

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF LOUISIANA

IN RE:	*	CASE NO.: 18-11988
	*	(Jointly Administered
BELL FOODS, L.L.C. AND	*	w/Case No. 18-11989)
BELLCO HOLDINGS, L.L.C.	*	
	*	SECTION "A"
Debtors	*	
	*	CHAPTER 11

MOTION FOR ENTRY OF ORDERS (I)(A) APPROVING BIDDING PROCEDURES FOR SALE OF DEBTORS' ASSETS, (B) APPROVING STALKING HORSE BID PROTECTIONS, (C) SCHEDULING AUCTION FOR, AND HEARING TO APPROVE, SALE OF DEBTORS' ASSETS, (D) APPROVING FORM AND MANNER OF NOTICE OF SALE, AUCTION AND SALE HEARING AND (II)(A) APPROVING SALE OF DEBTORS' ASSETS FREE AND CLEAR OF INTERESTS, LIENS, MORTGAGES, PRIVILEGES AND ENCUMBRANCES AND (B) APPROVING ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

NOW COMES Bell Foods, L.L.C. ("Bell Foods") and BELLCO Holdings, L.L.C. ("BELLCO" and together with Bell Foods referred to, collectively, as "Debtors"), through undersigned counsel, who file this *Motion for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (D) Approving Form and Manner of Notice of Sale, Auction and Sale Hearing and (II) Approving Sale of Debtors' Assets Free and Clear of Interests, Liens, Mortgages, Privileges and Encumbrances and (B) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases* (the "Motion"), and, in support, respectfully represents:

Introduction

1. Pursuant to the Motion, Debtors seek approval of the sale of substantially all of their assets in exchange for one million two hundred and fifty thousand and no/100 dollars (\$1,250,000.00) to Jude Marullo or his assign(s) or designee(s) (the “Buyer”) on the terms and conditions of the Term Sheet attached hereto as Exhibit “A”, subject to more definitive agreements to be filed by the Debtor.

2. To ensure that the sale constitutes the best offer for the Debtors’ assets, Debtors also seek approval of bidding and auction procedures (the “Bid Procedures”) to govern the sales process, along with certain protections afforded to the Buyer as the “stalking horse” as a means of enhancing bidding, compensating the stalking horse for risks it undertakes and to set a floor price for an auction (the “Bid Protections”).

3. The transaction with the Buyer is the result of Debtors’ efforts, primarily through its manager John Bellini, III, to market the companies’ assets for the benefit of creditors. Mr. Bellini and counsel have contacted multiple potential strategic buyers. Based on these contacts, Debtors received serious interest from three (3) persons considering a transaction. Due to the impact of this case and pre-bankruptcy financial struggles, at a recent hearing in this case held on August 29, 2018, the company agreed to fast-track the sales process and file this Motion by September 13, 2018.

Jurisdiction, Venue and Statutory Authority

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157 and this is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2).

5. Venue is proper in this District pursuant to 28 U.S.C. § 1408 and 1409.

6. The statutory authority for the relief requested is 11 U.S.C. §§ 105, 363 and 365 and procedurally this matter is governed by Federal Rules of Bankruptcy Procedure 2002, 6004, 6006 and 9014.

Background

7. On July 31, 2018 (the “Petition Date”), the Debtors filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code. The Debtors continue to operate as debtors in possession under 11 U.S.C. §§ 1107 and 1108.

8. A family-owned business since 1985, Debtors operate a wholesale food distribution business. Generally, Bell Foods buys food product from producers and manufacturers and sells the goods at a profit to retailers and restaurants. The company operates out of a warehouse located at 134 Brookhollow Esplanade, Harahan, Louisiana, where goods are received and later shipped to restaurants and other customers. The warehouse is owned by BELLCO, which is an affiliated holding company formed to acquire the warehouse property in 2007.

9. This case was precipitated by an executory process action commenced by Hancock Whitney Bank (“HW Bank”), seeking to foreclose on the Debtors’ warehouse

10. The Debtors’ assets and liabilities can be summarized as follows:

a) Debtors’ Assets:

- Bell Foods’ primary assets consist of accounts receivable, inventory and furniture, fixtures and equipment. As of December 31, 2017, book value of inventory and receivables totaled approximately \$875,000, subject to review by CPA for Debtors. If the Debtors are forced to liquidate rather than reorganize, liquidating AR, inventory and FF&E will be expensive and likely at a significant discount.
- Warehouse located at 134 Brookhollow Esplanade, Harahan, Louisiana. Based on information and belief, Hancock Whitney Bank obtained an appraisal valuing the real estate and improvements owned by BELLCO at \$1 million.

- The warehouse includes cold storage refrigeration units necessary for operations. The refrigeration units are the most valuable fixed asset owned by the Debtors. The units are highly customized to fit the facility and are over 8 years old. Resale of these types of units is complicated by the fact that they are coming from South Louisiana, which imposes additional strain on the units when compared to other areas of the country. Further, if you turn the units off and they sit for more than 30 days, it is unlikely that the units will restart and, typically, the freezer walls collapse. Hence, creditors will not realize any value from these units unless the Debtors are able to continue operations.

b) Debtor's Creditor Groups:

Debtors' creditors can be grouped as follows:

Hancock Whitney Bank / FNBC Loans and LOC to Bell Foods – \$1.95 million

Hancock Whitney Bank / FNBC Real Estate Loan to BELLCO - \$750,000

Notes / Merchant Cash Advances - \$900,000 (may have liens against cash collateral; to extent such liens exist, Debtor believes they were perfected after HW Bank / FNBC perfected its liens)

Trade Debt - \$650,000

TOTAL: \$4,250,000

11. Prior to the Petition Date, Debtor's primary lender was First NBC Bank. HW Bank acquired First NBC Bank's loans in connection with the FDIC take over as receiver of First NBC Bank in or about April, 2017. Debtors' financial difficulties were caused by the downturn in the oil and gas industry, which industry had been providing approximately 33% of the company's sales, but for the last few years the company has received no revenue from oil and gas customers, combined with the inability to renegotiate or obtain funding from HW Bank as successor to First NBC Bank.

12. Due to the foregoing issues, Debtors engaged in pre-petition marketing efforts of its business and assets. Prior to the Petition Date, Debtors received an offer of \$1,050,000 in exchange for a purchase of all of their assets. Debtor, however, was unable to consummate the

transaction because the offer was conditioned on approval by HW Bank, which approval was not granted.

13. Debtor filed for bankruptcy relief due to a scheduled foreclosure sale of its warehouse. The purpose of the case was to maintain operations so that Debtor could continue to explore potential transactions with the goal of maximizing value for creditors and the estate. Debtors are confident that such transactions will result in enhanced recovery for creditors in comparison to a shut-down of operations or appointment of a chapter 7 trustee for purposes of a liquidation.

14. On August 1, 2018, the Debtors filed their *Emergency Motion for Interim and Final Relief Pursuant to Sections 105, 361, 362 and 363 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 4001(b) (I) Authorizing Use of Cash Collateral, (II) Granting Adequate Protection, and (III) Scheduling a Final Hearing* [ECF No.8] (the “Cash Collateral Motion”). The Court has authorized use of cash collateral on an interim basis pursuant to Orders entered on August 10, 2018 [ECF No. 35] and at a hearing held on Wednesday, August 29, 2018 (entry of order pending). Authorization to use cash collateral was to be in accordance with the cash collateral budget that included projected income.

15. At the hearing held on Wednesday, August 29, 2018 on the Cash Collateral Motion, the Debtors represented that they would file a motion for sale of assets by September 13, 2018, and should they not do so, they would not oppose a motion to dismiss or convert unless they could prove that budgeted gross profit for September, 2018 met expectations.

16. Since the Petition Date, Debtors have continued to pursue potential transactions, and received two (2) offers: The offer for the acquisition of substantially all assets for

\$1,250,000 that is the subject of this motion, and an offer to acquire Debtors' real estate for \$400,000. The real estate transaction is be too low, as, based on information and belief, HW Bank had an appraisal of the real estate conducted recently, and the valuation was approximately \$1 million. Accordingly, Debtor has accepted the offer that is the subject of this Motion, subject to Court approval.

Timely Sale Process

17. The Debtor has made the business decision to sell its assets, as opposed to attempting to confirm a plan of reorganization. The Debtor believes that reorganization will be difficult, and not in the best interests of creditors in comparison to the proposed asset sale, for the following reasons: a) Bell Foods would not generate sufficient profit in the short term to make distributions to unsecured creditors; in contrast, the proposed sale provides creditors with a distribution; b) Debtors require additional funding for operations, improvements and product acquisition to meet demand, and Debtor is unable to attract "new money" absent an asset sale to a third party; c) the Debtors are unable to obtain trade credit; and (d) Bell Foods has experienced difficulties re-establishing customer relations due to the news of its bankruptcy filing, but management believes that a sale and exit from bankruptcy will assist with restoring these relationships.

18. It is important that a relatively quick sales process occur because additional delay will further compound the problems mentioned above, and will hinder Debtors' ability to retain critical salespersons concerned about the future of Bell Foods.

19. Further, the operation of Bell Foods' wholesale food distribution business is extremely capital intensive, as the major suppliers expect payment C.O.D. or will cease delivery

if not otherwise paid timely. Due to its cash shortfall, Bell Foods is struggling to obtain product, which will have a devastating economic impact on Bell Foods' business, as its customers will turn to other suppliers for their product, and ultimately result in no return for unsecured creditors and a smaller return for their primary secured creditor, HW Bank.

20. The nature of Debtors' assets also requires a quick sale process and maintenance of the Debtor as a going concern in the interim. Debtors' warehouse includes cold storage refrigeration units necessary for operations. The refrigeration units are the most valuable fixed asset owned by the Debtors. The units are highly customized to fit the facility and are over eight (8) years old. Resale of these types of units is complicated by the fact that they are coming from South Louisiana, which imposes additional strain on the units when compared to other areas of the country. Further, if you turn the units off and they sit for more than 30 days, it is unlikely that the units will restart and, typically, the freezer walls collapse. Hence, creditors will not realize any value from these units unless the Debtors are able to sell as a going concern business.

The Stalking Horse Agreement

21. The Debtors have entered into the Term Sheet with Buyer, a copy of which is attached hereto as Exhibit "A". Debtors and Buyer are in the process of finalizing an Asset Purchase Agreement and other related documents (collectively, the "APA") and intend to file such documents as a supplement. Debtors anticipate the following key terms of the APA:

- Price: \$1,250,000.
- Buyer is not an "insider" under 11 U.S.C. § 101(31) of the Debtors.
- Buyer will likely retain John Bellini, III, as manager of the new company pursuant to terms to be determined.
- Auction: This Motion and the APA contemplates an auction, and Debtors are not prohibited from soliciting competing offers.

- Free and Clear Sale: The Buyer expects to acquire the assets free and clear of all liens, claims, privileges, encumbrances and interests.
- No Right to Credit Bid: Stalking horse agreement provides that no person shall have the right to credit bid at the auction under 11 U.S.C. § 363(k).
- Break-Up Fee: The stalking horse bidder shall be entitled to a break-up fee of \$30,000, which shall include any fees and costs incurred by the stalking horse bidder in connection with the negotiation and execution of its obligations under the stalking horse agreement.

22. The transaction will result in Debtors receiving \$1,250,000 in sale proceeds to distribute to creditors.

23. Generally, it is anticipated that sale proceeds will be distributed as follows: (1) HW Bank Secured Claim -- \$1.1 million; (2) Administrative Expenses and General Unsecured Claims -- \$150,000. Based upon sales price of \$1,250,000, Debtors believe general unsecured creditors will receive approximately \$75,000 or a distribution of 4-5% on their claims. Debtors believe they have minimal, if any, priority claims.

Bid Procedures

24. A copy of the proposed Bid Procedures are attached hereto as Exhibit “B”. The Bid Procedures are designed to promote a competitive, relatively quick sales process. Timing is critical in light of the Debtors strained financial position. If the process is delayed too long, the Debtors may run out of cash, cease operations, which will be detrimental to all parties in interest.

Proposed Timeline and Noticing Procedures

25. Debtors propose the following dates and deadlines for the sales process, subject to extension per the procedures ultimately approved by the Court:

September 26, 2018, at 9:00 a.m.	Hearing to consider approval of Bid Procedures
October 26, 2018	Bid Deadline
November 2, 2018	Deadline for Debtors to Notify Potential Bidders of their status as Qualified Bidders

On or after November 5, 2018	Auction and Sale Hearing
November 12, 2018	Closing Deadline

26. The Bid Procedures shall provide the following Noticing Procedures:

- a) Within two (2) business days after entry of the Bid Procedures Order, the Debtors shall serve the Sale Notice by first-class mail upon: (i) the Office of the United States Trustee; (ii) HW Bank, via its counsel, Carver Darden, c/o Leann Moses, 1100 Poydras St., Suite 3100, New Orleans, LA 70163 (to be served by email to moses@carverdarden.com); (iii) all creditors and parties in interest on the Court’s Official Mailing List; (iv) all parties who request notices pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure; (v) the Buyer; (vi) counterparties to executory contracts or unexpired leases; and (vii) all potentials buyers who have previously expressed interest to Debtors’ counsel regarding potentially acquiring Debtors’ assets.
- b) Debtors will make a determination regarding which bids qualify as a Qualified Bid and notify persons submitting bids whether they have been selected as a Qualified Bidder by November 2, 2018.
- c) Within two (2) days after the Bid Deadline, Debtors shall provide the Buyer and HB Bank with copies of all Qualified Bids.

27. Debtors submit that the foregoing procedures constitute adequate and reasonable notice of the key dates and deadlines for the sales process and should therefore be deemed adequate and appropriate under the circumstances and approved by the Court.

Good Faith Purchaser under § 363(m)

28. Section 363(m) of the Bankruptcy Code protects a good faith purchaser’s interest in property purchased from the debtor notwithstanding reversal or modification of the sale order.

29. Debtors submit that the Stalking Horse Bidder or Successful Bidder is or should be deemed a “good faith purchaser” under § 363(m), as any asset purchase agreement ultimately negotiated with the Debtors will be the result of arm’s length, good faith negotiations.

The Assets should be Sold Free and Clear under § 363(b)

30. Section 363(f) provides that the trustee may sell property [of the estate] ... free and clear of any interest in such property of any entity other than the estate, only if-

- 1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- 2) such entity consents;
- 3) 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;
- 4) such interest is in bona fide dispute; or
- 5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

31. Debtors submit that the sale of the assets will satisfy one or more of the requirements under § 363(f) of the Bankruptcy Code. For example, Debtors will or have sent notice to any purported lienholders. If such lienholders do not object to the proposed sale, then their consent should be presumed. Further, to the extent a lienholder objects, such lienholder's rights will attach to the sale proceeds in the same priority as existed as of the Petition Date. Because lienholders could be compelled to accept such money satisfaction in a legal or equitable proceeding outside of bankruptcy, such treatment satisfies § 363(f)(5).

32. Accordingly, Debtors request that the Court authorize the sale of the Assets free and clear of any liens, privileges, mortgages, encumbrances or interests pursuant to 11 U.S.C. § 363(f), subject to all such liens, privileges, mortgages, encumbrances or interests attaching to the proceeds of the same in the same relative priority.

Assumption and Assignment Procedures

33. In connection with the APA, Debtors anticipate that they will assume and assign to the successful bidder or its designee or assignee certain executory contracts or unexpired leases. Accordingly, Debtors seek approval of the proposed Assumption and Assignment Procedures as follows:

- a) Within two (2) business days following entry of the Bid Procedures Order, Debtors shall file with the Court a notice specifying: (i) each contract or lease that may be assumed and assigned in connection with the transaction and (ii) the proposed cure costs with respect to each contract or lease that may be assumed and assigned.
- b) Within two (2) business days following entry of the Bid Procedures Order, Debtors shall serve each counterparty to the contracts or leases that may be assumed, which notice shall include the proposed cure amount, the date, time and location of the Sale Hearing, and deadline to object to the assumption and assignment, which deadline shall be fourteen (14) days prior to the Sale Hearing.
- c) If a counterparty to a contract or lease proposed to be assume or rejected timely files an objection, Debtors may request that the Court hear and determine such objection on an expedited basis so as to be resolved prior to the Sale Hearing. The Buyer shall have the right to exclude or treat as rejected any contract or lease that is the subject of an objection filed by counterparty to such agreement.
- d) If a counterparty to a contract or lease proposed to be assume or rejected fails to timely file an objection to assumption and assignment, such counterparty shall be forever barred from asserting any such objection and the cure costs outlined in the notice filed by the Debtor shall be controlling, and the counterparty shall be forever barred from asserting additional cure costs or other amounts with respect to such contract or lease.

Notice of Motion

34. Notice of the motion will be served on: (i) the Office of the United States Trustee; (ii) HW Bank, via its counsel, Carver Darden, c/o Leann Moses, 1100 Poydras St., Suite 3100, New Orleans, LA 70163 (to be served by email to moses@carverdarden.com); (iii) all

creditors and parties in interest on the Court's Official Mailing List; and (iv) all parties who request notices pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure.

WHEREFORE, Debtors pray that the Court enter an order approving the Bid Procedures and Assumption and Assignment Procedures, authorizing break-up fee protections for the Buyer and, after an Auction (if necessary) and Sale Hearing, that an Order authorizing the sale of the Assets free and clear of all liens, privileges, mortgages, encumbrances and interests be entered and for such further relief as the Court deems just and equitable.

Respectfully submitted,

The Congeni Law Firm, L.L.C.

/s/ Leo D. Congeni

BY: _____

Leo D. Congeni (#25626)
424 Gravier Street
New Orleans, LA 70130-2496
Phone (504) 522-4348
Fax (504) 910-3055
Email: leo@congenilawfirm.com

Attorney for Bell Foods, LLC and BELLCO Holdings, LLC

**SUMMARY OF PROPOSED TERMS FOR
BELL FOODS, L.L.C. AND BELLCO HOLDINGS, L.L.C. ASSET PURCHASE AGREEMENT**

BUYER: Jude Marullo or his assignee or designee ("Buyer")

DEBTORS: Bell Foods, L.L.C., BELLCO Holdings, L.L.C.; together shall be referred to as the "Debtors."

ASSETS PURCHASED: All of the assets (the "Purchased Assets") of the Debtors, including but not limited to: (i) all right, title, and interest to all trademarks, trade names (including, but no limited to, Alliant Food Service), technical processes, know-how, or other intellectual property associated with the business of the Debtors, whether registered or not; (ii) all tangible property (including cash, accounts receivable and other tangible assets) and intangible property (including customer lists, goodwill and other intangible assets) related to the business of the Debtors; (iii) all contracts and assignment of agreements related to customers of the Debtors or third parties currently generating revenue for the Debtors; (iv) that certain piece or portion of ground, together with all buildings and improvements thereon and all the rights, ways, privileges, servitudes, advantages and appurtenances thereunto belonging or in anywise appertaining, situated in the State of Louisiana, Parish of Jefferson, being a portion of Section 41, Township 13 South, Range 10 East of the Lafreniere Planation, now designated as Plot 1D, in Brookhollow Business Park, and bearing the municipal address of 134 Brookhollow Esplanade, Harahan, Louisiana; and (v) any other assets of any nature whatsoever that are related to or used in connection with the business of the Debtors and its goodwill.

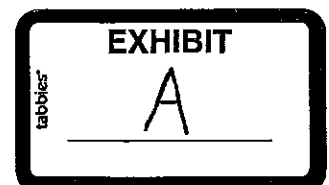
PURPOSE: The sale of the Purchased Assets (the "Transaction") shall be effectuated pursuant to 11 U.S.C. § 363 ("Section 363 Sale") or through other mutually agreed-upon means, free and clear of all liens, claims and encumbrances of any type whatsoever except as expressly set forth herein. In the event of a Section 363 Sale, the Transaction shall be effectuated in accordance with bidding and auction procedures to be mutually agreed upon by the Debtors (the "Bid Procedures"). The Bid Procedures shall provide for the Buyer to serve as a "stalking horse" in exchange for the bidding protections outlined in the Bid Procedures, including without limitation the Break-Up Fee (as defined below).

PURCHASE PRICE: \$1,250,000

PLAN FUNDING: Pursuant to and in connection with a Chapter 11 Plan (the "Plan"), the Purchase Price shall be used as follows:

- (1) fund Plan payment to secured creditor Hancock Whitney Bank in the amount of \$1,100,000 (payable on the Closing Date of the Transaction); and
- (2) fund Plan payments to administrative and unsecured claimants in the aggregate amount of \$150,000, which shall be paid in cash upon exit.

EXECUTORY CONTRACTS AND LEASES: The Debtors shall furnish to Buyer a list of executory contracts and leases. The parties shall negotiate in good faith as to which leases and contracts



will be assumed and assigned to Buyer, if assignable, or whether any one of same shall be rejected.

CLOSING DATE: On or before November 12, 2018.

BID PROTECTIONS: The Bid Procedures shall include a Break-Up Fee of \$35,000, payable to Buyer in cash, if (i) Buyer has not defaulted under the terms of the Definitive Agreements (defined below), and (b) any party other than the Buyer effectuates any transaction, sale, merger, recapitalization, plan of reorganization or any other disposition of any material portion of the Purchased Assets, including the consummation of any plan of reorganization. The Break-Up Fee shall be paid in cash directly to the Buyer by the Successful Bidder at the time of the closing of the Transaction by the Successful Bidder, and the Break-Up Fee shall be deemed to be an expense of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code (a "Super-Priority Claim"). If the Transaction is effectuated through a Plan, the Break-Up Fee shall be paid to Buyer in cash on the effective date of such Plan. For the avoidance of doubt, Buyer will not be entitled to reimbursement of Buyer's expenses.

NO CREDIT BID: The Bid Procedures shall provide that, notwithstanding 11 U.S.C. § 363(k), no parties may credit bid.

CLOSING CONDITIONS: The closing of the Transaction contemplated hereby will be conditioned upon the following (which may be waived by the Buyer at its sole discretion only in writing signed by the Buyer, as applicable):

- (a) The Parties shall have negotiated the terms of Definitive Agreements on terms acceptable to the Debtors and Buyer.
- (b) Bankruptcy Court approval of the Bid Protections, Break-Up Fee, Insider Settlement Agreement, and Section 363 Sale, providing that the Purchased Assets shall be sold free and clear of all liens, mortgages, claims, security interests, actions of any nature or kind whatsoever, real or contingent.
- (c) There shall have been no material adverse change or effect that, individually or when taken together with all other changes or effects, is or could be likely to be materially adverse to the business assets, financial condition, operations, capitalization, or prospects of the Debtors, if any.
- (d) John Bellini, III, shall execute a standard non-competition agreement with such terms and conditions as may be mutually agreed between Buyer and Mr. Bellini, for a term not to exceed two (2) years from Mr. Bellini's termination of employment from either Debtor entity.
- (e) Hancock Whitney Bank approval of this term sheet, the Definitive Agreements and the Insider Settlement.
- (f) Buyer obtaining financing for up to 80% of the Purchase Price. Within five (5) business days after acceptance of

this Agreement, Buyer will make application for and diligently and in good faith endeavor to secure a new loan, pay all application fees, and to sign all financing documents without delay.

CONFIDENTIALITY:

Except as required by applicable law, the terms of this Term Sheet are confidential, and neither the contents of this Term Sheet nor the details of the Term Sheet may be shown or disclosed by the Debtors except to those individuals who have a need to know as a result of being involved in the proposed transaction and, after signing this Term Sheet, the Debtors may disclose the contents to other individuals (including the duly appointed Creditors Committee (if any), its members and professionals subject to their execution of a satisfactory NDA) who have a need to know as a result of being involved in the proposed transaction or to other individuals or entities for purposes relevant to closing the proposed transaction. Notwithstanding the foregoing, it is understood that the Debtors will be required to make disclosures including outlining such terms of the contemplated transaction in public documents required by bankruptcy law and the United States Bankruptcy Court for the Eastern District of Louisiana.

Except as set forth in "Confidentiality" section above, the provisions of this Term Sheet are intended to be a basic outline of the terms and conditions contemplated and are non-binding on each party. The parties hereby acknowledge their intentions to negotiate in good faith to consummate this contemplated transaction subject to a mutually agreeable Definitive Agreements and approval of the Bankruptcy Court.

This Term Sheet may be signed in multiple counterparts which, when taken together, may constitute one document as a whole.

September 13, 2018

BUYER,

DEBTORS,

Jude Marullo or his assign(s) or designee(s)

Bell Foods, L.L.C. and BELLCO Holdings, L.L.C.

By: _____

By:  _____
John Bellini, III, President

this Agreement, Buyer will make application for and diligently and in good faith endeavor to secure a new loan, pay all application fees, and to sign all financing documents without delay.

CONFIDENTIALITY:

Except as required by applicable law, the terms of this Term Sheet are confidential, and neither the contents of this Term Sheet nor the details of the Term Sheet may be shown or disclosed by the Debtors except to those individuals who have a need to know as a result of being involved in the proposed transaction and, after signing this Term Sheet, the Debtors may disclose the contents to other individuals (including the duly appointed Creditors Committee (if any), its members and professionals subject to their execution of a satisfactory NDA) who have a need to know as a result of being involved in the proposed transaction or to other individuals or entities for purposes relevant to closing the proposed transaction. Notwithstanding the foregoing, it is understood that the Debtors will be required to make disclosures including outlining such terms of the contemplated transaction in public documents required by bankruptcy law and the United States Bankruptcy Court for the Eastern District of Louisiana.

Except as set forth in "Confidentiality" section above, the provisions of this Term Sheet are intended to be a basic outline of the terms and conditions contemplated and are non-binding on each party. The parties hereby acknowledge their intentions to negotiate in good faith to consummate this contemplated transaction subject to a mutually agreeable Definitive Agreements and approval of the Bankruptcy Court.

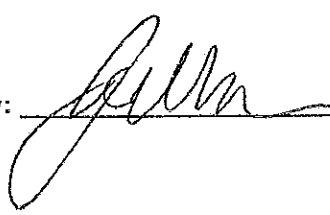
This Term Sheet may be signed in multiple counterparts which, when taken together, may constitute one document as a whole.

September ____, 2018

BUYER,

DEBTORS,

Jude Marullo or his assign(s) or designee(s) Bell Foods, L.L.C. and BELLCO Holdings, L.L.C.

By:  _____

By: _____
John Bellini, III, President

EXHIBIT "B"

BELL FOODS, L.L.C. AND BELLCO HOLDING, L.L.C. BID PROCEDURES

Assets for Sale and Sale Process:

Bell Foods, L.L.C., and BELLCO Holdings, L.L.C. (together "Debtor" or "Seller") and Jude Marullo or his assign or designee ("Buyer") have executed that certain Asset Purchase Agreement, dated as of September __, 2018 (the "APA"), pursuant to which Buyer has agreed to acquire from Seller those certain assets referred to in the APA and referred to herein as the "Acquired Assets."

(a) Acquired Assets. Acquired Assets shall mean the "Acquired Assets" as defined in the Asset Purchase Agreement [ECF No. __] (the "APA"), which is referenced in the *Motion for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (D) Approving Form and Manner of Notice of Sale, Auction and Sale Hearing and (II) Approving Sale of Debtors' Assets Free and Clear of Interests, Liens, Mortgages, Privileges and Encumbrances, and (B) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases* [ECF No. __] (the "Sale Motion").

(b) Excluded Assets. Excluded Assets means: all "Excluded Assets" as defined in the APA.

(c) Summary of the Sale Process. These Bid Procedures, as set forth in detail herein, contemplate the following sale process. The Seller shall make available to all interested parties a copy of the APA as amended, for the Acquired Assets, pursuant to which parties shall submit their binding sale proposals to acquire such assets. The APA can be obtained from Seller's counsel, Leo D. Congeni (leo@congenilawfirm.com), Congeni Law Firm, LLC, 424 Gravier Street, New Orleans, LA 70130 (504) 522-4848. Initially, prospective bidders will submit sealed Bids (hereafter defined) by the Bid Deadline. The sealed bids must exceed the Base Purchase Price of \$1,250,000 by a minimum of \$50,000.00 to be considered a Qualified Bid. If a Qualified Bid is received, complies with the Bid Procedures and is otherwise deemed acceptable to the Seller, then the Buyer and each holder of a Qualified Bid may participate in an auction on _____, 2018 at __:00 __.m., as provided herein. The winner of the auction will be presented to the Bankruptcy Court immediately after such Auction for approval of the sale of the Acquired Assets to such winning bidder. The Auction and the final hearing will commence at __:00 __.m. (CST) on _____, 2018, United States Bankruptcy Court, Eastern District of Louisiana, Courtroom of Judge Elizabeth Magner, 500 Poydras Street, Room B-709, New Orleans, Louisiana 70130 (the "Final Sale Hearing").

Participation Requirements:

In order to participate in the bidding process or otherwise be considered for any purpose hereunder, a party interested in the Acquired Assets (a "Potential Bidder") must deliver a signed, sealed, proposed APA for the Acquired Assets to the Seller's counsel, Leo D. Congeni (leo@congenilawfirm.com), Congeni Law Firm, LLC, 424 Gravier Street, New Orleans, LA 70130) with a copy to: Leann Moses (moses@carverdarden.com), Carver, Darden, Koretzky, Tessier, Finn, Blossman & Areaux, LLC, 1100 Poydras Street, Suite 3100, New Orleans, LA 70163 on or before 5:00 p.m. (Central Time), on October 26, 2018, in the same form and substance of the APA attached to the Sale Motion, as well as provide the

appropriate deposit (as outlined below) for deposit to the trust account of the counsel for the Seller, Congeni Law Firm, LLC (contact Michelle Moffatt at (504) 522-4848 for wiring instructions).

Designation as Qualified Bidder:

A “Qualified Bidder” is a Potential Bidder that delivers the documents described in subparagraphs (a)-(g) under the Bid Requirements section below, and that the Seller determines is reasonably likely to be able to consummate a sale if selected as a Successful Bidder (hereafter defined) at the open Auction.

Upon receipt from a Potential Bidder of the information, documents and cash consideration required under Bid Requirements subparagraphs (a)-(g) below, the Seller, as soon as practicable, shall determine and notify each Potential Bidder with respect to whether such Potential Bidder is a Qualified Bidder, and whether such Bidder may participate at the Auction.

Bid Process:

The Seller shall: (a) determine whether a Potential Bidder is a Qualified Bidder; (b) receive offers from Potential Bidders; (c) negotiate any offers made to purchase the Assets; and (d) determine the Qualified Bidder(s) (collectively, the “Bid Process”). The Seller, with the consent of the Hancock Whitney Bank, shall have the right to adopt such other rules for the Bid Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bid Process and that are not inconsistent with any of the other provisions hereof, the provisions of the APA or requirements of any Bankruptcy Court order.

Bid Deadline:

The deadline for submitting bids by a Potential Bidder shall be the October 26, 2018, at 5:00 p.m. (Central Time) (the “Bid Deadline”).

Prior to the Bid Deadline, a Potential Bidder that desires to acquire the Acquired Assets shall submit a sealed, conforming APA for the Acquired Assets, along with any additional information that supports the APA and the financial wherewithal of the Potential Bidder, along with the respective Deposit (hereafter defined) by wire transfer or cashier’s check (the “Bid”) and shall deliver written copies (including soft copies by email) of the Bid to: (i) counsel for the Seller, Congeni Law Firm, LLC, 424 Gravier Street, New Orleans, LA , Attn: the Leo D. Congeni (leo@congenilawfirm.com), with a copy of such offer to: Carver, Darden, Koretzky, Tessier, Finn, Blossman & Areaux, LLC, 1100 Poydras Street, Suite 3100, New Orleans, LA 70163, Attn: Leann Moses (moses@carverdarden.com). A Potential Bidder shall not disclose the contents of its Bid(s) to any parties other than as set forth in this paragraph, and shall maintain the confidentiality of its sealed Bid(s).

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

Bid Requirements:

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

(a) Deposit. Each Bid must be accompanied by a deposit (the “Deposit”) in the form of a certified check payable to the order of Bell Foods, L.L.C., or wire transfer, in an amount equal to five (5%)

percent of the Base Purchase Price (as defined in the APA) specified in the Bid (such Bid, as may be amended from time to time, the "Cash Bid Price").

(b) Irrevocable. Each Bid must be irrevocable until five (5) business days after both the approval of the sale of the Acquired Assets (the "Proposed Sale") by the Bankruptcy Court (to the extent required) and the closing of such sale (the "Termination Date").

(c) Terms of Bid.

(i) Acquired Assets. The minimum Cash Bid Price for the Acquired Assets is \$1,300,000.00, excluding Additional Costs (hereafter defined), which is \$50,000 more than the Base Purchase Price of \$1,250,000, and includes the \$30,000 necessary to cover the Break-Up Fee.

(ii) No Contingencies. Each Bid may not be conditioned on obtaining financing or any internal approval, third party approvals, or on the outcome or review of due diligence that have not been satisfied as of the time of the Auction (hereinafter defined), but may be subject to the accuracy in all material respects at the Closing of specified representations and warranties or the satisfaction in all material respects at the Closing of specified conditions, none of which shall be more burdensome to the Seller than those set forth in the APA or as otherwise agreed to by the Seller;

(iii) Bids may be for all of the Acquired Assets or subsets of the Acquired Assets, and may include additional contracts and property described in the APA, provided the minimum Bid Price of \$1,300,000 is met plus the Potential Bidder agrees to pay any additional costs, including any cure costs, associated with any added additional contracts and/or property (the "Additional Costs") that is not included in the APA executed by Buyer. Additional Costs will be added to the Minimum Bid and any subsequent bids made by the same Potential Bidder;

(iv) Closing. All Bids must provide for a closing ("Closing") no later than November 12, 2018, unless extended by Seller in their sole discretion or unless otherwise ordered by the Bankruptcy Court; and

(v) Relationships with the Debtors. Each Bid must disclose the Bidder's direct or indirect relationship, interest, or affiliation in or with the Seller, if any.

(d) Asset Purchase Agreement. Each Bid must include a copy of the APA requested by such Bidder marked to show all changes to the APA attached to the Sale Motion consistent with the provisions of these Bid Procedures.

(e) No Fees Payable to Qualified Bidder. Each Bid may not request or entitled the Bidder(s) to, nor may the Seller pay or agree to pay, any breakup fee, termination fee, expense reimbursement or similar type of payment or credit to any Bidder(s). Moreover, by submitting a Bid, a Bidder shall be deemed to waive the right to pursue a substantial contribution claim under 11 U.S.C. § 503 related in any way to the submission of its Bid or the Bid Procedures. The APA executed by the Debtor and the Seller does contain a break-up fee of \$30,000.

(f) Proof of Financial Ability to Perform/Financial Assurance. Each Potential Bidder must provide written evidence reasonably acceptable to the Seller, including current financial statements and

a description of equity and debt financing sources to be used to close the transaction as set forth in the Bid, and that demonstrates that the Potential Bidder(s) has the necessary financial ability to close the contemplated transaction (including access to capital totaling at least the Purchase Price). The Seller may require additional financial information to demonstrate that a Bidder may perform its obligations.

(g) Return of Deposit. In the event that any Bid is determined by the Seller not to be a Qualified Bid, such Bidder shall be refunded its Deposit within two (2) business days after that determination.

Sale Process:

If one or more Qualified Bids is received under seal and is acceptable to the Seller, the Seller shall conduct an open auction (the "Auction") to determine the prevailing bid. The Buyer and all of those parties that have submitted a Qualified Bid may participate in the Auction in the manner set forth herein.

If there are no Qualified Bids on the Acquired Assets, the Seller may proceed directly to the Final Sale Hearing seeking approval of the APA with the Buyer.

Auction Procedure:

Any Auction of the Acquired Assets shall be conducted according to the following procedures:

(a) Participation at the Auction. Only a Qualified Bidder that has submitted a Qualified Bid for the Acquired Assets by the Bid Deadline is eligible to participate at any Auction for such Assets. Notwithstanding the foregoing, any Potential Bidder who has submitted a Qualified Bid conditioned on obtaining financing or any internal approval, third party approvals, or on the outcome or review of due diligence that have not been satisfied as of the time of the Auction, shall certify immediately prior to the Auction that all such conditions have been satisfied as a condition to being allowed to bid at the Auction. In the absence of a certification required by the preceding sentence, the bid of such Qualified Bidder shall no longer be deemed a Qualified Bid.

The Buyer shall be deemed to be a Qualified Bidder, provided the Buyer has not terminated the APA prior to the Auction. The Buyer may credit bid the \$30,000.00 break-up fee (as defined in the APA) in making any subsequent bids in any auction conducted pursuant to the Bid Procedures Order.

(b) Auction. The Auction shall be held on _____, 2018, at ___:00 __.m. (Central Time) at United States Bankruptcy Court, Eastern District of Louisiana, Courtroom of Judge Elizabeth Magner, 500 Poydras Street, Room B-709, New Orleans, Louisiana 70130.

At the commencement of the Auction, the Seller shall describe the terms of the highest Qualified Bid of the Acquired Assets being auctioned. Bids shall be made exclusive of Additional Costs, but the amount of any Additional Costs shall be added to the bid of any Qualified Bidder liable for such costs.

(c) Terms of Overbids. An "Overbid" is any bid made at the Auction subsequent to the Seller's announcement of the highest Qualified Bid. To submit an Overbid for purposes of the Auction, a Qualified Bidder must comply with the following conditions:

(i) Subsequent Minimum Overbid Increment. Any Overbids after the highest Qualified Bid shall be made in monetary increments initially of \$25,000.00 and thereafter in amounts set by the Court.

(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 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 Seller accept a higher Qualified Bid as an Overbid and (B) such Overbid is not selected as the Backup Bid (as defined below).

(iii) Consideration of Overbids. The Seller subject to approval of the Bankruptcy Court, reserves the right, in its discretion, to make adjournments in the Auction to, among other things: (A) have discussion with an individual Qualified Bidder(s); and (B) allow individual Qualified Bidder(s) to consider how they wish to proceed, it being understood that the Sellers' consideration of any Overbid will include matters in addition to the economic consideration offered by such Overbid.

(d) Additional Procedures. The Seller in its discretion, may adopt other or additional rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bid Procedures Order or with the APA's, as applicable.

(e) No Right to Credit Bid. Hancock Whitney Bank and other creditors shall not have the right to credit bid at the Auction under 11 U.S.C. § 363(k).

(f) 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 to have waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of the APA, as applicable.

(g) Closing the Auction. The Auction shall close when there are no further bids received for the Acquired Assets. Upon conclusion of the bidding, the Auction shall be closed, and the Seller shall immediately (i) review each Qualified Bid and the 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) upon such review, the Seller or the Bankruptcy Court shall immediately identify the successful bidder (the "Successful Bidder") and the successful bid (the "Successful Bid"), and advise the Qualified Bidders of such determination.

Final Sale Hearing:

The Final Sale Hearing on the Sale Motion will be held on _____, 2018, at ___:00 a.m. or immediately after the Auction at the United States Bankruptcy Court for the Eastern District of Louisiana, 500 Poydras Street, Room B-709, New Orleans, Louisiana 70130.

At the Final Sale Hearing, the Seller shall present to the Bankruptcy Court the Successful Bid and seek approval thereof.

Acceptance of Successful Bid:

The Seller shall sell the Acquired Assets to the Buyer or the Successful Bidder as applicable, upon the approval of the Buyer or Successful Bid. The Seller's presentation of a particular Qualified Bid (including, the Successful Bid) to the Bankruptcy Court for approval does not constitute the Seller's acceptance of the applicable Bid and entry into a binding commitment. The Seller will be deemed to have accepted a Bid and entered into an agreement only when the Bid has been approved by the Bankruptcy

Court at the Final Sale Hearing. Should the Bankruptcy Court approve a sale to someone other than Buyer, and should said transaction fail to close within seven (7) days of the execution of the APA by Buyer and Seller, at Buyer's election, Buyer may proceed to closing under the APA under the terms of the APA as a backup purchaser, with a reasonable adjustment to the Closing Date, as defined therein; provided, however, that Buyer shall not have terminated the APA prior to the Auction.

Expenses:

Except as set forth in the APA, any Bidders presenting Bids shall bear their own expenses in connection with the Bid Process and Proposed Sale, whether or not such Proposed Sale is ultimately approved.