

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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<i>In re</i>	:	Chapter 11
	:	
TECT AEROSPACE GROUP HOLDINGS,	:	Case No. 21– ____ (____)
INC., <i>et al.</i> ,	:	
	:	
Debtors. ¹	:	Joint Administration Requested
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**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL
ORDERS (I) AUTHORIZING DEBTORS TO (A) MAINTAIN THEIR
INSURANCE POLICIES AND PROGRAMS, (B) HONOR ALL INSURANCE
OBLIGATIONS, AND (C) MAINTAIN THEIR PREMIUM FINANCE
AGREEMENT; AND (II) GRANTING RELATED RELIEF**

TECT Aerospace Group Holdings, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, “TECT Aerospace” or the “Debtors”), respectfully represent as follows in support of this motion (the “Motion”):²

PRELIMINARY STATEMENT

1. By this Motion, the Debtors seek to maintain their various insurance policies and programs, including premium financing, to ensure a smooth transition into chapter 11 and preserve the Debtors’ estates. The Debtors manufacture complex aerospace components, parts and assemblies; therefore, the Debtors operate in a highly regulated industry that requires them to maintain certain coverage in order to manufacture their products for customers. As a result, failure to maintain such coverage would expose the Debtors to a variety of risks and potentially

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: TECT Aerospace Group Holdings, Inc. (9338); TECT Aerospace Kansas Holdings, LLC (4241); TECT Aerospace Holdings, LLC (9112); TECT Aerospace Wellington Inc. (4768); TECT Aerospace, LLC (8650); TECT Hypervelocity, Inc. (8103); and Sun Country Holdings, LLC (6079). The Debtors’ mailing address is 300 W. Douglas, Suite 100, Wichita, KS 67202.

² Certain facts and circumstances supporting the relief requested herein are set forth in the First Day Declaration (as defined herein) filed contemporaneously herewith. Capitalized terms used but not defined herein have the respective meanings given to those terms in the First Day Declaration.



result in irreparable harm to the Debtors' estates. Accordingly, the relief requested herein is crucial to minimize any disruptions to the Debtors' chapter 11 strategy and maximize value for all parties in interest.

BACKGROUND

2. On the date hereof (the "**Petition Date**"), the Debtors commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

3. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**").

4. Additional information regarding the Debtors' businesses, capital structures, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Shaun Martin in Support of Chapter 11 Petitions and First Day Pleadings* (the "**First Day Declaration**"), filed contemporaneously herewith and incorporated herein by reference.

JURISDICTION

5. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by

the Court in connection with this Motion to the extent it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution. Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

6. By this Motion, the Debtors, pursuant to sections 105(a), 362(d), and 363(b) of the Bankruptcy Code and Bankruptcy Rule 4001, request (a) authority, but not direction, to (i) maintain, continue and renew their Insurance Policies and Programs (as defined below), (ii) honor their Insurance Obligations (as defined below) in the ordinary course of business during these chapter 11 cases, and (iii) maintain, continue and renew their Premium Finance Agreement (as defined below); and (b) related relief.

7. In furtherance of the foregoing, the Debtors also seek authority to revise, extend, supplement or otherwise modify their insurance coverage if they determine, in their business judgment, that such action is necessary or appropriate. As of the Petition Date, the Debtors believe that \$75,000 of their Insurance Obligations will become due and owing in the first thirty days of these chapter 11 cases. Accordingly, the Debtors request, pursuant to this Motion, authority to (a) maintain their Insurance Policies and Programs, and (b) pay, upon entry of the Proposed Interim Order (as defined below), up to \$75,000 on account of the Insurance Obligations and, upon entry of the Proposed Final Order (as defined below), all outstanding prepetition Insurance Obligations, up to \$150,000.

8. A proposed form of order granting the relief requested herein on an interim basis is attached hereto as **Exhibit A** (the “**Proposed Interim Order**”), and a proposed form of order

granting the relief requested herein on a final basis is attached hereto as **Exhibit B** (the “**Proposed Final Order**” and together with the Proposed Interim Order, the “**Proposed Orders**”).

DEBTORS’ INSURANCE POLICIES AND PROGRAMS

9. In connection with the operation of the Debtors’ business and the management of their properties, the Debtors are provided with coverage under various insurance policies (collectively, the “**Insurance Policies and Programs**,” and all premiums and the Debtors’ obligations related thereto, including any broker or advisor fees, premium financing arrangements, assessments, or other fees, collectively, the “**Insurance Obligations**”), including the Insurance Policies and Programs listed on **Exhibit C** annexed hereto, through several different insurance carriers (the “**Insurers**”).³

10. As further described in the First Day Declaration, the Debtors are part of the TECT family of businesses, a privately held family of aviation and manufacturing companies. In order to provide certain efficiencies within the TECT family of businesses, Glass Holdings, LLC (“**Glass Holdings**”) or certain other non-debtor affiliates provide critical support to the Debtors to assist in their manufacturing business. In connection with this support, Glass Holdings and certain non-debtor affiliates maintain certain of the Insurance Policies and Programs (collectively, the “**Shared Insurance Policies and Programs**” and each a “**Shared Insurance Policy and Program**”) for the benefit of the Debtors pursuant to which the Debtors are a named insured. Non-debtor affiliate Office Support Services, LLC (“**OSS**”) arranges financing for the premiums for the Shared Insurance Policies and Programs. As further described herein, with respect to the Shared

³ While the Debtors maintain a workers’ compensation and employers’ liability policy for their Kansas and Georgia locations, the Debtors are not seeking authority to pay the obligations of such policy pursuant to this Motion. That relief is requested in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits, and Other Compensation, (B) Maintain Employee Benefit Programs and Pay Related Obligations, and (C) Pay Prepetition Employee Expenses and (II) Granting Related Relief*, filed contemporaneously herewith.

Insurance Policies and Programs, the Debtors pay their allocated share of their Insurance Obligations under the Premium Financing Agreement directly to the PFA Lender (each as defined below).

11. By this Motion, the Debtors request authority, but not direction, to maintain, continue, and renew their Insurance Policies and Programs, and to honor their Insurance Obligations, including with respect to their Shared Insurance Policies and Programs, as they come due, each in the ordinary course of business during these chapter 11 cases.

I. Insurance Policies

12. The Debtors maintain the Insurance Policies and Programs which provide the Debtors with coverage related to, among other things, general liability, environmental liability marine cargo liability, property, automobile liability, directors' and officers' liability, cyber liability and aircraft products liability that are administered by the Insurers. As noted above, the Insurance Policies and Programs include two categories: (i) Insurance Policies and Programs directly obtained by the Debtors; and (ii) Shared Insurance Policies and Programs obtained by Glass Holdings and certain non-debtor affiliates pursuant to which the Debtors are a named insured.

13. The Insurance Policies and Programs directly obtained by the Debtors either (i) require the Debtors to pay premiums based upon fixed rates established and invoiced directly by the applicable Insurer; or (ii) are financed by the Premium Financing Agreement whereby the Debtors directly pay the PFA Lender (each as defined below). The policies directly obtained by the Debtors are the International Liability Package Policy, Ocean Cargo & Inland Marine Policy, and Business Automobile Policy.

14. In connection with the Shared Insurance Policies and Programs, other than the Real Estate Environmental Liability Policy, the Debtors and their non-debtor affiliates collectively finance their premiums and, therefore, each pay an allocated portion of the payments made pursuant to the Premium Finance Agreement, as discussed in more detail below. Each Shared Insurance Policy and Program either (a) jointly names the Debtors, along with certain non-debtor affiliates, as the insured party, or (b) names a non-debtor affiliate as the insured party, which in turn provides the Debtors with the necessary insurance coverage.⁴

15. The Insurance Policies and Programs are annual policies, most of which expire in August 2021.⁵ The total annual premiums and related obligations paid by the Debtors will equal approximately \$855,000 for the 2020-2021 policy period. Other than payments required to be made under the Premium Finance Agreement, the Debtors believe that, as of the Petition Date, they do not owe any premiums on account of the Insurance Policies and Programs.

16. The Debtors maintain the Insurance Policies and Programs to help manage and limit the various risks associated with operating their business, which is essential to the preservation of the value of the Debtors' estates. Some of the Insurance Policies are required by regulations, laws, and contracts that govern the Debtors' commercial activities. Furthermore, the Bankruptcy Code reinforces these requirements, as section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public," may be "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C).

⁴ While the General Liability (Excluding Aircraft Products) Policy is a Shared Insurance Policy and Program that names certain of the Debtors and non-debtor affiliates as insureds, the insurance premium for such policy is paid entirely by non-debtor affiliate NWI Defense, LLC.

⁵ The only Insurance Policies which does not expire in August 2021 is the Real Estate Environmental Liability Policy, which expires in August 2022.

II. Premium Finance Agreement

17. Because it is often not economically advantageous for the Debtors to pay insurance premiums on a lump-sum basis, and in an effort to manage cash flows most efficiently, the Debtors and certain non-debtor affiliates finance some of their insurance premiums⁶ pursuant to a premium financing agreement (the “**Premium Finance Agreement**”) entered into between IPFS Corporation (the “**PFA Lender**”) and OSS. Pursuant to the Premium Finance Agreement, the PFA Lender provides financing for both the Debtors’ and certain non-debtor affiliates’ Insurance Policies and Programs, except for that certain policy identified in note 6 *supra*. These Insurance Policies and Programs include both the Insurance Policies and Programs directly obtained by the Debtors and the Shared Insurance Policies and Programs. While OSS arranges for the financing provided under the Premium Finance Agreement, the Debtors make payments directly to the PFA Lender.

18. The Debtors only pay an allocated portion of the payments due under the Premium Finance Agreement with respect to the Shared Insurance Policies and Programs that are financed thereunder. While most of the Shared Insurance Policies and Programs’ payments are allocated based upon the sales generated by the applicable insured entity, the Property Insurance Policy’s allocation is based upon the total insurable value of that insured entity’s property. As a result of the allocation process, each insured entity reduces its overall insurance expense and pays only its proportionate cost for such insurance. That notwithstanding, the Debtors are solely responsible for the financed payments under the Premium Finance Agreement with respect to their

⁶ The Debtors finance all insurance premiums other than the insurance premium related to the Real Estate Environmental Liability Policy. For the aforementioned policy, the Debtors pay the insurance premium in full on a lump-sum basis at the beginning of the applicable policy term.

International Liability Package Policy, Ocean Cargo & Inland Marine Policy and Business Automobile Policy.

19. Pursuant to the Premium Finance Agreement, the Debtors made a down payment of \$161,695.59 to the PFA Lender and make monthly payments in the amount of \$72,992.26 to the PFA Lender (the “**Monthly PFA Payments**”) in satisfaction of (i) the approximately \$800,000 financed under the Premium Finance Agreement and (ii) the 3.750% annual interest rate related thereto. The aforementioned payments are made by the Debtors to satisfy their Insurance Obligations financed under the Premium Finance Agreement and do not satisfy the insurance obligations of any non-debtor affiliate. The Debtors’ obligations under the Premium Finance Agreement are secured by the scheduled policies financed under the Premium Finance Agreement, including, among other things, all money that is or may be due to the insured because of a loss under any such policy, and any unearned premiums or other amounts that may become payable thereunder. As of the Petition Date, approximately \$150,000 remains to be paid by the Debtors under the Premium Financing Agreement, which is to be paid in connection with the two remaining Monthly PFA Payments.⁷

III. Debtors’ Insurance Broker

20. In connection with the Insurance Policies and Programs, the Debtors employ McGriff, Seibels & Williams, Inc. (together with its affiliates, the “**Insurance Broker**”) to help procure, negotiate, and evaluate such policies and programs for the Debtors, and provide risk management services related thereto. As compensation for these services, the Insurance Broker typically assesses in advance fees (the “**Insurance Broker Fees**”) paid semi-annually based on the annual coverage period. For example, in February 2021, the Debtors made the second

⁷ The Debtors’ next Monthly PFA Payment is due on April 30, 2021.

payment of approximately \$4,200 in Insurance Broker Fees for the period ending August 2021. The Debtors paid the Insurance Broker Fees directly to the Insurance Broker. As of the Petition Date, the Debtors believe no amounts are outstanding on account of Insurance Broker Fees.

RELIEF REQUESTED SHOULD BE GRANTED

21. A bankruptcy court may authorize a debtor to pay certain prepetition obligations pursuant to section 363(b) of the Bankruptcy Code. 11 U.S.C. § 363(b)(1). Section 363(b) provides, in relevant part, that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” To approve the use of assets outside the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, courts require only that the debtor “show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted); *see also In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987).

22. Moreover, the Court has the authority, pursuant to section 105(a) of the Bankruptcy Code, to authorize the relief requested herein because such relief is necessary for the Debtors to carry out their fiduciary duties under section 1107(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code empowers bankruptcy courts to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Section 1107(a) of the Bankruptcy Code “contains an implied duty of the debtor-in-possession” to “protect and preserve the estate, including an operating business’ going-concern value,” on behalf of a debtor’s creditors and other parties in interest. *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (citations omitted); *see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.)*, 227 B.R. 229, 232–33 (Bankr. S.D.N.Y. 1998) (“[U]pon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee.”).

23. Courts consistently permit payment of prepetition obligations that are necessary to preserve or enhance the value of a debtor's estate. *See, e.g., Miltenberger v. Logansport, C&S W.R. Co.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim before reorganization permitted to prevent "stoppage of the continuance of [crucial] business relations"); *In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that "if payment of a claim which arose prior to reorganization is essential to the continued operation of the . . . [business] during reorganization, payment may be authorized even if it is made out of [the] corpus"); *Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (extending doctrine for payment of prepetition claims beyond railroad reorganization cases), *cert. denied* 325 U.S. 873 (1945); *Mich. Bureau of Workers' Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285–86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

24. In addition, the Court may rely on its equitable powers under section 105(a) of the Bankruptcy Code and the doctrine of necessity to authorize the payment of prepetition claims when such payment is essential to the continued operation of a debtor's business. *See, e.g., In re Just for Feet*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of Bankruptcy Code provides statutory basis for payment of prepetition claims under the doctrine of necessity particularly when such payment is necessary for the debtor's survival during chapter 11); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (confirming that the doctrine of necessity is standard for enabling a court to authorize payment of prepetition claims before confirming a plan).

25. The Insurance Obligations are necessary costs of preserving the Debtors' estates. The Debtors operate in a highly-regulated environment, which requires them to maintain certain

coverage to manufacture their products. The Debtors manufacture complex aerospace components, parts and assemblies that are used by commercial, business, military and general aviation aircrafts. Manufacturing these specialized products for use in such a highly-regulated industry exposes the Debtors to various, potentially significant, liabilities. Accordingly, the Insurance Policies are essential to minimizing risks and disruptions, which otherwise could have a materially adverse impact on the Debtors' chapter 11 strategy and their ability to maximize value for their stakeholders. Furthermore, the Debtors are obligated to maintain the Insurance Policies and Programs under the operating guidelines of the Office of the United States Trustee for Region 3 and the Bankruptcy Code.

26. In addition, to the extent the maintenance of the Insurance Policies, including any related Insurance Brokers' Fees or obligations under the Premium Financing Agreement, are outside the ordinary course of business, they are justified under section 363(b) of the Bankruptcy Code. Even where coverage is not expressly required by applicable law, the Debtors are compelled by sound business practice to maintain essential insurance coverage. Any interruption in such coverage would expose the Debtors to a variety of risks, including the possible (a) incurrence of direct liability for the payment of claims that otherwise would have been covered by the Insurance Policies and Programs, (b) incurrence of material costs and other losses that otherwise would have been reimbursed, such as attorneys' fees for covered claims, (c) inability to obtain similar types and levels of insurance coverage, (d) incurrence of higher costs for reestablishing lapsed policies or obtaining new insurance coverage, and (e) incurrence of potential liability arising from the breach of contractual obligations to maintain insurance coverage.

27. If the Debtors are unable to continue making payments under the Premium Finance Agreement, the PFA Lender may be permitted to terminate the agreement. The Debtors may then

be forced to obtain replacement insurance or replacement financing on an expedited basis and likely at a significantly increased cost. Even if the PFA Lender were not able to terminate the Premium Financing Agreement, any interruption in payments to the PFA Lender could severely and adversely affect the Debtors' ability to finance premiums for future policies. Given the importance of maintaining insurance and preserving cash flow by financing premiums, the Debtors believe that it is in the best interest of their estates and creditors for the Court to authorize the Debtors to make the Monthly PFA Payments. Any alternative would likely require considerable cash expenditures and would be detrimental to these chapter 11 cases.

28. The Premium Finance Agreement grants the PFA Lender a security interest in the scheduled policies financed under the Premium Finance Agreement including, among other things, all money that is or may be due to the insured because of a loss under any such policy and any unearned premiums or other amounts that may become payable thereunder. Security interests created by premium financing arrangements are generally recognized as secured claims in bankruptcy to the extent of the amount of unearned premiums financed pursuant to such agreements. *See TIFCO, Inc. v. U.S. Repeating Arms Co. (In re U.S. Repeating Arms Co.)*, 67 B.R. 990, 994-95 (Bankr. D. Conn. 1986). Therefore, if the Debtors fail to make the required payments under the Premium Finance Agreement, the PFA Lender could seek relief from the automatic stay, either to cancel the financed program in accordance with the terms of the Premium Finance Agreement, or to seek adequate protection of its investments. *See In re Universal Motor Express*, 72 B.R. 208, 211 (Bankr. W.D.N.C. 1987) (recognizing the default under the financing arrangement and the resulting decline in value of the unearned premiums justified relief from the automatic stay). Thus, the Debtors believe it is in the best interests of their estates and their

creditors to continue making the Monthly PFA Payments required under the Premium Finance Agreement.

29. In addition, the Court should authorize the Debtors to continue paying their Insurance Broker in the ordinary course of business as they are intimately familiar with the Debtors' Insurance Policies and Programs and Insurance Obligations. Without the services provided by the Insurance Broker, there could be a costly disruption to the Debtors' businesses and a negative impact on the efficient administration of these chapter 11 cases. The Debtors believe there are no outstanding Insurance Broker Fees as of the Petition Date, thus the Debtors request this relief out of an abundance of caution.

30. The relief requested by this Motion represents a sound exercise of the Debtors' business judgment, is necessary to avoid immediate and irreparable harm to the Debtors' estates, and is justified under sections 363(b) and 105(a) of the Bankruptcy Code. Authorizing the Debtors to maintain the Insurance Policies and Programs and to pay all prepetition amounts, if any, related to the Insurance Obligations is in the best interests of the Debtors, their estates, and their economic stakeholders.

**APPLICABLE FINANCIAL INSTITUTIONS SHOULD BE AUTHORIZED TO
RECEIVE, PROCESS, HONOR, AND PAY CHECKS ISSUED AND TRANSFERS
REQUESTED TO PAY INSURANCE OBLIGATIONS**

31. The Debtors further request that this Court authorize applicable financial institutions (the "**Banks**") to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested by or on behalf of the Debtors relating to the Insurance Obligations, to the extent that sufficient funds are on deposit and standing in the Debtors' credit in the applicable bank accounts to cover such payment. The Debtors represent that these checks are drawn on identifiable disbursement accounts and can be readily identified as relating directly to the authorized payment of Insurance Obligations. Accordingly,

the Debtors believe that checks other than those relating to authorized payments will not be honored inadvertently. Any such financial institution may rely on the representations of such Debtors as to which checks are issued or wire transfers are made (or, as applicable, requested to be issued or made) and authorized to be paid in accordance with this Motion without any duty of further inquiry. The Debtors also seek authority, but not direction, to issue new post-petition checks or effect new post-petition electronic funds transfers in replacement of any checks or funds transfer requests on account of Insurance Obligations dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

BANKRUPTCY RULE 6003(b)

32. Bankruptcy Rule 6003(b) provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may issue an order granting “a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” before twenty-one days after filing of the petition. Fed. R. Bankr. P. 6003(b). As explained above and in the First Day Declaration, the relief requested herein is necessary for the Debtors' transition into chapter 11, to continue to operate their business in the ordinary course, and to maximize the value of the Debtors' estates for the benefit of all stakeholders. Accordingly, the Debtors submit that the relief requested herein is necessary to avoid immediate and irreparable harm, and, therefore, satisfies Bankruptcy Rule 6003.

BANKRUPTCY RULE 6004(a) AND (h)

33. To implement the foregoing successfully, the Debtors request that the Court find that notice of the Motion is adequate under Bankruptcy Rule 6004(a) under the circumstances, and waive the fourteen-day stay of an order authorizing the use, sale, or lease of property under

Bankruptcy Rule 6004(h). As explained above and in the First Day Declaration, the relief requested herein is necessary for the Debtors' transition into chapter 11 and to avoid immediate and irreparable harm to the Debtors. Accordingly, ample cause exists to justify finding that the notice requirements under Bankruptcy Rule 6004(a) have been satisfied and to grant a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent those requirements apply.

RESERVATION OF RIGHTS

34. Nothing contained herein is intended or shall be construed as (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors; (c) a waiver of any claim or cause of action which may exist against any creditor or interest holder; or (d) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

NOTICE

35. Notice of this Motion will be provided to (i) Office of the United States Trustee for the District of Delaware; (ii) the holders of the thirty largest unsecured claims against the Debtors on a consolidated basis; (iii) counsel to the DIP Agent; (iv) the Internal Revenue Service; (v) the United States Attorney's Office for the District of Delaware; (vi) the Securities and Exchange Commission; (vii) the Insurers; (viii) the PFA Lender, (ix) the Insurance Broker; and (x) any party entitled to notice under Bankruptcy Rule 2002 or Local Rule 9013-1(m) (collectively, the "**Notice Parties**"). The Debtors respectfully submit that no further notice is required. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request entry of the Proposed Orders granting the relief requested herein, and such other and further relief as the Court may deem just and appropriate.

Dated: April 5, 2021
Wilmington, Delaware

/s/ Paul N. Heath

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*Proposed Attorneys for the Debtors
and Debtors in Possession*

Exhibit A

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

<i>In re</i> TECT AEROSPACE GROUP HOLDINGS, INC., et al., <p style="text-align: center;">Debtors.¹</p>	X : : : : : : : : X	Chapter 11 Case No. 21–____ (____) Jointly Administered Re: D.I. ____
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**INTERIM ORDER (I) AUTHORIZING DEBTORS TO
(A) MAINTAIN THEIR INSURANCE POLICIES AND PROGRAMS,
(B) HONOR ALL INSURANCE OBLIGATIONS AND (C) MAINTAIN THEIR
PREMIUM FINANCE AGREEMENT; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)² of TECT Aerospace Group Holdings, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), for entry of an interim order (this “**Interim Order**”) (i) authorizing, but not directing, the Debtors to (a) maintain, continue and renew their Insurance Policies and Programs, (b) honor their Insurance Obligations in the ordinary course of business during these chapter 11 cases, and (c) maintain, continue and renew their Premium Finance Agreement; and (ii) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)–(b) and 1334(b), and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: TECT Aerospace Group Holdings, Inc. (9338); TECT Aerospace Kansas Holdings, LLC (4241); TECT Aerospace Holdings, LLC (9112); TECT Aerospace Wellington Inc. (4768); TECT Aerospace, LLC (8650); TECT Hypervelocity, Inc. (8103); and Sun Country Holdings, LLC (6079). The Debtors’ mailing address is 300 W. Douglas, Suite 100, Wichita, KS 67202.

² Capitalized terms used but not otherwise defined herein have the meanings given to those terms in the Motion.

being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties under the circumstances, and it appearing that no other or further notice need be provided; and this Court having held a hearing to consider the interim relief requested in the Motion (the “**Hearing**”); and upon the First Day Declaration; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003, and is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis to the extent set forth herein.
2. The Debtors are authorized, but not directed, in the ordinary course of business, to maintain and continue their Insurance Policies and Programs in accordance with practices and procedures that were in effect before the commencement of these chapter 11 cases.
3. The Debtors are authorized, but not directed, to pay all Insurance Obligations owed in connection with the Insurance Policies and Premium Finance Agreement, including any Insurance Brokers Fees and Monthly PFA Payments, whether incurred prepetition or post-petition; *provided that* payments on account of prepetition Insurance Obligations shall not exceed \$75,000 in the aggregate without further order of this Court.
4. The Debtors are further authorized, but not directed, to revise, extend, supplement, change, terminate, and/or replace insurance coverage or premium financing arrangements, as needed and to enter into new insurance policies or premium financing arrangements through renewal or purchase of new insurance policies or premium financing arrangements, in each case

in the ordinary course of business and without further notice to, hearing before, or order from this Court; *provided that*, absent further order of this Court upon notice, during the course of these chapter 11 cases, the Debtors shall not renew or enter into any new premium financing agreement upon any terms less favorable than those in the existing Premium Finance Agreement.

5. The Debtors shall promptly notify the DIP Agent in the event that any of the Insurance Policies or Programs are terminated.

6. Each of the Banks at which the Debtors maintain their accounts relating to the payment of the Insurance Obligations are authorized to (i) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (ii) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

7. Nothing contained in the Motion or this Interim Order, nor any payment made pursuant to the authority granted by this Interim Order, is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors, (iii) a waiver of any claims or causes of action which may exist against any creditor or interest holder, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

8. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

9. Under the circumstances of these chapter 11 cases, notice of the Motion is adequate under Bankruptcy Rule 6004(a) and the Local Rules.

10. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall be immediately effective and enforceable upon its entry.

11. A hearing to consider entry of an order granting the relief requested in the Motion on a final basis will be held on _____, **2021, at _____ (prevailing Eastern Time)** and any objections or responses to the Motion must be in writing and filed with the Court by no later than _____, **2021 at 4:00 p.m. (prevailing Eastern Time)**, and served on the following parties: (i) proposed counsel for the Debtors, Richards, Layton & Finger, P.A., Daniel J. DeFranceschi (defranceschi@rlf.com), Paul N. Heath (heath@rlf.com), and Amanda R. Steele (steele@rlf.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801, Attn: Linda Casey (Linda.Casey@usdoj.gov); (iii) counsel for the DIP Agent: (a) Perkins Coie LLP, Alan D. Smith (ADSmith@perkinscoie.com), and (b) Young Conaway Stargatt & Taylor, LLP, Kenneth J. Enos (kenos@ycst.com); and (iv) counsel for any official committee of unsecured creditors.

12. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Interim Order.

13. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Interim Order.

Exhibit B

Proposed Final Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

<i>In re</i> TECT AEROSPACE GROUP HOLDINGS, INC., <i>et al.</i>, <p style="text-align: center;">Debtors.¹ </p>	X : : : : : : X	Chapter 11 Case No. 21– ____ (____) Re: D.I. ____
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**FINAL ORDER (I) AUTHORIZING DEBTORS TO
(A) MAINTAIN THEIR INSURANCE POLICIES AND PROGRAMS,
(B) HONOR ALL INSURANCE OBLIGATIONS AND (C) MAINTAIN THEIR
PREMIUM FINANCE AGREEMENT; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)² of TECT Aerospace Group Holdings, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), for entry of a final order (this “**Final Order**”) (i) authorizing, but not directing, the Debtors to (a) maintain, continue and renew their Insurance Policies and Programs, (b) honor their Insurance Obligations in the ordinary course of business during these chapter 11 cases, and (c) maintain, continue and renew their Premium Finance Agreement; and (ii) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)–(b) and 1334(b), and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: TECT Aerospace Group Holdings, Inc. (9338); TECT Aerospace Kansas Holdings, LLC (4241); TECT Aerospace Holdings, LLC (9112); TECT Aerospace Wellington Inc. (4768); TECT Aerospace, LLC (8650); TECT Hypervelocity, Inc. (8103); and Sun Country Holdings, LLC (6079). The Debtors’ mailing address is 300 W. Douglas, Suite 100, Wichita, KS 67202.

² Capitalized terms used but not otherwise defined herein have the meanings given to those terms in the Motion.

being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties under the circumstances, and it appearing that no other or further notice need be provided; and this Court having held a hearing, if necessary, to consider the final relief requested in the Motion (the “**Hearing**”); and upon the First Day Declaration; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on a final basis to the extent set forth herein.
2. The Debtors are authorized, but not directed, to pay all Insurance Obligations owed in connection with the Insurance Policies and Premium Finance Agreement, including any Insurance Brokers Fees and Monthly PFA Payments, whether incurred prepetition or post-petition; *provided that* payments on account of prepetition Insurance Obligations shall not exceed \$150,000 in the aggregate without further order of this Court.
3. The Debtors are further authorized, but not directed, to maintain their Insurance Policies and Programs in accordance with practices and procedures that were in effect before the commencement of these chapter 11 cases.
4. The Debtors are further authorized, but not directed, to revise, extend, supplement, change, terminate, and/or replace insurance coverage or premium financing arrangements, as needed and to enter into new insurance policies or premium financing arrangements through renewal or purchase of new insurance policies or premium financing arrangements, in each case in the ordinary course of business and without further notice to, hearing before, or order from this

Court; *provided that*, absent further order of this Court upon notice, during the course of these chapter 11 cases, the Debtors shall not renew or enter into any new premium financing agreement upon any terms less favorable than those in the existing Premium Finance Agreement.

5. The Debtors shall promptly notify the DIP Agent in the event that any of the Insurance Policies or Programs are terminated.

6. Each of the Banks at which the Debtors maintain their accounts relating to the payment of the Insurance Obligations are authorized to (i) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (ii) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

7. Nothing contained in the Motion, the Interim Order, or this Final Order, nor any payment made pursuant to the authority granted by the Interim Order or this Final Order, is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors, (iii) a waiver of any claims or causes of action which may exist against any creditor or interest holder, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

8. Under the circumstances of these chapter 11 cases, notice of the Motion is adequate under Bankruptcy Rule 6004(a) and the Local Rules.

9. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall be immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Final Order.

11. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Final Order.

EXHIBIT C**Insurance Schedule**

Type of Coverage	Insurer(s)	Policy Number	Current Policy Period	Total Approximate Yearly Premium & Fees or Financed Premiums, as Applicable
Aircraft Products Liability	National Union Fire Insurance Co. of Pittsburgh, PA	PL28176603-07	8/30/2020 – 8/30/2021	\$137,000
Property	Factory Mutual Insurance Company	1071135	8/30/2020 – 8/30/2021	\$440,000
General Liability (Excluding Aircraft Products)	Illinois Union Insurance Co. (Chubb)	G71173367003	8/30/2020 – 8/30/2021	\$0.00
Business Automobile	Starr Indemnity & Liability Co.	1000600417201	8/30/2020 – 8/30/2021	\$17,000
International Liability	Insurance Company of the State of Pennsylvania (AIG)	WS11013721	8/30/2020 – 8/30/2021	\$3,500
Ocean Cargo & Inland Marine	Travelers Indemnity Company of America	ZOE-81N03372	8/30/2020 – 8/30/2021	\$22,000
Executive Protection	Federal Insurance Company (Chubb)	81733346	8/30/2020 – 8/30/2021	\$81,000
Directors' and Officers' Liability (Excess)	Wesco Insurance Company	EUW184331400	8/30/2020 – 8/30/2021	\$112,000

Type of Coverage	Insurer(s)	Policy Number	Current Policy Period	Total Approximate Yearly Premium & Fees or Financed Premiums, as Applicable
Cyber Liability	Hudson Excess Ins. Co.	CYB100349101	8/30/2020 – 8/30/2021	\$6,000
Real Estate Environmental Liability	Steadfast Insurance	EPC591140402	8/30-2019 – 8/30/2022	\$11,000