

Exhibit

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF CONNECTICUT

In re)	
)	Chapter 7, No. 19-30387
LIGHTHOUSE HOSPITALITY LLC)	
)	
Debtor)	

BIDDING PROCEDURES

Set forth below are the bid procedures (the “Bid Procedures”) to be used with respect to the sale of certain assets of Lighthouse Hospitality, LLC (the “Debtor”) by Andrea M. O’Connor, the duly appointed chapter 7 trustee of the Debtor (the “Trustee”). It is contemplated that the sale of the Debtor’s assets (the “Assets”) will be implemented through an auction sale and corresponding entry into an asset purchase agreement with a Successful Bidder (as defined below) according to these Bidding Procedures.

On July __, 2021, the Bankruptcy Court entered an Order approving these bidding procedures in furtherance of the sale of the Debtor’s Assets.

Auction Qualification Process. Any person desiring to submit a bid for the Assets will be required to submit a “Qualified Bid” as follows:

Deadline: A Qualified Bid must be submitted to the Trustee no later than 1 hour prior to the scheduled Sale Hearing, as defined below.

Good Faith Deposit: A deposit, in form of a certified check or bank check, in the amount of \$50,000 made payable to “Bankruptcy Estate of Lighthouse Hospitality, LLC” (the “Deposit”). The Deposit shall serve as a partial good faith deposit against payment of the purchase price for the Assets by such competing bidder as the Trustee determines to have made the highest or best bid for the Assets (the “Successful Bidder”). The Deposit for

the Successful Bidder shall be increased to 10% of the purchase price within 5 business days of the Sale Hearing, as defined below.

Form of Bid: A Bid:

- a. Must include a redline copy of an asset purchase agreement (“APA”), substantially in the form attached hereto,¹ showing proposed modifications and a clean executed APA offering to purchase the Assets;
- b. Must not be conditioned upon financing or any other due diligence contingency;
- c. Must promise to pay the balance of the purchase price for the Assets to the Trustee by certified check, bank check, or check or wire transfer from a licensed attorney’s IOLTA account at the closing of title to the Assets (the “Closing”), which Closing shall be no more than forty-five (45) days after the entry of a Court order approving the Auction;
- d. Must be irrevocable until the closing of the Auction;
- e. Must disclaim any right to receive a fee analogous to a break-up fee, expense reimbursement, or any other similar form of compensation;
- f. Must include a written certification, substantially in the form attached hereto, that the bidder has not engaged and will not engage in any collusion with respect to bidding or the sale and disclose connections to all parties; and
- g. Must provide proof of financial ability to perform. Any Bid must include written evidence that the Trustee reasonably concludes demonstrates that the Bidder has the necessary financial ability to close the sale and provide adequate assurance of future performance under the APA.

Provisions Governing Qualified Bids. The Trustee will review each Bid and determine whether it meets the requirements of a Qualified Bid. In determining whether a bid is a Qualified Bid, the Trustee will consider factors such as (1) the amount of such bid, (2) the risks and timing associated with consummating such bid, and (3) any other factors deemed relevant by the Trustee in her reasonable discretion. The Trustee will, immediately prior to the Sale Hearing,

¹ The form of APA is also available in Word format from the Trustee upon request by telephone or email.

advise each potential bidder whether their Bid is a Qualified Bid and shall provide a list of Qualified Bidders to the Bankruptcy Court. The Deposit of a Qualified Bidder shall be forfeited upon (i) withdrawal of a Qualified Bid before the Bankruptcy Court's approval of a Successful Bidder, or (ii) withdrawal or breach of the APA prior to consummation of the closing of the sale of the Assets. The Trustee shall be deemed to have accepted a bid only upon approval by the Bankruptcy Court at the Sale Hearing.

Acceptance of Qualified Bids. The Trustee shall be deemed to have accepted a Qualified Bid only upon entry of an order by the Bankruptcy Court confirming the sale.

Sale Hearing and Auction. If at least two Qualified Bids are received, then an auction ("Auction") will be conducted, **in-person**, on **Thursday, August 26, 2021 at 2:00 p.m.**, at the United States Bankruptcy Court for the District of Connecticut, 157 Church Street, 18th Floor, New Haven, Connecticut (the "Sale Hearing"). Anyone wishing to participate in the Auction remotely may do so by making arrangements with the Trustee for such remote participation no later than Wednesday, August 25, 2021 at 4:00 p.m.²

Auction Procedures.

- a. The opening bid will be determined by the Trustee based upon the Qualified Bids received.
- b. The sale of the Assets is subject to final approval of the Trustee and confirmation by the Bankruptcy Court.
- c. At the Auction, after the opening bid, bidding on the Assets will be done in increments of \$10,000; provided, however, the Trustee and/or Bankruptcy Court shall retain the right to modify the bid increment requirements at any time before or during the Auction.
- d. Except as otherwise provided herein, at the conclusion of the Auction, and in any event no later than the 5th business day following the Sale Hearing, the Trustee will return

² Remote participation in the Auction shall not relieve any potential bidder from any requirements related to submitting a Qualified Bid by the deadline.

Exhibit 1

any Deposit paid by a Qualified Bidder who is not chosen as the Successful Bidder or the Back-Up Bidder.

Back-Up Bidder and Return of Deposit. If an Auction is conducted, then the Qualified Bidder with the next highest or otherwise best Qualified Bid (the “Back-Up Bid”), as determined by the Trustee in the exercise of her business judgment, at the Auction shall be required to serve as the back-up bidder (the “Back-Up Bidder”) and keep such bid open and irrevocable until one (1) business day after the Closing with the Successful Bidder. Following the Sale Hearing, if the Successful Bidder fails to consummate the approved sale because of a breach or failure to perform on the part of such Successful Bidder, then the Back-Up Bidder will be deemed to be the new Successful Bidder, and the Trustee may consummate the sale of the Assets with the Back-Up Bidder without further order of the Bankruptcy Court. The Deposit of the Back-Up Bidder shall be returned without accrued interest no later than 5 days after the Closing between the Trustee and the Successful Bidder.

Modification of Auction Procedures. The Trustee reserves the right, in her reasonable business judgment in a manner consistent with her fiduciary duties that will best promote the goals of the bidding process, to modify these Bidding Procedures or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Assets, including, without limitation: (a) adjourning the Auction Sale and/or adjourning the Sale Hearing in open court without further notice; and (c) adding procedural rules that are reasonably necessary or advisable under the circumstances for conducting the Auction Sale.

Contact Information.

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