

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

Case No. 04-31444

Helical Dynamics, Inc.,

Debtor.

**NOTICE OF MOTION FOR EXPEDITED
HEARING AND MOTION FOR APPROVAL
OF DEBTOR-IN-POSSESSION FINANCING**

Chapter 11 Case.

**TO: THE DEBTOR, THE UNITED STATES TRUSTEE, AND OTHER PARTIES IN
INTEREST AS SPECIFIED IN LOCAL RULE 9013.3.**

1. Helical Dynamics, Inc., (hereinafter referred to as "Debtor"), the Debtor-In-Possession in the above-referenced proceeding, moves the Court for expedited relief and gives notice of hearing.

2. The Court will hold a hearing on the Debtor's motions at 10:00 a.m. on Monday, September 20, 2004, in Courtroom No. 228B, United States Courthouse, 316 North Robert Street, St. Paul, MN 55101, or as soon thereafter as counsel can be heard. The Court will hold a final hearing at 11:30 a.m., on Monday, October 4, 2004, in Courtroom No. 228B, United States Courthouse, 316 North Robert Street, St. Paul, MN 55101, or as soon thereafter as counsel can be heard.

3. The Debtor is requesting the Court to approve this Motion on an expedited basis. THE COURT MAY ALSO GRANT THE DEBTOR'S MOTIONS, INCLUDING FINAL APPROVAL OF THE POST PETITION FINANCING BETWEEN THE DEBTOR AND MOEN LEUER CONSTRUCTION, INC. WITHOUT A FURTHER HEARING UNLESS AN APPROPRIATE OBJECTION IS INTERPOSED IN ACCORDANCE WITH THE RULES.

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This is a core proceeding. The case is now pending in this Court, having been filed on March 11, 2004.

5. This motion arises under 11 U.S.C. §364, Bankruptcy Rule 4001-B and Local Rule 4001-2. The Debtor seeks an expedited hearing on its motion to obtain post petition financing pursuant to §§364(c)(1) and (2) of the Bankruptcy Code.

6. Debtor is in receipt of various purchase orders from General Motors Corporation, Daimler Chrysler Corporation and American Axle Corporation. The total of these purchase orders is \$427,282.00. The Debtor proposes to borrow money from Moen Leuer Construction, Inc. based on the purchase orders received in the proposed loan total of \$255,005.00. The Debtor will utilize the sums borrowed to acquire material and pay operating expenses. The Debtor does not have sufficient capital to permit it to perform under the purchase orders without obtaining the financing described herein. The Debtor is unable to obtain credit on either a secured or unsecured basis from any entity other than Moen Leuer Construction, Inc. The purchase orders are not attached to this Motion but are available from counsel for the Debtor upon request. The proposed expenditures by the Debtor are attached on a summary basis to this Motion as Exhibit A.

7. As set forth in earlier pleadings filed by the Debtor, the Debtor's assets are subject to liens in favor of Expert Financial Services, Inc. d/b/a Expert Leasing Company, the Minnesota Department of Revenue, the Internal Revenue Service, the United States of America Small Business Administration and GCI Capital, Inc. The Debtor is currently making adequate protection payments to these creditors, with the exception of Expert Leasing Company. Expert Leasing Company is presently financing, on a separate basis,

a contract between the debtor and Daimler Chrysler Corporation.

8. Pursuant to applicable rules, the Debtor reserves the right to call employees and officers of the Debtor in support of this motion.

9. The Debtor will grant a first lien and security interest on the purchase orders referenced in this Motion, together with the accounts receivable generated from said purchase order. The Debtor additionally proposes to grant to Moen Leuer Construction, Inc. priority administrative expense status pursuant to 11 U.S.C. §364(c)(1), which priority expense status will have priority over all administrative expenses in the case with the exception of fees payable to the U.S. Trustee's office pursuant to 28 U.S.C. §1930. The Debtor's proposed borrowing from Moen Leuer Construction, Inc. is on a secured basis. The Debtor proposes to grant to Moen Leuer Construction, Inc. a first lien and security on the contracts referenced in this Motion, together with the accounts receivable generated from the contracts described herein, which lien will be superior to any lien held by Expert Financial Services, Inc. and any other creditor in the Debtor's case.

10. In the event the Debtor is unable to obtain approval for this financing, the Debtor will not be able to pay its overhead and operating expenses and will not be able to carry on its business. Cause therefore exists to grant the Debtor's Motion.

WHEREFORE, the Debtor, through its undersigned attorney, respectfully moves the Court for an Order granting the Debtor's Motion for expedited relief, granting the Debtor's Motion authorizing it to enter into post-petition financing with Moen Leuer Construction, Inc., and authorizing the Debtor to grant the liens described herein.

Date: September 15, 2004.

/e/ Steven B. Nosek

Steven B. Nosek, #79960

Attorney for Debtor

701 Fourth Avenue South, Suite 300

Minneapolis, MN 55415

(612) 335-9171

ATTORNEY FOR DEBTOR

DISBURSEMENTS OF \$255,005.53

1.	Flanders Filters	\$6,154.98
2.	Lakeland Engineering	\$2,218.92
3.	Industrial Stainless (Ryerson-Tull)	\$38,660.00
4.	United electric	\$26,199.00
5.	Stampings of Minnesota	\$33,125.00
6.	Straub Metal	\$17,075.00
7.	Industrial Supply	\$5,000.00
8.	Hardware & Misc.	\$15,000.00
9.	GCI Payment	\$14,352.00
10.	Payroll	\$22,000.00
11.	Attorney Fees	\$10,000.00
12.	Pay Temporary Employees	\$5,000.00
13.	Freight Charge	\$5,000.00
14.	Monthly Operating Expenses	<u>\$77,220.63</u>
		<u>\$255,005.53</u>

Exhibit A

VERIFICATION

Walter Diachuk, President of the Debtor named in the foregoing pleading, declares under penalty of perjury that the foregoing pleading is true and correct according to the best of my knowledge, information and belief.

Dated: 9-15-04.


Walter Diachuk

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re)	Case No. 04-31444
)	Chapter 11
Helical Dynamics, Inc.,)	
)	
Debtor.)	
)	

**ORDER AUTHORIZING DEBTOR-IN-POSSESSION FINANCING PURSUANT
TO SECTIONS 364(c) OF THE BANKRUPTCY CODE SECURED BY SENIOR
LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS**

This matter came before the Court on Debtor’s Expedited Motion for an Order Authorizing Post-Petition Financing (the “Motion”) filed by Helical Dynamics, Inc. (the “Debtor”). Appearances of counsel were noted in the record. Pursuant to the Motion, and subject in all respects to the terms and conditions hereof, the Debtor seeks: (1) authority to obtain debtor-in-possession secured financing (the “DIP Financing”) from Moen Leuer Construction, Inc. (“Moen”); (2) authority to use the DIP Financing for the purposes set forth herein; (3) authority to grant to Moen, pursuant to Section 364(c) of Chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), as security for the DIP Financing, security interests in and liens upon certain contracts and accounts of the Debtor or the estate of the Debtor; and (4) authority to grant superpriority administrative status to Moen with respect to the DIP Financing pursuant to Section 364(c)(1) of the Bankruptcy Code.

THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:

A. This Court has jurisdiction to hear this Motion pursuant to 28 U.S.C. §1334 and 28 U.S.C. §157. This is a core proceeding under 28 U.S.C. §157(b)(2)(D), (K), (M), and (O).

B. Notice of this hearing was adequate and sufficient under the circumstances pursuant to the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules.

C. It is necessary for the Debtor to obtain debtor-in-possession financing for a period of time and in an amount which would allow the Debtor to continue to operate as a going concern and to preserve the value of its assets, and that an immediate need exists for the Debtor to obtain sufficient debtor-in-possession financing without which it will suffer immediate and irreparable harm.

D. The Debtor represents to the Court that the Debtor reasonably believes that it is unable to obtain the needed credit: (i) on an unsecured basis with claims having administrative priority pursuant to Section 364(a) or 364(b) of the Bankruptcy Code, (ii) on an unsecured basis with claims having priority over all administrative claims of the kind specified in Section 503(b) or 507(b) of the Bankruptcy Code, pursuant to Section 364(c)(1) of the Bankruptcy Code, (iii) secured by a first lien on unencumbered assets of the Debtor pursuant to Section 364(c)(2) of the Bankruptcy Code, or (iv) secured by a junior lien on assets of the Debtor pursuant to Section 364(c)(3) of the Bankruptcy Code.

E. The financing approved hereby is necessary to permit the Debtor to continue to operate its business in the ordinary course during this bankruptcy case.

F. Without adequate financing the Debtor will be unable to maintain its operations, preserve and maximize the value of its estate and reorganize its businesses.

G. Pursuant to Bankruptcy Rules 4001(b), (c) and (d), the Debtor has provided such notice as was practicable under the circumstances of the time, place and nature of the hearing on the Motion and the opportunity to object to the entry of this Stipulated Order. The foregoing notice is adequate and sufficient in light of the nature of the relief requested in the Motion.

H. Good cause has been shown for entry of this Order. Among other things, entry of this Order will minimize disruption of Debtor's business as a going concern, preserve and maintain the assets of Debtor's estate and increase the possibility of a successful reorganization of Debtor's business. Accordingly, entry of this Order is in the best interests of the Debtor and the Debtor's estate.

ACCORDINGLY, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Debtor shall be and hereby is authorized to obtain advances consistent with the budget attached to the Debtor's Motion as Exhibit A.

2. The terms of the DIP Financing are fair and reasonable, have been negotiated by the parties at arms-length and in good faith, and are the best available to the Debtor under present market conditions and the Debtor's financial circumstances. The obligations incurred by the Debtor pursuant to the DIP Financing are incurred by the

Debtor and extended by Moen in good faith within the meaning of Section 364(e) of the Bankruptcy Code.

3. To secure the payment of the obligations under the DIP Financing, Moen shall be and the Debtor is authorized to grant Moen pursuant to Section 364(c) of the Bankruptcy Code, a first priority perfected lien and security interest in the purchase orders, property, contracts and accounts receivable exist between the Debtor and Daimler Chrysler Corporation, American Axle and Manufacturing, Allison Transmission of General Motors Corporation and General Motors Corporation Power Train, all as described in the Debtor's Motion (the "Postpetition Security Interest"); provided however, that the post petition security interest shall be subject and subordinate to: (a) valid and perfected liens on prepetition collateral existing as of March 11, 2004 (the "Petition Date"); (b) quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court.

4. The liens and security interest granted to Moen under the prior DIP Financing and hereunder as security for the DIP Financing shall be deemed to be perfected as of the date of each respective Order, without the need to file any financing statement or take any further action.

5. All obligations of the Debtor to Moen under any DIP Financing shall have superpriority administrative expense status under the provisions of Section 364(c)(1) of the Bankruptcy Code over all other administrative expenses incurred in this case, except for the quarterly fees due pursuant to 28 U.S.C. § 1930.

6. Pursuant to Section 364(e) of the Bankruptcy Code, neither the reversal or modification of this Stipulated Order, nor the entry of an order confirming a plan of reorganization in the Debtor's case or the conversion of the Debtor's cases to a case under Chapter 7 of the Bankruptcy Code shall affect the validity or priority of Moen's administrative expenses status with respect to or liens and security interest as security for the Debtor's obligations under the DIP Financing, as approved by this Order.

7. Upon the failure by the Debtor to comply with any of the terms and conditions contained in this Order, which failure is not cured within two (2) business days after written notice of such failure is served by Moen on the Debtor and its counsel, Moen shall be entitled to an order granting it relief from the automatic stay, upon submission to this Court of an affidavit indicating such failure and lack of cure. The Debtor's only defense to such relief shall be that no default exists under this Order. Nothing in the Order shall limit Moen's right to otherwise seek relief from the automatic stay or take any other action in connection with the Debtor's bankruptcy case on any other grounds.

8. A final hearing on the Debtor's Motion is scheduled for Monday, October 4, 2004 at 11:30 a.m., in the United States Bankruptcy Court, at Courtroom No. 228B, 316 North Robert Street, St. Paul, Minnesota.

Dated: _____, 2004

The Honorable Gregory F. Kishel
Chief Judge, United States Bankruptcy Court

UNSWORN CERTIFICATE OF SERVICE

I, Lori A. Adamson, declare under penalty of perjury that on September 15, 2004, I mailed by U.S. Mail, a copy of the following document:

1. Notice of Motion for Expedited Hearing and Motion for Approval of Debtor-In-Possession Financing; and
2. Proposed Order.

to each entity named below at the stated address:

Helical Dynamics, Inc.
3600 Holly Lane North
Suite 10
Plymouth, MN 55447

US Attorney
600 Us Courthouse
300 South 4th Street
Minneapolis, MN 55415

MN Dept of Revenue-Coll. Enfnt
551 BKY Section
PO Box 64447
St. Paul, MN 55164

IRS
Special Procedures Branch
316 N Robert Street Stop 5700
St. Paul, MN 55101

IRS Office of Chief Counsel
650 Galtier Plaza
380 Jackson Street
St. Paul, MN 55101

Securities & Exchange Comm
BKY Section
175 Jackson Blvd Suite 900
Chicago, IL 60604

Citicorp Del Lease Inc.
450 Mamaroneck Avenue
Harrison, NY 10528

Minnesota Revenue
600 North Robert Street
Mail Station 6553
St. Paul, MN 55146

Commercial Services Group, Inc.

