



The relief described hereinbelow is SO ORDERED.

Signed May 08, 2018.

*Ronald B. King*  
\_\_\_\_\_  
Ronald B. King  
Chief United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
WACO DIVISION

In re:

C & M AIR COOLED ENGINE,  
INC. ,

Debtor.

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Case No. 18-60249-11

**SECOND INTERIM ORDER AUTHORIZING USE  
OF CASH COLLATERAL AND SETTING FINAL HEARING**

Came on to be considered on April 24, 2018, the second interim hearing, the motion for use of cash collateral (the “*Motion*”) filed by C & M Air Cooled Engine, Inc. (the “*Debtor*” or “*C & M*”), debtor and debtor-in-possession in the above-captioned Chapter 11 case.

The Motion seeks entry of Interim and Final Orders authorizing:

- i. the Debtor’s limited use of cash collateral under section 363 of the Bankruptcy Code pursuant to a budget;
- ii. the Debtor providing adequate protection to Wells Fargo Commercial Distribution

Finance, LLC (“*WFCDF*”), Texas First State Bank and TCF Inventory Finance, Inc. (“*TCFIF*”) regarding their interest in the Debtor’s cash collateral in the form of first priority liens, security interests, and super-priority claims, subject only to the Carve-Out and Permitted Liens (as those terms are defined hereinafter), pursuant to sections 361 and 363(e) of the Bankruptcy Code; and

iii. the setting of a final hearing on the Motion.

The Court has considered the Motion and attached exhibits. Under the emergency circumstances presented, the Court finds that due, proper, and adequate notice of the Motion was given in accordance with Bankruptcy Rule 4001(d). An interim hearing to consider approval of the Motion was held on April 4, 2018 and the Court entered its Interim Order Authorizing Use of Cash Collateral on April 9, 2018 (the “*First Interim Order*”), authorizing the use of cash collateral through April 24, 2018 for imminent cash needs in order to avoid immediate and irreparable harm to the Debtor’s estate. The Court held a second interim hearing on April 24, 2018. The Court has considered the pleadings filed in this Chapter 11 case, the proceedings held before this Court, the argument of counsel, and the testimony and other evidence presented at the second interim hearing. After due deliberation and consideration, the Court finds that good and sufficient cause appears to **GRANT** the Motion on an interim basis under the standards of 11 U.S.C. § 363, and finds that the Debtor and WFCDF have previously stipulated to the following for purposes of the Motion:

A. The Debtor’s Chapter 11 case was commenced by the filing of its voluntary petitions on April 4, 2018 (the “*Petition Date*”). The Debtor is operating its business and

managing its property as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 361, 362, and 363 of the Bankruptcy Code and Bankruptcy Rule 4001(d). Venue of this Chapter 11 case and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The Debtor is engaged in the retail sale of outdoor power equipment with business locations in Texas, New Mexico, and Colorado.

D. Since 2008, WFCDF has provided floor plan financing to the Debtor with which the Debtor acquired inventory from manufacturers for resale to customers, pursuant to the parties' Inventory Financing Agreement dated October 2, 2008 (the "*IFA*"). The original lender under the IFA, GE Commercial Distribution Finance Corporation converted its corporate form from that of a corporation to a limited liability company. On March 1, 2016, GE Commercial Distribution Finance, LLC changed its name to WFCDF. Under the IFA, the Debtor granted to WFCDF a security interest in all of the Debtor's then owned or after acquired accounts, inventory, equipment, fixtures, other goods, general intangibles, chattel paper, deposit accounts, investment property, documents, and all products and proceeds of the foregoing (collectively, the "*Pre-Petition Collateral*"), which included the goods acquired by the Debtor with WFCDF's purchase money financing to be held as inventory (collectively, the "*WFCDF Financed Inventory*"). WFCDF asserts that it duly and properly perfected its security interest in the

Financed Inventory by filing a UCC-1 financing statement describing such property with the Texas Secretary of State's office.

E. The Debtor subsequently defaulted in its loan obligations to WFCDF in or about August, 2017 and WFCDF and the parties and the Debtor's principals, Jerry Mathis and Jeffrey Mathis, entered into a Forbearance Agreement dated August 17, 2017 (the "***Forbearance Agreement***"), pursuant to which the Debtor agreed that it was indebted to WFCDF in the amount of \$1,696,152.71 and executed a Stipulation Regarding Consent [to] Arbitration Award in such amount, subject to certain adjustments for interest and subsequent events. The IFA, the Forbearance Agreement, and the program agreement and transaction statements executed in connection with the loans and advances made under the IFA are collectively referred to herein as the "***WFCDF Pre-petition Loan Agreements***")

F. In or about February 2018, the Debtor defaulted under the terms of the IFA and the Forbearance Agreement by its failure to repay certain advances as and when due. By letter dated March 2, 2018, WFCDF made demand upon the Debtor to pay the "out of trust" balance within seven (7) days, which the Debtor was unable to do. By subsequent letter from WFCDF's counsel dated March 12, 2018, WFCDF confirmed the Debtor's default, terminated the credit facility under the IFA, and accelerated the maturity of the "Obligations" thereunder.

G. As of the Petition Date, the amount of the Debtor's indebtedness to WFCDF under the WFCDF Pre-petition Loan Agreements is alleged by WFCDF to be at least \$1,292,021.25 in unpaid principal and accrued interest of \$11,344.51 as of March 31, 2018, but exclusive of attorneys' fees and expenses (collectively, the "***WFCDF Pre-Petition Indebtedness***").

H. On May 3, 2011, TCFIF entered into an Inventory Security Agreement (“ISA”) with the Debtor. Pursuant to the terms of the ISA, in order to secure the obligations of Debtor to TCFIF, the Debtor granted TCFIF a security interest in assets of Debtor, as more specifically described in the Security Agreement, including the Pre-Petition Collateral. TCFIF filed a UCC-1 financing statement with the Texas Secretary of State’s office on April 30, 1999 (originally Textron Financial Corporation and assigned to TCFIF), covering “All equipment and inventory, wherever located, in which Debtor now or hereafter has rights, financed or refinanced by Secured Party for Debtor, including, but not limited to, Golf cars and Utility Vehicles; all present and future attachments, accessories and accessions thereto; all spare parts, replacements, substitutions and exchanges therefore; all trade-ins relating thereto; all instruments, accounts and chattel paper arising therefore (including leases and conditional sales contracts); and the proceeds from all of the foregoing, including proceeds in the form of goods, accounts chattel paper, documents, instruments and/or general intangibles.” TCFIF filed another UCC-1 financing statement with the Texas Secretary of State on June 14, 2011, covering “All of Debtor’s rights, title and interest in the following property, including without limitation property and interests now or hereafter existing, owned, licensed, leased, consigned, acquired or arising, whether in tangible or intangible form, and wherever, located: all equipment and inventory in which Debtor now or hereafter has rights, financed or refinanced, in whole or part by Secured Party for Debtor; all accounts, chattel paper, inventory, equipment, instruments, investment property, documents, deposit accounts, promissory notes, letter of credit rights, general intangibles, payment intangibles, and cash relating thereto; together with all present and future attachments, additions, accessories, accessions, spare parts, replacements substitutions

exchanges, trade-ins, repossessions, and returns relating thereto; all credits, discounts, rebates, price protection payments, incentive payments, factory holdbacks and any other amounts owing to Debtor at any time from any entity from which Debtor has purchased inventory or other property; insurance payable by reason of loss or damage thereto; and all cash and non-cash proceeds and products of all of the foregoing, including, without limitation, proceeds in the form of goods, future accounts, cash, accounts receivables, rental contracts, contract rights, issues, profits, rents, chattel paper, documents, instruments, insurance payable and/or general intangibles; any books and records (whether paper, electronic, digitized or otherwise) which relate to any of the foregoing.” TCFIF financed the Debtor’s acquisition of new and used inventory to be held for sale in the ordinary course of Debtor’s business (the “***TCFIF Financed Inventory***”). TCFIF claims a purchase money security interest in the TCFIF Financed Inventory. As of April 23, 2018, the outstanding obligations owed to TCFIF by Debtor is alleged by TCFIF to be \$1,334,784.48, plus accrued interest (the “***TCFIF Pre-Petition Indebtedness***”).

I. The Debtor’s records indicate that Texas First State Bank is a secured creditor with an indebtedness of approximately \$2,177,330.27 and claims a lien on substantially all of the Debtor’s assets.

¶ The aggregate amount of the WFCDF Pre-Petition Indebtedness and the Texas First State Bank and TCF Inventory Finance Pre-Petition Indebtedness is collectively referred to herein as the “***Pre-Petition Indebtedness***.”

J. “Cash Collateral,” as that term is used herein, includes, without limitation, all of the pre-petition and post-petition proceeds in the form of cash, currency, drafts, electronic fund transfers and debits, checks, drafts and other or cash-equivalents derived from or in connection

with, the Collateral. Pursuant to their respective Pre-Petition Loan Agreements, WFCDF and Texas First State Bank and TCF Inventory Finance (collectively, the “*Secured Creditors*”) each assert a perfected security interest in the Pre-petition Collateral and the Cash Collateral to secure all of their respective Pre-Petition Indebtedness.

K. The Debtor’s business operations require further use of Cash Collateral on an interim basis; Debtor’s access to sufficient working capital and liquidity is vital to the preservation and maintenance of the value of the Debtor’s assets. Without access to its Cash Collateral, Debtor will not be able to meet imminent cash needs, including rent, payroll, utilities and purchase of emergency needs and maintaining the going concern value of its assets and business. Thus, the Debtor’s estate will suffer immediate and irreparable harm, including likely cessation of operations and liquidation, without use of Cash Collateral, which will harm the estate and its creditors. A budget (the “*Budget*”) setting forth the particular imminent expenses anticipated by the Debtor is attached hereto as Exhibit A.

L. Notice of the emergency interim hearing on the Motion and a draft copy of this Interim Order have been provided to: (i) the U.S. Trustee; (ii) WFCDF and Texas First State Bank and TCF Inventory Finance, their respective counsel; (iii) all parties requesting notice in this Chapter 11 case, and (iv) the twenty (20) largest unsecured creditors (collectively, the “*Notice Parties*”). In view of the relief requested, such notice constitutes sufficient notice under Bankruptcy Rule 4001(d) and applicable local rules regarding interim relief. No other notice is necessary under the circumstances.

**THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. Motion Granted on Interim Basis. The Motion is granted on an interim basis as set forth herein. Any objections thereto that have not previously been withdrawn are hereby overruled, subject to such objectors' right to appear and object at the final hearing on the Motion.

2. Authority to Use Cash Collateral. Other than the Cash Collateral required to be segregated and necessary to pay Secured Creditors and PNC as required in paragraph 5, the Debtor is immediately authorized to use Cash Collateral to pay the Debtor's business expenses in accordance with the Budget, until the earlier to occur of (a) the conclusion of the final hearing on the Motion, or (b) May 18, 2018.

3. Deposit; Limitation on Use of Proceeds. The Debtor shall promptly deposit all collections of Cash Collateral into its debtor-in-possession bank account. The Debtor or any other party shall not use any portion of the proceeds of the Cash Collateral to fund acquisitions, capital expenditures, capital leases, or other transactions not in the ordinary course of the Debtor's business other than as specifically set forth in the Budget or as agreed to by the Secured Creditors.

4. Limitations on Certain Payments. Unless specifically authorized by a subsequent order of this Court after notice and hearing, the Debtor shall not make any payments from Cash Collateral other than those set forth in the Budget or following written consent of the Secured Creditors. In particular, and not by way of limitation, the Debtor shall not make any payment of Cash Collateral (i) to any holder of an allowed claim under or pursuant to Section 503(b)(9) of the Bankruptcy Code, (ii) to any of Debtor's unsecured creditors on account of claims arising prior to the Petition Date, including without limitation, payments in satisfaction of unpaid suppliers' reclamation claims concerning goods delivered to the Debtor before the



Petition Date (regardless of whether such claims are granted administrative expense priority status under Section 546(c) of the Bankruptcy Code), prior to confirmation of any plan of reorganization or plan of liquidation, except for payments specifically authorized by the Court, including employee wages, or (iii) to or for the benefit of, any of its “affiliates” (as defined in section 101 of the Bankruptcy Code) unless such payments are specifically authorized by the Bankruptcy Court.

5. Required Remittances. As adequate protection for the interests of the Secured Creditors, the Debtor shall timely make the following payments

a. With respect to WFCDF, upon the sale of any WFCDF Financed Inventory or the receipt of proceeds therefrom, the Debtor shall segregate and hold in trust for WFCDF the amount of such proceeds equal to the amount financed by WFCDF for the acquisition thereof and accrued interest thereon (collectively, the “*WFCDF Payoff Amount*”) and, not later than the first business day of each week, remit to WFCDF via wire transfer the WFCDF Payoff Amount for all collections during the preceding week.

b. With respect to TCFIF, upon the pre- or post-petition sale of any inventory financed by TCFIF or the receipt of proceeds from any pre- or post-petition sale of any inventory financed by TCFIF, the Debtor shall segregate and hold in trust for TCFIF the amount of such proceeds equal to the amount financed by TCFIF for the acquisition thereof and accrued interest thereon (the “*TCFIF Payoff Amount*”) and, not later than the first business day of each week, remit to TCFIF via wire transfer the TCFIF Payoff Amount for all collection during the preceding week.

c. The Debtor shall make an adequate protection payment to Texas

First Bank in the amount of \$15,000.00 on or before May 1, 2018.

d. With respect to PNC Equipment Finance, LLC ("**PNC**"), upon the pre- or post-petition sale of any "End of Term Equipment" as defined in the Debtor's vendor operating agreement with PNC or the receipt of proceeds from any pre- or post-petition sale of any End of Term Equipment owned by PNC, the Debtor shall segregate and hold in trust for PNC the amount of such proceeds equal to PNC's "booked residual amount" (the "**PNC Residual Amount**") and, not later than the first business day of each week, remit to PNC via wire transfer the PNC Residual Amount for all collection during the preceding week.

6. Events of Default. The following shall constitute events of default under this Order (each an "**Event of Default**"):

a. The Debtor fails to comply with any requirement of this Order and fails to bring itself into compliance within five (5) days following transmission of written notice of default from any of the Secured Creditors;

b. The Debtor uses, spends, or transfers any Cash Collateral more than 10% in excess of the amounts permitted under the Budget, on a cumulative basis, or uses Cash Collateral for purposes not specifically authorized under the Budget;

c. An order is entered that provides for the conversion of the Debtor's case to chapter 7;

d. An order is entered that provides for the appointment of a chapter 11 trustee or examiner; however, this provision is subject to a request for relief, or

e. The Debtor permits adequate loss insurance on the Pre-Petition Collateral or the Post-Petition Collateral (as defined below) to lapse.

Upon occurrence of an Event of Default, the Debtor's authority to use Cash Collateral shall cease immediately pending further order of the Court.

7. Keeping Secured Creditors and the UST Informed. The Debtor shall provide reasonable information and documentation to the Secured Creditors and the UST, promptly upon request, regarding the Debtor's collections of Cash Collateral, expenditures, and cash balances on hand.

8. Grant of Post-Petition Liens; Adequate Protection. Upon entry of this Order, as adequate protection for any dissipation of Cash Collateral or diminution in the value of the Pre-Petition Collateral caused by the Debtor's use of Cash Collateral or the effect of the automatic stay in the Debtor's case (the amount of such diminution is hereafter referred to as the "**Adequate Protection Amount**") (without prejudice to creditors' right to request other forms of adequate protection), the Secured Creditors are each hereby granted valid, binding, enforceable and fully perfected first priority liens (collectively, the "**Post-Petition Liens**") retroactive to the date of entry of the First Interim Order), with the same priority as each such creditor enjoyed immediately prior to the filing of the Debtor's petition for bankruptcy relief (provided, however, that the Secured Creditors shall have a lien that is first and paramount in priority on any inventory or other goods that they finance for the Debtor's acquisition post-petition), on:

(a) all of the Debtor's post-petition assets created or acquired on and after the Petition Date, including without limitation: property and interests of any nature whatsoever—real and personal, tangible and intangible, accounts receivable, inventory,

rolling stock, machinery, equipment, chattel paper, documents, instruments, deposit accounts, general intangibles, contract rights, and tax refunds, and the proceeds and products of the foregoing (collectively, the “*Post-Petition Collateral*”) (but excluding the Debtor’s actions for preferences, fraudulent conveyances, and other avoidance power claims and recoveries under sections 544, 547, 548, 550 (other than for turnover actions) and 553 of the Bankruptcy Code and all proceeds thereof (collectively, the “*Avoidance Actions*”).

The Post-Petition Liens granted hereby are replacement liens for the diminution of the Pre-Petition Liens.

9. Section 551 Issues. The Post-Petition Liens granted in this Order shall not be subject to any lien or security interest which is avoided and preserved for the benefit of the Debtor’s estate under section 551 of the Bankruptcy Code.

10. Super-Priority Administrative Expense Claim. The Secured Creditors have requested adequate protection and a superpriority administrative expense claim under section 507(b) for the Adequate Protection Amount, however the U.S. Trustee has requested that this issue be reserved for the final hearing, at which time the Court may grant such relief retroactive to the date of the First Interim Order.

11. Carve-Out. WFCDF’s liens, security interests and super-priority claims granted under this Order shall be subject to the following limited and narrow carve-outs (collectively, the “*Carve-Out*”): (a) any unused pre-petition retainer held by Debtor’s counsel to the extent of such counsel’s unpaid fees and expenses that are allowed by the Court; provided that the final cash collateral order may include professional fees as a budgeted item; (b) fees required to be

paid under 28 U.S.C. § 1930(a)(6) or to the Clerk of the Bankruptcy Court; and (c) if this Chapter 11 case is converted to Chapter 7, there shall be a separate aggregate carve-out of \$10,000 that may be used for reasonable, approved fees and expenses of a Chapter 7 trustee; provided that nothing herein shall be deemed as a waiver of the Secured Creditors' rights to object to any requests for allowance of the foregoing fees or expenses. The Carve-Out shall not be available to pay any other claims that are, or may be, senior to or *pari passu* with the Carve-Out, or any chapter 7 or chapter 11 trustee's professional fees and expenses, nor any fees and/or disbursements of any bankruptcy professionals incurred concerning or related to the filing or prosecution of any claims or proceedings of any kind against the Secured Creditors or their respective officers, directors, and employees without further order of the Court.

12. Surcharge. Unless the Court shall order otherwise in its final order on the Motion, none of the Collateral or the Secured Creditors shall be subject to surcharge, other than for the Carve-Out, pursuant to sections 506(c) of the Bankruptcy Code or otherwise, by the Debtor or any other party-in-interest without the Secured Creditors' prior written consent, and no consent to a charge against the Post-Petition Collateral or the Pre-Petition Collateral under sections 506(c), 552(b), 105(a), or any other section of the Bankruptcy Code shall be implied from any action, inaction or acquiescence by the Secured Creditors.

13. Insurance. The Debtor shall maintain adequate and comprehensive loss insurance on the Collateral in at least the amount of the Pre-Petition Indebtedness. Upon entry of this Order, each of the Secured Creditors shall be, and shall be deemed to be, without any further action or notice, named as additional insured and loss payee on each insurance policy maintained by the Debtor which in any way relates to the Collateral. The Debtor is authorized and directed

to take any actions necessary to have the Secured Creditors added as additional insureds and loss payees on each insurance policy, as their interests may appear. The UST is required to be added as a loss payee on each insurance policy. To the extent that the Debtor receives any proceeds of insurance for the Collateral, Debtor shall promptly deposit such proceeds into its debtor-in-possession account which shall be treated as Cash Collateral (subject to the rights of holders of Permitted Liens).

14. Further Documentation; Cooperation. The Debtor shall execute and deliver to the Secured Creditors all such agreements, financing statements, instruments and other documents as the Secured Creditors may request to evidence, confirm, validate, or perfect the Post-Petition Liens granted by this Order. All Post-Petition Liens granted herein to secure repayment of the Adequate Protection Amount shall be, and they hereby are, deemed perfected upon entry hereof. No further notice, filing or other act shall be required to effect such perfection. Provided, however, that if the Secured Creditors choose, in their sole discretion, to file such mortgages, financing statements, notices of liens and security interests, and other similar documents, all such mortgages, financing statements, notices of liens and security interests, or similar instruments: (i) shall be deemed to have been filed or recorded on the date of entry hereof; and (ii) no defect in any such act shall affect or impair the validity, perfection and enforceability of the liens granted herein. The Debtor is directed to provide reasonable access to the Secured Creditors to inspect or appraise the Collateral from time to time, and to tender to the Secured Creditors such reports on the Collateral, Debtor's income and expenses, and a comparison of its actual income and expenses versus Budget, as the Secured Creditors may periodically reasonably request. The

Debtor shall be responsible for reimbursement of reasonable inspection or appraisal fees and expenses of the Secured Creditors.

15. Successors and Assigns. The provisions of this Order shall be binding upon and inure to the benefit of the Debtor, the Secured Creditors, their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereafter appointed or elected for the Debtor's estate, any examiner appointed pursuant to section 1104 of the Bankruptcy Code, and any other fiduciary later appointed as legal representative of the Debtor or the property of the Debtor's estate).

16. Investigation Deadline. The Final Order on the Motion may contain a final bar date for any objection of the Debtor's estate concerning the validity, extent, perfection, or priority of the Secured Creditors' security interests in the Pre-Petition Collateral, or any offensive claims against the Secured Creditors and their officers, employees and agents.

17. Immediate Effect. This Order shall take effect immediately upon entry hereof, notwithstanding the possible or potential application of Federal Rules of Bankruptcy Procedure 6004(g), 7062, 9014, or otherwise, and the Clerk of the Court is hereby directed to enter this Order on the Court's docket in this case.

18. Findings of Fact, etc. This Order shall constitute preliminary findings of fact and conclusions of law pending entry of a Final Order and shall take effect immediately upon execution hereof.

20. Notice and Hearing. **A final hearing on the Motion is scheduled for May 15, 2018 at 2:00 p.m. (the "Final Hearing") at the United States Courthouse located at 800 Franklin Avenue, Waco, Texas 76701. A copy of this Interim Order and Notice of the**

Hearing will be served by the Debtor on the Notice Parties, any other secured creditor of Debtor, and any party requesting notice, within 48 hours of its entry. Any objection must be filed and served (service by email is permitted) so that it is received by counsel for Debtor (Steve Sather, Barron & Newburger, P.C., 7320 N. MoPac Expwy., Suite 400, Austin, TX 78731, fax (512) 476-9253), for WFCDF (Larry Chek, Palmer & Manuel, PLLC, 8350 N. Central Expressway, Dallas, TX 75206, fax 214-265-1950) and Brian W. Hockett, Thompson, LLP, One US Bank Plaza, St. Louis, MO 63101, fax (314) 552-7000 not later than 3 business days before the Final Hearing.

### END OF ORDER ###

AGREED AS TO FORM ONLY:

[signatures of counsel follow]

**PALMER & MANUEL, PLLC**

By: /s/ Larry Chek  
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ATTORNEYS FOR WELLS FARGO COMMERCIAL DISTRIBUTION FINANCE, LLC.

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**SECOND INTERIM ORDER – Page 16**

11399/2nd Interim CC Order/Pleadings



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ATTORNEYS FOR THE DEBTOR AND DEBTOR-IN-POSSESSION

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ATTORNEYS FOR PNC

**Exhibit A (Budget)**

**C&M Air Cooled Engines, Inc.**

**Cash flow projection  
Through May 15, 2018**

All Projections are ESTIMATED

24-Apr-18

Revised Cash Flow Forecast			
For Weeks Ending:			
4/19-4/27	4-May	11-May	15-May
Budget	Budget	Budget	Budget

Beginning Balance - Cash	303,745	217,508	197,300	285,340
Cash Transfers to Fund DIP account				

AR collection deposits	135,000	116,000	154,482	100,000
Cash /CC sale collections	8,260	8,260	8,260	8,260
Credit Card Collections in Texas First Account	29,900	29,901	29,902	29,903

**Projected Sales:**

Cash  
New Sales

<b>Total Cash Inflows</b>	<b>173,160</b>	<b>154,161</b>	<b>192,644</b>	<b>138,163</b>
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**Expenses:**

Inventory purchases

Cash

TCF/Wells floorplan

Cost of Projected Sales

Payroll		52,000		72,000
Payroll Tax	17,833		18,500	
Management Fee	4,800	6,000	6,000	6,000
Cost of Sales for Cash and Credit Card Sales	11,448	11,448	11,449	11,449
TCF paydowns release price (See Note 6)	155,622	24,556		79,356
Wells paydowns release price	5,437	12,157		
Texas First Payment		15,000		
Advertising	4,000	4,000	4,000	4,000
Insurance (health, all other)	13,594	9,019		
Employee expenses (bus travel, meals, hotel)	5,000	2,000	15,000	2,000
Utilities	5,000	4,000	5,000	4,000
Rent		15,615	4,200	
Colorado WH				1,850
Texas Sales Tax				
Colorado Sales/City Tax				
New Mexico Sales/WH Tax				
Texas Battery Tax				
Mclennan county registration			100	
Freight	500		2,500	
Supplies	400	400	2,600	
Postage & office	850		1,600	
Auto Gas & oil	3,500		18,000	
Repairs	1,500		3,000	
Dues & Subsc	100	100	300	100

Credit Card fees	20	5,500		
Computer maint	1,850		1,850	
Expendible tools	250		400	
bank charges	40			
Vehicle licenses	300		700	
Legal & Accounting	2,250	5,000	5,000	2,250
Miscellaneous	1,000	1,000	1,000	1,000
Contract Labor		3,000		
Shows/Seminars/Sponsorships			2,000	
Franchise Tax - TX				3,400
Property Taxes			-	
Vehicle Note Payments (18 vehicles)	22,718			
Agency Checks (Child support etc)		2,169		2,169
US Trustee Fees	1,405	1,405	1,405	1,405
<b>Total Expenses</b>	<b>259,397</b>	<b>174,369</b>	<b>104,604</b>	<b>190,979</b>
<b>Net Cash Flow</b>	<b>(86,237)</b>	<b>(20,208)</b>	<b>88,040</b>	<b>(52,816)</b>
Ending Balance Cash	217,508	197,300	285,340	232,524

**Note 1: The Items Highlighted in Tan were moved into previous periods for accuracy**

**Note 2: Reserve for Vacation and Sick Pay - \$52,329 needs to be provided for**

**Note 3: TCF Inventory Payment of \$9,980 was made on April 18 but not posted to bank account until April 19**