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CALIFORNIA BANK & TRUST

7
8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

11 In re:
12 SHILO INN, TWIN FALLS, LLC,
13 Debtor and Debtor-in-Possession.

Lead Case No.: 2:13-bk-21601-VZ
Chapter 11

Jointly administered with:
Case No. 2:13-bk-21603-VZ
Case No. 2:13-bk-21604-VZ
Case No. 2:13-bk-21605-VZ
Case No. 2:13-bk-21606-VZ
Case No. 2:13-bk-21607-VZ
Case No. 2:13-bk-21608-VZ

- 14 Affects:
15 All Debtors
16 SHILO INN, TWIN FALLS, LLC
17 SHILO INN, BOISE AIRPORT, LLC
 SHILO INN, NAMPA BLVD, LLC
18 SHILO INN, NEWBERG, LLC
 SHILO INN, SEASIDE EAST, LLC
 SHILO INN, MOSES LAKE, INC.
19 SHILO INN, ROSE GARDEN, LLC

**STIPULATION APPOINTING
NEUTRAL APPRAISER**

20 Debtors and Debtors-in-Possession.

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23 This Stipulation Appointing Neutral Appraiser (the "Stipulation") is entered into, by and
24 through counsel, by and between Shilo Inn, Boise Airport, LLC ("Shilo Boise"), Shilo Inn,
25 Nampa Blvd, LLC ("Shilo Nampa"), Shilo Inn, Seaside East, LLC ("Shilo Seaside"), and Shilo
26 Inn, Rose Garden, LLC ("Shilo Rose Garden") (collectively, the "Stipulating Debtors"), four (4)
27 of seven (7) debtors and debtors-in-possession in the above-referenced, jointly administered
28 chapter 11 bankruptcy cases, on the one hand, and senior secured lender California Bank & Trust

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1 (“CB&T”) on the other hand, and is made with reference to the following facts:

2 A. The Stipulating Debtors, and their related affiliates, consisting of Shilo Inn, Twin
3 Falls, LLC, Shilo Inn, Newberg, LLC, and Shilo Inn, Moses Lake, Inc. (collectively, the “Related
4 Debtors”), commenced their respective chapter 11 bankruptcy cases by each filing a voluntary
5 petition under chapter 11 of the Bankruptcy Code on May 1, 2013.

6 B. The Debtors continue to operate their businesses and manage their financial affairs
7 as debtors-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.

8 C. On August 29, 2013, the Stipulating Debtors and Related Debtors filed their
9 Disclosure Statement and Joint Plan of Reorganization (the “Disclosure Statement & Plan”) [ECF
10 139], which the Stipulating Debtors and Related Debtors assert provides payment in full.¹ On
11 September 26, 2013, the Stipulating Debtors and Related Debtors filed their Motion to Approve
12 Adequacy of Joint Disclosure Statement Describing Joint Plan of Reorganization for Debtors (the
13 “Disclosure Statement Motion”) [ECF 159]. CB&T opposes the Disclosure Statement & Plan.

14 D. On September 30, 2013, CB&T filed its Motion for Relief from the Automatic
15 Stay as to five of the Debtors’ and Related Debtors’ hotels, namely the hotels owned by Shilo
16 Boise Airport, Shilo Nampa, Shilo Seaside, Shilo Moses Lake, and Shilo Rose Garden (the “RFS
17 Motions”) [ECF 161-167]. The Stipulating Debtors and Related Debtors oppose CB&T’s RFS
18 Motions.

19 E. Hearings on the adequacy of the Disclosure Statement and the RFS Motions are
20 currently set for May 8, 2014, at 1:30 p.m. The time for filing oppositions, objections, responses,
21 and replies has not yet expired.

22 F. The Debtors and CB&T, pursuant to the Court’s January 9, 2014 *Order Approving*
23 *Stipulation Between Debtors and California Bank & Trust to Continue Hearings and Deadlines*
24 *on: (1) Debtors’ Disclosure Statement and (2) California Bank & Trust’s Motion for Relief from*
25 *Stay* (the “Order”), must select a neutral appraiser for the valuation of the Debtors’ hotels for
26 issues relating to value at the hearings on the Disclosure Statement Motion and RFS Motions.

27
28 ¹ CB&T vehemently disagrees with the Debtors’ assertion that the Plan provides payment in full.

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1 G. The Parties have selected Brian Glanville of Integra Realty Resources (Portland,
2 Oregon office) as the neutral appraiser.

3 H. CB&T reads this Court's January 9, 2014 Order as providing that the neutral
4 appraiser should be engaged to appraise all seven (7) hotels since the valuations will be relevant
5 to various future proceedings including, but not limited to, hearings on the Debtor's Disclosure
6 Statement and confirmation of the Debtors' proposed plan. Indeed, CB&T believes that the Court
7 should order that Mr. Glanville provide new appraisals for all seven (7) hotels at the same time
8 since the appraisals submitted with the RFS motions were dated as of June 20, 2013, and new
9 appraisals will be needed, at least for the purposes of the Disclosure Statement and plan
10 confirmation proceedings in which the current valuation of the properties will be at issue. The
11 Debtors disagree.

12 I. While the Stipulating Debtors and Related Debtors believe that the hotels owned
13 by the Related Debtors have substantial value in excess of the value asserted by CB&T, to avoid
14 time consuming and expensive valuation and likely discovery related thereto, the Related Debtors
15 have advised CB&T that, for purposes of the Related Debtors' bankruptcy cases, the Related
16 Debtors do not dispute CB&T's valuations of the hotel properties owned by the Related Debtors.
17 As this Court previously advised, the designation of a neutral is utilized where factual disputes
18 exist. Since there are no factual disputes with respect to the hotels owned by the Related Debtors,
19 the Stipulating Debtors and Related Debtors believe that it is unnecessary and inappropriate to
20 designate a neutral for the Related Debtors' three (3) hotels. CB&T disagrees for the reasons
21 stated above.

22 J. At the very least, a valuation dispute exists with respect to the four (4) hotel
23 properties owned by the Stipulating Debtors. The parties, therefore, believe that the designation
24 of a neutral to value the four (4) properties owned by the Stipulating Debtors is appropriate.

25 K. Should the Court rule that the neutral appraiser should only be engaged to
26 appraise the hotels owned by the Stipulating Debtors (i.e., Shilo Boise, Shilo Nampa, Shilo Rose
27 Garden and Shilo Seaside), CB&T reserves the right to obtain and submit to the Court for its
28 consideration at future hearings, including, but not limited to, hearings on the Debtor's

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1 Disclosure Statement Motion, the RFS Motions, and any hearing on plan confirmation, updated
2 appraisals for the properties owned by the Related Debtors (i.e., Shilo Twin Falls, Shilo Nampa
3 and Shilo Moses Lake) which CB&T will obtained independently.

4 L. With respect to the RFS Motion, the Debtors disagree with CB&T's position based
5 on the fact that Local Bankruptcy Rule 9013-1 requires that motions be accompanied by evidence
6 in support thereof and, unless the Related Debtors submit different valuations of properties as part
7 of their opposition, CB&T's reply may only address the facts and arguments set forth in the
8 opposition. Since the Related Debtors have stated herein that they do not dispute CB&T's
9 valuations of the three (3) hotels owned by the Related Debtors, CB&T should not be permitted to
10 improperly supplement its case-in-chief through a reply. CB&T disagrees with the Debtors'
11 position and maintains that it may submit updated evidence of valuation if appropriate.

12 M. Although the Debtors and Related Debtors do not believe that reservation of rights
13 are necessary or appropriate in this Stipulation, based on CB&T's "reservation of rights," Debtors
14 and Related Debtors similarly reserve all of their rights to properly present evidence, including
15 valuations, before this Court in connection with these proceedings.

16 WHEREFORE, the Debtors and CB&T hereby stipulate and agree as follows:

17 1. The recitals of paragraphs A through M above are incorporated herein by
18 reference.

19 2. Brian Glanville of Integra Realty Resources ("Integra"), based in Portland,
20 Oregon, shall be appointed as the neutral appraiser. Mr. Glanville will be engaged jointly by
21 CB&T and the Debtors, who will each pay one-half of the appraiser's fees and costs. Mr.
22 Glanville shall provide his final appraisal reports to the Debtors and to CB&T no later than March
23 21, 2014.

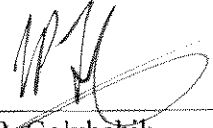
24 3. The specific properties for which Mr. Glanville will be engaged as the neutral
25 appraiser, i.e., all seven (7) hotels or just the properties owned by Stipulating Debtors (i.e., Shilo
26 Boise, Shilo Nampa, Shilo Rose Garden and Shilo Seaside), shall be set forth by the Court in the
27 accompanying Order approving this Stipulation.

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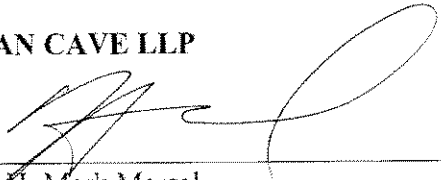
Dated: February 14, 2014

**LEVENE, NEALE, BENDER, YOO & BRILL
L.L.P.**

By: 
David B. Golubchik
J.P. Fritz
Attorneys for Debtors and Related Debtors

Dated: February 14, 2014

BRYAN CAVE LLP

By: 
H. Mark Mersel
Kerry Moynihan
Attorneys for California Bank & Trust

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
Bryan Cave LLP, 3161 Michelson Drive, Suite 1500, Irvine, CA 92612

A true and correct copy of the foregoing document entitled: **STIPULATION APPOINTING NEUTRAL APPRAISER** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On February 14, 2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

United States Trustee (LA)
ustpreion16.la.ecf@usdoj.gov

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on February 14, 2014, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Honorable Vincent P. Zurzolo [For Personal Delivery on 2/18/14]
United States Bankruptcy Court
Central District of California
255 E. Temple Street, Suite 1360
Los Angeles, CA 90012

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

February 14, 2014
Date

Kerry Moynihan
Printed Name

/s/Kerry Moynihan
Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

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