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RAYMARK BULLETIN #30

September 1999

Update on the Sale of the Raymark Facility Property

On November 10, 1999, the U.S. Bankruptcy Court for the District of Connecticut signed an Order authorizing the sale of the former Raymark Facility property free and clear of interests pursuant to Bankruptcy Code Sections 363(b) and (f) and setting forth procedures for the sale. A copy of that Order is available for your review. The terms of the sale are set forth in detail in the Court's Order (attached).

The property auction sale date is set for January 19, 2000, at 11:30 a.m., at the United States Bankruptcy Court, 915 Lafayette Boulevard, Bridgeport, Connecticut.

All coordination for the property sale process is being handled by Kahn Consulting, Inc. , the Court-approved Bankruptcy Trustee, and all inquiries regarding the sale must be made through Kahn Consulting, Inc.

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT

In re: RAYMARK INDUSTRIES, INC. Debtor In re: RAYMARK CORPORATION Debtor	CHAPTER 11 CASE NOS.: 98-51532 and 98-51540 (Jointly Administered)

ORDER AUTHORIZING SALE OF REAL ESTATE FREE AND CLEAR OF INTERESTS PURSUANT TO BANKRUPTCY CODE SECTIONS 363(b)and(f), AND SETTING PROCEDURES FOR SALE

UPON CONSIDERATION of the motion of Laureen M. Ryan, Chapter 11 Trustee ("Trustee") to sell, free and clear of interests pursuant to Sections 363(b) and (f) of the Bankruptcy Code, the real property located in Stratford, Connecticut (the "Stratford Property") owned by the bankruptcy estate of Raymark Industries, Inc. (the "Estate"), and upon this Court's finding that (i) as to the liens and encumbrances asserted against the Stratford Property by each of the Town of Stratford and the United States Environmental Protection Agency, said lienholders consent to the proposed sale and/or said lienholders/encumbrancers could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest; and (ii) as to the liens and encumbrances asserted by each of William Kapp, *et al.*, Leach Family Holdings, Inc., Malcolm J. Panther, and DeLuca-Hoffman Associates, Inc. that such liens and encumbrances are the subject of a *bona fide* dispute and/or said lienholders/encumbrancers could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest; and (iii) such a sale is in the Estate's best interests, and (iv) the expenses of sale, including professional fees and Trustee compensation shall be the subject of the further order of the Court, it is hereby

ORDERED that the Stratford Property shall be disposed of on the following terms, in the following manner, and in accordance with the following timetable:

1. **By November 30, 1999,** an advertisement of sale, approved by the Court, stating sale conditions and due diligence opportunities shall be published in the East Region edition of the *Wall Street Journal* and a real estate trade publication and shall be mailed by the Trustee to all persons who have previously expressed to the Trustee an interest in the Stratford Property.

2. The Connecticut Department of Environmental Protection ("CDEP") shall publish a notice of intent to record an environmental land use restriction on or about **November 15, 1999.**

3. No later than **November 29, 1999,** the Trustee shall cause to be delivered to all persons who have expressed an interest in purchasing the Stratford property a form of a Statement of Intent which shall be used by prospective purchasers to document that such purchaser shall (i) commencing no later than January 1, 2002, develop the Stratford Property only for office or retail use and in full compliance with applicable zoning and land use restrictions, (ii) record Environmental Land Use Restrictions and Grant of Easement, and (iii) purchase a state-approved insurance policy as provided in ¶ 7 hereof.

4. The United States will solicit comments on the draft of the United States Environmental Protection Agency ("EPA") Prospective Purchaser Agreement through **November 30, 1999** or such later date as determined by the EPA.

5. A due diligence opportunity shall be provided by the EPA to prospective purchasers to review environmental and engineering documents at a location provided by the EPA, as announced by the Trustee, during the business days from **November 29 - December 9, 1999.**

6. A question and answer opportunity to discuss the environmental and engineering documents with the EPA, State of Connecticut, and Army Corps of Engineers will be provided to prospective purchasers on **December 10, 1999** at a location in Boston, Massachusetts to be

announced by the Trustee. A representative of American International Group will also be available at the question and answer opportunity to discuss the terms of available environmental insurance.

7. The final EPA Prospective Purchaser Agreement, which shall provide substantially the same terms and conditions as the Prospective Purchaser Agreement granted to Leach Family Holdings, Inc., will be issued by **December 15, 1999.** The EPA will transmit a copy of the final EPA Prospective Purchaser Agreement to the Trustee and her counsel, so that it is received by them by no later than the next business day following the date of issue, whereupon the Trustee shall, by the close of the next business day, cause a copy of the final EPA Prospective Purchaser Agreement, together with a copy of the CDEP Declaration of Environmental Land Use Restrictions and Grant of Easement, State Certification as to Compromise and Settlement, and the state-approved insurance policy, to be transmitted to all persons who have expressed to the Trustee an interest in the Stratford Property. The Trustee shall transmit such copies by facsimile or by overnight courier, unless neither the facsimile number nor an address capable of receiving overnight deliveries is known to the Trustee, in which case the copies shall be sent by regular first class U.S. mail to the address available to the Trustee.

8. **THE DATE, TIME, AND PLACE** of the auction sale of the Stratford Property shall be **January 19, 2000 at 11:30 a.m.**, United States Bankruptcy Court, 915 Lafayette Boulevard, Bridgeport, Connecticut. The sale shall be by means of a two-tiered auction which will permit all qualified bidders in the initial bid, as defined in ¶9, whose bids are at least 75% of the highest qualified bid, as announced by the Court, to make a final bid.

9. In order to qualify to make a bid in the initial round to purchase the Stratford Property, each prospective purchaser shall cause to be delivered to the Trustee on **January 19, 2000 at 11:00 a.m.** a non-contingent Bid Package in a sealed envelope marked "Stratford Property Sealed Bid", which shall contain the following: (i) a bid of not less than $3,785,200

("Minimum Cash Bid"); (ii) a signed Prospective Purchaser Agreement; (iii) a signed Statement of Intent, (iv) proof of financial responsibility sufficient to pay all sums required to purchase the Stratford Property, the Government liability releases, and the state-approved environmental insurance policy, and to complete the proposed development within the specified time period; and (v) a cash equivalent deposit of $750,000.

10. All such sealed bids shall be opened in Court by a Sale Committee, consisting of one representative of each of (i) the Trustee, (ii) the Office of the United States Trustee, and (iii) the Official Committee of Unsecured Creditors serving in the Raytech Corporation bankruptcy case, which shall advise the Court as to compliance with this order. The Sale Committee shall review the Minimum Cash Bids and submit to the Court a list of name, amount, and rank of each qualified bidder and state which bids are at least 75% of the highest bid. The Court shall announce the name and amount of the qualified bidder who made the highest Minimum Cash Bid and the names of all other qualified bidders who will be permitted to submit to the Sale Committee a final non-contingent bid which shall include all of the components of the bid in the initial round plus a cash equivalent amount that is not less than Two Hundred Thousand Dollars ($200,000) over the announced highest bid.

11. The final bidding round shall take place within 30 minutes after the announcement by the Court of the highest qualified bid. At the conclusion of the final bidding round, the Sale Committee shall review the bids and submit to the Court a list of name, amount, and rank of each qualified bidder. The Court will then announce the name and amount of the highest bid and the name and amount of all other bids. The Court will then determine whether to confirm the sale to the highest bidder.

12. If it is determined that the sale to the highest bidder should be confirmed, the closing of the sale shall be on a date no later than 30 days following sale confirmation and at the time and place stated by the Court.

13. The failure of the successful bidder to close by the closing date shall result in a forfeiture of that bidder's deposit and the sale of the Stratford Property to the next highest bidder unless otherwise ordered. That process shall be repeated until the Stratford Property is sold unless otherwise ordered by the Court.

14. The deposits for unsuccessful bidders shall be maintained by the Trustee in separate interest-bearing accounts until 5 days after the date of the closing at which time the deposits with all earned interest shall be returned to the unsuccessful bidders.

15. The Stratford Property is to be sold "As Is, Where Is" with no representations or warranties from the Estate. The purchaser's commitment to develop the Stratford Property as stated in the Bid Package shall survive the closing.

16. A non-refundable deposit totaling 10% of the successful bid price shall be due immediately upon bid acceptance.

IT IS FURTHER ORDERED that, pursuant to 11 U.S.C. Sections 363(b) and 363(f), the sale of the Stratford Property shall be free and clear of all liens, interests and encumbrances, with said liens, interests and encumbrances to attach only to the proceeds of the sale, which proceeds of sale shall expressly not include the consideration paid pursuant for the Government liability releases and an environmental insurance policy approved by the State of Connecticut.

SO ORDERED at Bridgeport, Connecticut this 10th day of November, 1999.

Alan H. W. Shiff
Chief United States Bankruptcy Judge