFIC, (4) Counsel for all Taxing Authorities, (5) Top 20 Unsecured Creditors, and (6) any other interested party. Debtor shall immediately file with the Clerk a Certificate of Service of said mailing.

8/2/2017 13:35	7/28/2017	8/4/2017	8/11/2017	8/18/2017	8/25/2017
Current Cash on Hand	\$ 6,000	\$ 2,890	\$ (11,279)	\$ (28,794)	\$ (49,803)
Contract Income					
Stockholder Loan (Secured)				-	
2065 American Water					
2066 South East Morris County MUA					
TOTAL SOURCES	\$ 6,000	\$ 2,890	\$ (11,279)	\$ (28,794)	\$ (49,803)
Cost of Sale (Direct Job Costs)					
United Rental					
Wistar Equipment					
PPG Paints					
Induron Coatings					
Mr. John					
IWT Transport, Inc					\$ 771
Cherry Scaffold		\$ 625			
RBW Enterprises		\$ 689		\$ 976	
Discover					
Payroll Wages, Taxes, Benefits					
Direct Wages	\$ 1,100	\$ 6,600	\$ 11,000	\$ 11,000	\$ 11,000
Payroll Taxes	\$ 385	\$ 2,500	\$ 3,850	\$ 3,850	\$ 3,850
Prevailing Wage Benefits	\$ -	\$ 1,200	\$ 2,000	\$ 2,000	\$ 2,000
General Administrative Costs					
Payroll Wages, Taxes, Benfits					
Direct Wages	\$ 544	\$ 544	\$ 544	\$ 544	\$ 544
Payroll Taxes	\$ 121	\$ 121	\$ 121	\$ 121	\$ 121
Other Taxes & Compliance		\$ 390		\$ 2,518	
Outside Services	\$ 960				
Legal					
Oxford, Health Benefits					\$ 915
Vineland Electric					
South Jersey Gas					\$ 31
Verizon					\$ 350
Rent, Realestate (Office Warehouse)		\$ 1,500			\$ 1,500
Term Debt					
Capital Bank Acct# 5153 Faster Blaster					
Ally Acct# 0378 2013 Dodge Ram Truck					
Ally Acct#9620 Ford Transit					
GE Capital/Wells Acct#6250 Bobcat Skid Steer					
Capital Bank Acct #6250 Adi Blast Recycling 2 pot					
Ally Acct #9704 2014 Dodge Ram					
Capital Bank Acct#6948 ADI 3500 4-Pot					
TOTAL Cash Outlays	\$ 3,109.95	\$ 14,168.95	\$ 17,514.95	\$ 21,009.43	\$ 21,082.06
Net Operations Cashflow	\$ 2,890	\$ (11,279)	\$ (28,794)	\$ (49,803)	\$ (70,885)