

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
SPRINGFIELD DIVISION**

IN RE)	Chapter 11
)	
BARTLETT MANAGEMENT SERVICES, INC., <i>et al.</i> ,*)	Case No. 17-71890
)	
)	(Jointly Administered)
Debtors.)	

DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) (A) AUTHORIZING THE DEBTORS TO SELL SUBSTANTIALLY ALL OF THEIR ASSETS FREE AND CLEAR OF ALL INTERESTS, INCLUDING LIENS, CLAIMS, AND ENCUMBRANCES, AT A PUBLIC AUCTION WITH ANY LIENS TO ATTACH TO THE SALE PROCEEDS, (B) ESTABLISHING BIDDING PROCEDURES IN CONNECTION WITH THE PROPOSED SALE, (C) APPROVING THE FORM AND MANNER OF NOTICE OF THE TRANSACTION, (II) SHORTENING NOTICE OF THIS MOTION AND THE TRANSACTION TO THE EXTENT NECESSARY TO COMPLY WITH THE DATES AND DEADLINES REQUESTED BY THIS MOTION, (III) SETTING A HEARING DATE TO CONSIDER FINAL APPROVAL OF THE CONTEMPLATED TRANSACTIONS; AND (IV) LIMITING NOTICE OF THIS MOTION (BUT NOT THE TRANSACTION)

Bartlett Management Systems, Inc. ("BMSI"), Bartlett Management Indianapolis, Inc. ("BMII"), and Bartlett Management Peoria, Inc. ("BMPI," and collectively with BMSI and BMII, the "Debtors"), debtors and debtors-in-possession in the above-captioned Chapter 11 cases (each a "Case" and together, the "Cases"), respectfully move this Court (the "Motion") pursuant to sections 363(b), 363(f), and

* The Debtors in these chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: Bartlett Management Services, Inc. (4428), Bartlett Management Indianapolis, Inc. (2750), and Bartlett Management Peoria, Inc. (1543). The mailing address of all of the Debtors is 70 Clinton Plaza, Clinton, Illinois, 61727-2170.

365 of the United States Bankruptcy Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”), and Rules 2002, 6004, 6006(f), 9013 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Rules”), on an emergency basis for the entry of an order, providing the following relief:

- (i) authorizing the debtors to sell substantially all of their assets free and clear of all interests, including liens, claims, and encumbrances, at a public auction with any liens to attach to the sale proceeds (a “Sale”);
- (ii) establishing bidding procedures in connection with a Sale (the “Bid Procedures”);
- (iii) approving procedures (the “Contract Assignment Procedures”) for an assumption and assignment of contracts (the “Contracts”) and leases (the “Leases”) to the proposed purchaser arising from the Bid Procedures and to resolve any objections or disputes regarding such assumptions and assignments (the “Assignments”);
- (iv) shortening notice of the Sale to the extent necessary to comply with the dates and deadlines requested by this Motion;
- (v) limiting notice of this Motion to the CM/ECF Recipients and the Landlords affected by this Contract Assignment Procedures; and
- (vi) setting a hearing date to consider final approval of the Sale and the Assignments.

In support of their Motion, the Debtors state as follows:

**BASIS FOR EMERGENCY RELIEF AND LIMITED NOTICE
OF THIS INSTANT MOTION**

The Debtors respectfully request that the Court consider this Motion on an emergency basis. Bankruptcy Rules 6004(a) and 2002(a)(2) require twenty-one (21) days' notice of a proposed use, sale, or lease of property outside the ordinary course of business absent approval of the Court. Further, Bankruptcy Rules 6004(h) and 6006(d), respectively, stay for 14 days, unless the court orders otherwise, all orders authorizing (i) the use, sale, or lease of property other than cash collateral, and (ii) a debtor to assign an executory contract or unexpired lease pursuant to section 365(f) of the Bankruptcy Code. See Fed. R. Bankr. P. 6004(h) and 6006(d). Yet, because (a) the Debtors' cash resources are declining — on account of the delay in finalizing their lease negotiations pending the outcome of the sale process, and the attendant increase in Chapter 11 expenses — the Debtors submit that shortening the notice of this Motion, and waiving the 14-day stay periods otherwise applicable to the relief requested by this Motion, are necessary and appropriate to ensure that the Debtors may consummate a Sale (or group of Sales) as going concerns and thereby maximizing the value of their assets (among many other things). Thus, the Debtors are requesting a hearing on this Motion at the earliest date available, and a waiver of the 14-day stay periods, so that the dates for the Bid Deadline, the Auction and the Sale Approval Hearing (all as

described and defined below) can be set as soon as possible, and then the sale consummated as soon as possible following the latter hearing.¹

The Debtors further request that the Court approve limited notice of the hearing on this Motion (but not the Sale or other aspects of the Transaction) to (a) the Office of the United States Trustee, (b) the attorneys for the Committees, (c) all parties who have filed appearances and requests for notice in the Cases (which includes the Debtors' franchisor), and (d) each of the Debtors' Landlords/Lessors, or their designated representatives (collectively, the "Notice Parties").² The preliminary relief requested by this Motion involves exclusively procedural matters establishing the guidelines for the marketing of the Debtors' assets and the procedures for the contemplated Transaction. At the same time, the Notice Parties represent all of the key constituencies in the Cases. Thus, excusing service on the full mailing matrix poses no risk of prejudice to any party in interest, and will enable the hearing to proceed on as expedited a basis as the Court's schedule will allow.

¹ In accordance with the terms of the Debtors' engagement of their investment banker, the Debtors, concurrently with their sale efforts, are exploring post-confirmation financing that would enable them to propose a plan of reorganization in lieu of a Sale. Nevertheless, because time does not permit the Debtors to seek such financing while deferring their pursuit of a Sale, the Debtors are seeking sale procedures now. Of course, in the event that the Debtors were to obtain an offer for post-confirmation or related financing, then they would need to pursue a separate motion for approval of such financing.

² The Debtors will serve any Notice Party not receiving electronic service of the Motion by electronic mail (with receipt confirmed) or by United States Priority Mail.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

2. This is a core proceeding pursuant to 28 U.S.C. § 157. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief sought herein are Sections 105(a), 363, and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006, 9013 and 9014.

BACKGROUND

4. On December 5, 2017 (the "Petition Date"), the Debtors commenced these Cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. The Debtors have continued in possession of their properties and are operating and managing their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On January 8, 2018, the Office of the United States Trustee ("UST") appointed an official committee of unsecured creditors in each of the Cases (the "Committees").

7. No request for the appointment of a trustee or examiner has been made in the Cases.

8. At the time the Debtors commenced these Cases, the Debtors consisted of 39 franchises of KFC Corporation ("KFCC or the Franchisor"), the franchisor of the Kentucky Fried Chicken quick-service restaurant chain that provides a diverse menu of chicken and related side dishes and desserts.

9. Each of the Debtors is a distinct KFC franchisee, with each restaurant subject to its own, substantially similar, franchise agreement.

10. A detailed explanation of the Debtors' structure and operations, as well as a recitation of the events leading up to the commencement of these Cases, is provided in the Declaration of Robert E. Clawson in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief [Doc 12] which the Debtors filed on the Petition Date (the "Clawson Declaration").

11. As recited in the Clawson Declaration, the Debtors filed these Cases as a result of a combination of (a) a roughly 20% decline in annual sales during the nine years or so between the beginning of the "Great Recession" in 2008 and the Petition Date, and (b) the above-market rental rates that the Debtors are paying for a substantial portion of their restaurant locations.

12. Since the filing of the Cases, the Debtors have rejected or terminated eight (8) of the original 35 leases.

13. Thus, as of the date of this Motion, the Debtors are operating 31 locations (27 of which are leased), located in Central Illinois, the Northern Illinois

(Rockford)/Southern Wisconsin region, and Indianapolis, Indiana.³ See Exhibit A hereto (listing the Debtors' current locations).

Engagement of Equity Partners and Marketing of the Debtors' Assets

14. When the Debtors initially commenced the Cases, they were focused primarily on reorganizing, with the paramount issue they viewed themselves as confronting being the above-market rents that they pay at a majority of their locations. Although negotiations with landlords have progressed well — with the Debtors receiving offers for substantial rent concessions and savings from many landlords, and in ongoing discussions with several others — it has become clear both that securing the necessary lease concessions is more difficult and time-consuming than they had anticipated, and that the Debtors confront other operational problems that would render a reorganization an uphill battle.

15. That is, even though many (if not most) of the Debtors' landlords now are agreeing to significant concessions, the number of landlords involved, and the internal processes that many require as part of their negotiations, has elongated this process beyond the Debtors' initial expectation. As a result the Debtors now find themselves in a position where they are unlikely to possess

³ In the interests of full disclosure, the Debtors note the following. First, in view of the recent Chapter 11 filing of Sears Holding Management Corporation, one of the Debtors' landlords, a distinct possibility that their location in Rockford, (KFC #32) will be rejected and closed. In addition, the Debtors' operations at their owned facility in Savoy, Illinois (KFC #27), is currently closed pending needed roof repairs and possible mold abatement (though this location will remain part of the locations subject to the Sale).

sufficient cash to pay all of their administrative claims, or to provide the adequate assurance of their ability to perform their obligations under the leases that they would require in order to assume the leases.

16. In addition, the Debtors' unusual corporate management structure arising from their years of subservience to Lopax and VFM (as extensively described in the declaration of their Chief Restructuring Officer, Steven Nerger [Doc 240]) — albeit not insurmountable — would require a significant rebuilding of their internal organization, especially a financial department to coordinate the Debtors' finances with their operations.⁴

17. Thus, the Debtors, in consultation with the Committees and their principal secured lender, Heartland and Trust Company Bank ("HBT"), decided to explore either (a) obtaining post-petition or post-confirmation financing that would infuse sufficient cash into the Debtors to enable them to engage a financial department and administrative team that could operate companies of their size, or more likely (b) sell their businesses as going concerns. And having a

⁴ Although this Motion is not the place for an extensive discussion of the reasons for the Debtors' failure to utilize their time in Chapter 11 to commence the rebuilding of their financial department after the disqualification of VFM, the Debtors note (i) that in their judgment, upon consultation with their court-authorized professionals, the expenditure of their limited time on a search for a controller or CFO, while the Debtors were subject of a Chapter 11 proceeding, would have proven unsuccessful, and would have diverted their attention from the operation of the businesses, and (ii) the Debtors had received assurances from RPT Restaurant Services LLC ("RPT"), the firm that replaced VFM, that it could provide services equivalent to those of a controller or CFO (which assurances have proven to be somewhat overstated).

sale as an option ensures that to the extent landlord negotiations can be completed and locations made profitable, the Debtors' locations will be able to continue as going concerns, which will (a) enable the Debtors to pay their administrative expenses, (b) save hundreds of jobs, (c) avoid the bankruptcy of some of their largest suppliers as well as many of their landlords (who depend on the income from their leases with the Debtors), and (d) provide a return for their unsecured creditors.

18. As set forth in the Debtors' application to engage Equity Partners HG LLC ("Equity Partners") as their investment banker and business broker [Doc 372], the Debtors engaged in an extended search for a qualified investment banker and business broker to seek financing or a going concern sale of Debtors' assets.

19. By Order entered October 9, 2018 [Doc 406] (the "EP Engagement Order"), the Court approved the Debtors' engagement of Equity Partners.

20. Because of the limited time frame at issue, Equity Partners' commitment to a successful process, and its confidence in the Debtors' counsel, Equity Partners already has commenced the preliminary marketing process with respect to a potential Sale, subject to this Court's approval of the Bid Procedures for which approval is sought here.⁵

⁵ One of the vital and fundamental functions that Equity Partners provides is its preparation with the Debtors of, and distribution of, a Confidential Information Memorandum ("CIM"), and its establishment of a so-called Virtual
(continued...)

The Support of the Debtors' Key Constituencies

21. The Debtors' pursuit of a sale has the support of all of the Debtors' key constituencies:

- (a) HBT, which views these efforts at its best chance for maximizing the recovery on its greater than \$5 million secured claim;
- (b) The Debtors' landlords, which will be assured of a credit-worthy tenant at rental rates that, albeit in most cases less than upon the commencement of the Cases, will be above market value;
- (c) The Debtors' franchisor (KFCC), which believes that a franchisee with more stable finances and an established franchise network is likely to provide a more viable long-term franchisee for the Debtors' locations; and

⁵(...continued)

Data Room ("VDR") to which interested parties who sign confidentiality agreements (the "Debtor Confidentiality Agreements") are granted access and which contains a plethora of information about the Debtors' history, assets, contracts and leases and other materials, as well as a form Asset Purchase Agreement) that the such interested parties use in performing their due diligence in proffering their bids for the Debtors' assets. Meanwhile, in creating the VDR, the Debtors and Equity Partners must execute confidentiality agreements with KFCC authorizing them to include certain confidential information in the VDR regarding the Debtors' performance as KFC franchisees (the "KFC Confidentiality Agreement") for access only by interested parties who have executed the Debtor Confidentiality Agreements..

- (d) The Debtors' unsecured creditors, who (like HBT) see the prospect for the greatest recovery from the Debtors' assets, and a significant distribution, as lying in one or more going concern sales; and
- (e) The Debtors' suppliers and other vendors, who view the prospect of the Debtors' locations continuing as going concerns, and hence the maintenance of an ongoing customer, as maximized by a going concern sale.

22. With respect to KFCC, because the Debtors' businesses are currently operating as KFC restaurants, any party who wishes to purchase the Debtors' assets and continue to operate as KFCs will need the consent and approval of the Franchisor. And although this requirement may limit the scope of potential Qualified Bidders, Equity Partners, along with the Debtors, are confident that it will locate multiple investors in and/or purchasers of the Debtors' businesses that will satisfy KFCC and enable the Debtors to proceed with a Sale.

23. Accordingly, the time has arrived for the Debtors to obtain this Court's approval of specific bidding (and concurrent lease assignment) procedures at an auction to be conducted on or about December 5, 2018, with a sale approval hearing to take place on a date certain shortly after the auction (and a closing shortly thereafter).

RELIEF REQUESTED

24. By this Motion, and subject to the possibility that the Debtors may receive offers for cash infusions other than purchase offers, the Debtors seek entry of two (2) orders:

- (a) An initial order (the “Bid Procedures Order”) that would:
 - (i) authorize the Debtors to pursue a Sale of substantially all of their assets free and clear of all interests, including liens, claims, and encumbrances, at a public auction, with any liens to attach to the sale proceeds;
 - (ii) establish the Bid Procedures in connection with the sale of the debtors’ assets free and clear of all interests, including (among other things) overbid protection and a break-up fee;
 - (iii) approve the Contract Assignment Procedures for the assumption and assignment of the Contracts and Leases and to resolve any objections or disputes regarding the Debtors’ assignment of them to the Successful Bidder (or Bidders) arising from the Bid Procedures;
 - (iv) shorten notice of the Sale to the extent necessary to comply with the dates and deadlines requested by this Motion; and
 - (v) set a hearing date to consider final approval of the Sale (the “Sale Approval Hearing”); and
- (b) A subsequent Order (the “Sale Approval Order”), to be entered following the approval hearing requested below, that would:
 - (i) approve the Sale of the various of the Debtors’ assets to the Successful Bidder at the Auction (or to a Back-Up Bidder if the Successful Bid is not approved or fails to close the sale), free and clear of

all liens, claims, encumbrances and interests, with any liens to attach to the proceeds of the Sale; and

- (ii) approve the Debtors' assumption and assignment of the Contract and Leases that the Successful Bidder (and the Backup Bidder) seek to acquire through the Sale.

Form Asset Purchase Agreement

25. The Debtors have included in the VDR (i.e., Virtual Data Room, *see supra* at fn. 5) a form Asset Purchase Agreement (the "FAPA"), for bidders to use as a form for submitting bids for the Debtors' assets.

26. The FAPA:

- (a) allows interested parties to bid on all, or only a portion of, the Debtors' roughly 30 locations, and all, or only a portion of, the equipment and other assets at each of these locations;
- (b) provides for bidding on the Debtors' non-location-specific assets, such as its stored equipment and its vehicles;
- (c) provides for the allocation of the offered purchase price among assets that are subject to liens of different secured lenders, some of which already have been found to be valid and perfected, while others remain subject to challenge subsequent to the Sale;

- (d) provides for the allocation of the offered purchase price among the three Debtors based on the locations that prospective bidders seek to acquire.

27. Whereas the FAPA provides only a format for Bids, and Bidders will be both required (in selecting among its alternatives for included and excluded assets) and permitted (in including their own condition for the binding nature of their bids) to make revisions to it, Bidders' use of the FAPA as the base for their bids will enable the Debtors to most effectively select among the various Bids they receive, while ensuring that the Bids contain the minimum prerequisites for a potentially qualifying bid — to wit:

- (a) That each Bid remains contingent on court approval;
- (b) That the Bid provides for the Sale free and clear of liens, with the liens to attach to the proceeds of the Sale, with a bidder entitled to decline to consummate the Sale to the extent that the order approving the sale does not so provide with respect to the material portion of the assets subject to the bid;
- (c) That the Bid contain no other contingencies to closing other than those that the Debtors determine that they will be able to satisfy at the Sale Approval Hearing;
- (d) That the Bid requires the Bidder to identify with reasonable specificity the assets that are the subject of

the Bidder's offer (the "Included Assets"), and those that are excluded from the Bid (the "Excluded Assets").

28. The Debtors desire to effectuate the Sale of their assets on the terms and conditions set forth in the FAPA, or on higher or otherwise better terms pursuant to a competitive marketing process and the Auction. During the bidding process leading up to the Auction, the Debtors will consider bids for some or all of its assets, and reserve the right to sell separate assets or groups of assets to various bidders in order to maximize the value generated for the Debtors' estates.

The Proposed Bidding Procedures

29. The following represents a detailed outline of the Debtors' proposed bidding procedures (the "Bid Procedures").

(A) Summary and Definition of Key Proposed Dates (all times are Central Daylight Time):

- (1) "Stalking Horse Bid Deadline": On or before Thursday, November 15, 2018.⁶
- (2) "Stalking Horse Bid Selection Date": On or before Monday, November 19, 2018.⁷
- (3) "Bid Deadline": Tuesday, December 4, 2018 (subject to Debtors' right to accept late bids).

⁶ Because the Debtors may select a Stalking Horse Bid at any time that they receive a bid that they deem constitutes a suitable such bid, bidders are encouraged to submit proposed Stalking Horse Bids as soon as reasonably practicable.

⁷ See the immediately preceding footnote regarding the Debtors' right to select a Stalking Horse Bid prior to the deadline for submitting such a proposed bid.

- (4) “Qualified Bid Announcement Date”: Thursday, December 6, 2018.
- (5) “Preliminary Assignment Announcement”: Monday December 10, 2018.
- (6) “Baseline Bid Announcement”: Monday December 10, 2018.
- (7) Auction Date and Location: Wednesday, December 12, 2018:

President Abraham Lincoln Doubletree Hotel
701 E. Adams Street
Springfield, Illinois 62701
217-544-8800
- (8) “Successful Bid Announcement Date”: Tuesday, December 18, 2018.
- (9) “Final Assignment Announcement Date”: Wednesday, December 19, 2018
- (10) Sale Approval Hearing: To be set by the Court.
- (11) Closing Deadline: Friday, December 28, 2018 (or as soon as reasonably practicable after the Sale Approval Hearing).

(B) Designation as Qualified Bidder:

- (1) A “Qualified Bidder” is any person or entity (a “Potential Bidder”) that (i) not later than the Bid Deadline, pays the Good Faith Deposit (as defined below), and (ii) delivers the documents described immediately below, and that the Debtors (in their discretion, and with assistance from their advisors) determines is reasonably likely to consummate a Sale if selected as a Successful Bidder (defined below):

- a. Corporate Authority. No later than the Bid Deadline, written evidence reasonably acceptable to the Debtors of the Potential Bidder's management's approval of the contemplated transaction; provided, however, that, if the Potential Bidder is an entity specially formed for the purpose of effectuating the contemplated transaction, then the Potential Bidder must furnish written evidence reasonably acceptable to the Debtors of the approval of the contemplated transaction by the equity holder(s) of such Potential Bidder.
- b. Proof of Financial Ability to Perform. No later than the Bid Deadline, written evidence that the Debtors reasonably conclude demonstrates that the Potential Bidder has the necessary financial ability to close the contemplated transaction. Such information should include, inter alia, the following:
 - (i) Contact names and numbers for verification of financing sources;
 - (ii) Evidence of the Potential Bidder's internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction; and
 - (iii) Any such other form of financial disclosure, credit-quality support information or enhancement reasonably acceptable to the Debtors demonstrating that such Potential Bidder has the ability to close the contemplated transaction; provided, however, that the Debtors shall determine, their reasonable discretion, in consultation with the Debtors' advisors, whether the written evidence of such financial wherewithal is reasonably acceptable, and shall not unreasonably withhold acceptance of a Potential Bidder's financial qualifications; provided, however, that an otherwise Qualified Bid will be disqualified

(a “Disqualified Bid”) in the event that, in the Debtors’ reasonable judgment, the proponent of the Qualified Bid (the “Bidder”) has violated the Confidentiality Agreement and/or has proffered an otherwise Qualified Bid that contains materially false representations or warranties.

- c. Written Proposal. In order to ensure that an otherwise Qualified Bid will be recognized as allowing the bidder to participate in the Auction, the Potential Bidder, no later than the Bid Deadline, should deliver a signed written proposal for the purchase of the Included Assets or a portion of the Included Assets, in a form substantially in conformance with the FAPA, with such modifications (including specific dollar amounts, Included Assets and Excluded Assets and subject to such reasonable modifications as the Debtors or the Successful Bidder may request and the other parties to such agreement agree) as the bidder intends for its opening bid at the Auction.

- (2) Upon receipt from a Potential Bidder of a written proposal containing the required information, the Debtors, as soon as is practicable (and no later than 11:59 p.m. on Qualified Bid Announcement Date) shall determine and notify the Potential Bidder as to whether such Potential Bidder is a Qualified Bidder and whether its Bid is a Qualified Bid or a Disqualified Bid.

(C) Bidding Process

- (1) The Debtors and their advisors shall: (i) determine whether a Potential Bidder is a Qualified Bidder; (ii) receive offers from Qualified Bidders; and (iii) negotiate any offers made.
- (2) The Debtors, in consultation with the Committees and HBT, will have the right to adopt such other rules for the Bid Procedures (including rules that may depart from those set forth herein) that will better promote the goals

of the Bid Procedures and that are not inconsistent with any Order of the Court.

(D) Bid Deadline

- (1) As indicated above, the deadline for submitting Bids by a Qualified Bidder (the “Bid Deadline”) shall be Tuesday, December 4, 2018, at 4:30 p.m. (Central Daylight Time), subject to the Debtors’ right, in their sole discretion, to accept late bids prior to or during the Auction.
- (2) On or before the Bid Deadline, a Qualified Bidder that desires to make an offer, solicitation or proposal (a “Bid”) shall deliver by electronic mail (sometimes, “email”) a copy of its bid to (a) the Debtors’ broker, Equity Partners HG LLC, c/o Hank Waida, 16 N. Washington St., Suite 102, Easton, MD 21601; Email: Hwaida@equitypartnershg.com (b) the Debtors’ counsel, Jonathan Backman, Law Office of Jonathan A. Backman, 117 N. Center Street Bloomington, Illinois 61701, (309) 820-7420; Email: jbackman@backlawoffice.com, and (c) the Committees’ counsel, Matthew E. McClintock, Goldstein & McClintock LLP, 111 W. Washington Street, Ste. 1221, Chicago, IL 60602, Email: mattm@goldmclaw.com pursuant to the procedures for email communications set forth herein.
- (3) As indicated above, the Debtors shall have the right, in their sole discretion, to qualify bids that are submitted after the Bid Deadline, including at the Auction itself.

(E) Bid Requirements:

- (1) To be eligible to participate in the Auction, each Bid and each Qualified Bidder submitting such a Bid must be determined by the Debtors to satisfy each of the following conditions:
 - a. Good Faith Deposit. Each Bid must be accompanied by a deposit (the “Good Faith Deposit”) in the form of a wire transfer or cashier’s check payable to “Equity Partners HG LLC” in an amount equal to 10% of the Bid.

- b. Cash-Only Bids. The consideration proposed by the Bid shall include only cash, except that a Credit Bid (as defined and described below) shall be deemed equivalent to cash consideration so long as the Debtors, in their sole discretion, determine that the Credit Bidder (as also defined below) possesses a bona fide basis for asserting a perfected lien on the property for which the Credit Bidder is making its Credit Bid.
- (2) Irrevocable. A Bid must be irrevocable until two (2) business days after the Included Assets in the Bid or Bids (collectively, the “Acquired Assets”) have been sold pursuant to the Closing of the Sale or Sales approved by the Bankruptcy Court.
- (3) Contingencies:
- a. A Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence.
 - b. Financing Sources: A Bid must contain written evidence of a commitment for financing or other evidence of the ability to consummate the Sale satisfactory to the Debtors, with appropriate contact information for such financing sources.
 - c. Adequate Assurance. Any Bid submitted in accordance with the Bid Procedures must identify such Contracts and/or Leases to be assumed and assigned and provide evidence of its ability to provide adequate assurance of future performance of such Contracts or Leases along with the Qualified Bid.
 - d. In the event that any Potential Bidder is determined by the Debtors not to be a Qualified Bidder, the Potential Bidder shall be refunded its Good Faith Deposit within three (3) business days after that determination.

(F) Credit Bidding:

- (1) Each Secured Creditor will be entitled to credit bid (any such Secured Creditor, a "Credit Bidder") on the assets as to which it purports to hold a valid and protected lien, for an amount up to the value of its perfected security interest in the asset of the Debtor on which it possesses such lien (a "Credit Bid"); provided, however, that a Secured Creditor must present a formal bid at or before the Auction in order to preserve its right to tender a Credit Bid at the Auction.
- (2) In the event that a Credit Bidder is the Successful Bidder (a "Prevailing Credit Bidder"), the assets as to which the Prevailing Credit Bidder possesses a perfected lien (the "Secured Assets") shall be deemed a portion of the proceeds of the Sale. In such event, the Secured Assets purchased via a Credit Bid shall remain property of the Debtors' estates pending a determination as to the validity, extent and/or priority of the Prevailing Credit Bidder's lien or liens on the Secured Assets, unless such determination already has been made by a final Order.
- (3) If, at the end of such process, the Prevailing Credit Bidder is determined not to have possessed the senior lien on any of the Secured Assets for which it credit bid, then (a) if another Secured Creditor possessed a perfected lien on such Secured Assets senior to that of the Prevailing Credit Bidder, the Debtor shall transfer the Secured Assets on which such Prevailing Credit Bidder did not possess a first priority lien to such Prevailing Bidder subject to the senior lien of such other Secured Creditor, and (b) if no other lien existed on the portion of the Secured Assets as to which Prevailing Credit Bidder did not possess a senior lien (i.e., the Prevailing Credit Bidder did not possess a perfected lien on such assets), then the Prevailing Credit Bidder shall pay the Debtor the reasonable fair market value of such portion of the Secured Assets.

(G) Auction

- (1) Irrespective of whether the Debtors have received one or more Qualified Bids, the Debtors shall conduct the Auction to determine whether to qualify a Bid presented there as a Qualified Bid, and to determine the highest and best bid with respect to the Included Assets in each Bid. The Auction shall commence on Wednesday, December 12, 2018, at 1:00 P.M. Central Daylight Time at a conference room at President Abraham Lincoln Doubletree Hotel, 701 E. Adams Street, Springfield, Illinois.
- (2) No later than December 10, 2018 (i.e., the Baseline Bid Announcement Deadline), at 5:30 P.M. at Central Daylight Time, the Debtors will notify all then-Qualified Bidders of the highest, best and otherwise financially superior Qualified Bid as determined by the Debtor (the "Baseline Bid"), if such a bid has been made.
- (3) The Auction shall be conducted according to the following procedures:
 - a. Only Qualified Bidders that have submitted a Qualified Bid (or submit such a bid during the course of the Auction that the Debtors, in their discretion choose to qualify) will be eligible to participate in the Auction.
 - b. Only the authorized person as identified in the Qualified Bid of each of the Qualified Bidders, the Secured Creditors and the Debtors shall be permitted to participate in the Auction.
 - c. Each Qualified Bidder will be required to confirm in writing that it has not engaged in any collusion with respect to the Auction or the Proposed Sale.
 - d. During the Auction, bidding shall begin initially with the Baseline Bid (if one exists, or if not, then the opening Qualified Bid shall constitute the Baseline Bid), continue in minimum increments of at least \$100,000.00 (except as provided below in

the event that the Baseline Bid is a Stalking Horse Bid).

- e. Except as otherwise set forth herein, the Debtors may conduct the Auction in the manner they determine will result in the highest, best or otherwise financially superior offer for the Acquired Assets.
- f. The Debtors and their professionals shall direct and preside over the Auction.
- g. A party holding, or purporting to hold, a secured claim may credit bid for the assets as to which it possesses, or purports to possess, a valid and perfected lien, provided that its bid does not constitute a Disqualified Bid, in which event it would be disqualified from bidding at the Auction like any other Bidder holding a Disqualified Bid.
- h. All material terms of each Bid tendered at the Auction shall be fully disclosed to all other Qualified Bidders.
- i. Unless otherwise directed or ordered by the Bankruptcy Court, bidding at the Auction will be transcribed, but consultations among the Debtors, the Committees, and HBT shall not be transcribed and, in such instance, shall constitute settlement discussions within the purview of Federal Rule of Evidence 408.

(H) Consent to Jurisdiction as Condition to Bidding

- (1) All Potential Bidders who submit Qualified Bidders shall be deemed to have consented to the jurisdiction of the Bankruptcy Court and to have waived any right to a jury trial in connection with any disputes relating to the Sale, the Auction and the construction and enforcement of all transaction documents.

(I) Closing of Auction and Consummation of Sale

- (1) Upon conclusion of the bidding, the Auction shall be closed.
- (2) The Debtors shall (a) promptly review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the Sale process, including those factors affecting the speed and certainty of consummating the proposed Sale, and in consultation with the Committees and HBT (b) identify (I) the highest, best or otherwise financially superior offer(s) for the Acquired Assets or a portion thereof (the “Successful Bid(s)”) and the entity or entities submitting such Successful Bid(s) (in the case of more than one, each a “Successful Bidder”), which highest, best or otherwise financially superior offer(s) will provide the greatest amount of net value to the Debtors, and (II) the next highest or otherwise best offer after the Successful Bid(s) (in the case of more than one, each a “Back-up Bid”).
- (3) The Debtors shall advise all Qualified Bidders, the Committees, and HBT of the Successful Bidder(s) and the Backup Bidders by the Successful Bid Announcement Date.
- (4) The Debtors shall thereafter seek approval of a sale (or sales) to the Successful Bidder(s) in accordance with the Sale Approval Procedures and the Contract Assignment Procedures set forth below.
- (5) Prior to, or as soon as possible after, the Sale Approval Hearing, the Successful Bidder(s) shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made.
- (6) The Debtors’ identification of a Successful Bid and a Backup Bid shall constitute the acceptance of such Bid only upon Court’s entry of an Order approving the Sale (the “Acceptance Date”), provided that (a) no objection to the Sale or the Auction has been filed, and (b) no stay of

the Sale has been granted by any court of competent jurisdiction.

- (7) Anything in the foregoing paragraph to the contrary notwithstanding, the Successful Bid Announcement Date shall be deferred in the event that the Contract Assignment Procedures set forth below result in a deferral of the Debtors' acceptance of both the Successful Bid and the Backup Bid.
- (8) Provided that the Successful Bid Announcement Date has occurred, the Closing shall occur by the Closing Deadline, or on such other date, as soon as reasonably practicable thereafter, as may be mutually agreed by the Buyer(s), the Debtors and any other person or entity whose assets are to be sold in connection with the Sale, subject to the provisions of the following paragraph.

(J) Good Faith Deposits and Backup Bidder.

- (1) The Good Faith Deposits of all Qualified Bidders shall be held by Equity Partners in a non-interest bearing account. The Good Faith Deposit of the Successful Bidder shall be applied to the purchase price of such transaction at Closing.
- (2) Good Faith Deposits of all other Qualified Bidders will be returned promptly to all Bidders who have posted such a deposit, (other than the Successful Bidder and the Back-Up Bidder) following the conclusion of the announcement of the Successful Bidder and the Back-Up Bidder.
- (3) Unless the Back-Up Bidder has withdrawn its Bid in accordance with these procedures, the deposit of the Back-Up Bidder shall be held until the seventh (7th) day after the Sale is consummated, at which time the Good Faith Deposit will be returned to the non-purchasing bidder, unless forfeited as set forth below.
- (4) If the Successful Bidder fails to consummate an approved Sale because of a breach or failure to perform on the part of such Successful Bidder, then the Debtors shall be entitled to retain the Good Faith Deposit (subject to the

rights of the Broker to a portion of such forfeited deposit), and the Debtors' estate shall possess a claim against such Successful Bidder for damages in excess of the Good Faith Deposit as part of its damages resulting from such breach or failure to perform.

- (5) The Backup Bidder shall keep the Backup Bid open and irrevocable until 5:00 p.m. Central Daylight Time on the seventh (7th) day following the Closing Deadline with the Successful Bidder.
- (6) If the Successful Bidder fails to timely consummate an approved Sale because of a breach or failure to perform on the part of such Successful Bidder, the Backup Bid will be deemed to be the new Successful Bid, and the Debtors will be authorized, but not required, to consummate the Sale with the Backup Bidder without further order of the Court by such date as is mutually agreed among the parties. In such case, as set forth above, the Successful Bidder's deposit shall be forfeited to the Debtors as damages, and the Debtors shall retain all rights to seek all available damages from the defaulting Successful Bidder.

(K) Limited Standing

- (1) A Bidder shall have standing only to assert that the Debtors have abused their discretion in failing to accept its Bid as Qualified Bid.
- (2) In submitting a Bid, a Bidder waives any right to assert that the Debtors have provided misinformation in or omitted material information from the VDR or otherwise in providing information to the Bidder.

(L) Limited Damages Exculpation

- (1) If the Debtors fail to consummate a Sale, or otherwise breaches the provisions of Bid Procedures Order or the Sale Approval Order, including those pertaining to the Auction and Sale contemplated hereby, then except in the case of intentional misconduct by the Debtors, or their officers, agents, or professionals (the "Debtor Parties"), no

party (including without limitation any Bidder) shall possess a claim against the Debtor Parties, or any of them, for damages; and any party pursuing any action (whether or not resulting in a lawsuit) against any of the Debtor Parties shall be liable to the Debtor Parties for any costs, expenses or fees (including reasonable attorney and other professional fees) that the Debtor Parties, or any of them, may incur in defending against any such action.

(M) Electronic Mail as Primary Means of Service

- (1) Except where expressly provided otherwise herein, all parties or parties-in-interest who participate, or seek to participate, in the Auction:
 - a. shall be deemed to agree to receive and send required Bids, notices and other correspondence by electronic mail,
 - b. shall provide to the Debtors' counsel and the Broker, by electronic mail, at the email addresses set forth herein the parties' electronic mailing address and a phone number that the Debtors may contact to confirm receipt of an email, and
 - c. shall send any Bid, notice or other correspondence directed to the Debtors or their advisors by electronic mail to both Jonathan Backman and Hank Waida, and shall confirm that both persons received such email by calling the telephone numbers set forth herein for each of the two and either telling them directly, or leaving a message, (I) that an email has been sent to them, (II) the sender of the email, and (III) the approximate date and time of the email, along with (IV) a telephone number that Messrs. Backman or Waida, or both, may contact in the event that they do not receive the email.

30. The Debtors propose the following additional terms with respect to a Stalking Horse Bidder, Overbid Protection and a Break-Up Fee:

(A) Stalking Horse Bid:

- (1) In order to obtain the best possible Stalking Horse Bid, the Debtors will possess the right, but not the obligation, to grant a potential Bidder a limited exclusive period and other incentives to conduct due diligence in developing its Bid.
- (2) If, but only if, (i) a Potential Bidder submits a Qualified Bid by the Stalking Horse Bid Deadline, and (ii) the Debtors, in their sole discretion, elect to designate such Bid as a Stalking Horse Bid, then (x) the Debtors shall notify such Bidder (the “Stalking Horse Bidder”) that its Bid has been designated as a Stalking Horse Bid within 48 hours of the Debtors’ receipt of such Bid, and (y) such Stalking Horse Bidder shall receive the following Overbid Protection and potential Break-Up Fee.

(B) Overbid Protection:

- (1) The first Qualified Bid made at the Auction subsequent to the Debtors’ announcement of the Baseline Bid (i.e., in such instance, the Stalking Horse Bid) must provide consideration to the Debtors, in the Debtors’ sole discretion, that is at least \$200,000 above the Stalking Horse Bid (the “Overbid Protection”). If the Debtors receive a bid that exceeds the Overbid Protection (an “Overbid”), subsequent Bids shall proceed in \$100,000 increments as provided above.

(C) Break-Up Fee:

- (1) If, but only if, a Qualified Bidder submits an Overbid (an “Overbidder”), then the party submitting the Stalking Horse Bid shall be entitled to a fee of 50% of the amount of the Overbid Protection, and only in the event that a Sale subsequently is consummated.

The Sale Approval Procedures

31. The Debtors request approval of the following Sale notice and other procedures for the approval of the Sale (the “Sale Approval Procedures”):

(A) Sale Notice:

- (1) On the Successful Bid Announcement Date, the Debtors will serve notice Sale Approval Hearing (the “Sale Notice”), including a proposed form of the Sale Approval Order, by first class mail on: (i) the Office of the United States Trustee for the Central District of Illinois (the “U.S. Trustee”); (ii) the attorneys for HBT; (iii) the attorneys for the Creditors Committees; (iv) all known creditors of the Debtor; (v) the attorneys for the Franchisor; (vi) all parties known to the Debtor to have expressed an interest to acquire the Debtors’ assets; (vii) all attorney general’s offices in the states in which the Debtors do business; (viii) all county attorney’s offices in the counties in which the Debtors do business; (ix) all affected federal and local regulatory and taxing authorities, including the Internal Revenue Service, and (x) all Contract Counterparties (as hereinafter defined) (collectively, the “Sale Notice Parties”).

(B) Date, Time, and Place of the Sale Approval Hearing:

- (1) The Debtors propose that the Sale Approval Hearing be held before the United States Bankruptcy Court for the Central District of Illinois, Springfield Division, at United States Courthouse, Room 232, 600 E Monroe St., Springfield, IL 62701 on such date and time that the Court may direct. The Sale Approval Hearing may be adjourned without further notice by announcement at the Sale Approval Hearing.

(C) Objection Deadline to Sale Approval Order:

- (1) Objections by a Sale Notice Party to the relief sought to be granted by the Sale Approval Order shall be in writing, filed, and served so as to be actually received by: (a) counsel to the Debtors, Jonathan A. Backman, Esq., Law

Office of Jonathan A. Backman 117,N. Center Street, Bloomington, Illinois 61701, Email: jbackman@backlawoffice.com; (ii) counsel to the Official Committees of Unsecured Creditors, Matthew E. McClintock, Esq., Goldstein & McClintock LLLP, 111 W. Washington Street, Ste. 1221, Chicago, IL 60602, Email: mattm@goldmclaw.com; and (iv) the U.S. Trustee, Mark D. Skaggs, 401 Main Street, #1100, Peoria, IL 61602, Email: mark.d.skaggs@usdoj.gov; (collectively, the “Objection Notice Parties”), at least 24 hours prior to the Sale Approval Hearing.

(D) Information Provided to Interested Parties:

- (1) The Debtors either have provided or will provide to all parties that have either expressed an interest in purchasing the Debtors’ assets or who the Debtors believe may have an interest in purchasing their assets (each an “Interested Party” and, collectively, the “Interested Parties”), certain information in connection with the proposed Sale, including, among other things, the proposed Bid Procedures to any Interested Party that has executed a Confidentiality Agreement with the Debtors and Equity Partners.

The Contact Assignment Procedures

32. To facilitate and effectuate the Sale, the Debtors will require authority to assume and assign certain Contracts and Leases to the Successful Bidder or the Backup Bidder. Due to the nature of the bidding process, it is impossible to identify which Contracts and Leases will require assumption and assignment. As such, the Debtors will seek authority at the Sale Approval Hearing to assume and assign the Contracts and Leases that are being acquired by the Successful Bidder or the Backup Bidder. The proposed Contract Assignment Procedures are as follows:

(A) Notice of Contract Assignment Procedures:

- (1) On the Qualified Bid Announcement Date, or within a day following such date, the Debtors will file and serve on the non-Debtor parties to any Contract or Lease that any Qualified Bidder has identified as one that such bidder would intend to assume if it is the Successful Bidder (a “Contract Counterparty”) an assignment schedule (the “Assignment Schedule”) with the Court and serve such Assignment Schedule on each Contract Counterparty.
- (2) The Assignment Schedule will include (a) the title of the Contract or Lease to be assumed, (b) the name of the Contract Counterparty, and (c) the proposed terms of any assumption and assignment, including (A) any modifications to the current terms of the Contract or Leases, and (B) any cure amounts that the Debtors will have to pay to effect the assumption and assignment (collectively, the “Preliminary Assignment Information”).
- (3) Within 24 hours of the Debtors’ selection of the Successful Bid and the Backup Bid (the “Successful Bid Announcement Date”), the Debtors shall file and serve on the Contract Counterparties whose contracts or leases have been identified for assignment and assumption by the Successful Bidder or Backup Bidder, the identify of such bidders and the terms of their bids (the “Assignee Information,” and collectively with the Preliminary Assignment Information, the “Final Assignment Information”).

(B) Objection to Assumption and/or Assignment of Contracts and Leases:

- (1) At least 48 hours prior to the Sale Approval Hearing (the “Assignment Objection Deadline”), any Contract Counterparty who objects to the assumption and assignment of its Contract of Lease pursuant to the Final Assignment Information must file an objection with the Court (an “Assignment Objection”), and serve it on the Debtors, the ECF service list and the Successful Bidder and Backup Bidder.

(C) Resolution of Objections.

- (1) If a Contract Counterparty fails to file an Assignment Objection by the Assignment Objection Deadline, then it shall be deemed to consent to the assignment of its Contract of Lease to the Successful Bidder or the Backup Bidder pursuant to the Final Assignment Information, and the assumption and assignment shall be authorized under the terms set forth in the Assignment Schedule.
- (2) If a Contract Counterparty timely files an Assignment Objection, then the Court will hear such objection at the Sale Approval Hearing. The pendency of a dispute relating to the cure amounts will not prevent or delay the assumption and assignment of any Contract or Lease, and the cure amount will be determined at a later date, but the Debtors may proceed with the assignment of the Contract or Lease to the Successful Bidder or the Prevailing Bidder, as the case may be.
- (3) If an Assignment Objection objects to the assignment of the Contract or Lease to the Successful Bidder or the Backup Bidder, and if the Court approves the Sale, but fails to overrule the objection, then the Successful Bidder or the Backup Bidder, as the case may be, shall, within 24 hours of the conclusion of the Sale Approval Hearing (the “Bid Alteration Deadline”):
 - a. Inform the Debtors that it is withdrawing its Bid; or
 - b. Notify the Debtors that it intends to proceed with its Bid, but at a price reduced by the amount that its Bid ascribed to such Contract or Lease (in either case, a “Bid Alteration”).
- (4) Within 24 hours of the Debtors’ receipt of a Bid Alteration, the Debtors shall file with the Court, and serve on all Sale Notice Parties, its determination (the “Final Sale Notice”) whether:

- a. To proceed with Sale to either the Successful Bidder or the Backup Bidder (depending on the nature of the Bid Alterations); or
- b. To decline to proceed with the Sale.

33. The Debtors intend to cooperate with the Franchisor, landlords of the Leases, and counter-parties to Contracts to reconcile any differences in connection with the Sale, the Contract and Lease assignments and the resolution of the cure amounts.

34. Nevertheless, in Order to prevent the Debtors from being required to consummate a Sale that will result in harm to the Debtors' estates, their creditors or any other parties in interest, the Debtors, in their sole discretion, may at any time, following an unfavorable resolution of any issue at the Sale Approval Hearing, or the deferral of an issue that may result in such a resolution, withdraw their acceptance of the Successful Bid (and/or the Backup Bid), unless a party in interest, including such Bidders, agree to compensate the Debtors for the loss resulting from any such unfavorable resolution.

Request to Shorten Notice for Auction and Sale

35. Pursuant to Rule 9006(c), the Debtors also request that the Court shorten the notice for the Sale and Auction. Pursuant to Rule 2002(a)(2), a proposed use, sale or lease of property outside the ordinary course of business requires 21 days' notice. Rule 9006(c) permits the Court, for cause shown, to

shorten the notice of a proposed Sale. For the reasons set forth above, the Debtors submit that sufficient cause exists to shorten the notice of the proposed Sale.

ARGUMENT AND AUTHORITY IN SUPPORT OF RELIEF REQUESTED

I. Authority for Sale

36. Section 363(b)(1) of the Bankruptcy Code provides 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[.]” See 11 U.S.C. § 363(b)(1); see also Fed. R. Bankr. P. 6004(f)(1) (“All sales not in the ordinary course of business may be by private sale or by public auction.”).

37. To authorize the use, sale, or lease of property outside the ordinary course of business, the Court need only determine that the Debtors’ decision is supported by “some articulated business justification.” See *Fulton State Bank v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991) (holding that a debtor in possession can sell assets of his estate outside the ordinary course of business if he has an articulated business justification); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *Institutional Creditors of Continental AirLines, Inc. v. Continental Air Lines, Inc., et al. (In re Continental Air Lines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986); see also *Official Comm. of Unsecured Creditors of LTV Aerospace & Def. Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143-45 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented

before him a good business reason to grant such application); *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986) (holding that “a bankruptcy court can authorize a sale of all a Chapter 11 Debtor’s assets under § 363(b)(1) when a sound business purpose dictates such action”); *In re Sarah’s Tent, LLC*, 396 B.R. 571, 573 (Bankr. S.D. Fla. 2008); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991) (holding that a trustee must show that “there is a sound business purpose for conducting the sale prior to confirmation of a plan”); *In re Gulf States Steel, Inc. of Alabama*, 285 B.R. 497, 514 (Bankr. N.D. Ala. 2002) (“[T]he Trustee has the burden to establish sound business reasons for the terms of the proposed sale”); *In re San Jacinto Glass Indus., Inc.*, 93 B.R. 934, 944 (Bankr. S.D. Tex. 1988).

38. If a sound business reason exists, the law vests a debtor’s decision to sell property out of the ordinary course of business with a strong presumption “that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *Official Comm. Of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)).

39. Accordingly, parties challenging a debtor’s decision must make a showing of “bad faith, self-interest, or gross negligence.” *Id.*

40. There is ample business justification in these cases to approve the proposed Bid Procedures and any transaction effectuated in accordance therewith. The Debtors have considered all alternatives, with the assistance of their advisors, and determined that, absent an investment of substantial cash, the prompt sale of substantially all of their assets as going concerns is in the best interests of their estates and creditors. In order to preserve and maximize the value of the Debtors' assets, the Debtors believe that the disposition of their assets must be completed in the time frame described herein.

II. Authority to Conduct the Sale Free and Clear of Liens Claims, Encumbrances and Interests

41. The sale of the Debtors' assets should be free and clear of any and all liens, claims, and encumbrances in accordance with section 363(f) of the Bankruptcy Code, with any such liens, claims and encumbrances attaching to the proceeds of the Sale.

42. Pursuant to section 363(f) of the Bankruptcy Code, a debtor in possession may sell property free and clear of any lien, claim, or interest of an entity in such property if, among other things:

- (a) Applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- (b) Such entity consents;
- (c) Such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (d) Such interest is in bona fide dispute;
- (e) Such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. 11 U.S.C. § 363(f).

43. The provisions of section 363(f) of the Bankruptcy Code are satisfied because, among other things, the Secured Lender has consented to the commencement of the Sale.

44. Further, the Sale of the Debtors' assets will satisfy section 363(f) of the Bankruptcy Code because any entities holding liens on the purchased assets will have received notice of this Motion and the Sale Order. All parties in interest will be given sufficient opportunity to object to the relief requested herein, and any such entity that does not object to the Sale should be deemed to have consented. See *Futuresource LLC v. Reuters Ltd.*, 312 F.3d 281, 285-86 (7th Cir. 2002) ("It is true that the Bankruptcy Code limits the conditions under which an interest can be extinguished by a bankruptcy sale, but one of those conditions is the consent of the interest holder, and lack of objection (provided of course there is notice) counts as consent. It could not be otherwise; transaction costs would be prohibitive if everyone who might have an interest in the bankrupt's assets had to execute a formal consent before they could be sold.") (Internal citations omitted); *Hargrave v. Township of Pemberton (In re Tabone, Inc.)*, 175 B.R. 855, 858 (Bankr. D.N.J. 1994) (failure to object to sale free and clear of liens, claims and encumbrances satisfies section 363(f)(2)); *Citicorp Homeowners Serv., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988) (same); see also *In re Enron Corp.* 2003 WL 21755006 at *2 (AJG) (Bankr. S.D.N.Y. 2003) (order deeming all parties who did not object to proposed sale to have consented under section 363(f)(2)). As such, to the extent that

no party holding a lien objects to the relief requested in the Sale Order, the sale of the purchased assets free and clear of all liens, claims and encumbrances (except any liabilities expressly assumed by the Successful Bidder) satisfies section 363(f)(2) of the Bankruptcy Code.

45. Accordingly, any Sale of the Debtors' assets will satisfy the statutory prerequisites of section 363(f) of the Bankruptcy Code.

III. Authority for Good Faith Purchaser Protections

46. Section 363(m) of the Bankruptcy Code protects a good-faith purchaser's interest in property purchased from the debtor notwithstanding that the sale conducted under section 363(b) is later reversed or modified on appeal.

Specifically, section 363(m) states that:

The reversal or modification on appeal of an authorization under [section 363(b)] ... does not affect the validity of a sale ... to an entity that purchased ... such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale ... were stayed pending appeal.

11 U.S.C. § 363(m).

47. Section 363(m) "fosters the 'policy of not only affording finality to the judgment of the bankruptcy court, but particularly to give finality to those orders and judgments upon which third parties rely.'" *In re Chateaugay Corp.*, Case No. 92 CIV. 7054 (PKL), 1993 WL 159969, *3 (S.D.N.Y. May 10, 1993) (quoting In

re *Abbotts Dairies of Penn., Inc.*, 788 F.2d 143 at 147). See also *Allstate Ins. Co. v. Hughes*, 174 B.R. 884, 888 (S.D.N.Y. 1994) (“Section 363(m) . . . provides that good faith transfers of property will not be affected by the reversal or modification on appeal of an unstayed order, whether or not the transferee knew of the pendency of the appeal”); *In re Stein & Day, Inc.*, 113 B.R. 157, 162 (Bankr. S.D.N.Y. 1990) (“pursuant to 11 U.S.C. § 363(m), good faith purchasers are protected from the reversal of a sale on appeal unless there is a stay pending appeal”); *Hower v. Molding Sysms End. Corp.*, 445 F.3d 935, 938 (7th Cir. 2006).

48. The selection of any purchaser for the disposition of the Debtors’ assets will be the product of arm’s-length, good-faith negotiations in an anticipated competitive purchasing process. The Debtors intend to request at the Sale Approval Hearing a finding that the Successful Bidder(s) is a good-faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code.

IV. Authority for Approval of Break-Up Fee and Overbid Protection

49. Break-up fees and expense reimbursements are recognized as a form of bidder protection in connection with the sale of assets pursuant to section 363 of the Bankruptcy Code in chapter 11 cases because they enable a debtor to ensure a sale to a contractually committed buyer at a price the debtor believes is fair, while simultaneously allowing the debtor the opportunity to obtain a greater recovery through an auction process.

50. At the same time, the Overbid Protection will ensure that the Debtors will only be obligated to pay the Break-Up Fee if the Sale will generate proceeds that exceed (by 100%) the amount of the Break-Up Fee.

51. Bankruptcy courts have considered bidding incentives similar to those proposed by the Debtors in this case pursuant to the “business interests test,” under which courts consider whether, and to what extent, the proposed transaction will further the diverse interest of the debtor, creditors, and equity. *In re S.N.A. Nut Co.*, 186 B.R. 98, 104 (Bankr. N.D. Ill 1995); *In re Fin. News Network, Inc.*, No. 91B-10891 (FGC), 1991 WL 127524, at *1 n. 5 (Bankr. S.D.N.Y. May 10, 1991) *aff’d*, 134 B.R. 737 (S.D.N.Y.1991) *aff’d*, 980 F.2d 165 (2d Cir.1992) (the existence of a stalking horse agreement attracts other bidders to the auction); *In re JW Resources, Inc.*, 536 B.R. 193 (Bankr. E.D. Ky. 2015) (“In bankruptcy auctions, subsequent bidders will often forego due diligence because they gain the required comfort from the willingness of the stalking horse bidder to enter into the proposed agreement. This puts the first bidder at a significant disadvantage because other bidders will not incur the costs and risks of entering into the stalking horse agreement with the debtor.”).

52. The Debtors’ proposed Break-Up Fee meets the “best interest test” standard. First, as noted previously, as a result of the Overbid Protection, the amount of the Break-Up Fee amounts to only 50% of the cash guaranteed to be received by the Debtors under the Stalking Horse provisions. This fee is fair and

reasonable, particularly in view of the efforts that will have to be expended by the Stalking Horse Bidder.

53. Moreover, the Break-Up Fee will enable the Debtors to secure a floor for the Auction and, thus, ensure that competing bids be materially higher or otherwise better than the Stalking Horse Bid, a clear benefit to the Debtors' estates.

54. In sum, the Debtors' ability to offer the Break-Up Fee will enable it to assure the Sale of the Debtors' assets to a contractually-committed bidder at a price that the Debtor believes to be fair while, at the same time, providing it with the potential of even greater recovery to the estate.

55. The Debtors submit that the proposed Break-Up Fee will not chill bidding, is reasonable, and will enable the Debtors to maximize the value of their assets. The Debtors should therefore be authorized to offer the Break-Up Fee as the Debtors deem necessary in their business judgment.

56. Accordingly, the Debtors request that the Court authorize the Debtors to pay the Break-Up Fee proposed herein.

V. Reasonableness of the Bid Procedures

57. The proposed Bid Procedures will facilitate a fair and reasonable bidding process with respect to the Auction and yield the maximum value for the Debtors' estates and creditors.

58. Moreover, the Bid Procedures set deadlines for conducting an Auction and holding a hearing with respect to the Sale proposed herein. Given the

Debtors' limited cash flow, the Debtors will be required to complete the Sale process as requested herein and do not have sufficient liquidity to operate beyond the dates established hereby.

59. Thus, the Debtors believe that they should be permitted to conduct the Sale process in the manner and on the timetable set forth herein and in the Bid Procedures.

VI. Grounds for Limited Standing and Limited Damages Exculpation

60. As set forth above, in view of (a) the complexity of the relief requested by this Motion, including the Bid Procedures, and (b) the subjective nature of the Debtor's assessment and categorization of Bids and Bidders, the Debtors have requested that the Court (x) limit the standing of Bidders to issues that pertain directly to their Bids, and (y) grant the Debtor Parties exculpation from damages arising from errors in its conduct of the Bidding Procedures, the Auction and the Sale, except of course in the case of intentional misconduct.

61. Whereas nothing in the foregoing provisions will prevent a party in interest from seeking to enforce the Bid Procedures by appropriate pleadings with the Court — other than the more limited standing granted to Bidders⁸ — the Debtors maintain that the damages exculpation provided by the exculpatory

⁸ For the sake of clarity, references to the limited standing of Bidders mean only to Bidders qua bidders. That is, if a Bidder is also a creditor or other party in interest, then it will not forfeit its rights in the latter capacity to be treated as any other such party in interest.

provision will maximize the benefit to the various parties with a pecuniary interest in the Sale by providing the Debtor with the flexibility to assess bids and implement the Bid Procedures generally without fear that a party will seek damages if it is unhappy with the results of the Auction or the Sale — again, unless the Debtor Party engage in intentional misconduct.

VI. Authority for Assumption and Assignment of Contracts and Leases

62. Section 365 of the Bankruptcy Code allows the debtor to maximize the value of the debtor's estate by assuming executory contracts or unexpired leases that benefit the estate and by rejecting those that do not. See *COR Route 5 Co., LLC v. The Penn Traffic Co. (In re The Penn Traffic Co.)*, 524 F.3d 373, 382 (2d Cir. 2008). Section 365 of the Bankruptcy Code authorizes the proposed assumptions and assignments, provided that the defaults under such contracts and leases are cured and adequate assurance of future performance is provided. See 11 U.S.C. § 365(f)(2).

63. In this context, the phrase “adequate assurance of future performance” must be given a “practical, pragmatic construction” through “consideration of the facts of the proposed assumption.” *In re Fleming Cos.*, 499 F.3d 300 (3d Cir. 2007) (quoting *Cinicola v. Scharffenberger*, 248 F.3d 110 at 120 n.10 (3d Cir. 2001)). See also *Carlisle Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1989) (same); *In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (adequate assurance of future performance does not mean

absolute assurance that debtor will thrive and pay rent); *In re Bon Ton Rest. & Pastry Shop, Inc.*, 53 B.R. 789, 803 (Bankr. N.D. Ill. 1985) (“Although no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance.”).

64. Among other things, adequate assurance may be given by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. See *In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (recognizing adequate assurance of future performance is present when prospective assignee of a lease from debtor has financial resources and has expressed a willingness to devote sufficient funding to business in order to give it strong likelihood of succeeding chief determinant of adequate assurance is whether rent will be paid). See also *In re Vitanza*, Case No. 98-19611DWS, 1998 WL 808629, at *26 (Bankr. E.D. Pa. 1998) (“The test is not one of guaranty but simply whether it appears that the rent will be paid and other lease obligations met.”).

65. While the Debtors do not yet know which of their Contracts and Leases will be selected for assumption and assignment and by whom, they will provide to the parties to any such Contracts and Leases with notice and an opportunity to object, as well as adequate assurance.

66. The Assignment Procedures will ensure that all parties against whom relief is sought will have ample notice of such relief and an opportunity to contest any asserted cure amount, as well as the adequacy of the adequate assurance provided.

67. Accordingly, in order to facilitate and effectuate the Sale of their assets, the Debtors also seek authority to assume and assign certain Contracts and Leases to any purchaser(s) of any of their assets and submit that the Assignment Procedures are fair and reasonable and should be approved.

CONCLUSION

WHEREFORE, the Debtors pray that the Court enter an Order as follows:

- (i) authorizing the debtors to sell substantially all of their assets free and clear of all interests, including liens, claims, and encumbrances, at a public auction with any liens to attach to the sale proceeds;
- (ii) establishing Bidding Procedures in connection with the Sale;
- (iii) approving the Contract Assignment Procedures for an assumption and assignment of Contracts and Leases to the proposed purchaser arising from the Bid Procedures and to resolve any objections or disputes regarding such assumptions and assignments;
- (iv) shortening notice of the Sale to the extent necessary to comply with the dates and deadlines requested by this Motion,
- (v) limiting notice of this Motion to the CM/ECF Recipients and the Landlords affected by this Contract Assignment Procedures;

- (vi) setting a hearing date to consider final approval of the Sale and the Assignments; and
- (vii) and granting the Debtors such other and further relief as the Court deems just and proper.

Date: October 25, 2018

Respectfully submitted,

By: /s/ Jonathan A. Backman

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Counsel for Debtors Bartlett Management Services, Inc., et al.

CERTIFICATE OF SERVICE

I, Jonathan A. Backman, an Illinois attorney, hereby certify that on October 25, 2018, I electronically filed **Debtors' Emergency Motion for Entry of an Order (I) (A) Authorizing the Debtors to Sell Substantially All of Their Assets Free and Clear of All Interests, Including Liens, Claims, and Encumbrances, at a Public Auction with Any Liens to Attach to the Sale Proceeds, (B) Establishing Bidding Procedures in Connection with the Proposed Sale, (C) Approving the Form and Manner of Notice of the Transaction, (II) Shortening Notice of this Motion and the Transaction to the Extent Necessary to Comply with the Dates and Deadlines Requested by this Motion, (III) Setting a Hearing Date to Consider Final Approval of the Contemplated Transactions; and (IV) Limiting Notice of this Motion (But Not the Transaction)** with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Mark A. Bogdanowicz on behalf of Creditor Heartland Bank and Trust Company
mbogdanowicz@howardandhoward.com, pkinsman@howardandhoward.com

Edward Q. Costa on behalf of Creditor Eichenauer Services, Inc.
costa@smsjlaw.com

James T. Finegan on behalf of Interested Party Robert Clawson
jasfin@aol.com, fineganbankruptcylaw@yahoo.com; apbfineganlaw@yahoo.com; rfinegan@gmail.com

Craig Solomon Ganz on behalf of Creditor SCF-HW-G, LLC
ganzc@ballardspahr.com, hartt@ballardspahr.com; PHXDocketingbkr@ballardspahr.com

Brian David Jones on behalf of Creditor KFC
bdjones@sorlinglaw.com

Cari Kauffman on behalf of Creditor American Honda Finance Corporation
ckauffman@sormanfrankel.com, dfrankel@sormanfrankel.com

Mark A. Ludolph on behalf of Creditor JA-BO, Inc.
mludolph@heyloyster.com, tphelps@heyloyster.com; peoctdocket@heyloyster.com

Matthew McClintock on behalf of Creditor Committee Official Committee of
Unsecured Creditors
mattm@goldmclaw.com, teresag@restructuringshop.com; moniqueh@goldmclaw.com

Michael S. Myers on behalf of Creditor SCF-HW-G, LLC
myersms@ballardspahr.com, hartt@ballardspahr.com;
PHXDocketingbkr@ballardspahr.com

Jeffrey D. Richardson on behalf of Creditor V5 Enterprises LLC Series B
jdrdec@aol.com

Timothy E. Ruppel on behalf of U.S. Trustee
tim.ruppel@usdoj.gov, timmy.ruppel@gmail.com

Mark D. Skaggs on behalf of U.S. Trustee
Mark.D.Skaggs@usdoj.gov

Howard Marc Spector on behalf of Creditor Micromont Holdings 4, LLC
hspector@spectorjohnson.com

U.S. Trustee
USTPRegion10.PE.ECF@usdoj.gov

David L. Wentworth, II on behalf of Creditor Lynn Moses Plumbing, Inc.
dwentworth@hwgsb.com

and I hereby certify that I caused the Motion to be served by United States Priority
Mail, postage pre-paid, to the following non CM/ECF recipient who has filed a
request for notice in this Case:

BMW Financial Services NA, LLC, c/o AIS Portfolio Services, LP
4515 N Santa Fe Ave. Dept. APS
Oklahoma City, OK 73118

and I hereby certify that I caused the Motion to be served by United States Priority Mail, postage pre-paid, and electronic mail to the non CM/EFC recipients who have requested notice in this Case Landlords/Lessors (or their designated representative) as identified in the attached Landlord Service List hereto (except where such designated representatives are receiving notice through the CM/ECF system.)

/s/ Jonathan A. Backman

Jonathan A. Backman

Landlord Service List

LESSOR/ LANDLORD	DEBTOR	LEASED LOCATIONS ADDRESS
Agree Belvidere IL, LLC Attn: Marc Brandt 70 East Long Lake Road Bloomfield Hills, MI 48304 Phone: (248) 737-4190 Email: mbrandt@agreerealty.com	BMSI	1160 N. State St. Belvidere, IL 61008
ARC CAFEUSAOO 1, LLC c/o Lisa M. Peters 1650 Farnam Street, Omaha, NE 68102-2186 D 402-661-8609 O 402-346-6000 Email: Lisa.Peters@KutakRock.com	BMSI	3035 11th St. Rockford IL 61109-1209
	BMSI	1000 Charleston Ave. Mattoon, IL 61938-4127
	BMSI	309 N. Washington Street Crawfordsville IN 47933-1741
	BMSI	1310 E. Pershing Rd. Decatur, IL 62526
	BMSI	1850 W. Jefferson St. Springfield, IL 62702
	BMSI	1111 N. Ninth St. Springfield, IL 62702-3949
	BMSI	501 N. Prospect Rd. Bloomington, IL 61704-3563
	BMSI	1293 N. State Rd. 135 Greenwood, IN 46142-1020
	BMSI	2401 N. Morton St. Franklin, IN 46131-9703
	BMSI	2310 Lincoln Ave. Charleston, IL 61920-3049

LESSOR/ LANDLORD	DEBTOR	LEASED LOCATIONS ADDRESS
Coheth Properties c/o Jerry Neimann Martensen, Niemann & Sorensen 140 North Taft St. PO Box 146, Paxton, IL 60957 Email: sam@fordiroquoislaw.com ; jeannie@fordiroquoislaw.com	BMSI	1502 Kilburn Ave. Rockford, IL 61101
Dito Trust c/o Jeffrey A. Dito, Esq. Valinoti, Specter & Dito, LLP 555 Montgomery Street, Suite 605, San Francisco, CA 94111 Phone (415) 986-1338 (ext. 129) Fax (650) 745-1126 Email: jdito@valinoti-dito.com	BMII	903 E. Hanna Ave. Indianapolis, IN 46227
Horvath Realty of Illinois c/o Joseph Pojanowski Bertone Piccini LLP 777 Terrace Avenue Suite 201 Hasbrouck Heights, NJ 07604 Telephone: (201) 483-9333 Email: jpoj@bertonepiccini.com	BMSI	410 W. University Ave. Urbana, IL 61801-1644
	BMPI	603 N. Western Ave. Peoria, IL 61604
Horvath Realty of Indiana c/o Joseph Pojanowski Bertone Piccini LLP 777 Terrace Avenue Suite 201 Hasbrouck Heights, NJ 07604 Telephone: (201) 483-9333 Email: jpoj@bertonepiccini.com	BMII	4035 S. Emerson Ave. Indianapolis, IN 46203-5963
JA-BO, Inc. c/o Mark Ludolph Heyl Royster 300 Hamilton Boulevard Peoria, IL 61601-6199 Telephone: 309.676.0400 mludolph@heyloyster.com	BMPI	2231 W. Glen Ave. Peoria, IL 61614-4561
	BMPI	3485 Court St. Pekin, IL 61554-6236
	BMPI	1106 Peoria St. Washington, IL 61571-2351

LESSOR/ LANDLORD	DEBTOR	LEASED LOCATIONS ADDRESS
Kmart Corporation Melinda Jesse-Smith Assistant General Counsel - Real Estate Sears Holdings Management Corporation 3333 Beverly Road, BC-119B Hoffman Estates, IL 60179 Email: melinda.jessesmith@searshc.com	BMSI	5949 E. State St. Rockford, IL 61108
Micromont Holdings 4, LLC c/o Howard Marc Spector Spector & Johnson, PLLC 12770 Coit Road, Suite 1100 Dallas, TX 75251 Direct: (214) 365-5377: hmspector@spectorjohnson.com	BMSI	3150 S. 6th St. Springfield, IL 62703-4018
Nesbitt RE Holdings, LLC 3930 Premier North Drive, Tampa, FL 33618 steve@restmgt.com	BMSI	2425 Milton Ave. Janesville, WI 53545-0439
	BMSI	1586 W. Lane Rd. Machesney Park, IL 61115-1903
Osprey 1401 Realty, LLC c/o Joseph Pojanowski Bertone Piccini LLP 777 Terrace Avenue Suite 201 Hasbrouck Heights, NJ 07604 Telephone: (201) 483-9333 Email: jpoj@bertonepiccini.com	BMPI	5601 Washington St. Bartonville, IL 61607-2009
Pojanowski Family Realty, LLC c/o Joseph Pojanowski Bertone Piccini LLP 777 Terrace Avenue Suite 201 Hasbrouck Heights, NJ 07604 Telephone: (201) 483-9333 Email: jpoj@bertonepiccini.com	BMII	4789 Kentucky Ave. Indianapolis, IN 46221-3531
Pojanowski Champaign Realty, LLC c/o Joseph Pojanowski Bertone Piccini LLP 777 Terrace Avenue Suite 201 Hasbrouck Heights, NJ 07604 Telephone: (201) 483-9333 Email: jpoj@bertonepiccini.com	BMSI	2201 W. Springfield Ave Champaign, IL 61821-2911

LESSOR/ LANDLORD	DEBTOR	LEASED LOCATIONS ADDRESS
SCFRC-HW-G LLC c/o Craig Solomon Ganz BALLARD SPAHR, LLP 1 East Washington Street Suite 2300 Phoenix, AZ 85004-2555 TEL 602.798.5427 FAX 602.798.5595 ganzc@ballardspahr.com	BMSI	2735 Prairie Ave. Beloit, WI 53511

Exhibit A
Table of Store Locations

	Store Number Identifier	Address
1	KFC #2 KILBURN	1502 Kilburn Ave., Rockford, IL 61101-3444
2	KFC #3 11TH STREET	3035 11th St. Rockford IL 61109-1209
3	KFC #5 BELVIDERE	1160 N. State St. Belvidere, IL 61008-2027
4	KFC #7 JANESVILLE	2425 Milton Ave. Janesville, WI 53545-0439
5	KFC #10 MATTOON	1000 Charleston Ave. Mattoon, IL 61938-4127
6	KFC #12 CRAWFORDSVILLE	309 N. Washington St. Crawfordsville IN 47933-1741
7	KFC #15 BELOIT	2735 Prairie Ave. Beloit, WI 53511
8	KFC #16 WEST SPRINGFIELD	2201 W. Springfield Ave Champaign, IL 61821-2911
9	KFC #18 MARKET STREET	1706 W. Market St., Bloomington, IL 61701-2642
10	KFC #19 PERSHING RD.	1310 E. Pershing Rd. Decatur, IL 62526
11	KFC #23 S. 6TH STREET	3150 S. 6th St. Springfield, IL 62703-4018
12	KFC #24 WEST JEFFERSON	1850 W. Jefferson St. Springfield, IL 62702
13	KFC #25 NORTH 9TH STREET	1111 N. Ninth St. Springfield, IL 62702-3949
14	KFC #26 PROSPECT RD.	501 N. Prospect Rd., Bloomington, IL 61704-3563
15	KFC #27 DUNLAP	1321 N. Dunlap Ave. Savoy, IL 61874-9499

	Store Number Identifier	Address
16	KFC #28 COUNTY LINE	1293 N. State Rd. 135 Greenwood, IN 46142-1020
17	KFC #29 UNIVERSITY	410 W. University Ave. Urbana, IL 61801-1644
18	KFC #31 FRANKLIN	2401 N. Morton St. Franklin, IN 46131-9703
19	KFC #32 STATE & MULFORD	5949 E. State St. Rockford, IL 61108
20	KFC #34 WESTERN AVE.	603 N. Western Ave. Peoria, IL 61604-5123
21	KFC #35 BARTONVILLE	5601 Washington St. Bartonville, IL 61607-2009
22	KFC #36 WEST GLEN	2231 W. Glen Ave. Peoria, IL 61614-4561
23	KFC #38 PEKIN	3485 Court St. Pekin, IL 61554-6236
24	KFC #39 WASHINGTON	1106 Peoria St. Washington, IL 61571-235
25	KFC #41 CLINTON	80 Clinton Plaza Clinton, IL 61727-2100
26	KFC #42 NORTH ALLEN RD.	8905 North Allen Road Peoria, IL 61615-1534
27	KFC #43 CHARLESTON	2310 Lincoln Ave. Charleston, IL 61920-3049
28	KFC #44 MACHESNEY PARK	1586 W. Lane Rd. Machesney Park, IL 61115-1903
29	KFC #51 HANNA AVE	903 E. Hanna Ave. Indianapolis, IN 46227-1305
30	KFC #54 EMERSON AVE.	4035 S. Emerson Ave. Indianapolis IN 46203-5963
31	KFC #57 KENTUCKY AVE.	4789 Kentucky Ave. Indianapolis, IN 46221-3531