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IT IS SO ORDERED.



Mina Nami Khorrami
Mina Nami Khorrami
United States Bankruptcy Judge

Dated: March 27, 2025

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:)	Case No. 2:23-bk-52859
S&G HOSPITALITY, INC., <i>et al.</i> , ¹)	Chapter 11
Debtors.)	Judge Nami Khorrami.
)	(Jointly administered)

ORDER (A) AUTHORIZING THE DEBTORS TO ENTER INTO AND PERFORM UNDER LETTER OF INTENT WITH SDGD ENTERPRISES, LLC AND (B) APPROVING BIDDING PROCEDURES FOR MAKING NEW EQUITY INVESTMENT UNDER PROPOSED JOINT CHAPTER 11 PLAN OF REORGANIZATION

[Re: Docket Nos. 352, 374, 384, 385, 420, and 421]

Upon the *Motion of Debtors and Debtors in Possession for Entry of an Order (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent With SDGD Enterprises, LLC and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* (Doc. No. 352) (the “**Motion**”)² of the above-captioned

¹ The Debtors and the last four digits of their federal tax identification numbers are as follows: S&G Hospitality, Inc. (4566), Buckeye Lodging, LLC (6047), Lancaster Hospitality, LLC (8830), and Sunburst Hotels, LLC (0374).

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

debtors and debtors in possession (“**Debtors**”) for entry of an order (this “**Order**”) (a) authorizing the Debtors to enter and perform under a letter of intent (the “**LOI**”) with SDGD Enterprises, LLC (“**SDGD**”) and (b) approving bidding procedures for making new equity investment under proposed chapter 11 plan; and this Court having reviewed the Motion, the *RSS COMM2015-PCI-OH BL, LLC’s Objection to Motion of Debtors and Debtors in Possession for Entry of an Order (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent with SDGD Enterprises, LLC; and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* (Doc. No. 374) (the “**RSS Objection**”), the *United States Trustee’s Objection to Motion of Debtors and Debtors in Possession for Entry of an Order: (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent with SDGD Enterprises, LLC; and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* (Doc. No. 384) (the “**UST Objection**”), the *Reply of Debtors and Debtors in Possession in Support of Their Motion for Entry of an Order (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent With SDGD Enterprises, LLC and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* (Doc. No. 385) (the “**Reply**”), the *Notice of Proposed Revised Form of Order (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent With SDGD Enterprises, LLC, and (B) Approving Bidding Procedures for Making New Equity Investment Under Proposed Joint Chapter 11 Plan of Reorganization* (Doc. No. 420), and *Stipulation of Facts Between Debtors and RSS COMM2015-PCI-OH BL, LLC Related to the Motions of Debtors and Debtors in Possession for Entry of an Order: (A) Authorizing the Debtors to Enter Into and Perform Under Letter of Intent With SDGD Enterprises, LLC; and (B) Approving Bidding Procedures for Making New Equity Investment*

Under Proposed Joint Chapter 11 Plan of Reorganization (Doc. No. 421); and this Court having heard the statements of counsel regarding the Motion at a hearing held on March 13, 2025; this Court finds that:

- A. It has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. The matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
- C. Venue of this case is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
- D. Adequate notice of the motion has been given under the circumstances and the provisions of the *Order Establishing Limited Notice and Service Procedures* (Docket No. 120) have been complied with.
- E. The relief requested in the Motion is in the best interests of the Debtors, their estate, creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby

ORDERED, ADJUDICATED, AND DECREED that:

1. The Motion is granted on the terms contained herein.
2. The Debtors' entry in the LOI, as attached as Exhibit B to the Motion, is authorized subject to the provisions provided for herein.
3. The Debtors are authorized under section 363 of the Bankruptcy Code to perform their obligations under the LOI. Notwithstanding Paragraph 3 of the LOI, SDGD Enterprises, LLC (the "**Stalking Horse**") shall not be able to terminate the LOI unless the Closing shall have failed to occur by August 1, 2025.
4. Within seven days of the entry of this Order, SDGD Enterprises LLC (the "**Stalking Horse**") shall provide a good faith deposit (the "**Stalking Horse Deposit**") of \$50,000 either to be held by counsel for the debtor or by an escrow agent designated by the Debtors.
5. The bidding procedures for the right to submit higher and better offers to have the right to provide equity financing under the Plan are the following:

- a. Any person or entity interested in bidding on the right to make an equity infusion under the Plan (each such person or entity constitutes a “**Potential Bidder**”) shall contact counsel to the Debtors, David A. Beck, Carpenter Lipps LLP, 280 N. High Street, Suite 1300, Columbus, Ohio, 43215, Phone (614) 365-4142, email beck@carpenterlipps.com, to obtain further information regarding the Plan and the Debtors’ businesses. Access to any non-public information regarding the Debtors may be conditioned on the execution by the Potential Bidder of a confidentiality agreement in form and substance reasonably satisfactory to the Debtors. The Debtors may also deny access to non-public information or site visits to parties who cannot demonstrate a reasonable ability to close the transactions contemplated by the Plan or who seek site visits in a manner which would be disruptive to the Debtors’ operations.
- b. Potential Bidders will have until May 2, 2025 at 4:00 p.m. Eastern Daylight Savings Time (the “**Bid Deadline**”) to submit better and higher bids (“**Bids**”) for the right to make an equity investment under the Plan. The Debtors shall provide copies of any Bids received to the Office of the United States Trustee and counsel to RSS COMM2015-PC1-OH BL, LLC.
- c. Any Bid must propose infusing at least \$530,000 as the New Equity Infusion under the Plan.
- d. Each such Bid shall be accompanied by a (i) a marked copy of the LOI showing any changes being proposed as part of the bid to the LOI, (ii) a marked copy of the Plan showing any changes being proposed to the Plan as part of the bid, (iii) information demonstrating the ability to close on the transaction proposed by the Bid, (iv) information demonstrating that the bidder is likely to be approved as the assignee of the Debtors’ franchise agreements by the respective franchisors; and (v) a good faith deposit of \$50,000 (“**Good Faith Deposit**”).
- e. The Debtors shall then review the Bids and have the right, but not the obligation, to reject any Bids which fail to: (i) comply with the requirements of subsection 5(d) above; (ii) fail to demonstrate to the Debtors’ satisfaction that the bidder can close on the proposed transaction or will likely be approved as an assignee of the Debtors’ franchise agreements by the Debtors’ franchisors; or (iv) make changes to the LOI or Plan other than (x) substituting the bidder’s identity for SDGD in those documents; (y) changing the amount being infused as the new equity investment; and (z) the provisions of paragraph 5 of the LOI requiring bidding procedures to be approved by a certain date and authorizing a break-up fee and the “Expense Reimbursement” as defined in Paragraph 9 below if the Debtors end up closing on an alternative transaction with a third-party bidder. Any Bids submitted which the Debtors find satisfy these criteria, or for which they decide to waive one or more of these criteria shall constitute a “**Qualified Bid.**” The Debtors shall provide notice of the rejection of any of the Bids received to the Office of the United States Trustee and counsel to RSS COMM2015-PC1-OH BL, LLC.

- f. If the Debtors determine based on a review of all bids received that there are one or more Qualified Bids for the right to make an equity infusion under the Plan, an auction (the “**Auction**”) shall be held on May 7, 2025 at 10:00 am Eastern Daylight Savings Time at the offices of Carpenter Lipps LLP, 280 N. High Street, Suite 1300, Columbus, OH 43215 or at such later time or such other place as the Debtors shall designate and notify all persons or entities who have submitted such a Qualified Bid (each such person or entity, a “**Qualified Bidders**”).
- g. The Debtors shall select what they believe is the highest and best Qualified Bid (the “**Baseline Bid**”) to serve as the starting point at the Auction. As soon as practicable, the Debtors shall provide to the Stalking-Horse Bidder and all Qualified Bidders a copy of the Baseline Bid.
- h. At the Auction, participants (including the Stalking-Horse) will be permitted to increase their bids and will be permitted to bid based only upon the terms of the Baseline Bid (except to the extent otherwise authorized by the Debtors). The bidding will start at the purchase price and terms proposed in the Baseline Bid, and continue in increments of \$10,000. To the extent the Stalking Horse increases its bid, it will be entitled to credit bid of the amount of its Break-up Fee (as defined below) in subsequent bids.
- i. Immediately prior to the conclusion of the Auction, the Debtors and their representatives will: (a) review and evaluate each bid made at the Auction on the basis of financial and contractual terms, including any benefit to the Debtors’ bankruptcy estates from any proposal to assume obligations of the Debtors, and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the Sale Transaction; (b) identify the successful bid (the “**Successful Bid**”) and the next best bid (the “**Next Best Bid**”); and (c) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of the successful bidder (the “**Successful Bidder**”), and the amount and other material terms of the Successful Bid. At the conclusion of the Auction, no other or further bids from Qualified Bidders or other bidders shall be considered for any purpose. At the Confirmation Hearing, the Debtors shall present the Successful Bid to the Bankruptcy Court for approval. Disputes, if any, over the determination of the highest or otherwise best offer will be resolved by the Bankruptcy Court at the Confirmation Hearing. Within one business day after the conclusion of the Auction, the Debtors will file with the Bankruptcy Court a report of the results of the Auction (the “**Auction Report**”) and serve the Auction Report on the primary service list maintained in these Chapter 11 cases.
- j. Nothing herein shall restrict the right of the Debtors and their representatives to reject at any time any bid that, in the Debtors’ reasonable judgment is (i) insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures or the terms and conditions of the Sale Transaction or (iii) contrary to the best interests of the Debtors and their estates.

6. To help publicize the opportunity for other interested parties to participate in the bidding process and submit bids, the Debtors shall arrange for copies of the Motion, this Order, the *First Amended Joint Plan of Reorganization of S&G Hospitality, Inc. and Its Debtor Subsidiaries*, dated February 3, 2025 (Docket No. 368) (as it may be amended, the “**Plan**”), and the *Disclosure Statement for the First Amended Joint Plan of Reorganization of S&G Hospitality, Inc. and Its Debtor Subsidiaries*, dated February 3, 2025 (Docket No. 369) (as it may be amended, the “**Disclosure Statement**”) to be posted on the website (the “**InnVite Website**”) of the Debtors’ management company, InnVite Hospitality, LLC, at <https://innvitehospitality.com>. If the Debtors file amended versions of the Plan, the Disclosure Statement, or any of their respective exhibits with the Court, they shall also arrange for these documents be posted on the InnVite Website within one business day of their filing with the Court. The Debtors also will arrange for any order entered by this Court approving the Disclosure Statement to be posted on that website within one business day of its entry by this Court. Any mailing sent out by the Debtors providing notice of a hearing to confirm the Plan shall include notice that the Debtors are soliciting bids for an alternative equity investment and that copies of materials related to that can be accessed on the InnVite Website.

7. As additional marketing of the opportunity for other interested parties to participate in the bidding process and submit bids, the Debtors shall also run an online ad in the Columbus Dispatch and a public notice through DailyDAC.com, the *National Law Review* and DailyDAC’s Distressed Asset Central Weekly through the Bid Deadline. The Debtors are authorized to pay such actual third-party expenses of such advertisements as an authorized usage of cash collateral under the *Order Extending Usage of Cash Collateral and Providing Adequate Protection to Purported Secured Creditors for Usage of Cash Collateral Through March 31, 2024* (Docket No. 182) even though they are not set out as a specific budgetary line item in Schedule 1 of the

*Stipulation and Agreed Order Between Debtors and RSS COMM2015-PC1-OH BL, LLC
Extending the Usage of Cash Collateral Through and Including May 31, 2025 (Docket No. 371).*

8. The Stalking Horse Deposit and any Good Faith Deposits of other Potential Bidder and any other parties who submit Qualified Bids shall not become property of the Debtors' bankruptcy estates. The Good Faith Deposit shall be returned upon the earlier of (a) the consummation of a chapter 11 plan in these cases or (b) the termination of the letter of intent or sale agreement with the requisite bidder.

9. If the Debtors end up consummating a plan of reorganization without the Stalking Horse making the New Equity Investment, the Debtors shall pay a breakup-fee to the Stalking Horse of \$15,000 (the "**Break-up Fee**") plus an expense reimbursement for any reasonable documented out-of-pocket expenses incurred by Stalking Horse, including attorneys' fees and expenses (the "**Expense Reimbursement**"). The Debtors shall pay the Break-up Fee within three business days of the occurrence of the effective date of the plan of reorganization. The Stalking Horse shall file with the Court and serve on the United States Trustee and counsel to RSS a statement attaching the documentation regarding the documented out-of-pocket expenses it is requesting as part of the Expense Reimbursement. Absent any objection being filed with the Court within 10 days of the filing of that statement, the Debtors shall pay the documented amount of the Expense Reimbursement to the Stalking Horse. The Court shall have jurisdiction to decide any disputes regarding the amount of the Expense Reimbursement. The Break-up Fee and the Expense Reimbursement shall be allowed administrative expenses under section 503(c)(1) of the Bankruptcy Code. The Stalking Horse's sole rights against the Debtors if its LOI is terminated shall be the return of the Stalking Horse Deposit (together with any accrued interest) and the

payment of the Break-up Fee and Expense Reimbursement if they are payable under this paragraph.

10. This Order does not set a deadline to object to any disclosure statement for the Plan or the confirmation of the Plan. Notice of such deadlines shall be provided separately by the Debtors.

11. Nothing in this Order shall be considered an approval of a chapter 11 plan for the Debtors or to limit any party's ability to object to a chapter 11 plan on any grounds.

12. Except with respect to the bidding procedures relief specifically granted elsewhere by this order, all other arguments raised in the RSS Objection and the UST Objection are preserved and can be raised in the future with respect to any future request for relief in these cases.

13. The Debtors having provided notice of the request for entry of this Order and the provisions contained herein through the mailing of the Sale Notice was reasonable and satisfies all necessary requirements under the Bankruptcy Rules and the Local Rules. In addition, the Debtors shall serve a copy of this Order once entered by first-class mail on all parties listed in their creditor matrices for whom mail has not previously been returned as undeliverable.

14. The Court shall retain jurisdiction over any matter or dispute arising from or relating to implementation of this Order.

SO ORDERED.

Prepared by:

/s/ David A. Beck

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