

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

In re:)
)
)
8133 LEESBURG PIKE, LLC,) Case No. 18-10432-BFK
)
Debtor in possession.) (Chapter 11)
)

**ORDER GRANTING MOTION FOR ENTRY OF ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 364(b)(1) AND FED. R. BANKR. P. 2002, 4001 AND 9014 AUTHORIZING
DEBTOR TO OBTAIN UNSECURED POSTPETITION FINANCING**

Upon consideration of 8133 Leesburg Pike, LLC's Motion for Entry of Order Pursuant to 11 U.S.C. §§ 105 and 364(b)(1) and Fed. R. Bankr. P. 2002, 4001 and 9014 Authorizing Debtor to Obtain Unsecured Postpetition Financing¹ (the "Motion") [Docket No. 36]; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the relief requested in the Motion constituting a core proceeding under 28 U.S.C. §157(b); and venue being proper before this Court under 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the necessary parties; and it appearing that no other or further notice need be provided; and a hearing having been held on March 20, 2018, to consider the relief requested in the Motion (the "Hearing"); and upon the record of the Hearing and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtor, its creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just and sufficient cause for the relief granted herein, the Court finds as follows:

¹ All capitalized terms not otherwise defined herein, shall have the meanings given to them in the Motion.

Stephen E. Leach (Va. Bar No. 20601)
Kristen E. Burgers (Va. Bar No. 67997)
HIRSCHLER FLEISCHER
8270 Greensboro Drive, Suite 700
Tysons, Virginia 22102
sleach@hf-law.com
kburgers@hf-law.com
(703) 584-8900
Proposed Counsel for the Debtor

A. On February 6, 2018 (the “Petition Date”), the Debtor filed with this Court a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

B. The Debtor is entitled to possession of its property and to operate and manage its business as a debtor in possession under Bankruptcy Code sections 1107(a) and 1108. No trustee or official creditors’ committee has been appointed in this case.

C. The Court has jurisdiction over the Motion, and over the persons and property affected by the Motion under 28 U.S.C. §§ 157 and 1334. The matters raised in the Motion are a core proceeding under 28 U.S.C. § 157(b)(2)(M). Venue of the Debtor’s case is proper in this Court under 28 U.S.C. §§ 1408 and 1409.

D. The Debtor provided notice of this Motion to (i) the Office of the U.S. Trustee, (ii) the Securities and Exchange Commission; (iii) counsel for United Bank as successor by merger to Cardinal; (iv) counsel for KKM Ventures, LLC; (v) all creditors on the creditor matrix; (vi) all taxing authorities; and (vii) any party which has formally appeared in this case and requested service.

E. The Debtor is the owner of real property improved by a nine-story, 148,482 square foot commercial office building located at 8133 Leesburg Pike, Vienna, Virginia 22182 (the “Office Building”).

F. United Bank holds perfected first and second priority liens on substantially all of the Debtor’s assets, including, among other things, the Office Building, and the rents generated by the Office Building (the “Rents”).

G. KKM Ventures, LLC (“KKM” and together with United Bank, the “Secured Creditors”) holds a perfected third priority lien on the Rents, among other things, pursuant to various loan documents.

H. The rents generated by the Office Building and other property of the Debtor constitute the cash collateral (the “Cash Collateral”) of United Bank and KKM. The Debtor is currently seeking authority to use the Cash Collateral pursuant to a budget (the “Cash Collateral Budget,” a copy of which is attached to the Motion as Exhibit B).

I. The Rents generated by the Office Building are insufficient to cover all of the Office Building’s operating expenses, on-going tenant improvement work, interest payments to United Bank, and other obligations as set forth in the Cash Collateral Budget. Accordingly, the Debtor requires the post-petition funding sought through the Motion.

J. The Debtor’s ability to fund its operations is essential to the Debtor’s continued viability as the Debtor seeks to maximize the value of its assets for the benefit of all creditors of the Debtor.

K. The Debtor has requested, and Jefferson-Marumsco 2, LLC (the “Lender”), is willing to make the \$300,000 unsecured DIP Loan on the terms and conditions set forth in the Note, attached as Exhibit A to the Motion. The Debtor does not believe it can procure its necessary post-petition financing on terms more favorable than the financing offered by the Lender.

L. The terms of the DIP Loan are (i) fair and reasonable, (ii) reflect the Debtor’s prudent business judgment consistent with its fiduciary duties, (iii) constitute reasonably equivalent value and fair consideration; and (iv) are essential and appropriate for the continued operation and management of the Debtor’s business and the preservation of the Property. Entry of this Order is in the best interests of the Debtor and its estate and creditors.

M. The terms and conditions of the DIP Loan have been negotiated in good faith and at arms’ length by and between the Debtor, on one hand, and Lender on the other hand. Any credit extended under the terms of the DIP Loan should be deemed to have been extended in good faith by Lender as that

term is used in section 364(e) of the Bankruptcy Code and in reliance upon the protections of section 364(e).

N. Good and sufficient cause has been shown to justify the grant of relief requested in the form of this order (the “Order”).

Based upon the foregoing, it is hereby **ORDERED** that:

1. The Motion is GRANTED and the Debtor is authorized to obtain and use the DIP Loan to fund its postpetition operations and satisfy its obligations under the Cash Collateral Budget.

2. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms as in the Motion.

3. The DIP Loan shall be advanced on an unsecured basis but shall be allowable as an administrative expense in this case under section 503(b)(1) of the Bankruptcy Code.

4. Any credit extended under the terms of the DIP Loan is hereby deemed to have been extended in good faith by Lender as that term is used in section 364(e) of the Bankruptcy Code and in reliance upon the protections of section 364(e).

5. In the event any of the provisions of this Order are hereafter reversed, stayed, modified, amended, or vacated by a subsequent order of the Court or any other court, such reversal, stay, modification, amendment, or vacation shall not affect the validity of any right or obligation arising under this Order prior to the effective date of such modification, amendment or vacation, and such right or obligation shall be governed in all respects by the provisions of this Order.

6. This Order and the use of DIP Loan authorized herein shall become effective immediately upon authorization and approval by the Court.

Dated: Mar 22 2018

/s/ Brian F. Kenney

United States Bankruptcy Judge

Entered on Docket: March 22, 2018

We ask for this:

/s/ Stephen E. Leach

Stephen E. Leach (Va. Bar No. 20601)
Kristen E. Burgers (Va. Bar No. 67997)
HIRSCHLER FLEISCHER
8270 Greensboro Drive, Suite 700
Tysons, Virginia 22102
Telephone: (703) 584-8900
sleach@hf-law.com
kburgers@hf-law.com

Copies to:

Stephen E. Leach
Kristen E. Burgers
Hirschler Fleischer
8270 Greensboro Drive, Suite 700
Tysons, Virginia 22102

Jack I. Frankel
Office of the United States Trustee
115 South Union Street, Suite 210
Alexandria, Virginia 22314

Michael G. Gallerizzo
Lisa B. Tancredi
Gebhardt & Smith LLP
One South Street, Suite 2200
Baltimore, Maryland 21202-3281
Counsel for United Bank

Kevin M. O'Donnell
Henry & O'Donnell, P.C.
300 N. Washington Street, Suite 204
Alexandria, Virginia 22314
Counsel for KKM Ventures, LLC

LOCAL RULE 9022-1(C) CERTIFICATION

I hereby certify that this form of order has been served upon all necessary parties pursuant to Local Bankruptcy Rule 9022-1(C).

/s/ Stephen E. Leach
Stephen E. Leach

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