

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF FLORIDA
PENSACOLA DIVISION**

In re:)	
)	Chapter 11
)	Case No. 18-30334-HAC
BEACH COMMUNITY)	
BANCSHARES, INC.,)	
)	
Debtor.)	
)	

**ORDER (A) APPROVING BID PROCEDURES RELATING
TO SALE OF ALL OF THE DEBTOR’S STOCK IN BEACH
COMMUNITY BANK;(B) BREAK UP FEE AND INITIAL MINIMUM
OVERBID; (C) SCHEDULING A HEARING TO CONSIDER THE SALE AND
APPROVING THE FORM AND MANNER OF NOTICES; AND
(D) GRANTING RELATED RELIEF**

This proceeding came on for hearing on April 16, 2018 at 2:00 p.m. upon the Motion¹, (Docket No. 6) (the “Sale Motion”), of the Debtor, Beach Community Bancshares, Inc. (the “Debtor”), for the entry of an order (A) approving bid procedures which are attached as Exhibit 1 hereto (the “Bid Procedures”) with respect to the proposed sale of all of the issued and outstanding capital stock (the “Shares”) of Beach Community Bank, a Florida banking corporation (the “Bank”), as more fully set forth in that Stock

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement (as defined below), or in the Bid Procedures (defined below).

Purchase Agreement (the “Agreement”) dated as of April 6, 2018 by and between the Debtor, David F. Bolger 2018 Irrevocable Stock Trust (“Purchaser”), and the Bank, solely with respect to certain provisions of the Agreement; (B) approving the Break Up Fee (as defined below) and the Initial Minimum Overbid (as defined below); (C) scheduling a hearing (the “Sale Hearing”) and approving the form and manner of notice of the Auction and the Bid Procedures; and (D) granting related relief. The Court having determined that the relief requested in the Motion to the extent set forth herein is in the best interest of the Debtor, its estate, creditors and other parties in interest; due and appropriate notice of the Motion and the relief requested therein was provided by the Debtor pursuant to Bankruptcy Rules 2002, 4001, 6004, and 9014 on the following parties: (a) the Office of the United States Trustee for the Northern District of Florida (the “U.S. Trustee”); (b) all parties that have filed requests for notices under Bankruptcy Rule 9010(b) or are entitled to notice under Bankruptcy Rule 2002; (c) U.S. Capital Funding V, Ltd. (“US Cap V”) and U.S. Capital Funding VI, Ltd. (“US Cap VI”), the holders of trust preferred securities originally issued by Beach Community Statutory Trust I (the “Trust Preferred”); (d) Wilmington Trust Company, formerly the Indenture Trustee for the Trust Preferred (“Wilmington Trust”);

(e) the Internal Revenue Service; (f) Presidio Recovery Fund, LLC; (g) Purchaser; and (h) any governmental entity effected by the relief sought herein as provided in the certificate of service (collectively, the “Notice Parties”); and after consideration of the Sale Motion to the extent of the relief granted herein; the remainder of the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby found:²

A. The Court has jurisdiction over this matter and over the property of the Debtor and its bankruptcy estate pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

B. Notice of the hearing of the Motion, the Motion and proposed entry of this Order has been provided to the Notice Parties. Under the circumstances, requisite notice of the Motion and the relief requested thereby and this Order has been provided in accordance with Bankruptcy Rules 2002, 4001, 6004, and 9014, which notice is sufficient for all purposes under the Bankruptcy Code, including, without limitation, Bankruptcy Code Section

² Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

102(1), and no further notice of, or hearing on, the Motion or this Order is necessary or required.

C. The proposed notices of (i) the proposed sale of the Shares as set forth in the Sale Motion, (ii) the Agreement, and the terms contained therein, and (iii) the Bid Procedures, in substantially the form attached hereto as Exhibit 1, are appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the proposed sale of the Shares, the Auction, the Agreement and the Bid Procedures to be employed in connection therewith.

D. The Debtor has disclosed in the Sale Motion the existence of the Stock Subscription Agreements pursuant to which the Bank will issue certain new equity securities and which conditions the closing of such offering on the entry of the Sale Order in an agreed to form subject to changes that are acceptable to the Other Purchasers or as otherwise provided by the terms of the Stock Subscription Agreement. The terms of the Stock Subscription Agreement facilitate the proposed sale process, are consistent with the purposes of the Bankruptcy Code and will not constitute collusive bidding within the meaning of 11 USC § 363(n) or otherwise prevent the Court from finding that Purchaser (and, as applicable, the other investors party to Stock

Subscription Agreements) is a purchaser in good faith in accordance with 11 USC § 363(m), if the Court should later find such other sufficient facts to support such a finding.

E. The Debtor has disclosed in the Sale Motion that, pursuant to the Agreement, it is obligated to pay Purchaser a break-up fee equal to \$250,000 (the “Break Up Fee”) on the first business day following the date of consummation of any (i) merger, consolidation or similar transaction involving the Debtor or the Bank, or (ii) a sale, lease or other disposition directly or indirectly by merger, consolidation, tender offer, share exchange or otherwise of assets of the Debtor or the Bank constituting a majority of the consolidated assets of the Debtor or the Bank.

F. The approval of the Bid Procedures is in the best interest of the estate, its creditors and other parties in interest. The Debtor has articulated good and sufficient reasons for this Court to grant the relief requested in the Motion regarding the Bid Procedures and has demonstrated sound business justifications to support such relief. The Bidding Procedures, and the terms and conditions of the Agreement pertaining to the payment of the Break Up Fee, are fair, reasonable and reasonably calculated to enhance the prospect of competitive bidding and maximize recovery for the estate and its creditors.

The entry of this Order and the relief contained herein are in the best interests of the Debtor, its estate, creditors and other parties-in-interest.

Accordingly, it is

ORDERED that:

1. The relief requested in the Motion is GRANTED, to the extent set forth herein.
2. The Bid Procedures attached hereto as Exhibit 1 are hereby approved and fully incorporated into this Order, and shall apply with respect to the proposed sale of the Shares. The Debtor is authorized to take any and all actions necessary to implement the Bid Procedures.
3. All objections to the relief requested in the Motion that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion or by stipulation filed with the Court, are overruled.
4. Except as otherwise provided below, a Qualified Bidder that desires to make a Bid shall deliver written copies of its bid to the parties set forth below not later than 12:00 noon (prevailing Eastern time) on Friday, May 11, 2018 (the "Bid Deadline") and shall comply with the requirements set forth in the Bid Procedures for making such bid: (a) the Debtor: c/o Nelson Mullins Riley & Scarborough LLP, Atlantic Station, 201 17th Street

NW, Suite 1700, Atlanta, Georgia 30363, Attention: J. Brennan Ryan; (b) the Trust Preferred: c/o StoneCastle Partners, LLC, 152 West 57th Street, 35th Floor, New York, NY 10019 Attn: Jim Brennan; (c) Purchaser: David F. Bolger 2018 Irrevocable Stock Trust, c/o Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004, Attn: David R. Zylberberg; and (d) U.S. Trustee: U.S. Trustee, 110 Park Avenue, Suite 128, Tallahassee, FL 32301, Attn: Jason Egan.

5. Subject to its consultation with the Trust Preferred in accordance with the Bidding Procedures, the Debtor shall have the right to reject any and all bids that it believes, in its reasonable discretion, do not comply with the Bid Procedures. Purchaser is deemed to be a Qualified Bidder, and Purchaser's Bid, as embodied in the Agreement, is deemed to be a Qualified Bid.

6. As further described in the Bid Procedures, if a Qualified Bid other than Purchaser's Bid is timely received, the Auction will be held on Tuesday May 15, 2018 at 10:00 a.m. (prevailing Eastern time), and the Debtor shall, not later than 12:00 noon (prevailing Eastern time) on May 14, 2018, notify Purchaser, all Qualified Bidders who have submitted a Qualified Bid and expressed their intent to participate in the Auction, counsel for the Trust

Preferred, and the U.S. Trustee that the Auction will be held on May 15, 2018 at 10:00 a.m., at the offices of Nelson Mullins Riley & Scarborough LLP, Atlantic Station, 201 17th Street NW, Suite 1700, Atlanta, Georgia 30363.

7. Not later than three (3) days after entry of this Order, the Debtor will cause the Auction and Sale Notice, substantially similar to the form attached hereto as Exhibit 2, to be sent by first-class mail postage prepaid to the Notice Parties.

8. Recognizing the value and benefits that Purchaser has provided to the estate by entering into the Agreement, as well as Purchaser's expenditure of time, energy and commitment of resources, the Break-Up Fee is hereby approved and the Debtor is authorized and directed to pay the Break-Up Fee to Purchaser when earned pursuant to the Agreement. The Break-Up Fee, when earned, shall constitute a superpriority administrative claim against the estate under Bankruptcy Code Sections 503(b)(1) and 507(a)(1) with priority over all over administrative claims.

9. If Purchaser elects to participate in bidding at the Auction, the amount of the Break Up Fee shall be added to Purchaser's Bid in determining whether Purchaser's bid is a higher and better offer for the Shares. Purchaser shall have the right, but not the obligation, in its sole and absolute discretion,

to match bids made by any Qualified Overbidder. Purchaser may participate in the Auction in reliance on the agreed-to form of the Sale Order.

10. The Stock Subscription Agreements facilitate the proposed sale process, are consistent with the purposes of the Bankruptcy Code and will not constitute collusive bidding within the meaning of 11 USC § 363(n) or otherwise prevent the Court from finding that Purchaser (and the other investors party to Stock Subscription Agreements) is a purchaser in good faith in accordance with 11 USC § 363(m), if the Court should later find such sufficient facts to support such a finding.

11. Objections, if any, to the relief requested in the Sale Motion must: (1) be in writing; (2) comply with the Bankruptcy Rules and the Local Bankruptcy Rules; (3) be filed with the clerk of the Bankruptcy Court for the Northern District of Florida, United States Bankruptcy Courthouse, 110 East Park Avenue, Suite 100, Tallahassee, Florida 32301, on or before 12:00 noon (prevailing Central Time) on May 11, 2018; and (4) be served so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on such date, upon (a) counsel to the Debtor: Nelson Mullins Riley & Scarborough LLP Atlantic Station, 201 17th Street NW, Suite 1700, Atlanta, Georgia 30363 Attention: J. Brennan Ryan, (b) Purchaser: David F. Bolger 2018 Irrevocable Stock

Trust, c/o Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004, Attn: David R. Zylberberg, (c) the Trust Preferred: c/o StoneCastle Partners, LLC, 152 West 57th Street, 35th Floor, New York, NY 10019 Attn: Jim Brennan, and (d) U.S. Trustee: U.S. Trustee, 110 Park Avenue, Suite 128, Tallahassee, FL 32301, Attn: Jason Egan, provided, however, that if an Auction takes place, any objections to the conduct of the Auction or the bid of the winning bidder may be made on or before 12:00 noon (prevailing Central time) on May 17, 2018.

12. The Sale Hearing shall be held before this Court at the Winston E. Arnow Federal Building, 100 N. Palafox St., Pensacola, FL 32502, Courtroom # 1 on Friday, May 18, 2018 at 9:00 a.m. (prevailing Central Time). The Sale Hearing may be adjourned, from time to time, without further notice to creditors or other parties-in-interest other than by announcement of said adjournment before this Court or on this Court's calendar on the date scheduled for said hearing.

13. The notices to be issued in connection with the Proposed Sale of the Shares, substantially in the form of the notices annexed hereto as Exhibits 2 and 3, are approved in all respects.

14. The Debtor shall consult with the Trust Preferred on the conduct of the Auction, if any, and shall promptly convey to the Trust Preferred copies of any offers received. The Debtor shall otherwise consult with the Trust Preferred as provided in the Bidding Procedures.

15. Upon the entry of this Order, notwithstanding Section 5.18 of the Agreement, there shall be no restrictions on the Debtor's ability to solicit any and all offers solely in accordance with the Bidding Procedures.

16. This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof.

17. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

18. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

19. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

Dated: April 17, 2018


HENRY A. CALLAWAY
U.S. BANKRUPTCY JUDGE

*Prepared by Thomas D. Powell, Nelson Mullins Riley & Scarborough, LLP
Proposed counsel for Debtor and Debtor in Possession*

Attorney Thomas Powell is directed to serve a copy of this order on interested parties and file a certificate of service within 3 business days of entry of the order.

EXHIBIT 1

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF FLORIDA

_____)	
In re:)	Chapter 11
)	Case No. 18-30334-HAC
BEACH COMMUNITY)	
BANCSHARES, INC.,)	
)	
Debtor.)	
_____)	

BID PROCEDURES

On April 9, 2018 (the “Petition Date”), Beach Community Bancshares, Inc. (the “Debtor”) filed a chapter 11 case pending in the United States Bankruptcy Court for the Northern District of Florida (the “Bankruptcy Court”), Case No. 18-30334-HAC. On April 6, 2018, the Debtor entered into the Stock Purchase Agreement (the “Agreement”)³ with David F. Bolger 2018 Irrevocable Stock Trust (“Purchaser”) in which Purchaser proposes to acquire all of the Debtor’s capital stock (the “Shares”) in Beach Community Bank (the “Bank”). By motion dated April 9, 2018 (the “Motion”), the Debtor sought, among other things, approval for the transfer of all of the Shares and of the processes and procedures set forth below (the “Bid Procedures”) through which the Debtor will determine the highest and best offer for the Shares. On _____, the Bankruptcy Court entered its order (the “Bidding Procedures Order”), which, among other things, approved the Bid Procedures.

On May 18, 2018, at 9:00 a.m. (prevailing Central Time) as further described below, in the Motion and in the Bidding Procedures Order, the Bankruptcy Court shall conduct the Sale Hearing at which the Debtor shall seek entry of the Sale Order authorizing and approving the sale of the Shares (the “Proposed Sale”) to Purchaser (defined below) or to one or more other Qualified Bidders (defined below) that the Debtor determines to have made the highest and best offer.

³ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

Agreement

Pursuant to the terms and conditions of the Agreement, Purchaser would provide consideration for the Shares equal to \$850,000 (the “Purchase Price”). Purchaser, along with other purchasers, would also enter into certain Stock Subscription Agreements pursuant to which the Bank will offer and sell to Purchaser and other purchasers in a private placement newly issued equity securities of the Bank providing aggregate gross proceeds of not less than \$95,000,000 (the “Equity Contribution”) payable as set forth in the Agreement and the Stock Subscription Agreements. The transactions contemplated by the Agreement are subject to competitive bidding as set forth herein, and approval by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code.

Assets for Sale

The only assets proposed to be sold to Purchaser are the Shares. The Debtor has agreed to transfer certain other Business-Related Assets to the Bank at Closing, as set forth in the Agreement.

Participation Requirements

In order to participate in the bidding process and to otherwise be considered for any purpose hereunder a person interested in the Shares (a “Potential Bidder”) must first deliver (unless previously delivered) to the Debtor and its counsel no later than 12:00 noon (prevailing Eastern Time) on May 11, 2018:

- (a) Confidentiality Agreement. An executed confidentiality agreement in form and substance acceptable to the Debtor and its counsel;
- (b) Financial Statements. Current audited financial statements and the latest unaudited financial statements of the Overbidder or, if the Overbidder is an entity formed for the purpose of acquiring the Shares, current audited financial statements and the latest unaudited financial statements of the equity holders or sponsors of the Overbidder who will guarantee the obligations of the Overbidder, or such other form of financial disclosure and/or credit-quality support or enhancement satisfactory to the Debtor, if any, that will allow the Debtor to make a reasonable determination as to the Overbidder’s financial and other capabilities to consummate the purchase of the Shares (including, but not limited to, the ability to obtain all necessary regulatory approvals with respect to the ownership of the Shares and operation of the Bank on a timely basis); and
- (c) Identification of Potential Bidder. Identification of the Potential Bidder and any Principals (defined below), and the representatives

thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction.

Designation as Qualified Bidder

A “Qualified Bidder” is a Potential Bidder that delivers the documents described in subparagraphs (a)-(c) above, and that the Debtor in its discretion and with assistance from its advisors determines is reasonably likely to submit a *bona fide* offer that would result in greater Purchase Price being received for the benefit of the Debtor’s creditors than under the Agreement and to be able to consummate a sale if selected as a Successful Bidder (defined below).

Upon the receipt from a Potential Bidder of the information required under subparagraphs (a)-(c) above, the Debtor, as soon as is practicable, shall determine and notify the Potential Bidder with respect to whether such Potential Bidder is a Qualified Bidder.

Purchaser has been designated as a Qualified Bidder.

Access to Due Diligence Materials

Only Potential Bidders that comply with the requirements set forth below are eligible to receive due diligence access or additional non-public information. If the Debtor determines that a Potential Bidder who has satisfied the Participation Requirements does not constitute or no longer qualifies as a Qualified Bidder, then such Potential Bidder’s right to receive due diligence access or additional non-public information shall terminate. The Debtor will designate an employee or other representative to coordinate all reasonable requests for additional information and due diligence access from such Qualified Bidders. The Debtor shall not be obligated to furnish any due diligence information after the Bid Deadline (as hereinafter defined). The Debtor is not responsible for, and will bear no liability with respect to, any information obtained by Qualified Bidders in connection with the sale of the Shares.

Due Diligence From Bidders

Each Potential Bidder and Qualified Bidder (collectively, a “Bidder”) shall comply with all reasonable requests for additional information and due diligence access by the Debtor or their advisors regarding such Bidder and its contemplated transaction. Failure by a Potential Bidder or a Qualified Bidder to comply with reasonable requests for additional information and due diligence access will be a basis for the Debtor to determine that the Potential Bidder is not a Qualified Bidder or that a Bid made by a Qualified Bidder is not a Qualified Bid.

Bidding Process

The Debtor and its advisors shall: (i) determine whether a Potential Bidder is a Qualified Bidder or ceases to be a Qualified Bidder; (ii) coordinate the efforts of Qualified Bidders in conducting their due diligence investigations, as permitted by the provisions above; (iii) receive offers from Qualified Bidders; and (iv) negotiate any offers made by Qualified Bidders to purchase the Shares (collectively, the “Bidding Process”). The Debtor shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process and that are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.

Bid Deadline

The deadline for submitting bids by a Qualified Bidder shall be Friday, May 11, 2018, at 12:00 noon (prevailing Eastern Time) (the “Bid Deadline”).

Prior to the Bid Deadline, a Qualified Bidder that desires to make an offer, solicitation or proposal (a “Bid”) shall deliver written copies of its Bid to: (a) counsel to the Debtor: Nelson Mullins Riley & Scarborough LLP, Atlantic Station, 201 17th Street NW, Suite 1700, Atlanta, Georgia 30363, Attention: J. Brennan Ryan; and (b) Purchaser: David F. Bolger 2018 Irrevocable Stock Trust, c/o Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004, Attn: David R. Zylberberg (collectively, the “**Notice Parties**”), so that the Bid is actually received by the Bid Deadline. The Debtor shall provide copies of all Bids to the Trust Preferred and U.S. Trustee as they are received.

A Bid received after the Bid Deadline shall not constitute a Qualified Bid.

Bid Requirements

To be eligible to participate in the Auction, each Bid and each Qualified Bidder submitting such a Bid must be determined by the Debtor to satisfy each of the following conditions:

- (a) Overbidder’s Deposit: Each Bid must be accompanied by a deposit in the form of a cashier’s check payable to the order of the Debtor in an amount equal to the Initial Minimum Overbid less the Purchase Price and not less than \$350,000 (the “Overbidder’s Deposit”).
- (b) Minimum Overbid: The aggregate consideration must equal or be greater than \$1,200,000 (the “Initial Minimum Overbid”).

- (c) Irrevocable: A Bid must be irrevocable until one (1) business day after the Shares have been sold pursuant to the Closing of the sale or sales approved by the Bankruptcy Court (the “Termination Date”).
- (d) The Same or Better Terms: The Bid must be on terms that, in the Debtor’s business judgment are substantially the same or better than the terms of the Agreement. A Bid must include executed transaction documents pursuant to which the Qualified Bidder proposes to effectuate the contemplated transaction (the “Competing Purchase Agreement”). A Bid shall include a redlined, marked copy showing all changes between the Competing Purchase Agreement and the Agreement (including those related to the Purchase Price) and must contain satisfactory written evidence that the sale of the Shares to the Bidder is conditioned upon the recapitalization of the Bank on terms acceptable to Governmental Authorities that are the same or better than the terms of the Equity Contribution set forth in the Stock Subscription Agreements. The Stock Subscription Agreements are not assignable and will not be considered in evaluating a Competing Bid. The Competing Purchase Agreement must include a written commitment satisfactory to the Debtor of the Bidder's financial ability and intention to complete the transaction, pay the Purchase Price, and contain a representation that the Qualified Bidder shall make all necessary regulatory filings and pay all costs and expenses of such filings.
- (e) Contingencies: A Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy in all material respects at the closing of specified representations and warranties or the satisfaction in material respects at the closing of specified conditions, none of which shall be more burdensome than those set forth in the Agreement, as applicable.
- (f) Authority: A Bid must include:
 - 1. admissible evidence in the form of affidavits or declarations, acceptable to the Debtor, establishing the Overbidder’s good faith, within the meaning of Section 363(m) of the Bankruptcy Code;
 - 2. admissible evidence in the form of affidavits or declarations, acceptable to the Debtor, establishing that the Overbidder is capable and qualified, financially, legally, and otherwise, of

unconditionally performing all of its obligations under the Competing Purchase Agreement;

3. admissible evidence, acceptable to the Debtor, in the form of affidavits or declarations establishing that the Overbidder has or is capable of obtaining all required regulatory approvals to perform all of its obligations under the Competing Purchase Agreement and to close the transaction not later than the Outside Date;
 4. a written waiver, acceptable to the Debtor, of any right of the Overbidder to receive a fee analogous to the Break Up Fee or any expense reimbursement or to compensation under Bankruptcy Code Section 503(b) for making a substantial contribution;
 5. admissible evidence, acceptable to the Debtor, of authorization and approval from the Overbidder's board of directors (or comparable governing body) with respect to the execution, delivery, and closing of the submitted Competing Purchase Agreement; and
 6. a statement indicating that the Overbidder consents to the core jurisdiction of the Bankruptcy Court for all disputes relating to the Sale, and has waived any right to a jury trial in connection with any disputes relating to the Auction or the sale of the Shares.
- (d) No Fees payable to Qualified Bidder: A Bid may not request or entitle the Qualified Bidder to any breakup fee, termination fee, expense reimbursement or similar type of payment. Moreover, by submitting a Bid, a Bidder shall be deemed to waive the right to pursue a substantial contribution claim under Section 503 of the Bankruptcy Code related in any way to the submission of its Bid or the Bid Procedures.

A Bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements shall constitute a "Qualified Bid," if the Debtor believes, in its reasonable discretion that such Bid would be consummated if selected as the Successful Bid (as defined below). For purposes hereof, the Agreement shall constitute a Qualified Bid. Promptly upon such determination, the Debtor shall provide any other Qualified Bids to Purchaser and to any Qualified Bidders.

In the event that any Bid is determined by the Debtor not to be a Qualified Bid, the Qualified Bidder shall be refunded its deposit within three (3) business days after that determination.

Auction

Only if a Qualified Bid (other than Purchaser's Bid) is received by the Bid Deadline, shall the Debtor conduct an auction (the "Auction") to determine the highest and best bid with respect to the Shares. The Auction shall commence on May 15, 2018 at 10:00 a.m. (prevailing Eastern time).

No later than 12:00 noon (prevailing Eastern time) on May 14, 2018, the Debtor will notify all Qualified Bidders of (i) the highest and best Qualified Bid(s), as determined in the Debtor's discretion (the "Baseline Bid") and (ii) the time and place of the Auction, and provide copies of all submitted Bids to all Qualified Bidders. If, however, no other such Qualified Bid is received by the Bid Deadline, then the Auction will not be held, Purchaser will be the Successful Bidder, the Agreement will be the Successful Bid, and, at the Sale Hearing, the Debtor will seek approval of and authority to consummate the Sale contemplated by the Agreement.

The Auction shall be conducted according to the following procedures:

(a) Participation at the Auction

Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate at the Auction. The Auction shall be conducted openly and all creditors shall be entitled to attend. During the Auction, bidding shall begin initially with the Baseline Bid as to the Shares and subsequently continue in minimum increments of at least \$100,000. Bidding at the auction may be transcribed or videotaped. Other than as otherwise set forth herein, the Debtor may conduct the Auction in the manner it determines will result in the highest and best offer for the Shares, while recapitalizing the Bank on terms acceptable to Governmental Authorities that are the same or better than the terms of the Equity Contribution set forth in the Stock Subscription Agreements.

(b) The Debtor Shall Conduct the Auction

The Debtor and its professionals shall direct and preside over the Auction. At the start of the Auction, the Debtor shall describe the terms of the Baseline Bid. The determination of which Qualified Bid constitutes the Baseline Bid shall take into account any factors the Debtor reasonably deems relevant to the value of the Qualified Bid, including, *inter alia*, the following: (A) the amount and nature of the consideration; (B) the proposed assets to be purchased and the assumption of any liabilities, if any; (C) the ability of the Qualified Bidder to close the proposed transaction; (D) the proposed Closing Date and the likelihood, extent and impact of any potential delays in Closing; (E) any

adjustments to the proposed equity contribution; (F) the impact of the contemplated transaction on any actual or potential litigation; (G) the net economic effect of any changes from the Agreement, if any, contemplated by the Competing Purchase Agreement; (H) the proposed recapitalization of the Bank under the terms of the bid; and (I) the net after-tax consideration to be received by the Debtor's estate (collectively, the “Bid Assessment Criteria”). All Bids made thereafter shall be Overbids (as defined below), and shall be made and received on an open basis, and all material terms of each Bid shall be fully disclosed to all other Qualified Bidders. The Debtor shall maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the Successful Bid.

(c) Terms of Overbids

An “Overbid” is any Bid made at the Auction subsequent to the Debtor’s announcement of the Baseline Bid. To submit an Overbid for purposes of this Auction, a Qualified Bidder seeking to acquire all or substantially all of the Shares and recapitalize the Bank must comply with the following conditions:

(i) Minimum Overbid Increment

Any Overbid after the Baseline Bid shall be made in increments of at least \$100,000.

(ii) Remaining Terms are the Same as for Qualified Bids

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must remain open and binding on the Qualified Bidder until and unless (a) the Debtor accepts a higher Qualified Bid as an Overbid and (b) such Overbid is not selected as the Back-up Bid (as defined below).

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

(iii) Announcing Overbids

The Debtor shall announce at the Auction the material terms of each Overbid, the basis for calculating the Purchase Price offered in each such

Overbid and the resulting benefit to the Debtor's estate based on, *inter alia*, the Bid Assessment Criteria.

(iv) If Purchaser elects to participate in bidding at the Auction, the amount of the Break Up Fee shall be added to Purchaser's Bid in determining whether Purchaser's bid is a higher and better offer for the Shares. Purchaser shall have the right, but not the obligation, in its sole and absolute discretion, to match Bids made by any Qualified Overbidder.

(d) Additional Procedures

The Debtor may adopt rules for the Auction at or prior to the Auction that, in its reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bidding Procedures Order or any Bankruptcy Court order. All such rules will provide that all Bids shall be made and received in one room, on an open basis, shall provide for the recapitalization of the Bank on terms acceptable to Governmental Authorities that are the same or better than the terms of the Equity Contribution set forth in the Stock Subscription Agreements, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (*i.e.*, the principals submitting the Bid (the "Principals")) shall be fully disclosed to all other Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction. Each Qualified Bidder must clarify to the Debtor, prior to the start of the Auction, that it has not engaged in any undisclosed group bidding or collusion with respect to the Auction or in connection with its attempts to purchase the Shares, it being understood that the Stock Subscription Agreements do not constitute undisclosed group bidding or collusion by Purchaser. Subject to the prior written consent of Purchaser, the Debtor in its reasonable discretion, may adjourn without further notice the Auction (and Sale Hearing) if in its reasonable discretion an adjournment will better promote the goals of the Auction and allow parties to make progress towards modifications of any Qualified Bid that could result in a higher and better Qualified Bid.

(e) Consent to Jurisdiction as Condition to Bidding

All Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of the Bidder's Competing Purchase Agreement, as applicable.

(f) Closing the Auction

Upon conclusion of the bidding, the Auction shall be closed, and the Debtor shall, (i) immediately 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 (ii) immediately identify the highest and best offer for the Shares under the Agreement (the “Successful Bid”) and the Person submitting such Successful Bid (the “Successful Bidder”), which highest and best offer will provide the greatest amount of net value to the Debtor’s estate, and the next highest or otherwise best offer after the Successful Bid (the “Back-up Bid”), and advise the Qualified Bidder of such determination; provided that Purchaser may in its sole discretion, elect that its offer not serve as the Back-up Bid. If, upon conclusion of the Auction, and consistent with the terms of the Bid Procedures, Purchaser’s final bid matches or is greater than the highest bid made by any Qualified Overbidder, Seller shall request Bankruptcy Court approval of the Agreement, including the sale of the Shares to Purchaser contemplated thereby, and request Bankruptcy Court authorization for Seller to sell the Shares to Purchaser, and the amount of Purchaser’s final Bid shall constitute the Purchase Price under the Agreement.

Acceptance of Successful Bid

The Debtor shall sell the Shares subject to the Successful Bid(s) to the Successful Bidder(s) upon the approval of the Successful Bid by the Bankruptcy Court after the Sale Hearing. The Debtor's presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute the Debtor's acceptance of the Bid. The Debtor will be deemed to have accepted a Bid only when the Bid has been approved by the Bankruptcy Court at the Sale Hearing. All interested parties reserve their right to object to the Debtor's selection of the Successful Bidder.

“As Is, Where Is”

The sale of the Shares shall be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtor, its agents or the Debtor’s estate except to the extent set forth in the Agreement or the Competing Purchase Agreement of the Successful Bidder. Purchaser and each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Shares prior to making its Bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Shares in making its Bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Shares, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or, (i) as to Purchaser, the terms of the sale of the Shares shall be set forth in the Agreement, or (ii) as to another Successful Bidder, the terms of the sale of the Shares shall be set forth in the applicable Competing Purchase Agreement.

Free Of Any And All Interests

Except as otherwise provided in the Agreement or another Successful Bidder's Competing Purchase Agreement, all of Debtor's right, title and interest in and to the Shares subject thereto shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "Interests") in accordance with Section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Shares.

Sale Hearing

The Sale Hearing shall be conducted by the Bankruptcy Court on May 18, 2018 at 9:00 am (Central time) at Winston E. Arnow Federal Building, 100 N. Palafox St., Pensacola, FL 32502, Courtroom # 1 or on such date as may be established by the Bankruptcy Court. Following the approval of the sale of the Shares to the Successful Bidder(s) at the Sale Hearing, if any Successful Bidder fails to consummate an approved sale as provided by the terms of the Sale Order, the Debtor, unless such Order approving the sale is otherwise stayed by order of a court with competent jurisdiction, shall be authorized, but not required, to deem the Back-Up Bid, as disclosed at the Sale Hearing, the Successful Bid, and the Debtor shall be authorized, but not required, to consummate the sale with the Qualified Bidder submitting such Bid without further order of the Bankruptcy Court.

Return of Good Faith Deposit

The good faith deposits (collectively, the "Good Faith Deposits"), if any, of the Successful Bidder(s) shall be applied to the purchase price of such transaction at Closing. The Good Faith Deposit of the Back-up Bidder shall be held in an interest-bearing account until five (5) days after the Closing of the transactions contemplated by the Successful Bid, and thereafter returned to the Back-up Bidder. Good Faith Deposits of all other Qualified Bidders shall be held in an interest-bearing escrow account until no later than two (2) business days after the Sale Hearing, and thereafter returned to the respective bidders. If a Successful Bidder or the Back-up Bidder, as appropriate, fails to consummate an approved sale because of a breach or failure to perform on the part of such Bidder, the Debtor shall be entitled to retain the Good Faith Deposit as part of the Debtor's damages resulting from the breach or failure to perform by such Bidder.

Modifications

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

shall not make material modifications to these Bid Procedures without Bankruptcy Court approval, provided, however, that, to the extent not contrary to the Bidding Procedures Order, the Debtor, in consultation with Purchaser, may make other non-material modifications to such procedures if their reasonable judgment such modifications would be in the best interests of the Debtor's estate, do not permit the recapitalization of the Bank on terms that are not acceptable to Governmental Authorities or are worse than the terms of the Equity Contribution set forth in the Stock Subscription Agreements, and promote an open and fair sale process.

Exhibit 2

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF FLORIDA

_____)	
In re:)	Chapter 11
)	Case No. 18-30334-HAC
BEACH COMMUNITY)	
BANCSHARES, INC.,)	
)	
Debtor.)	
_____)	

NOTICE OF SALE

Please take notice that:

1. Pursuant to the *Order under 11 U.S.C. §§ 105(a), 363(b) and 365; Fed. R. Bankr. P. 2002, 6004, 6006, and 9014; and L.B.R. 6004-1 Approving (A) Bidding Procedures, (B) Bidding Protections, and (C) the Form and Manner of Notice of (i) the Sale of Certain Assets and (ii) Granting Related Relief (the “Bid Procedures Order”)* entered by the United States Bankruptcy Court for the Northern District of Florida (the “Court”) on _____, Beach Community Bancshares, Inc. (the “Debtor”), is proceeding with a sale of its 100% equity ownership (the “Shares”) in its non-debtor subsidiary, Beach Community Bank, a Florida banking corporation (the “Bank”), on the terms and conditions set forth in the Stock Purchase Agreement by and between the Debtor, David F. Bolger 2018 Irrevocable Stock Trust (“Purchaser”) and the Bank, solely with respect to certain provisions (the “Agreement”).

2. All interested parties are invited to make competing offers to purchase the Shares in accordance with the Bid Procedures approved by this Court. Pursuant to the Bid Procedures Order⁴, the Debtor will conduct an auction for the Shares (the “Auction”) on May 15, 2018 at the offices of Nelson Mullins Riley & Scarborough LLP, Atlantic Station, 201 17th Street, NW, Suite 1700, Atlanta, Georgia 30363 at 10:00 a.m. (prevailing Eastern time).

3. Participation at the Auction is subject to the Bid Procedures and the Bid Procedures Order. Copies of the Agreement, the Sale Motion, the Bid Procedures and the Bid Procedures Order, may be obtained by contacting counsel for the Debtor.

4. As set forth in the Bid Procedures Order, in order to be qualified to receive any confidential information from the Debtor or the Bank, to submit an Qualified Bid and to participate in the Auction, a Potential Bidder, other than Purchaser, must submit each of the following to the Debtor (all as more particularly described in the Bid Procedures): (i) an executed confidentiality agreement; (ii) financial statements as described in the Bid Procedures; and (iii) information identifying the Potential Bidder and its Principals and representatives.

5. In order to participate at the Auction, a Potential Bidder must: (i) submit its bid to the parties set forth in the Bid Procedures Order on or before 12:00 noon

⁴ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them, as applicable, in the Sale Motion filed on April 9, 2018 (the “Sale Motion”); the Agreement; or the Bid Procedures Order. This notice summarizes in part the terms of the Bid Procedures Order, but is not meant to, and shall not be construed as, modifying, amending or altering those terms. The Bid Procedures Order and the incorporated Bid Procedures shall govern the conduct of the proposed sale in all respects.

(prevailing Eastern time) on May 11, 2018 (the “Bid Deadline”); and (ii) have received notification from the Debtor that the Potential Bidder is a Qualified Bidder.

6. A bid must be a written irrevocable offer from a Qualified Bidder and shall contain, among other things, the following: (a) a proposed purchase agreement (the “Competing Purchase Agreement ”); (b) a cashier’s check made payable to the order of the Debtor in the amount of \$350,000 (the “Deposit”), which will be retained by the Debtor as a deposit; (c) evidence in the form of affidavits or declarations establishing, among other things, the Qualified Bidder's financial ability, good faith, and ability to perform the obligations under the Competing Purchase Agreement and obtain the regulatory approval necessary to consummate the transactions contemplated by the Competing Purchase Agreement (collectively, the “Bidder Representations”); (d) remain open until the first business day after the Sale to the Successful Bidder has closed; and (e) contain terms and conditions that are higher and better than the terms and conditions of the Agreement, including, among other things, (i) the recapitalization of the Bank through an equity contribution on terms not less favorable to the Bank than the Equity Contribution (as defined in the Agreement) and on terms acceptable to governmental authorities as evidenced by written authorization or affidavit, (ii) a proposed closing date that is not later than the Outside Date (as defined in the Agreement), and (iii) a purchase price that is equal to or greater than \$1,200,000 (the “Initial Minimum Overbid”).

7. Purchaser and any party that conforms with the above requirements (a bid complying with such requirements, a “Qualified Bid ”) that the Debtor has determined is reasonably likely to be able to consummate the Sale shall be deemed a

“Qualified Bidder” and may bid for the Shares at the Auction. For the avoidance of doubt, only Qualified Bidders may participate in the Auction.

8. The sale of the Shares shall be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtor, its agents, its advisors, or estate, except to the extent set forth in the Agreement or in the Debtor's purchase agreement(s) with the Successful Bidder(s). Except as otherwise provided in the Agreement or the purchase agreement(s) with the Successful Bidder(s), all of the right, title and interest in and to the Shares to be acquired will be sold free and clear of all liens, security interests, encumbrances, and interests thereon and there against (collectively, the “Encumbrances”). The Encumbrances, if any, will attach to the net proceeds of the sale of such Shares, subject to any claim of Purchaser to such proceeds for payment of the Break Up Fee.

9. If on the Bid Deadline, Purchaser is the only Qualified Overbidder, the Debtor shall not conduct the Auction. Rather, the Debtor shall (i) request at the Sale Hearing that this Court approve the proposed sale of the Shares to Purchaser under the Agreement; and (ii) request that the Sale Order shall enter. If there are any Qualified Bidders other than Purchaser on the Bid Deadline, the Debtor will conduct the Auction, subject to approval of this Court, in which Purchaser and all other Qualified Bidders may participate.

10. The Auction will be governed by the following procedures, the most significant of which include, without limitation, the following (the “Auction Rules”):

(a) the Debtor and its professionals shall direct and preside over the Auction, which shall be conducted at the offices of Nelson Mullins Riley & Scarborough LLP, Atlantic Station, 201 17th Street, NW, Suite 1700, Atlanta, Georgia 30363 on May 15, 2018 at 10:00 a.m.; (b) bidding will commence at the amount of the highest bid submitted by a Qualified Bidder, as determined by the Debtor; (c) Purchaser shall be entitled to credit bid the amount of the Break Up Fee at the Auction; (d) each subsequent bid, after the Initial Minimum Overbid, will be in increments of no less than one hundred thousand dollars (\$100,000); (e) Purchaser will have the right, but not the obligation, to match bids made by any Qualified Bidder; (f) the Auction shall continue until there is only one bid submitted by a Qualified Bidder that, in the Debtor's reasonable business judgment, is the winning bid; and (g) if, upon conclusion of the Auction, the Purchaser's final bid matches (or is greater than) the highest bid made by any Qualified Bidder, the Debtor will request that the Court approve the Agreement and authorize the Debtor to sell the Shares to Purchaser.

11. The Sale Hearing is presently scheduled to take place on Friday, May 18, 2018 at 9:00 am (prevailing Central Time) in Courtroom No. 1 , Winston E. Arnow Federal Building, 100 N. Palafox St., Pensacola, FL 32502.

12. Objections to the entry of an order approving the Sale and the related relief requested in the Sale Motion must be made in writing and must be filed with this Court and served upon the following parties so as to be received by no later than 12:00 noon (prevailing Central Time) on May 11, 2018 and served upon the following: (a) the Debtor: c/o Nelson Mullins Riley & Scarborough LLP Atlantic Station, 201 17th Street

NW, Suite 1700, Atlanta, Georgia 30363 Attention: J. Brennan Ryan; (b) the Trust Preferred: c/o StoneCastle Partners, LLC, 152 West 57th Street, 35th Floor, New York, NY 10019 Attn: Jim Brennan; (c) Purchaser: David F. Bolger 2018 Irrevocable Stock Trust, c/o Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004, Attn: David R. Zylberberg; and (d) U.S. Trustee: U.S. Trustee, 110 Park Avenue, Suite 128, Tallahassee, FL 32301, Attn: Jason Egan, provided, however, that if an Auction takes place, any objections to the conduct of the Auction or the bid of the winning bidder may be made on or before 12:00 noon (prevailing Central time) on May 17, 2018. The failure of any objecting party to timely file and serve its objection shall be a bar to the assertion by such party at the Sale Hearing or thereafter of any objection to the Sale Motion, the Sale, or the Debtor's consummation and performance of the Agreement, including the transfer of the Shares free and clear of all Encumbrances.

13. This notice is qualified in its entirety by the Bid Procedures Order.

Beach Community Bancshares, Inc.

By its attorneys,

/s/ PETER J. HALEY

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Proposed Counsel for the Debtor and Debtor in Possession

Dated: April 16, 2018