

FILED
11-05-2019
John Barrett
Clerk of Circuit Court
2019CV008498
Honorable Jeffrey A.
Conen-30
Branch 30

STATE OF WISCONSIN, CIRCUIT COURT,
MILWAUKEE COUNTY

IN RE:

UMS HOLDINGS, LLC
SCHULZ'S RECYCLING, INC.
UMS TRUCKING, LLC
UNITED MFR, LLC
UNITED MILWAUKEE SCRAP, LLC
UNITED MILWAUKEE SCRAP INTERNATIONAL SALES CORP.

Case No. 19 CV _____.
Case Code: 30304
Other Debtor Actions

RECEIVER'S MOTION FOR ENTRY
OF AN ORDER APPROVING FINANCING AGREEMENT

Rebecca R. DeMarb (the "Receiver"), as Wis. Stats: Chapter 128 Receiver of the above-named Assignors ("Assignors"), hereby moves the Court for entry of an Order approving the Financing Agreement between BMO Harris Bank, N.A., in its capacity as Agent, certain lenders party thereto (the "Lenders"), and the Receiver and, in doing so, authorizing the Receiver to use cash collateral to repay certain obligations of the Companies as set forth in the Financing Agreement and borrow funds from its Lenders pursuant to the terms and conditions contained in the Financing Agreement.

In support of this Motion, the Receiver alleges as follows:

1. On the date of this Motion, the Receiver filed a Petition for Appointment of Receiver and a proposed Order appointing the undersigned as Receiver of Assignors pursuant to Chapter 128 of the Wisconsin Statutes.

2. The Order Appointing Receiver would grant to the Receiver the authority to continue the operations of Assignors in order to market for sale the assets of the Assignors (the "Assets") and then efficiently wind-down the business operations of Assignors.

3. As of the Appointment Date, Lenders were owed not less than \$32,884,942.95 in aggregate on the Loan, plus interest, fees and costs accrued on the foregoing, as more fully described in the Financing Agreement, a copy of which is attached hereto as **Exhibit A**. The obligations of Assignors to Lenders are secured by a properly perfected security interest in substantially all of Assignors' assets.

4. To fund operations and to manage and maintain the Assets for the benefit of their creditors and parties in interest, the Receiver needs to use Lenders' cash collateral and borrow funds to pay the costs and expenses of such administration. Further, to fully market, investigate and maximize the value of the Assets, it is essential for the Receiver to use cash collateral and borrow funds from Lenders to pay ongoing expenses and costs.

5. The Financing Agreement sets forth the terms under which Lender is willing to lend funds to the Receiver.

6. The Receiver and Lenders have negotiated in good faith regarding the financing of Assignors' operations during these receivership proceedings. As a result

of those negotiations, subject to Court approval, attached hereto as Exhibit B and incorporated herein is a proposed Order Approving Financing Agreement (the "Financing Order"). Pursuant to the Financing Agreement, Lenders have agreed, in their sole discretion (except as otherwise provided in the Financing Agreement), to permit the Receiver to use cash collateral (as defined in the Financing Agreement, and for application to existing obligations of the Companies as set forth in the Financing Agreement) and to make cash advances to the Receiver, in exchange for Receiver granting Lenders a security interest in all of Assignors' assets, subject to any properly perfected liens as of the date this action was commenced that, as of such date, had priority over the liens currently held by Agent on behalf of the Lenders. Receiver submits that such exchange represents fair and reasonable consideration under the circumstances. The liens to be granted to Agent on behalf of the Lenders under that Order and the Financing Agreement are in addition to the pre-petition liens of the Agent and Lenders and are without prejudice to the pre-petition liens of the Agent and Lenders.

7. The provisions of the Financing Order are the result of good faith negotiations between the Receiver, Agent, and Lenders. Under the circumstances present in these Cases, the Receiver believes that the terms of the Financing Order are fair and reasonable and represent the best opportunity for the Receiver to obtain the funds necessary to maximize the recovery for Assignors' creditors in this matter.

8. The Receiver believes that if the Court does not enter the Financing Order, it will have a significant adverse impact on the ability of the Receiver to operate Assignors' businesses and maximize the value of Assignors' assets for the benefit of its creditors.

9. Under the circumstances, the Receiver believes the Financing Order is in the best interest of creditors and parties in interest in this matter.

10. This Motion contains a summary of the provisions of the Financing Agreement. To the extent anything contained herein is inconsistent with the Financing Agreement, the terms of the Financing Agreement are controlling.


11. The Receiver hereby moves the Court for an entry of the Financing Order. The Receiver proposes to serve notice of the entry of the Order on all creditors of Assignors' and parties-in-interest in this matter and allow them fourteen (14) days to object to the Financing Order. If a timely Objection is filed and served on the Receiver, the Receiver proposes to schedule a hearing on the Objection to the Financing Order. If no Objection is timely filed, the Receiver proposes that the Financing Order become final.

12. The Receiver is authorized to state that Agent and Lenders consent to the relief requested in this Motion.

WHEREFORE, the Receiver moves the Court for entry of the Financing Order and for such other and further relief as the Court deems appropriate under the circumstances.

Dated this 5th day of November, 2019.

DeMARB BROPHY LLC
Attorneys for Receiver

By:  _____

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FINANCING AGREEMENT

This FINANCING AGREEMENT (this "Agreement") is made as of November 5, 2019, by and among BMO Harris Bank, N.A., in its capacity as Agent ("Agent") for the Lenders (as defined below) party to the Credit Agreement described below, the Lenders, and Rebecca DeMarb, as the Wis. Stats. Chapter 128 Receiver (the "Receiver"), for the benefit of the creditors of UMS Holdings, LLC, Schultz's Recycling, Inc., UMS Trucking, LLC, United MFR, LLC, United Milwaukee Scrap, LLC and United Milwaukee Scrap International Sales Corp. (together, "Assignors").

R E C I T A L S

A. At the time of the appointment of the Receiver (the "Appointment Date"), Assignors were indebted to Agent and the Lenders in an aggregate amount not less than \$32,906,326.31 (the "Loan"), exclusive of accrued and accruing fees, costs, expenses and other charges, pursuant to that certain Credit Agreement dated as of September 28, 2018 (as amended or modified prior to and on the date hereof, the "Credit Agreement"; capitalized terms used herein but not otherwise defined have the meanings given to them in the Credit Agreement), by and among the Assignors, certain lenders party thereto (the "Lenders") and Agent, evidencing (i) a revolving loan with an original commitment of \$35,000,000.00 and (ii) a term loan in the original principal amount of \$4,000,000.00, together with the related Notes, Fee Letter, Security Agreement, Trademark Security Agreement, and other Loan Documents (as each such term is defined in the Credit Agreement) executed in connection therewith (collectively, the "Loan Documents"). The obligations of the Assignors under the Loan Documents are secured by a properly perfected security interest in substantially all of each Assignor's assets (the

Ex. A

“Collateral”). The Receiver acknowledges, confirms and agrees that the Loans, Obligations (as defined in the Credit Agreement) and all other liabilities under the Loan Documents (collectively, the “Liabilities”) are unconditionally owing by Assignors to the Lenders, without offset, defense or counterclaim of any kind, nature or description whatsoever.

B. The Receiver stipulates that pursuant to the terms of the Loan Documents, Assignors granted to Agent, for the benefit of Agent and Lenders, *inter alia*, a continuing security interest in and lien upon all of the Collateral to secure the Liabilities, and Agent perfected the security interests granted by Assignors by, among other things, the filing of Uniform Commercial Code Financing Statements in all applicable jurisdictions (collectively, the “UCC Financing Statements”).

C. The Receiver has been appointed receiver of the assets of Assignors under Chapter 128 of the Wisconsin Statutes. The appointment as the Receiver for Assignors is referred to herein as the “Receivership”.

D. Agent, the Lenders and the Receiver assert and acknowledge that in order to protect the Collateral from waste and to store, maintain, repair, protect, and sell the Collateral, it will be necessary for the Receiver to use the Agent and Lenders’ Cash Collateral (as defined below) as specified herein and that the same is in the best interests of the creditors of Assignors and the Receivership estates.

E. Agent, the Lenders, and the Receiver acknowledge and agree that cash currently in the possession or control, or coming into the possession or control of Assignors or their respective agents, represents and will represent the disposition of any assets or other conversion to cash of the Collateral, and does and shall represent cash collateral (the “Cash Collateral”). The Receiver, Agent, and the Lenders stipulate and acknowledge that any and all Cash Collateral

shall be subject to the liens and security interests of Agent. Receiver will not use, be permitted to use, or seek to use the Cash Collateral for any purpose until the Aggregate Debt (as defined herein) is indefeasibly paid in full in cash, except in accordance with, and subject to, the terms and conditions of this Agreement.

F. Agent, the Lenders, and the Receiver acknowledge and agree that, based on the Budget and their understanding of the expected performance of the Assignors' businesses, in order to avoid disruption of the businesses and to maximize the value of the assets of the Assignors, Receiver and Assignors must incur additional debt financing from Agent and Lenders, on terms and conditions set forth herein. Such additional financing has been negotiated at arms' length, is being extended in good faith, and the agreements set forth herein regarding such financing reflect the Receiver's exercise of prudent business judgment.

AGREEMENTS

In consideration of the premises set forth above, the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Agent, the Lenders and the Receiver agree as follows:

1. Recitals. The Receiver, Agent and the Lenders agree to, and incorporate herein by reference, all of the foregoing Recitals, acknowledging that they are true and correct.

2. Continuing Validity of Credit Agreement and Other Agreements. Except as otherwise specifically described in this Agreement, the Receiver and Assignors shall remain bound by the terms and conditions of the Credit Agreement and other Loan Documents (including, without limitation, the limitations on Revolving Credit Loans and the applicability of the Maximum Borrowing Amount), and the liens and security interests

created by the Loan Documents, this Agreement, and such other related documents as may exist. Receiver hereby reaffirms the continuing obligation to repay all of the Loans and the other Obligations, and the liens and security interests created by the Credit Agreement, the Security Instruments, the other Loan Documents, this Agreement, and such other related documents, agreements, or instruments as may exist from time to time.

3. Receivership Loan Requests. To pay administrative expenses, protect and maintain the Collateral, or for any purpose within the scope of the Receivership, the Receiver shall, in writing (unless otherwise permitted in writing by Agent), submit to Agent itemized requests for the advance of loans ("Receivership Loans"), solely to the extent required to pay those expenses set forth in the Budget (as defined below), all as agreed to by Agent in writing as and when such expenses become due and payable. Agent and Lenders may fund requests for Receivership Loans in full or in part, in their sole discretion. All Receivership Loans made by Agent and Lenders in response to such borrowing requests will be entitled to a super-priority lien on all of Assignors' assets (subject only to valid, enforceable, properly-perfected, and unavoidable liens in existence at the time of the Receiver's appointment) and personal property, including, but not limited to, all assets in which a security interest or lien is granted pursuant to the Credit Agreement, the Notes, the Security Instruments, and all other Loan Documents, which are incorporated by reference herein, and in all products and proceeds of any of the foregoing. In addition, the Receivership Loans shall be added to the amounts owed by Assignors to Agent and Lenders and shall be secured under the Notes, Credit Agreement, Security Instruments, and the other Loan Documents. For the avoidance of doubt, nothing herein or in the Budget shall be deemed or construed as an approval by Agent or any Lender of any overadvance in excess of

the Maximum Borrowing Amount, or as a commitment by Agent or any Lender to extend any additional financing whatsoever.

4. Agent and Lender Expense Reimbursement. Receiver shall reimburse Agent and Lenders, through the Receivership Loans, for any and all reasonable out-of-pocket fees, costs, and expenses related to this Agreement and/or the Receivership, including, without limitation, Receivership fees, fees paid to Receiver's law firm, fees of any consultants or management retained by the Receiver with the Agent's and the Lenders' consent (which consent shall be on terms and conditions satisfactory to Agent and the Lenders in their sole and absolute discretion), filing and recording fees and other similar fees, costs, and expenses and any other fees, costs, and expenses that Receiver incurs in accordance with the Budget which Agent or any Lender pays. Such amounts shall be expended by Receiver in strict accordance with the Budget, and shall in all events constitute, and be deemed to constitute, Receivership Loans hereunder.

5. Expense Payments. In order to pay administrative expenses, protect and maintain the Collateral, or for any purpose within the scope of the Receivership, the Receiver shall pay only those expenses appearing in the Budget and incurred in the ordinary course of Assignors' business as and when such expenses become due and payable, along with all necessary administrative expenses of the Receivership, including the Receiver's reasonable attorney fees and expenses. All the Receivership Loans so used shall be entitled to a super-priority lien on all of Assignors' assets (subject only to validly perfected, and other unavoidable liens in existence at the time of the Receiver's appointment) and personal property, including, but not limited to all property in which a security interest is granted

pursuant to the Loan Documents, as fully as if set forth in detail herein, and in all proceeds of any of the foregoing.

6. Collections. The Receiver acknowledges that all monies collected by the Receiver derived in any way from the assets of Assignors constitute Cash Collateral which is pledged hereunder to Agent for the benefit of Agent and the Lenders and will be immediately, and in any event, within 24 hours of receipt thereof, be deposited by Receiver in a Cash Collateral deposit account approved by Agent and the Lenders, and such Cash Collateral shall be applied in accordance with Section 8 hereof. In no event may the Receiver retain any monies or Cash Collateral. The Receiver is authorized to continue to use Assignors' existing accounts and cash management systems.

7. Security. The Receiver hereby grants to Agent, for the benefit of Agent and the Lenders, as additional security for all Aggregate Debt, all obligations and all indebtedness (including the Obligations) owing to Agent and any Lender, a security interest in all property of the Assignors, as well as all property in which a security interest is granted pursuant to the Loan Documents, including the assets set forth in detail herein, and in all proceeds of any of each of the foregoing, whether acquired by the Receiver or Assignors prior to, at, or after commencement of the Receivership (collectively, and together with the Collateral, the "Aggregate Collateral").

The "Aggregate Debt" owed to Agent and Lenders shall include:

(a) Any and all Liabilities of Assignors to Agent and any Lender under the Loan Documents; and

(b) Any and all present and future debts, obligations and liabilities of Assignors and the Receiver to Agent or Lenders pursuant to this Agreement, and any and all other

debts, obligations and liabilities of Assignors and the Receiver to Agent or Lenders heretofore now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether for principal, interest or other debts, obligations or liabilities, and whether or not any or all such debts, obligations and liabilities are or become barred by any statute of limitations or otherwise unenforceable including, without limitation, all obligations of Assignors and the Receiver with respect to overdrafts in deposit accounts.

The security interests and liens in the Aggregate Collateral granted to Agent pursuant to this Agreement and the Loan Documents shall be and are hereby deemed to be valid, binding, enforceable and perfected immediately without further filing and have first and paramount priority over any and all liens, claims and interests, other than properly perfected liens existing prior to the date of this Agreement that have priority over the lien of Agent, and shall not be subordinated to or treated *pari passu* with any other security interest or lien, including but not limited to, any lien or claim of the Receiver. All Aggregate Collateral of Assignors and the Receiver shall secure all indebtedness and obligations of Assignors and the Receiver to the Agent and Lenders, whether the Aggregate Collateral or such indebtedness was acquired or incurred prior to or after the commencement of the Receivership. Any advances by Agent or any Lender to the Receiver are secured by the Loan Documents and the UCC Financing Statements, and by a super-priority lien, which lien shall be prior in right to any and all liens or claims, except properly perfected liens existing prior to the date of this Agreement that have priority over the lien of Agent.

8. Application of Payments. All payments made by Assignors and the Receiver to Agent and the Lenders may be applied by the Agent, in its sole discretion, to any indebtedness

owed to Agent and the Lenders under the Loan Documents, or other obligations or liabilities, whether existing prior to or after the filing of the Receivership. All such applications by Agent and the Lenders shall be final and shall not be subject to challenge by any party. Agent and Lenders are each authorized to collect upon, convert to cash and enforce checks, drafts, instruments and other forms of payment now or hereafter coming into its possession or under its control that constitute Aggregate Collateral or proceeds of Aggregate Collateral.

9. Non-Transfer. Prior to indefeasible payment in full in cash of all amounts due and payable to Agent and the Lenders (including, without limitation, all Loans and other Obligations made or extended pursuant to the Credit Agreement, the other Loan Documents, or hereunder), the Receiver shall not sell, transfer or otherwise dispose of any of the Aggregate Collateral without the Agent and Required Lenders' prior consent.

10. Interest and Amortization Repayments. The Loans (including Receivership Loans) and all amounts currently outstanding under the Credit Agreement and the other Loan Documents shall accrue interest at the Default Rate under, and as provided in, the Credit Agreement, including, without limitation, Section 2.08 of the Credit Agreement. All interest shall be due and payable as designated by Agent in accordance with the Credit Agreement; *provided that* upon Receiver's election, such regularly payable interest may be paid in kind by capitalizing such amounts to the principal balance of the type of Loan on which such interest accrued. So long as the court with jurisdiction over the Receivership (the "Court") has entered an order authorizing the Receiver to obtain financing (such order, in form and substance acceptable to Agent and Required Lenders, the "Financing Order") and such Financing Order has not been withdrawn, stayed, modified, appealed or rendered ineffective in a manner

unacceptable to Agent and Required Lenders, the required monthly payments under the first sentence of Section 2.05(a) of the Credit Agreement are suspended.

11. Costs of Preserving the Estate. Without diminishing the priority of the liens described herein, all advances by Agent or any Lender to the Receiver and all obligations of the Receiver to Agent and the Lenders under this Agreement shall be deemed “actual and necessary costs of preserving the estate subsequent to the commencement of the proceedings” under Section 128.17(a) of the Wisconsin Statutes and shall be entitled to priority over any and all other liens, claims and interests of any other party, except those liens and security interests in favor of the Lender, and validly perfected enforceable security interests, if any, held by third parties prior to the commencement of the Receivership.

12. Post-Filing Loan Documents. The Receiver shall make, execute, and deliver all instruments, agreements, mortgages, financing statements and other documents (collectively, the “Post-Filing Loan Documents”) which Agent deems necessary or appropriate in connection with the financial accommodations described in this Agreement. If the Post-Filing Loan Documents are executed and delivered by the Receiver, such documents shall govern the loans to the Receiver under this Agreement. If Agent does not require the Receiver to execute and deliver any Post-Filing Loan Documents, the Loan Documents shall govern along with this Agreement, and the liens granted in the Loan Documents shall be deemed to be valid, binding and enforceable. “Post-Filing” shall mean after the filing of the Receivership. The Receiver hereby authorizes Agent to file one or more Uniform Commercial Code Financing or Continuation Statements, and amendments thereto, relative to all or any part of the Aggregate Collateral without the signature of the Receiver, provided however that the security interests and liens in the Aggregate Collateral granted to Agent pursuant to this Agreement and the Loan

Documents shall be and are hereby deemed to be valid, binding, enforceable and perfected immediately without the need for any such filings.

13. No Liability for Agent or Any Lender. Notwithstanding any contrary provision of this Agreement or otherwise, no liabilities, costs, or expenses of the Assignors and Receiver, other than payment of the Receiver and her attorneys' fees (which shall be made in strict accordance with the Budget), shall be imposed against Agent or any Lender or any Aggregate Collateral.

14. Event of Default. For purposes of this Agreement, any one of the following shall constitute an "Event of Default": (a) dismissal or closing of the Receivership; (b) any provision of this Agreement for any reason ceases to be valid or binding on Assignors or the Receiver; (c) the entry of an order amending, supplementing, staying, vacating or otherwise materially modifying this Agreement, other than as agreed to in writing by Agent in its sole discretion; (d) a default by the Receiver or any Assignor under or the failure of the Receiver or any Assignor to comply with any provisions of this Agreement or the Loan Documents (unless waived or consented to by Agent and Required Lenders); (e) the entry of any judgment or the creation of any voluntary or other involuntary lien that would attempt to create a lien with priority over Agent's lien on any of the Collateral or the Aggregate Collateral (or the filing of any action that, in Agent's opinion would have the effect of creating such a lien on a judgment rendered in such action); (f) a failure by the Court to enter either a preliminary Order or a final Order approving the terms of this Agreement within ten (10) days of the date of this Agreement (unless such period is extended by Agent in its sole discretion); (g) if the order described in subsection (f) is a preliminary Order, any lapse of such preliminary Order prior to entry of the final Order; (h) the filing of a motion to remove the Receiver or the failure of the Receiver, or a substitute of

the Receiver acceptable to the Lender, to continue to act as receiver; (i) the attempt by Assignors or the Receiver, without the consent of Agent, to use the Cash Collateral other than in accordance with the terms of this Agreement; (j) the attempt by the Receiver to sell all or any part of the Aggregate Collateral on terms unacceptable to Agent; (k) entry by the Court of any order authorizing any party in interest to reclaim, or requiring that the Receiver turn over, any of the Aggregate Collateral without the consent of Agent prior to full, final and indefeasible repayment in cash of the Aggregate Debt; (l) the filing of any petition in bankruptcy, whether voluntary or involuntary, against any Assignor; (m) the attempt by the Assignors or the Receiver to sell, settle, compromise, or otherwise dispose of all or any part of the Aggregate Collateral on terms unacceptable to Agent in its sole discretion; (n) any material representation or warranty made by the Receiver in any certificate, report or financial statement delivered to Agent or any Lender proves to have been false or misleading in any material respect as of the time when made or given (including by omission of material information necessary to make such representation, warranty or statement not misleading); and (o) the objection of any party to the extent, validity, enforceability, or priority of Agent's or any Lender's security interests in, and/or liens on, any of the Aggregate Collateral.

15. Termination. Upon the earlier to occur of (a) an Event of Default, (b) December 20, 2019 (provided that, any funding made after December 13, 2019 must be made in accordance with an updated Budget acceptable to Agent and Lenders that shows weekly disbursements and collections for the period after December 13, 2019), or (c) the closing of a sale of substantially all of the assets of the Assignors, unless agreed to in writing by Agent to extend, the following shall automatically occur:

(a) All obligations of Assignors or the Receiver, or any of them, to Agent and the Lenders (including, without limitation, the Aggregate Debt) shall be immediately due and payable;

(b) Agent and Lenders shall have no further obligations under this Agreement (including, without limitation, any obligation to make Receivership Loan, Loans, or any other financial accommodations to Receiver or Assignors);

(c) Agent and each Lender shall be entitled to apply or set off any cash in its or its affiliates' possession or control to the Aggregate Debt in accordance with Section 8 of this Agreement, until all such Aggregate Debt is indefeasibly and finally paid in full in cash;

(d) The Receiver and Assignors shall be prohibited from using any Cash Collateral or other proceeds of Aggregate Collateral (other than Receivership Loans used to pay administrative expenses of the Receivership (including sale costs and attorneys' fees)) for any purpose other than for application to the Aggregate Debt in accordance with Section 8 of this Agreement, until the Aggregate Debt is indefeasibly and finally paid in full in cash; and

(e) Immediately upon written notice from Agent to Receiver to do so, Receiver shall assemble and deliver possession of all Aggregate Collateral requested by Agent at a time and place designated by Agent, all without further order of the Court. Agent is authorized to liquidate the Aggregate Collateral in accordance with applicable law. Receiver stipulates that any stay imposed by the Court shall be terminated and consents to a sale or auction of all or any portion of the Aggregate Collateral, which sale or auction shall be at the sole election of Agent and shall be performed by an auctioneer approved by Agent.

16. Financial Reports. In addition to the collateral reporting as Agent and Lenders may require from the Receiver under the Loan Documents, the Receiver shall furnish to Agent

such other information which Agent deems necessary in a time and in a form acceptable to Agent.

(a) *Budget.* Assignors and Receiver have adopted the 13-week cash flow forecast attached hereto as Exhibit A (as amended, modified or supplemented from time to time in accordance with this Agreement, the "Budget"). Receiver hereby represents and warrants that the Budget was prepared with the cooperation of Assignors' management (in consultation with Assignors' Chief Restructuring Officer) and, to the best of Receiver's knowledge, represents the good faith belief as to the probable course of Assignors' business and financial affairs over the periods shown therein, subject to the assumptions stated therein. No more than once every calendar week, Receiver may deliver an updated 13-week cash flow forecast to Agent and Lenders, and each such delivery to Agent and Lenders will be deemed to be a representation and warranty by Receiver that such cash flow forecast was prepared with the cooperation of Assignors' management (in consultation with Assignors' Chief Restructuring Officer) and, to the best of Receiver's knowledge, represents the good faith belief as to the probable course of Assignors' business and financial affairs over the periods shown therein, subject to the assumptions stated therein. Upon written confirmation from Agent to Receiver of its acceptance of such updated cash flow forecasts, such updated cash flow forecast shall then constitute the going-forward Budget for purposes of this Agreement.

(b) *Cash Flow Variance Report.* On or before 12:00 pm (Central Time) on Friday, November 15, 2019, and on or before 12:00 pm (Central Time) on each Friday thereafter (November 15, 2019, and each such following Friday being a "Variance Report Date"), Receiver shall deliver to Agent and Lenders a variance report certified as true and correct in all material respects (each such report, a "Variance Report") that includes a (i) reconciliation of the

Assignors' businesses' actual performance for the 1-week period ending the prior Friday to the projected performance for such week in the Budget, (ii) a reconciliation of the actual to budgeted performance of Assignors' businesses beginning November 4, 2019 through the prior Friday, and (iii) a written explanation in reasonable detail of the reasons for material line item variances during the applicable reconciliation periods.

(c) *Variance Testing.* Commencing on the second Variance Report Date following the execution of this Agreement and as of each Variance Report Date thereafter, the actual aggregate disbursements made by Receiver for the period beginning with the week this Agreement is executed and ending the week of each such Variance Report Date (each such period being a "Variance Test Period") shall not exceed the aggregate amount of disbursements in the Budget for such Variance Test Period by more than ten percent (10%). Commencing on the second Variance Report Date following the execution of this Agreement and as of each Variance Report Date thereafter, the actual aggregate cash receipts (excluding proceeds of Revolving Loans) received by Receiver on account of the Assignors' businesses during each Variance Test Period shall not be less than eighty five percent (85%) of the aggregate amount of such cash receipts in the Budget for such Variance Test Period. For the avoidance of doubt, Receiver and Assignors will not be obligated to include the fees and expenses of Agent and Lenders' counsel in the Variance Report and such amounts will not be tested pursuant to this paragraph, notwithstanding the obligations of the Assignors to reimburse Agent and Lenders for such fees and expenses.

17. Sale Milestones/Covenants.

(a) No later than three (3) days after the Appointment Date (or such later date as agreed to by Agent in its sole discretion), Receiver will file a motion (in form and

substance acceptable to Agent) seeking (i) to sell substantially all of the assets of the Assignors in accordance with that certain Asset Purchase Agreement entered into with Alter Trading Corporation and (ii) approval of auction and bidding procedures (the "Sale Procedures Motion").

(b) No later than fourteen (14) days after the Appointment Date (or such later date as agreed to by Agent), Receiver will obtain an order granting the Sale Procedures Motion, in form and substance acceptable to Agent.

(c) No later than thirty (30) days after the Appointment Date (or such later date as agreed to by Agent), Receiver will (unless no auction is required under the applicable bidding procedures) hold an auction for substantially all of the assets of the Assignors, pursuant to the terms of the order entered on the Sale Procedures Motion.

(d) No later than forty-five (45) days after the Appointment Date (or such later date as agreed to by Agent), Receiver will consummate one or more sales of substantially all of the assets of the Assignors and, upon such consummation, remit the cash proceeds thereof to Agent for application to the Aggregate Debt in accordance with the terms of this Financing Agreement.

(e) Contemporaneously with the receipt thereof, Receiver and Assignors will deliver to Agent copies of all letters of intent, expressions of interest, offers to purchase or draft purchase agreements (together with subsequent drafts) with respect to any of the Collateral.

18. Amendment to Credit Agreement. Subject to the entry of the Financing Order, the Credit Agreement is hereby amended as follows:

(a) Section 2.01(a) of the Credit Agreement is hereby amended by inserting the following sentence at the end of the second paragraph, and the rest of the Credit Agreement is deemed amended *mutatis mutandis* to reflect the amendment set forth below:

Notwithstanding anything to the contrary contained herein, during the pendency of the receivership proceedings of the Borrowers and Guarantors (the "Chapter 128 Proceedings") under Wis. Stat. §§ 128 *et seq.* (2019), so long as the court in the Chapter 128 Proceedings has entered a financing order acceptable to Agent and Required Lenders (and such financing order has not been withdrawn, stayed, modified, appealed or rendered ineffective in a manner unacceptable to Agent and Required Lenders), Agent and Lenders will disregard the Borrowing Base when determining whether the conditions to making a Revolving Credit Loan have been met; *provided* that on any given day, the aggregate amount of Revolving Credit Loans outstanding from time to time shall not, without prior written consent of Agent and Required Lenders (to be granted or withheld in their absolute and sole discretion), exceed the amount of Revolving Credit Loans in the "Budget" (as defined in the Financing Order) for such date.

19. Insurance. The Receiver shall deliver to Agent written evidence, satisfactory to Agent, that (a) the Aggregate Collateral is insured in amounts and with companies satisfactory to Agent and (b) Agent is designated as "lien holder", "lender's loss payee," "mortgagee" and "additional insured" on all insurance policies. The Receiver shall maintain such insurance at all times and no provision of any such insurance shall be modified without the prior written consent of the Lender.

20. Release. In further consideration of the execution of this Agreement by Agent and Lenders, Receiver, on behalf of itself and the Assignors, hereby releases, discharges, and agrees to hold harmless Agent and each Lender and each of their respective representatives, agents, employees, attorneys, successors, directors, officers, parents, affiliates, assigns and subsidiaries (collectively, the "Releasees") from any and all claims, defenses, set-offs, counterclaims, actions, causes of action, suits, controversies, agreements, provisions, liabilities and demands in law or in equity, whether known or unknown (collectively, the

"Claims") which the Assignors or Receiver ever had, now has, or may hereafter have arising from the past or present state of things, against or related to the Releasees through the date of this Agreement, including, but not limited to, any claims or causes of action relating to or arising out of the Credit Agreement or any of the other Loan Documents. Receiver agrees to assume the risk of any and all unknown, unanticipated or misunderstood claims which are released hereby.

21. Relationship of Receiver to Agent and the Lenders. The Receiver and the Receiver's agents shall liquidate the Aggregate Collateral in good faith and using the Receiver's best business judgment, subject to the terms of this Agreement. Neither the Receiver nor the Receiver's agents shall be deemed agents of Agent or any Lender. Agent and each Lender acknowledges that Rebecca DeMarb, although still liable as Receiver, shall not be personally liable to Agent or any Lender for any of the warranties, representations or obligations of Assignors under the Loan Documents, or otherwise, except for her own bad faith or willful misconduct.

22. Further Assurances. The Receiver shall execute and deliver to Agent all agreements, Uniform Commercial Code Financing Statements and other documents as Agent deems necessary to evidence the Aggregate Debt and any other obligations of Assignors or the Receiver to Agent or Lenders, to attach, perfect, or protect any security interest granted to Agent or Lenders, or to otherwise carry out the terms of this Agreement.

23. No Release by Agent or Lenders. Except as expressly provided above, the Loan Documents shall remain in full force and effect, and this Agreement shall not release, discharge or satisfy any present or future debts, obligations or liabilities to Agent or any Lender of Assignors, or of any debtor, guarantor or other person or entity liable for payment

or performance of any of such debts, obligations or liabilities of Assignors, or any mortgage, security interest, lien or other collateral or security for any of such debts, obligations or liabilities of Assignors, or such debtors, guarantors, or other persons or entities, or waive any default, and Agent and each Lender expressly reserves all of its rights and remedies with respect to the Aggregate Debt, the Credit Agreement, the other Loan Documents, and all matters and transactions contemplated herein and therein, and all such debtors, guarantors or other persons or entities, and all such mortgages, security interests, liens and other collateral and security. Without limiting the generality of the foregoing, all present and future debts, obligations and liabilities of Assignors and the Receiver under this Agreement shall be secured by the Loan Documents and the security interests in and liens on the Aggregate Collateral granted pursuant to this Agreement.

24. Right to Credit Bid. In connection with the sale or other disposition of all or any portion of the Aggregate Collateral, Agent and the Lenders will in all events have the right to use the Aggregate Debt, or any part thereof, to credit bid with respect to any bulk or piecemeal sale of all or any portion of the Aggregate Collateral.

25. No Marshaling. The Receiver will not make a claim for marshaling of any the Agent's or any Lender's Collateral or any of the Aggregate Collateral.

26. Indemnification. The Assignors will indemnify and hold harmless Agent and the Lenders in accordance with the terms of the Credit Agreement and the other Loan Documents.

27. Proof of Claim. Neither Agent nor any of the Lenders are required to file a proof of claim with respect to any of the Loans, Aggregate or other Obligations, and the stipulations and findings set forth in this Order constitute an informal proof of claim in respect thereof.

28. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and be binding upon any successor to any of the parties hereto.

29. Choice of Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin.

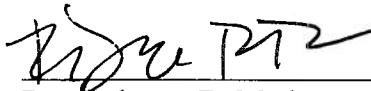
30. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument and facsimile or electronic signatures shall be considered original signatures.

31. No Third Party Benefit. This Agreement is solely for the benefit of the parties hereto and their permitted successors and assigns. No other person or entity shall have any rights under, or because of the existence of, this Agreement.

32. Effectiveness. The provisions of this Agreement shall be effective immediately.

[signature pages follow]

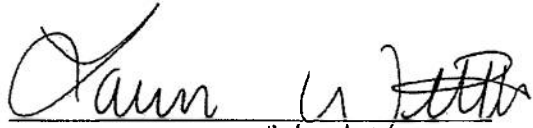
RECEIVER



By: Rebecca DeMarb

Solely in her capacity as Court-Appointed
Receiver of the Assignors indicated above.

BMO HARRIS BANK, N.A., as Administrative Agent and a Lender

By 
Name Lauren Witter
Title Assistant Vice President

ASSOCIATED BANK, NATIONAL ASSOCIATION, as a Lender

By _____
Name _____
Title _____

BMO HARRIS BANK, N.A., as Administrative Agent and a Lender

By _____
Name _____
Title _____

ASSOCIATED BANK, NATIONAL ASSOCIATION, as a Lender

By *Brett P. Stone*
Name Brett P. Stone
Title Senior Vice President

**United Milwaukee Scrap
Chapter 128 Budget
November 8, 2019 - December 13, 2019**

Schedules

Cash Flow Summary

Rollforwards

United Milwaukee Scrap
Chapter 128 Budget
Cash Flow Summary

Description	Nov		Nov		Dec		6 Week Cash Flow Proj.	Post-Sale (3 Month s)	TOTAL Chapter 128 Budget
	8-Nov-19 Proj.	15-Nov-19 Proj.	22-Nov-19 Proj.	29-Nov-19 Proj.	6-Dec-19 Proj.	13-Dec-19 Proj.			
Ferrous (Tons)	1,040	1,040	1,040	1,040	1,040	1,040	6,240	-	6,240
Non-Ferrous (LBS)	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	6,600,000	-	6,600,000
Sales									
Ferrous	\$ 123,525	\$ 123,525	\$ 123,525	\$ 123,525	\$ 123,525	\$ 123,525	\$ 741,150	\$ -	\$ 741,150
Non-Ferrous	\$ 726,000	\$ 726,000	\$ 726,000	\$ 726,000	\$ 726,000	\$ 726,000	\$ 4,358,000	\$ -	\$ 4,358,000
Total Sales	\$ 849,525	\$ 849,525	\$ 849,525	\$ 849,525	\$ 849,525	\$ 849,525	\$ 5,097,150	\$ -	\$ 5,097,150
RECEIPTS									
Receipts									
A/R Collections	\$ 942,812	\$ 910,264	\$ 844,904	\$ 613,408	\$ 832,344	\$ 849,525	\$ 4,993,257	\$ 4,339,302	\$ 9,332,559
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000
Total Cash Receipts	\$ 942,812	\$ 910,264	\$ 844,904	\$ 613,408	\$ 832,344	\$ 849,525	\$ 4,993,257	\$ 4,464,302	\$ 9,457,559
EXPENSES									
Materials & Freight									
Ferrous	\$ 652,929	\$ 652,929	\$ 652,929	\$ 652,929	\$ 652,929	\$ 652,929	\$ 3,917,572	\$ -	\$ 3,917,572
Reduction in Float	\$ 250,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 500,000	\$ -	\$ 500,000
Total Materials & Freight	\$ 902,929	\$ 702,929	\$ 702,929	\$ 702,929	\$ 702,929	\$ 702,929	\$ 4,417,572	\$ -	\$ 4,417,572
Payroll Expenses									
Labor	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 600,000	\$ 125,000	\$ 725,000
Labor - Overtime	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	\$ 57,000	\$ -	\$ 57,000
Other Labor	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 42,000	\$ 304,000	\$ 346,000
Health Insurance	\$ 37,000	\$ 22,300	\$ 11,000	\$ 11,000	\$ 11,000	\$ 37,000	\$ 129,300	\$ 240,000	\$ 369,300
Payroll Taxes	\$ 8,760	\$ 8,760	\$ 8,760	\$ 8,760	\$ 8,760	\$ 8,760	\$ 52,560	\$ -	\$ 52,560
Total Payroll Expenses	\$ 162,260	\$ 147,560	\$ 136,260	\$ 136,260	\$ 136,260	\$ 162,260	\$ 880,860	\$ 669,000	\$ 1,549,860
Operating Expenses									
Insurance	\$ 46,843	\$ 10,343	\$ 10,343	\$ 10,343	\$ 10,343	\$ 46,843	\$ 135,058	\$ -	\$ 135,058
Rent	\$ 54,422	\$ -	\$ -	\$ -	\$ 54,422	\$ -	\$ 108,845	\$ -	\$ 108,845
Fuel & Gasses	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 72,000	\$ -	\$ 72,000
Maintenance	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000	\$ -	\$ 90,000
Disposal Fees	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 24,000	\$ -	\$ 24,000
Professional Fees	\$ 63,000	\$ 33,000	\$ 118,000	\$ 33,000	\$ 58,000	\$ 33,000	\$ 338,000	\$ 464,000	\$ 602,000
Rental Equipment	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 66,000	\$ -	\$ 66,000
Shop Supplies	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 48,000	\$ -	\$ 48,000
Utilities	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 30,000	\$ 6,000	\$ 60,000	\$ -	\$ 60,000
Taxes	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 9,000	\$ -	\$ 9,000
Security	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 19,800	\$ -	\$ 19,800
All Other OPEX	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 180,000	\$ 150,000	\$ 330,000
Total Operating Expenses	\$ 253,565	\$ 141,643	\$ 217,643	\$ 132,643	\$ 236,065	\$ 169,143	\$ 1,150,703	\$ 614,000	\$ 1,764,703
Debt Service									
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Term Loan Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disbursement Summary									
Materials & Freight	\$ 902,929	\$ 702,929	\$ 702,929	\$ 702,929	\$ 702,929	\$ 702,929	\$ 4,417,572	\$ -	\$ 4,417,572
Payroll Expenses	\$ 162,260	\$ 147,560	\$ 136,260	\$ 136,260	\$ 136,260	\$ 162,260	\$ 880,860	\$ 669,000	\$ 1,549,860
Operating & Working Capital	\$ 253,565	\$ 141,643	\$ 217,643	\$ 132,643	\$ 236,065	\$ 169,143	\$ 1,150,703	\$ 614,000	\$ 1,764,703
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Disbursements	\$ 1,318,754	\$ 892,132	\$ 1,056,832	\$ 971,832	\$ 1,075,254	\$ 1,034,332	\$ 6,449,135	\$ 1,283,000	\$ 7,732,135
Net Cash Flow (Weekly)	\$ (375,942)	\$ (81,867)	\$ (211,927)	\$ (358,424)	\$ (242,910)	\$ (184,807)	\$ (1,455,878)	\$ 3,181,302	\$ 1,725,424
Cumulative Cash Flow	\$ (375,942)	\$ (457,810)	\$ (669,737)	\$ (1,028,161)	\$ (1,271,071)	\$ (1,455,878)			

United Milwaukee Scrap
Chapter 128 Budget
Rollforwards

Description	Nov	Nov	Nov	Nov	Dec	Dec	6 Week Cash Flow
	8-Nov-19 Proj.	15-Nov-19 Proj.	22-Nov-19 Proj.	29-Nov-19 Proj.	6-Dec-19 Proj.	13-Dec-19 Proj.	
WORKING CAPITAL ROLLFORWARDS							
Accounts Receivable							
Beginning Balance	\$ 4,435,409	\$ 4,342,122	\$ 4,281,383	\$ 4,286,003	\$ 4,522,121	\$ 4,539,302	\$ 4,435,409
Sales	\$ 849,525	\$ 849,525	\$ 849,525	\$ 849,525	\$ 849,525	\$ 849,525	\$ 5,097,150
Receipts	\$ (942,812)	\$ (910,264)	\$ (844,904)	\$ (613,408)	\$ (832,344)	\$ (849,525)	\$ (4,993,257)
Ending Balance	\$ 4,342,122	\$ 4,281,383	\$ 4,286,003	\$ 4,522,121	\$ 4,539,302	\$ 4,539,302	\$ 4,539,302 \$ 103,893
Inventory							
Beginning Balance	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717
Purchases	\$ 614,700	\$ 614,700	\$ 614,700	\$ 614,700	\$ 614,700	\$ 614,700	\$ 3,688,200
COGS	\$ (614,700)	\$ (614,700)	\$ (614,700)	\$ (614,700)	\$ (614,700)	\$ (614,700)	\$ (3,688,200)
Ending Balance	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717	\$ 3,087,717 \$ -
DEBT ROLLFORWARDS							
Revolver							
Beginning Balance	\$ 29,779,971	\$ 30,155,913	\$ 30,237,781	\$ 30,449,708	\$ 30,808,132	\$ 31,051,042	\$ 29,779,971
Cash Receipts	\$ (942,812)	\$ (910,264)	\$ (844,904)	\$ (613,408)	\$ (832,344)	\$ (849,525)	\$ (4,993,257)
Cash Disbursements	\$ 1,318,754	\$ 992,132	\$ 1,056,832	\$ 971,832	\$ 1,075,254	\$ 1,034,332	\$ 6,449,135
Ending Balance	\$ 30,155,913	\$ 30,237,781	\$ 30,449,708	\$ 30,808,132	\$ 31,051,042	\$ 31,235,849	\$ 31,235,849 \$ 1,455,878
Term Loan Payable							
Beginning Balance	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972
Advances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972	\$ 3,104,972 \$ -

STATE OF WISCONSIN, CIRCUIT COURT,
MILWAUKEE COUNTY

IN RE:

UMS HOLDINGS, LLC
SCHULZ'S RECYCLING, INC.
UMS TRUCKING, LLC
UNITED MFR, LLC
UNITED MILWAUKEE SCRAP, LLC
UNITED MILWAUKEE SCRAP INTERNATIONAL SALES CORP.

Case No. 19 CV ____.
Case Code: 30304
Other Debtor Actions

ORDER APPROVING FINANCING AGREEMENT

Rebecca R. DeMarb (the "Receiver"), as Receiver for the above-named assignors (the "Assignors") pursuant to Wis. Stats. Chapter 128 (the "Wisconsin Statutes"), having filed with this Court the Motion for Approval of Financing Agreement (the "Financing Motion"), as well as the Financing Agreement between BMO Harris Bank N.A. as Agent (in such capacity, "Agent"), certain lenders party thereto (the "Lenders") and herself, as Receiver (the "Financing Agreement"), and the Court having found cause to enter the following Order after being fully advised in the premises;

Ex. B

The Court hereby finds and concludes as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Court has jurisdiction over this case pursuant to the Wisconsin Statutes.
2. The recitals and provisions in the Financing Agreement are true and correct.
3. To maximize the value of Assignors' assets for the benefit of its creditors and the estates, it will be necessary for the Receiver to use cash collateral and borrow funds from the Agent and Lenders on the terms and conditions set forth in the Financing Agreement.
4. Agent and Lenders are willing to allow the Receiver to use cash collateral and to extend credit pursuant to the Financing Agreement, provided that this Order is entered, and security interests in all of Assignors' assets are granted to Agent (for the benefit of Agent and Lenders) which are prior and paramount to all liens, except the interests and liens which were properly perfected at the time these proceedings were commenced and were higher in priority to the properly perfected liens of Agent existing at the time these proceedings were commenced.
5. Good cause exists for the entry of an Order authorizing the financing pursuant to the Financing Agreement as it will maximize the value of Assignors' assets and further is in the best interest of Assignors, their creditors and the estates.
6. It is necessary to authorize the Receivership Loans as defined in the Financing Agreement to avoid a diminution of the receivership estate.

7. By agreeing to extend credit pursuant to the Financing Agreement and this Order, Agent and Lenders are acting in good faith.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Financing Motion be and hereby is granted.

2. The terms and conditions of the Financing Agreement executed by and between the Receiver, Agent, and Lenders are hereby authorized and adopted, and such terms are hereby made the Order of this Court and incorporated herein by reference as though fully set forth in this Order.

3. All loans, advances and other financial accommodations made by Agent or any Lender during these receivership proceedings are hereby found and ordered to be costs and expenses of administration and reasonable and necessary in these proceedings, and such loans, advances and other financial accommodations shall be added to and included in the amount which Assignors owe to Agent and Lenders.

4. The Receiver shall give notice to all creditors of Assignors of this Order and, unless an objection is filed within fourteen (14) days from the date of mailing of said notice, this Order shall become a final, non-appealable order. If an objection to this Order is filed, this Order shall be deemed an interim order, and a hearing will be conducted by this Court to determine whether this Order shall become a final order.

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