DISTRICT OF OREGON
FILED
May 01, 2017
Clerk, U.S. Bankruptcy Court

Below is an Order of the Court.

THOMAS M. RENN
U.S. Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF OREGON

In re Ameriflex Engineering, LLC, Debtor.	Case No. 17-60837-tmr11 ORDER AUTHORIZING DEBTOR'S FINAL USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION

This matter came before the Court upon Debtor's Stipulated Emergency Motion for Interim Order (1) Authorizing Use of Cash Collateral; (2) Authorizing Grant of Adequate Protection; and (3) Setting Hearing for Final Authority to Use Cash Collateral (the "Motion") requesting first entry of an interim order and then a final order authorizing Debtor to use cash collateral during the pendency of this case. The court having considered the Motion, arguments of counsel, files and records herein, and being fully advised of the premises; now, therefore,

The Court finds as follows:

A. On March 22, 2017 (the "Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Code"). No trustee has been requested or appointed. Debtor is currently operating its business and managing its

FARLEIGH WADA WITT
Attorneys at Law
121 SW Morrison Street, Suite 600
Portland, Oregon 97204-3136
Telephone: (503) 228-6044
Facsimile: (503) 228-1741

property as a debtor-in-possession under Sections 1107 and 1108 of the Code.

B. The Court has jurisdiction over this case under 28 U.S.C. §§ 157 and 1334. Venue of this case is properly in this District under 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. §157(b), 11 U.S.C. §§ 105(a) and 363 of the Code, FRBP 4001 and LBR 4001-1.D.

C. Debtor alleges that Debtor and Pacific Diamond & Precious Metals, Inc. ("Pacific Diamond") entered into a certain Promissory Note Line of Credit and Security Agreement (respectively, "Line of Credit" and "Security Agreement"). The Debtor and Pacific Diamond assert that by virtue of the Security Agreement and UCC-1 Financing Statement filed on December 20, 2013, Pacific Diamond holds a security interest and lien in Debtor's assets including, but not limited to, the Debtor's accounts receivable, cash, goods, inventory, equipment, fixtures, general intangibles, instruments, chattel paper, and certain intellectual property (the "Assets"), and all products, proceeds, rents and profits of the Assets (collectively, the "Cash Collateral"). The Debtor and Pacific Diamond assert that the Cash Collateral meets the definition of "cash collateral" set out in 11 USC § 363(a).

D. On or about March 30, 2017, the Court entered an Order Authorizing Debtors Interim Use of Cash Collateral and Granting Adequate Protection ("Interim Order"). The Interim Order approved the Debtor's use of Cash Collateral through April 26, 2017 consistent with an approved budget ("Interim Budget"). On April 26, 2017, by minute order ("Minute Order"), the court extended the Interim Order through the end of April 2017 pursuant to the budget prepared and circulated by Debtor for that period, as attached hereto as Exhibit A.

E. Debtor asserts that it must use Pacific Diamond's Cash Collateral to assure the continued operation of its business throughout the pendency of this case. Without the use of Cash Collateral, Debtor asserts that it will be unable to meet its current working capital needs; retain the employees necessary to conduct its business; purchase sufficient materials, parts, goods and services needed for operations; meet customer obligations; and attract business.

FARLEIGH WADA WITT
Attorneys at Law
121 SW Morrison Street, Suite 600
Portland, Oregon 97204-3136
Telephone: (503) 228-6044
Facsimile: (503) 228-1741

F. Debtor has prepared a long term budget (the "Budget"), a copy of which is attached hereto as Exhibit B, which sets forth its estimated cash needs for the period from April 27, 2017 to October 31, 2017 (the "Budget Period").

G. Debtor asserts that entry of this Order will minimize disruption of Debtor's business operations and preserve the value of the business. Debtor assets that it will face irreparable and immediate harm if it is not permitted to use Cash Collateral on a final basis, consistent with the Budget, to meet its necessary and ordinary course post-petition operating expenses.

H. This Order does not contain any of the "discouraged provisions" listed in LBF #541.5.

I. To the extent any provision of the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, Local Bankruptcy Rules, or applicable law requires a finding of "cause" for entry of any provision of this Order, such cause exists.

NOW, THEREFORE, it is ORDERED as follows:

A. Authorization for Final Use of Cash Collateral.

1. Debtor is authorized to use Cash Collateral for the purposes specified in the Budget in accordance with the provisions of this Order.

2. Debtor's authority to use the Cash Collateral is limited to the cumulative amounts set forth in the Budget; provided, however, that Debtor's total monthly expenditures may exceed the aggregate monthly budget by up to 10%. Notwithstanding the forgoing, the Debtor may not exceed the budgeted amounts for the following items, without further order from the court: (i) rent, (ii) equipment lease payments to insiders, (iii) corporate officer guaranteed payments.

B. Adequate Protection – 11 USC §§ 361(2), 363(c)(1) - (2).

1. Pacific Diamond is hereby granted a replacement security interest and lien upon all property acquired by the Debtor after the Petition Date of the same type, kind, character

FARLEIGH WADA WITT
Attorneys at Law
121 SW Morrison Street, Suite 600
Portland, Oregon 97204-3136
Telephone: (503) 228-6044
Facsimile: (503) 228-1741

and description as the property in which Pacific Diamond held a lien or security interest on the Petition Date, with the same validity and priority and to the same extent that Pacific Diamond had valid, enforceable liens and security interests prior to the Petition Date (the "Replacement Liens"). The Replacement Liens shall secure Pacific Diamond to the extent necessary to adequately protect Pacific Diamond from any diminution in value of its interests in property of the Debtor's estate as a result of the use of the Cash Collateral authorized by this Order. Nothing in this Order shall be construed to enhance or improve the position of Pacific Diamond or its interest in property of the Debtor as of the petition date.

2. This Order shall be deemed to constitute a security agreement under the applicable provisions of the Uniform Commercial Code ("UCC") in effect in states where the Debtor (a) is domiciled, (b) operates its business, and (c) maintains its principal place of business. The liens and security interests granted by this Order are perfected by operation of law upon entry of this Order by the Court and by the pre-petition recording of a UCC-1 Financing Statement by Pacific Diamond. Pacific Diamond shall not be required to file any additional financing statements or take any other action to perfect the Replacement Liens beyond what it already filed pre-petition.

3. Nothing contained in this Order shall constitute a determination as to the amount, validity or priority of any obligation, security interest or lien. The rights of all parties in interest (including the Debtor) to claim that a lien or security interest in Debtor's property is unperfected, unenforceable, invalid or voidable, is reserved. Furthermore, nothing in this Order shall be construed to convert any pre-petition obligations into post-petition obligations or require payment of any obligations on confirmation of a plan of reorganization.

C. Effectiveness.

4. Unless earlier terminated or extended by further Court order, the Debtor's authorization to use Cash Collateral pursuant to this Order shall expire on the close of business on October 31, 2017 or upon dismissal or conversion of this case; provided, however, that all

FARLEIGH WADA WITT
Attorneys at Law
121 SW Morrison Street, Suite 600
Portland, Oregon 97204-3136
Telephone: (503) 228-6044
Facsimile: (503) 228-1741

rights and interests created or preserved hereunder shall survive such termination.

D. Retroactive Approval of Interim Use of Cash Collateral.

5. The Court grants retroactive approval of Debtor's interim use of cash collateral through April as provided in the Minute Order. Additionally, the Court grants retroactive approval of Debtor's interim use of cash collateral in excess of the approved Interim Budget to pay Debtor's payroll expenses, payroll taxes, workers compensation, and insurance.

# # #

I certify that I have complied with the requirements of LBR 9021-1(a).

PRESENTED BY:

FARLEIGH WADA WITT

By:/s/ Tara J. Schleicher
Tara J. Schleicher, OSB #954021
(503) 228-6044
tschleicher@fwwlaw.com
Of Attorneys for Debtor

FARLEIGH WADA WITT
Attorneys at Law
121 SW Morrison Street, Suite 600
Portland, Oregon 97204-3136
Telephone: (503) 228-6044
Facsimile: (503) 228-1741

RH Aluminum Boats
Profit & Loss
April 2016

	Apr 26 - 28	
Ordinary Income/Expense		
Total Income	112,000.00	
Cost of Goods Sold		
5000 · COGS - Boats		
Total 5000 · COGS - Boats	15,700.00	
5016 · COGS - Deliveries	350.00	
5019 · COGS - Freight	700.00	
6320 · Shop Expenses	400.00	
6322 · Shop Supplies - Paint	300.00	
6323 · Shop Supplies - Paint Supplies	1,200.00	
6235 · Graphics/Decals	120.00	
6321 · Shop Supplies - Other	800.00	
Total COGS	19,220.00	
Gross Profit	92,780.00	
Expense		
Total 6115 · Truck Expense	150.00	
6236 · Meals & Entertainment	32.00	
6241 · Office Supplies	16.00	
6249 · Corp Officer Guaranteed Payment	12,000.00	
6265 · Postage	84.00	
6291 · 1385 Rent	30,788.00	
6325 . Equip. Lease Payments	3,258.00	
6330 · Tax Expense	1,691.00	
6370 · Utilities	8,194.00	
6998 · Outside Engineering	1,700.00	
Total Expense	57,913.00	
Net Ordinary Income	34,867.00	
Other Income/Expense		
Other Expense		
6200 . Interest & LOC Fee	16,500.00	**
7013 - US Trustee fees	325.00	
Total Other Expense	16,825.00	
Net Other Income	-16,825.00	
Net Income	**18,042.00**	

Projected Cash Flow for the Period		
Beginning Cash Balance	$	65,442
Collections- Accounts Receivable	$	-
Cash Out- Expenses	$	(93,958)
Sub-Total	$	(28,516)
Draws on Post-Petition DIP Credit Line	$	125,000
Payments on Post-Petition Credit Line	$	-
Ending Cash	$	96,484
Ending Balance Post-Petition LOC	$	125,000

** $10,000 of this category is the cost of a letter of credit obtained by Camco, LLC for the adequate assurance on assumption of Wells Fargo's flooring agreement - which payment by the debtor will be the subject of a separate notice of intent.

EXHIBIT A
Page 1 of 1

Ameriflex Engineering LLC
Profit & Loss
May through October 2017

		May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	TOTAL
Ordinary Income/Expense								
Total Income		715,000.00	794,000.00	740,000.00	570,000.00	592,000.00	570,000.00	3,981,000.00
Cost of Goods Sold								
Total 5000 · COGS - Boats		182,000.00	196,000.00	200,000.00	134,000.00	194,000.00	157,000.00	1,063,000.00
Total 5016 · COGS - Deliveries		4,100.00	5,400.00	4,100.00	4,300.00	3,300.00	2,800.00	24,000.00
5019 · COGS - Freight		3,900.00	4,300.00	6,800.00	1,500.00	5,300.00	4,700.00	26,500.00
Total - COGS - Motors		248,000.00	257,000.00	235,000.00	179,000.00	138,000.00	138,000.00	1,195,000.00
Total 5050 · COGS - Boat Parts Sales		3,700.00	9,100.00	4,300.00	10,700.00	3,000.00	31,000.00	61,800.00
5060 · COGS - Shop								
6320 · Shop Expenses		4,161.47	1,980.81	1,939.46	2,696.13	2,515.15	2,655.27	15,948.29
6321 · Shop Supplies								
6322 · Shop Supplies - Paint		6,060.44	4,228.62	3,367.64	3,539.88	2,269.51	4,967.07	24,433.16
6323 · Shop Supplies - Paint Supplies		13,677.75	10,690.48	9,331.30	11,492.97	6,623.31	9,311.40	61,127.21
6321 · Shop Supplies - Other		10,242.97	17,692.40	1,678.76	11,702.89	5,967.49	13,215.28	60,499.79
Total 6321 · Shop Supplies		29,981.16	32,611.50	14,377.70	26,735.74	14,860.31	27,493.75	146,060.16
(Note 2)	6061 - COGS - Leased Shop Equip	3,830.00	3,830.00	3,830.00	3,830.00	3,830.00	3,830.00	22,980.00
5070 · COGS - Warranty Repairs		0.00	0.00	0.00	0.00	-2,451.36	747.41	-1,703.95
6235 · Graphics/Decals		1,224.05	2,606.91	2,516.34	3,477.09	469.30	2,637.53	12,931.22
5060 · COGS - Shop - Other		0.00	75.99	0.00	0.00	0.00	0.00	75.99
Total 5060 · COGS - Shop		35,000.00	37,000.00	23,000.00	37,000.00	19,000.00	37,000.00	188,000.00
Total COGS		476,700.00	508,800.00	473,200.00	366,500.00	362,600.00	370,500.00	2,558,300.00
Gross Profit		238,300.00	285,200.00	266,800.00	203,500.00	229,400.00	199,500.00	1,422,700.00
Expense								
6105 · Advertising Expense		755.00	755.00	755.00	755.00	755.00	755.00	4,530.00
(Note 1)	6110 · Attorney's Fees	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00	43,200.00
Total 6115 · Truck Expense		3,400.00	3,400.00	3,400.00	3,400.00	3,400.00	3,400.00	20,400.00
6125 · Bank Service Charges		100.00	100.00	100.00	100.00	100.00	100.00	600.00
6130 · Computer Expenses		350.00	350.00	350.00	350.00	350.00	350.00	2,100.00
6140 · Dues/Publications/Licenses		610.00	610.00	610.00	610.00	610.00	610.00	3,660.00
6190 · Insurance Expense		2,154.00	2,154.00	2,154.00	2,154.00	2,154.00	2,154.00	12,924.00
6193 · Workers Comp - Admin		40.00	40.00	40.00	40.00	40.00	40.00	240.00
6194 · Workers Comp - Production		3,400.00	3,400.00	3,400.00	3,400.00	3,400.00	3,400.00	20,400.00
6220 · Maintenance & Repairs		1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	10,800.00
6230 · Meetings		120.00	120.00	120.00	120.00	120.00	120.00	720.00
6236 · Meals & Entertainment		320.00	320.00	320.00	320.00	320.00	320.00	1,920.00
6241 · Office Supplies		675.00	675.00	675.00	675.00	675.00	675.00	4,050.00
6242 · Health Insurance		2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	16,800.00
(Note 2)	6249 · Corp Officer Guaranteed Payment	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	36,000.00
Total 6250 · Payroll Expenses		110,000.00	165,000.00	110,000.00	110,000.00	110,000.00	110,000.00	715,000.00
6251 · Payroll Tax - Admin		2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	15,600.00
6251A · Payroll Tax - Production		9,200.00	13,800.00	9,200.00	9,200.00	9,200.00	9,200.00	59,800.00

Ameriflex Engineering LLC
Profit & Loss
May through October 2017

		May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	TOTAL
	6252 · Employee Benefits	300.00	300.00	300.00	300.00	300.00	300.00	1,800.00
	6260 · Telephone / Internet Expense	700.00	700.00	700.00	700.00	700.00	700.00	4,200.00
	6265 · Postage	100.00	100.00	100.00	100.00	100.00	100.00	600.00
	6270 . Prof. Fees Non-Bankruptcy	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	15,000.00
(Note 2)	6291 · 1385 Rent	15,400.00	15,400.00	15,400.00	15,400.00	15,400.00	15,400.00	92,400.00
	6325 · Small Tools	150.00	150.00	150.00	150.00	150.00	150.00	900.00
	6330 · Tax Expense	850.00	850.00	850.00	850.00	850.00	850.00	5,100.00
	6333 · Washington Excise Tax	5,700.00	0.00	0.00	5,700.00	0.00	0.00	11,400.00
	Total 6350 · Boat Show Expense	800.00	2,400.00	300.00	4,200.00	2,500.00	1,000.00	11,200.00
	6370 · Utilities	8,200.00	6,500.00	7,300.00	5,600.00	5,800.00	6,000.00	39,400.00
	6997 · Outside Services	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00
	6998 · Outside Engineering	2,800.00	3,400.00	2,600.00	3,200.00	2,900.00	2,200.00	17,100.00
	Total Expense	189,224.00	243,624.00	181,924.00	190,424.00	182,924.00	180,924.00	1,169,044.00
	Net Ordinary Income	49,076.00	41,576.00	84,876.00	13,076.00	46,476.00	18,576.00	253,656.00
	Other Income/Expense							
	Other Income							
	7060 · Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Expense							
	6200 · Interest Expense	2,700.00	2,800.00	2,700.00	2,500.00	2,000.00	1,800.00	14,500.00
	7010 · WF Free Flooring Charges	7,800.00	6,100.00	4,900.00	4,700.00	6,000.00	5,900.00	35,400.00
	7011 · NorthPoint Free Flooring Charge	220.00	195.00	2,200.00	2,000.00	2,400.00	2,100.00	9,115.00
	7012 - Prof Fees/Costs - Bankruptcy	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	7013 - US Trustee Fees	0.00	0.00	6,500.00	0.00	0.00	6,500.00	13,000.00
	Total Other Expense	10,720.00	9,095.00	16,300.00	9,200.00	10,400.00	16,300.00	72,015.00
	Net Other Income	-10,720.00	-9,095.00	-16,300.00	-9,200.00	-10,400.00	-16,300.00	-72,015.00
Net Income		**38,356.00**	**32,481.00**	**68,576.00**	**3,876.00**	**36,076.00**	**2,276.00**	**181,641.00**

Projected Cash Flow for the Period							
Beginning Cash Balance	$ 96,484	$ 109,040	$ 98,221	$ 148,597	$ 155,673	$ 119,949	
Collections- Accounts Receivable	$ 682,000	$ 643,500	$ 714,600	$ 666,000	$ 513,000	$ 532,800	
Cash Out- Expenses (See Note 1)	$ 669,444	$ 754,319	$ 664,224	$ 558,924	$ 548,724	$ 560,524	
Sub-Total	$ 109,040	$ (1,779)	$ 148,597	$ 255,673	$ 119,949	$ 92,225	
Draws on Post-Petition DIP Credit Line	$ -	$ 100,000	$ -	$ -	$ -	$ 50,000	
Payments on Post Petition DIP Credit Line	$ -	$ -	$ -	$ (100,000)	$ -	$ -	
Ending Cash	$ 109,040	$ 98,221	$ 148,597	$ 155,673	$ 119,949	$ 142,225	
Beginning Balance Post- Petition LOC	$ 125,000	$ 125,000	$ 225,000	$ 225,000	$ 125,000	$ 125,000	
Ending Balance Post- Petition LOC	$ 125,000	$ 225,000	$ 225,000	$ 125,000	$ 125,000	$ 175,000	

Ameriflex Engineering LLC
Profit & Loss
May through October 2017

	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	TOTAL

Note 1- General Ledger Acct. 6110 "Attorney Fees" that are being accrued in the Profit & Loss Projection cannot be paid without approval of the Court & creditors were removed from the Cash Out- Expenses in the Cash Flow Budget.

Note 2- General Ledger Acct. 6061 "COGS Leased Shop Equip" & General Ledger Acct. 6249 "Corp Officer Guaranteed Payment" & General Ledger Acct. 1385 "Rent" may not exceed the monthly budget.