

Debtor(s).

Location: Gospel Light Publications, 1923 Eastman Avenue, Ste. 200, Ventura, CA 93003

Overbid procedure (if any):

See Attached Bid Procedures.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Date: October 28, 2015

Time: 10:00 a.m. PST

Place: Courtroom 201

United States Bankruptcy Court

1415 State Street

Santa Barbara, CA 93101

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Counsel for the Debtor:

Craig G. Margulies, Esq.

Margulies Faith, LLP

16030 Ventura Blvd., Ste. 470

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Date: 10/07/2015

ATTACHMENT 1

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10 Attorneys for Gospel Light Publications
11 Chapter 11 Debtor and Debtor in Possession

12 **UNITED STATES BANKRUPTCY COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **NORTHERN DIVISION**

15 In re

16 GOSPEL LIGHT PUBLICATIONS,

17 Debtor and Debtor in
18 Possession.

Case No.: 9:15-bk-11586-PC

Chapter: 11

BID PROCEDURES

19 Gospel Light Publications, as debtor and debtor in possession (the "Debtor"), has
20 filed a chapter 11 case pending in the United States Bankruptcy Court for the Central
21 District of California and administered under Case No. 9:15-bk-11586-PC. By motion
22 dated September 1, 2015 (the "Bid Procedures Motion"),² the Debtor sought, among other
23 things, approval of the process and procedures set forth below (the "Bid Procedures")
24 through which it will determine the highest and best offer for substantially all the Debtor's
25 assets (collectively, the "Auctioned Assets"). At the hearing on October 1, 2015, the
26 Bankruptcy Court approved the Bid Procedures.

27 On October 28, 2015, or another continued date, the Bankruptcy Court shall
28 conduct the Sale Hearing, at which the Debtor shall seek entry of the Sale Order

² Capitalized terms not otherwise defined herein shall have the same meaning as in the Bid Procedures Motion or the Bid Procedures, as applicable.

1 authorizing and approving the sale (the “Sale”) of (i) certain of the Auctioned Assets (the
2 “Cook Purchased Assets”, as further defined below) to proposed purchaser David C Cook,
3 an Illinois not-for-profit corporation (“Cook” or the “Purchaser”) or one or more Qualified
4 Bidders, which offer (or offers) that the Debtor determines to constitute the highest and
5 best offer; and (ii) the remaining Auctioned Assets to more or more Qualified Bidders,
6 which offer (or offers) that the Debtor determines to constitute the highest and best offer.

7 Cook APA

8 On September 28, 2015, the Debtor entered into an asset purchase agreement
9 titled “Asset Purchase Agreement” (the “Cook APA”) with Cook, pursuant to which the
10 Purchaser proposes to acquire (1) the Sunday School Curriculum, Sunday School
11 Inventory, Ministry Asset, and Ministry Inventory (all as defined below), comprising
12 Package 1 - the Sunday School Package (as defined below) of the Auctioned Assets; and
13 (2) the WTB Asset and WTB Inventory (both as defined below), comprising Package 3 (as
14 defined below) of the Auctioned Assets (collectively, with Package 1, the “Cook
15 Purchased Assets”).³ Pursuant to the Cook APA, the Purchaser will provide consideration
16 for the Cook Purchased Assets in the total amount of \$1,150,000.00 as provided in the
17 Cook APA (the “Purchase Price”). The transaction contemplated by the Cook APA is
18 subject to competitive bidding as set forth herein, and approval by the Bankruptcy Court
19 pursuant to sections 105, 363 and 365 of Title 11 of the United States Code (the
20 “Bankruptcy Code”).

21 Assets for Sale or Disposition

22 The Debtor is offering for sale the Auctioned Assets in the following packages:

23 1. Package 1 (the “Sunday School Package”):

- 24 a. The Sunday School Curriculum Asset, as described in pages 3 through 5 of
25 the Asset Summary and in the Asset Schedule attached as Exhibit “B-1”,
26

27 ³ The VBS Asset (as defined below), comprising Package 2 (as defined below) of the Auctioned Assets, the
28 VBS Inventory (as defined below), comprising Package 4 (as defined below) of the Auctioned Assets, and
the FFE (as defined below), comprising Package 5 (as defined below) of the Auctioned Assets, will also be
part of the Auction, but are not part of the Cook APA.

- 1 and which includes the Assumed Contracts attached as **Exhibit "C-1"** (i.e.,
2 the Sunday School Asset);
- 3 b. Inventory for current and future quarters of undated Sunday School material,
4 as listed on page 5 of the Asset Summary (the "Sunday School Inventory");
- 5 c. The Church Ministry Resources Asset, as described on page 7 of the Asset
6 Summary and in the Asset Schedule attached as **Exhibit "B-2"**, and which
7 includes the Assumed Contracts attached as **Exhibit "C-2"** (i.e., the Ministry
8 Asset);
- 9 d. Inventory of Church Ministry Resources, as listed on page 7 of the Asset
10 Summary (the "Ministry Resource Inventory")
- 11 2. Package 2: The Vacation Bible School Asset, as described on page 6 of the Asset
12 Summary and in the Asset Schedule attached as **Exhibit "B-3"**, and which
13 includes the Assumed Contracts attached as **Exhibit "C-3"** (i.e., the VBS Asset);
- 14 3. Package 3 (the "WTB Package"):
- 15 a. The "What the Bible is all About" Asset, as described on page 8 of the Asset
16 Summary and in the Asset Schedule attached as **Exhibit "B-4"**, and which
17 includes the Assumed Contracts attached as **Exhibit "C-4"** (the "WTB
18 Asset"); and
- 19 b. Inventory of "What the Bible is all About", as listed on page 8 of the Asset
20 Summary (the "WTB Inventory");
- 21 4. Package 4: Inventory for past Vacation Bible School programs, as listed on page 6
22 of the Asset Summary (the "VBS Inventory"); and
- 23 5. Package 5: Equipment and Furniture, as listed in the Asset Schedule attached as
24 **Exhibit "B-5"** (the "FFE").

Participation Requirements

25
26 In order to participate in the bidding process and to otherwise be considered for
27 any purpose hereunder, a person interested in the Auctioned Assets (a "Potential Bidder")
28

1 must first deliver (unless previously delivered) to the Debtor and its counsel the following
2 (the "Participation Requirements");

3 1. Confidentiality Agreement.

- 4 a. An executed confidentiality agreement in form and substance acceptable to
5 the Debtor and its counsel (a "Confidentiality Agreement"); and
6 b. At the Debtor's discretion, the Debtor, with the assistance of its proposed
7 auctioneer, BraunCo, Inc. ("Braun", or the "Auctioneer"), may determine that
8 a Potential Bidder interested in bidding on only the FFE need not execute a
9 Confidentiality Agreement. However, a Potential Bidder who does not
execute a Confidentiality Agreement shall not be permitted access to any
due diligence materials and information.

10 2. Proof of Ability to Perform.

- 11 a. Prior to or at the time of presentation of a Bid, written evidence that the
12 Debtor reasonably concludes demonstrates the Potential Bidder has the
13 necessary financial ability to close the contemplated transaction and provide
14 adequate assurance of future performance under all contracts and leases to
15 be assumed in such contemplated transaction. Such information should
16 include, *inter alia*, the following:
17 i. the Potential Bidder's current financial statements (audited if they
18 exist);
19 ii. contact names and numbers for verification of financing sources;
20 iii. evidence of the Potential Bidder's internal resources and proof of any
21 debt or equity funding commitments that are needed to close the
22 contemplated transaction;
23 iv. any such other form of financial disclosure or credit-quality support
24 information or enhancement reasonably acceptable to the Debtor
25 demonstrating that such Potential Bidder has the ability to close the
26 contemplated transaction; and
27 v. other such documentation as the Debtor may reasonably request.
28 b. At the Debtor's discretion, the Debtor, with the assistance of the Auctioneer
may determine that a Potential Bidder interested in bidding on only the FFE
need not provide all the information and documents listed in Paragraph 2.a.,
above, in order to show the necessary financial ability to close a
contemplated transaction with respect to the FFE.

///

Designation as Qualified Bidder

A "Qualified Bidder" is a Potential Bidder that delivers the documents described in subparagraphs 1 and 2 above (under the heading "Participation Requirements"), unless otherwise excepted from such requirements, and that the Debtor determines (in consultation with the Auctioneer) is reasonably likely (i) to submit a *bona fide* offer that would result in sufficient cash value being received for the benefit of the Debtor's creditors and (ii) to be able to consummate a sale if selected as a Successful Bidder.

Upon the receipt from a Potential Bidder of the information required under subparagraphs 1 and 2 above, unless excepted from the requirement to submit such information, the Debtor shall determine, in consultation with any auctioneer, whether the Potential Bidder is a Qualified Bidder and shall notify the Potential Bidder of such determination.

The Purchaser (together with any assigns) is a Qualified Bidder and is deemed to satisfy all Bid Requirements (hereinafter defined).

Access to Due Diligence Materials

The Debtor will provide Potential Bidders with reasonable access to its books, records, facilities, key personnel, officers, accountants and legal counsel for the purpose of conducting due diligence. The Debtor shall not be required to provide confidential or proprietary information to a Potential Bidder if the Debtor believes that such disclosure would be detrimental to the interests of the Debtor.

Only Potential Bidders that execute and deliver a Confidentiality Agreement are eligible to receive due diligence access or additional non-public information. If the Debtor at any point determines that a Potential Bidder that has satisfied the Participation Requirements does not constitute a Qualified Bidder, then such Potential Bidder's right to receive due diligence access or additional non-public information shall terminate. The Debtor will designate an employee or other representative to coordinate all reasonable requests for additional information and due diligence access from such Qualified Bidders. The Debtor shall not be obligated to furnish any due diligence information after the Bid

1 Deadline (as hereinafter defined). The Debtor is not responsible for, and will bear no
2 liability with respect to, any information obtained by Qualified Bidders in connection with
3 the sale of the Auctioned Assets.

4 **Due Diligence From Bidders**

5 Each Potential Bidder and Qualified Bidder (collectively, a "Bidder") shall comply
6 with all reasonable requests for additional information and due diligence access by the
7 Debtor or its advisors regarding such Bidder and its contemplated transaction ("Bidder
8 Related Information"). Failure by a Potential Bidder to comply with requests for additional
9 information and due diligence access will be a basis for the Debtor to determine that the
10 Potential Bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with
11 such requests for additional information and due diligence access will be a basis for the
12 Debtor to determine that a bid made by a Qualified Bidder is not a Qualified Bid. Unless
13 the applicable Bidder consents to the Bidder Related Information being provided to other
14 parties in interest, only the Debtor, its counsel and advisors, and the Auctioneer will be
15 provided with the Bidder Related Information.

16 **Bidding Process**

17 The Debtor and its advisors, with the assistance of the Auctioneer, shall: (i)
18 determine whether a Potential Bidder is a Qualified Bidder; (ii) coordinate the efforts of
19 Bidders in conducting its due diligence investigations, as permitted by the provisions
20 above; (iii) receive offers from Qualified Bidders; and (iv) negotiate any offers made to
21 purchase the Auctioned Assets (collectively, the "Bidding Process"). The Debtor shall
22 have the right to adopt such other rules for the Bidding Process (including rules that may
23 depart from those set forth herein) that will better promote the goals of the Bidding
24 Process, including modifications to bidding requirements and applicable dates and
25 deadlines.

26 **Bid Deadline**

27 The deadline for submitting bids by a Qualified Bidder shall be October 23,
28 2015 at 2:00 p.m. (Pacific Standard Time) (the "Bid Deadline"), or such other date as

1 **determined by the Debtor.** The Bid Deadline shall not apply to Qualified Bidders
2 interested in bidding only on the FFE, as all bids for the FFE shall be made at the Auction
3 itself.

4 Prior to the Bid Deadline, a Qualified Bidder that desires to make an offer,
5 solicitation or proposal (a "Bid") for any of the Auctioned Assets other than the FFE shall
6 deliver written copies of its Bid by electronic mail to counsel for the Debtor, Margulies
7 Faith, LLP, 16030 Ventura Blvd., Ste. 470, Encino, California 91436, Attn: Craig
8 Margulies, craig@marguliesfaithlaw.com, by the Bid Deadline, provided, however, that
9 any confidential financial information may be delivered to the Debtor and its counsel only
10 ("Bidder Confidential Information").

11 A Bid received after the Bid Deadline shall not constitute a Qualified Bid as to any
12 of the Auctioned Assets other than the FFE.

13 **Bid Requirements**

14 To be eligible to participate in the Auction, each Bid and each Qualified Bidder
15 submitting such a Bid must be determined by the Debtor to satisfy each of the following
16 conditions (the "Bid Requirements"):

17 Registration Deposit. The maker of each Bid, other than the Purchaser, must be
18 submit a deposit (the "Registration Deposit") in the form of a certified check or cash
19 payable to the order of the Debtor in an amount equal to the following no later than
October 23, 2015 at 2:00 p.m. PST (the "Registration Deposit Deadline").⁴

<u>Asset Package</u>	<u>Amount of Deposit</u>
Package 1: The Sunday School Package	\$100,000.00 in cash
Package 2: The VBS Asset	\$20,000.00 in cash
Package 3: The WTB Package	\$20,000.00 in cash
Package 4: The VBS Inventory	\$20,000.00 in cash
Package 5: The FFE	\$2,500.00 in cash

27
28 ⁴ The Cook APA provides for the full purchase price for the Cook Purchased Assets to be deposited into an Escrow Account.

Minimum Overbid. The consideration proposed by the Bid may include only cash and/or other consideration acceptable to the Debtor. The aggregate consideration must exceed the following, which includes a three percent (3%) breakup fee (the "Breakup Fee"), along with an overbid premium, for the following Auctioned Assets (the "Initial Overbid").⁵

<u>Asset Package</u>	<u>Minimum Bid Amount</u>
Package 1: The Sunday School Package	\$1,210,000.00
Package 3: The WTB Package	\$55,000.00

Any initial bid submitted by a party or parties other than Cook as to the Cook Purchased Assets must be in an amount that is sufficient to pay the Breakup Fee and result in additional consideration to the Estate (as compared to the purchase price offered by Cook), after payment of the Breakup Fee. Each subsequent overbid, whether by Cook or another bidder, must be in an amount that is sufficient to result in additional consideration to the Estate (as compared to the immediately preceding bid), except that Cook shall not be required to include the amount of the Breakup Fee as part of its Bid

Irrevocable. A Bid must be irrevocable until the earlier of (a) closing of the transaction with the Successful Bidder, or (b) the date that the Sale Order has become final and nonappealable (the "Termination Date").

The Same or Better Terms.

1. With respect to the Cook Purchased Assets, the Bid must be on terms that, in the Debtor's business judgment, are substantially consistent with the Cook APA attached to the Bid Procedures Motion as **Exhibit "G"**.
2. With respect to the remaining Auctioned Assets other than the FFE, the Bid must be on terms that, in the Debtor's business judgment, are substantially consistent with the template APA attached to the Bid Procedures Motion as **Exhibit "H"**.
3. For all Auctioned Assets other than the FFE, the Bid must include an executed agreement pursuant to which the Qualified Bidder proposes to effectuate the contemplated transaction (the "Contemplated Transaction Documents"). The Contemplated Transaction Documents must include a commitment to close as soon as practicable after entry of the Sale Order, but no later than any Closing Date set forth in the Cook APA.
4. A Bid should propose a contemplated transaction involving the entirety of any one or more of the Auctioned Assets.

⁵ There is no minimum bid or overbid amount set for the remaining Auctioned Assets.

- 1 5. Any Bid for the FFE must be a cash Bid and contain an acknowledgment that
2 the transfer of ownership of the FFE will occur on a date to be determined by
3 the Debtor, but no earlier than November 30, 2015, and no later than December
4 20, 2015.

4 Contingencies.

- 5 1. A Bid with respect to the Cook Purchased Assets may not be conditioned on
6 obtaining financing or any internal approval or otherwise be subject to
7 contingencies more burdensome than in the Cook APA, unless the Debtor in its
8 discretion otherwise agrees, but may be subject to the accuracy in all material
9 respects at the closing of specified representations and warranties at or before
10 closing or the satisfaction in all material respects at the closing of specified
11 conditions.
12 2. A Bid with respect to the remaining Auctioned Assets other than the FFE may
13 not be conditioned on obtaining financing or any internal approval or otherwise
14 be subject to contingencies, unless the Debtor in its discretion otherwise
15 agrees, but may be subject to the accuracy in all material respects at the
16 closing of specified representations and warranties at or before closing or the
17 satisfaction in all material respects at the closing of specified conditions.
18 3. A Bid with respect to the FFE must not be conditioned on obtaining financing or
19 any internal approval or otherwise be subject to contingencies and must be an
20 all cash bid. Further, any Bid as to the FFE must acknowledge that transfer of
21 ownership of the FFE will occur on a date to be determined by the Debtor, but
22 no earlier than November 15, 2015, and no later than December 20, 2015.

17 Financing Sources. A Bid must contain written evidence of a commitment for
18 financing or other evidence of the ability to consummate the sale satisfactory to the
19 Debtor with appropriate contact information for such financing sources.

19 No Fees Payable to Qualified Bidder. A Bid may not request or entitle the Qualified
20 Bidder to any break-up fee, termination fee, expense reimbursement or similar type
21 of payment, with the exception that the Purchaser shall be entitled to a three
22 percent (3%) breakup fee pursuant to the Cook APA. Moreover, by submitting a
23 Bid, a Bidder shall be deemed to waive the right to pursue a substantial
24 contribution claim under section 503 of the Bankruptcy Code related in any way to
25 the submission of its Bid or the Bid Procedures.

24 With respect to the Auctioned Assets other than the FFE, a Bid received from a
25 Qualified Bidder before the Bid Deadline that meets the above requirements and that
26 satisfies the Bid Deadline requirement above shall constitute a "Qualified Bid," if the
27 Debtor believes that such Bid would be consummated if selected as the Successful Bid.
28

With respect to the FFE, a Bid received from a Qualified Bidder that meets the above requirements shall constitute a "Qualified Bid," if the Debtor believes that such Bid would be consummated if selected as the Successful Bid.

In the event that any Potential Bidder is determined by the Debtor not to be a Qualified Bidder, the Potential Bidder shall be refunded its Registration Deposit on or before the date that is seven (7) days after entry of the Sale Order. The Debtor shall have the right to reject any and all bids that it believes do not comply with the Bid Procedures.

Auction

The Auctioneer will conduct an auction (the "Auction") to determine the highest and best bid with respect to each of the Auctioned Assets in the event that there is a Qualified Bidder in addition to the Purchaser. Notwithstanding the foregoing and any other provision herein, the Debtor reserves the right to cancel the Auction and seek to move forward with a private sale.

With respect to the Auctioned Assets other than the FFE, the Debtor shall provide the Purchaser and all Qualified Bidders with copies of all Qualified Bids by **October 23, 2015 at 6:00 p.m. PST**, which may exclude any confidential financial information, as determined by the Debtor in its reasonable discretion or which has been so designated by the Qualified Bidder. The Auction shall commence on **October 27, 2015, at 12:00 p.m.** at the offices of the Debtor, 1923 Eastman Avenue, Ste. 200, Ventura, California 93003, or such other location as determined by the Debtor.

With respect to the Auctioned Assets other than the FFE, no later than **October 23, 2015 at 6:00 p.m. PST**, the Debtor will notify all Qualified Bidders of the highest and best Qualified Bid as to each of the Auctioned Assets other than the FFE, as determined by the Debtor in its discretion (the "Baseline Bid") and provide copies of all submitted bids to all Qualified Bidders (excluding any Bidder Confidential Information).

If no higher and better offer is obtained at the Auction with respect to the Cook Purchased Assets, then the Purchaser will be deemed the Successful Bidder as to those assets, the Cook APA will be the Successful Bid as to the Cook Purchased Assets, and at

1 the Sale Hearing, the Debtor will seek approval of, and authority to consummate, the Sale
2 contemplated by the Cook APA.

3 If there is an Auction, it shall be conducted by the Auctioneer according to the
4 following procedures:

5 **Participation at the Auction**

6 With respect to the Auctioned Assets other than the FFE, only a Qualified Bidder
7 that has submitted a Qualified Bid is eligible to participate at the Auction. With respect to
8 the FFE, only a Qualified Bidder is eligible to participate at the Auction. Only the
9 authorized representative of each of the Qualified Bidders (including the Purchaser), the
10 Debtor, and the Debtor's professionals shall be permitted to attend.

11 During the Auction, bidding shall begin initially with the highest Baseline Bid and
12 subsequently continue in minimum increments as determined by the Debtor. Except as
13 otherwise set forth herein, the Debtor may conduct the Auction in the manner it
14 determines will result in the highest and best offer for the Auctioned Assets.

15 **The Auctioneer Shall Conduct the Auction**

16 The Auction of the Auctioned Assets Other than the FFE:

17 The Auctioneer shall direct and preside over the Auction. At the start of the Auction,
18 the Debtor shall describe the terms of the Baseline Bid. The determination of which
19 Qualified Bid constitutes the Baseline Bid shall take into account any factors the Debtor
20 reasonably deems relevant to the value of the Qualified Bid to the estate (the "Bid
21 Assessment Criteria"). All Bids made thereafter shall be Overbids (as defined below) and
22 shall be made and received on an open basis, and all material terms of each Bid shall be
23 fully disclosed to all other Qualified Bidders. The Debtor shall maintain a transcript of all
24 Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the
25 Successful Bid. The Debtor reserves the right to conduct the auction in the manner
26 designed to maximize value based upon the nature and extent of the Qualified Bids
27 received.

28 ///

1 The Auction of the FFE:

2 The Auctioneer shall direct and preside over the Auction. All Bids made during the
3 Auction with respect to the FFE shall be made and received on an open basis, and all
4 material terms of each Bid shall be fully disclosed to all other Qualified Bidders. The
5 Debtor shall maintain a transcript of all Bids made and announced at the Auction,
6 including the Successful Bid. The Debtor reserves the right to conduct the auction in the
7 manner designed to maximize value based upon the nature and extent of the Qualified
8 Bids received. Transfer of ownership of the FFE shall take place on a date to be
9 determined by the Debtor, but no earlier than November 30, 2015, and no later than
10 December 20, 2015.

11 **Terms of Overbids (Applicable only to the Auctioned Assets other than the FFE):**

12 An "Overbid" is any bid made at the Auction subsequent to the Debtor's
13 announcement of the Baseline Bid. To submit an Overbid for purposes of this Auction, a
14 Qualified Bidder must comply with the following conditions:

15 *(a) Remaining Terms Are the Same as for Qualified Bids*

16 Except as modified herein, an Overbid must comply with the conditions for a
17 Qualified Bid set forth above, provided, however, that the Bid Deadline and the Initial
18 Minimum Overbid Increment shall not apply. Any Overbid made from time to time by a
19 Qualified Bidder must remain open and binding on the Qualified Bidder until and unless (i)
20 the Debtor accepts a higher Qualified Bid as an Overbid and (ii) such Overbid is not
21 selected as the Back-up Bid (as defined below).

22 To the extent not previously provided (which shall be determined by the Debtor), a
23 Qualified Bidder submitting an Overbid must submit, at the Debtor's request, as part of its
24 Overbid, written evidence (in the form of financial disclosure or credit-quality support
25 information or enhancement reasonably acceptable to the Debtor) demonstrating such
26 Qualified Bidder's ability to close the transaction proposed by such Overbid.

27 *(c) Announcing Overbids*

28 The Debtor shall announce at the Auction the material terms of each Overbid.

1 (d) *Consideration of Overbids*

2 The Debtor reserves the right to make one or more adjournments in the Auction to,
3 among other things: facilitate discussions with individual Qualified Bidders; allow individual
4 Qualified Bidders to consider how they wish to proceed; and give Qualified Bidders the
5 opportunity to provide the Debtor with such additional evidence as the Debtor may
6 require, that the Qualified Bidder (other than the Purchaser) has sufficient internal
7 resources, or has received sufficient non-contingent debt and/or equity funding
8 commitments, to consummate the proposed transaction at the prevailing Overbid amount.

9 **Additional Procedures and Modifications**

10 The Debtor may adopt additional rules for the Auction that, in its reasonable
11 discretion, will better promote the goals of the Auction. All such additional rules will be
12 provided to each of the Qualified Bidders prior to the Bid Deadline. Further, at or before
13 the Sale Hearing, the Debtor may impose such other terms and conditions to the Sale and
14 the Bid Procedures as the Debtor may reasonably determine to be in the best interest of
15 the Debtor's estate, its creditors and other parties in interest.

16 All Bids shall be made and received in one room, on an open basis, and all other
17 Qualified Bidders shall be entitled to be present for all bidding with the understanding that
18 the true identity of each Qualified Bidder (*i.e.*, the principals submitting the Bid) shall be
19 fully disclosed to all other Qualified Bidders and that all material terms of each Qualified
20 Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction.

21 The Debtor may (a) determine which Qualified Bid, if any, is the highest and best
22 offer and (b) reject, at any time before entry of an order of the Bankruptcy Court approving
23 a Qualified Bid, any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the
24 requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of
25 sale, or (iii) contrary to the best interest of the Debtor, its estate and creditors.

26 **Consent to Jurisdiction as Condition to Bidding**

27 All Qualified Bidders at the Auction shall be deemed to have consented to the core
28 jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with

1 any disputes relating to the Auction, and the construction and enforcement of each
2 Qualified Bidder's Contemplated Transaction Documents, as applicable.

3 Upon conclusion of the bidding, the Auction shall be closed, and the Debtor shall (i)
4 identify the highest and best offer for the Purchased Assets (the "Successful Bid") and the
5 entity submitting such Successful Bid (the "Successful Bidder"), (ii) identify the next
6 highest or otherwise best offer after the Successful Bid (the "Back-up Bid") and the entity
7 submitting the Back-up Bid (the "Back-up Bidder"), and (iii) advise the Qualified Bidders of
8 such determination. Upon seven (7) days' prior notice by the Debtor, the Back-up Bidder
9 selected by the Debtor must immediately proceed with the closing of the transaction
10 contemplated by the Back-up Bid in the event that the transaction with the Successful
11 Bidder is not consummated for any reason. If the Purchaser's final bid is deemed to be
12 highest and best at the conclusion of the Auction, the Purchaser will be the Successful
13 Bidder, and such bid, the Successful Bid.

14 **Acceptance of Successful Bid**

15 The Debtor shall sell the Auctioned Assets, or any one of them, to the Successful
16 Bidder(s) upon the approval of the Successful Bid(s) by the Bankruptcy Court after the
17 Sale Hearing, with the exception that transfer of ownership of the FFE will occur on a date
18 to be determined by the Debtor, but no earlier than November 30, 2015, and no later than
19 December 20, 2015. The Debtor's presentation of a particular Qualified Bid to the
20 Bankruptcy Court for approval does not constitute the Debtor's acceptance of such
21 Qualified Bid. The Debtor will be deemed to have accepted a Qualified Bid only when the
22 Qualified Bid has been approved by the Bankruptcy Court at the Sale Hearing. All
23 interested parties reserve their right to object to the Debtor's selection of the Successful
24 Bidder, and the Debtor reserves the right to contest any such objection, including on the
25 ground that the objector lacks standing.

26 **"As Is, Where Is"**

27 The sale of the Auctioned Assets shall be on an "as is, where is" basis and without
28 representations or warranties of any kind, nature, or description by the Debtor, its agents

1 or its estate except to the extent set forth in the Cook APA or the purchase agreement of
2 another Successful Bidder. The Purchaser and each Qualified Bidder shall be deemed to
3 acknowledge and represent that it has had an opportunity to conduct any and all due
4 diligence regarding the Auctioned Assets prior to making its offer, that it has relied solely
5 upon its own independent review, investigation and/or inspection of any documents and/or
6 the Auctioned Assets in making its bid, and that it did not rely upon any written or oral
7 statements, representations, promises, warranties or guaranties whatsoever, whether
8 express, implied, by operation of law or otherwise, regarding the Auctioned Assets, or the
9 completeness of any information provided in connection therewith or the Auction, except
10 as expressly stated in these Bid Procedures or, (i) as to the Purchaser, the terms of the
11 sale of the Cook Purchased Assets shall be set forth in the Cook APA, or (ii) as to another
12 Successful Bidder, the terms of the sale of the Auctioned Assets, or any one of them shall
13 be set forth in the applicable purchase agreement. Transfer of ownership of the FFE shall
14 occur on a date to be determined by the Debtor, but no earlier than November 30, 2015,
15 and no later than December 20, 2015, and the sale of the FFE contemplates that the
16 purchaser of the FFE will accept the FFE at the time of transfer on an "as-is, where-is"
17 basis at the time of the transfer.

18 **Free of Any and All Interests**

19 Except as otherwise provided in the Cook APA or another Successful Bidder's
20 purchase agreement and subject to the approval of the Bankruptcy Court, all of Debtor's
21 right, title and interest in and to the Auctioned Assets subject thereto shall be sold free
22 and clear of all pledges, liens, security interests, encumbrances, claims, charges, options
23 and interests thereon and there against (collectively, the "Interests"), in accordance with
24 section 363(f) of the Bankruptcy Code, with such Interests to attach to the net proceeds of
25 the sale of the Auctioned Assets.

26 **Sale Hearing**

27 The Sale Hearing shall be conducted by the Bankruptcy Court on **October 28,**
28 **2015 at 10:00 a.m.** before the Honorable Peter H. Carroll, United States Bankruptcy

1 Judge, at the United States Bankruptcy Court for the Central District of California, 1415
2 State Street, Courtroom 201, Santa Barbara, California. The Sale Hearing may be
3 adjourned from time to time, without further notice.

4 If the Successful Bidder fails to consummate an approved sale by November 2,
5 2015 (the "Termination Date"), the Debtor shall be authorized, but not required, to deem
6 the Back-up Bid, as disclosed at the Sale Hearing, the Successful Bid, and the Debtor
7 shall be authorized, but not required, to consummate the sale with the Qualified Bidder
8 submitting such Bid without further order of the Bankruptcy Court.

9 **Return of Registration Deposit**

10 Any Registration Deposit of the Successful Bidder shall be applied to the purchase
11 price of such transaction at Closing. Registration Deposits of Qualified Bidders other than
12 the Successful Bidder and Back-up Bidder shall be held in a non-interest-bearing escrow
13 or trust account until seven (7) days after entry of the Sale Order, and thereafter returned
14 to the respective bidders. If a Successful Bidder (including any Back-up Bidder that has
15 become the Successful Bidder) fails to consummate an approved sale because of a
16 breach or failure to perform on the part of such Successful Bidder, the Debtor shall be
17 entitled to retain the Successful Bidder's Registration Deposit as part of its damages
18 resulting from such Successful Bidder's breach or failure to perform.

19 **Assumption, Assignment, and Sale of Designated Contracts**

20 No later than twenty-one (21) days prior to the Sale Hearing, the Debtor shall serve a
21 notice identifying which executory contracts it intends to assume, assign, and sell in
22 connection with the Sale (collectively, the "Designated Contracts", and each individually, a
23 "Designated Contract"), and the proposed cure amounts for each (the "Cure Notice").
24 The Cure Notice will be served on each of the counterparties to any Designated Contract,
25 and any objection to the Cure Notice must be filed no later than fourteen (14) days prior to
26 the Sale Hearing.