

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA**

In re: CAFE HOLDINGS CORP., <i>et al.</i> , ¹ Debtors.	Chapter 11 Case No. 18-05837 (hb) (Jointly Administered)
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**NOTICE OF FILING OF REVISED TERM SHEET
FOR GLOBAL RESOLUTION OF CASES**

PLEASE TAKE NOTICE that on January 15, 2019, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of an Order Approving Global Settlement* [Docket No. 357] (the “Motion”) with the United States Bankruptcy Court for the District of South Carolina. The Term Sheet for Global Resolution of Cases (the “Original Term Sheet”) was included as an exhibit to the proposed order filed with the Motion.

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file a revised Term Sheet (the “Revised Term Sheet”), a copy of which is attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit B** is a redline of the Revised Term Sheet reflecting changes from the Original Term Sheet.

PLEASE TAKE FURTHER NOTICE that copies of the Motion, the Revised Term Sheet, and all documents filed in these Chapter 11 cases are available free of charge by visiting <http://www.donlinrecano.com/cafe>. You may also obtain copies of any pleadings by visiting the Court’s website at <http://www.ecf.scb.uscourts.gov> in accordance with the procedures and fees set forth therein.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Cafe Holdings Corp. (7910); Cafe Enterprises, Inc. (4946); CE Sportz LLC (2009); and CES Gastonia LLC (0863). The location of the Debtors’ corporate headquarters is 4324 Wade Hampton Blvd., Suite B, Taylors, South Carolina 29687

BURR & FORMAN LLP

February 8, 2019

/s/ Michael H. Weaver
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- AND -

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for the Debtors and Debtors in Possession

EXHIBIT A

Revised Term Sheet for Global Settlement

In re Café Holdings Corp., et al.
Term Sheet for Global Resolution of Cases

The terms outlined below (this “Term Sheet”) are the terms and conditions for a global resolution of the Debtors’ Chapter 11 bankruptcy cases. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the proposed Final Order (1) Authorizing the Debtors to Obtain Post-Petition Financing, Granting Senior Post-Petition Security Interests and According Superpriority Administrative Expense Status Pursuant to Sections 364(c) and 364(d) of the Bankruptcy Code, (2) Authorizing the Use of Cash Collateral, (3) Granting Adequate Protection, (4) Modifying the Automatic Stay, and (5) Granting Related Relief (the “Final DIP Order”).

Parties to Term Sheet:

Cafe Enterprises, Inc., CE Sportz LLC, CES Gastonia LLC and Cafe Holdings Corp. (collectively, the “Debtors”);

Atalaya Administrative LLC (the “DIP Agent”), ACM Fatz VII LLC (the “DIP Lender” or “Stalking Horse Bidder” and collectively, with the DIP Agent, the “DIP Secured Parties”); and

The Official Committee of Unsecured Creditors (the “Committee”).

Final DIP Order:

The Committee shall withdraw its objection and support the entry of the Final DIP Order as proposed by the Debtors and the DIP Secured Parties to the extent the Final DIP Order is consistent with the terms of this Term Sheet.

Challenge Period:

In connection with its support of the Final DIP Order, the Committee shall agree to the termination of the Challenge Period.

363 Sale:

The Stalking Horse Bidder shall modify its Stalking Horse bid to be consistent with the terms of this Term Sheet. The Committee shall support the entry of the Sale Procedure Order and the current sale timelines set forth therein. The Committee shall also support the entry of a Sale Order authorizing the sale of the Debtors’ assets to the Stalking Horse Bidder (or such other Winning Bidder) to the extent consistent with the terms of this Term Sheet.

The Acquired Assets under the APA shall include Avoidance Actions and all other claims or causes of action under any other provision of the Bankruptcy Code or applicable laws, including, without limitation, all actions relating to the Debtors’ vendors, service providers, and landlords; provided that, upon the Sale closing, neither the Stalking Horse Bidder, nor any Person claiming by, through or on behalf of the Stalking Horse Bidder (including, but not limited to, by operation of law, sale, assignment, conveyance or otherwise) shall (x) assert, pursue, prosecute, litigate, institute or commence an action based on the

Avoidance Actions, or (y) assert, sell, convey, assign or file any Avoidance Actions, or (z) assert or use any such Avoidance Actions for defensive purposes.

Employment Causes of Action: The Acquired Assets under the APA shall include Employment Causes of Action; provided, however, that upon the Sale closing, neither the Stalking Horse Bidder, nor any Person claiming by, through or on behalf of the Stalking Horse Bidder (including, but not limited to, by operation of law, sale, assignment, conveyance or otherwise) shall assert, pursue, prosecute, litigate, institute or commence an action based on the Employment Causes of Action, other than Employment Causes of Action based upon fraud, theft, or willful misconduct, regardless of whether such Employment Cause of Action may be or is covered by a policy of insurance, a third-party payor or otherwise.

Confidentiality Policy: The Stalking Horse Bidder (or such other Winning Bidder) shall agree to be bound by the Debtors' existing confidentiality policy for the protection of customer information.

Stub Rent: The DIP Secured Parties shall provide sufficient DIP Advances to pay all allowed stub rent claims in full.

503(b)(9) Claims: The DIP Secured Parties shall provide sufficient DIP Advances to pay all allowed claims under Bankruptcy Code section 503(b)(9).

D&O Tail Policy: The DIP Secured Parties shall provide sufficient DIP Advances for the Debtors to retain "D&O" tail coverage of at least six years under the Debtors' current D&O liability policy, or substantially similar coverage from the same or different insurance provider. The retention of the D&O tail coverage shall be a condition precedent to the closing of the Sale.

Administrative Claims: The DIP Secured Parties shall provide sufficient DIP Advances for the Debtors to pay all allowed administrative claims set forth in the Budget, including but not limited to, the allowed fees and expenses of the Chapter 11 Professionals.

Committee's Professional Fees: The Budget line item for Professional Fees for the Committee shall be increased to \$300,000.

Professional Fee Escrow: Contemporaneous with the closing of the Sale, an interest-bearing account shall be established by the Debtors to hold an amount equal to the Professional Fee Escrow Amount. At the Sale closing, the DIP Secured Parties shall fund the Professional Fee Escrow with cash in an amount equal to the Professional Fee Escrow Amount.

U.S. Trustee Fees and Court The DIP Secured Parties shall provide sufficient DIP Advances

Costs: to pay all unpaid, postpetition fees and expenses of the Clerk of the Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930(a) in such amount, with respect to the U.S. Trustee, as agreed to by the U.S. Trustee or as determined by the Court.

Settlement Motion and Mutual Releases: The Debtors, the DIP Secured Parties, and the Committee agree to each use their commercially reasonable best efforts to memorialize the terms of this Term Sheet, and seek Bankruptcy Court approval of such terms, through a compromise and settlement motion filed pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedures (the “**9019 Motion**”). The 9019 Motion shall include a broad and comprehensive mutual release of all claims.

Dismissal of Cases: The Debtors, the DIP Secured Parties, and the Committee agree to each use their commercially reasonable best efforts to seek and support a dismissal of the Debtors’ bankruptcy cases.

Other Definitions:

“**363 Sale**” means the sale of all or substantially all of the assets of the Debtors under Section 363 of the Bankruptcy Code.

“**APA**” means the asset purchase agreement executed by and among Café Holdings Corp., the Subsidiaries of Café Holdings Corp., and the Winning Bidder for the sale of substantially all of the Debtors’ assets on terms and conditions satisfactory to the DIP Agent and the Committee.

“**Auction**” means an auction held in connection with the 363 Sale and in accordance with the provisions set forth in the Sale Procedure Order.

“**Avoidance Actions**” means all causes of action for the avoidance of any preferential transfer or fraudulent conveyance arising under Sections 544, 547, 548, 549, or 550 of the Bankruptcy Code or any analogous or similar state or federal law.

“**Bankruptcy Code**” means Title 11 of the United States Code (11 U.S.C. § 101 et seq.), as amended.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the District of South Carolina presiding over the Chapter 11 Cases.

“**Budget**” means the budget of the Debtors relative to the operations of the Debtors in the Chapter 11 Cases for any fiscal period, as delivered to the DIP Agent in form and substance satisfactory to the DIP Agent. The Budget may be amended from time to time as may be agreed to by the DIP Agent, in writing, in its sole discretion.

“**Chapter 11 Cases**” means the voluntary Chapter 11 cases commenced by the Debtors in the Bankruptcy Court.

“**Employment Causes or Action**” means any rights, demands, claims, causes of action against any employee, officer, or director of the Debtors.

“**Petition Date**” means the date on which the Chapter 11 Cases for the Debtors were commenced.

“**Professional Fee Escrow Amount**” means the aggregate amount of accrued and unpaid fees and expenses of the Chapter 11 Professionals, such amounts not to exceed the amounts set forth in the Budget.

“**Sale**” means a sale of all or substantially all of the Debtors’ assets.

“**Sale Order**” means the order entered by the Bankruptcy Court in form and substance satisfactory to the DIP Agent, the Stalking Horse Bidder, the Debtors, and the Committee that, among other things, approves the 363 Sale, the results of the Auction (if applicable) and the Winning Bidder’s bid.

“**Sale Procedure Order**” means an order in form and substance satisfactory to the DIP Agent approving the bidding procedures to be applicable to the 363 Sale.

“**Winning Bidder**” means the bidder that makes the highest or best bid for substantially all of the Debtors’ assets.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first set forth above.

DEBTORS:

CAFE HOLDINGS CORP.

By: _____
Name:
Title:

CAFE ENTERPRISES, INC.

By: _____
Name:
Title:

CE SPORTZ LLC

BY: CAFE ENTERPRISES, INC.
ITS: SOLE MEMBER

By: _____
Name:
Title:

CES GASTONIA LLC

BY: CE SPORTZ LLC
ITS: SOLE MEMBER

By: _____
Name:
Title:

DIP AGENT:

ATALAYA ADMINISTRATIVE LLC

By: _____
Name:
Title:

DIP LENDER:

ACM FATZ VII LLC

By: _____
Name:
Title:

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: _____
Name: STORE Master Funding V, LLC
Title: Solely in its capacity as Chair of the Official Committee of Unsecured Creditors of Cafe Enterprises, Inc., *et al.*, and not in any other capacity.

EXHIBIT B

Redline

In re Café Holdings Corp., et al.
Term Sheet for Global Resolution of Cases

*The terms outlined below (this “**Term Sheet**”) are the terms and conditions for a global resolution of the Debtors’ Chapter 11 bankruptcy cases. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the proposed Final Order (1) Authorizing the Debtors to Obtain Post-Petition Financing, Granting Senior Post-Petition Security Interests and According Superpriority Administrative Expense Status Pursuant to Sections 364(c) and 364(d) of the Bankruptcy Code, (2) Authorizing the Use of Cash Collateral, (3) Granting Adequate Protection, (4) Modifying the Automatic Stay, and (5) Granting Related Relief (the “**Final DIP Order**”).*

Parties to Term Sheet: Cafe Enterprises, Inc., CE Sportz LLC, CES Gastonia LLC and Cafe Holdings Corp. (collectively, the “**Debtors**”);

Atalaya Administrative LLC (the “**DIP Agent**”), ACM Fatz VII LLC (the “**DIP Lender**” or “**Stalking Horse Bidder**” and collectively, with the DIP Agent, the “**DIP Secured Parties**”); and

The Official Committee of Unsecured Creditors (the “**Committee**”).

Final DIP Order: The Committee shall withdraw its objection and support the entry of the Final DIP Order as proposed by the Debtors and the DIP Secured Parties to the extent the Final DIP Order is consistent with the terms of this Term Sheet.

Challenge Period: In connection with its support of the Final DIP Order, the Committee shall agree to the termination of the Challenge Period.

363 Sale: The Stalking Horse Bidder shall modify its Stalking Horse bid to be consistent with the terms of this Term Sheet. The Committee shall support the entry of the Sale Procedure Order and the current sale timelines set forth therein. The Committee shall also support the entry of a Sale Order authorizing the sale of the Debtors’ assets to the Stalking Horse Bidder (or such other Winning Bidder) to the extent consistent with the terms of this Term Sheet.

The Acquired Assets under the APA shall include Avoidance Actions and all other claims or causes of action under any other provision of the Bankruptcy Code or applicable laws, including, without limitation, all actions relating to the Debtors’ vendors, service providers, and landlords; provided that, upon the Sale closing, neither the Stalking Horse Bidder, nor any Person claiming by, through or on behalf of the Stalking Horse Bidder (including, but not limited to, by operation of law, sale, assignment, conveyance or otherwise) shall (x) assert, pursue, prosecute, litigate, institute or commence an action based on the

Avoidance Actions, or (y) assert, sell, convey, assign or file any Avoidance Actions, or (z) assert or use any such Avoidance Actions for defensive purposes.

Employment Causes of Action:

The Acquired Assets under the APA shall include Employment Causes of Action; provided, however, that upon the Sale closing, neither the Stalking Horse Bidder, nor any Person claiming by, through or on behalf of the Stalking Horse Bidder (including, but not limited to, by operation of law, sale, assignment, conveyance or otherwise) shall assert, pursue, prosecute, litigate, institute or commence an action based on the Employment Causes of Action, other than Employment Causes of Action based upon fraud, theft, or willful misconduct, regardless of whether such Employment Cause of Action may be or is covered by a policy of insurance, a third-party payor or otherwise.

Confidentiality Policy:

The Stalking Horse Bidder (or such other Winning Bidder) shall agree to be bound by the Debtors' existing confidentiality policy for the protection of customer information.

Stub Rent:

The DIP Secured Parties shall provide sufficient DIP Advances to pay all allowed stub rent claims in full.

503(b)(9) Claims:

The DIP Secured Parties shall provide sufficient DIP Advances to pay all allowed claims under Bankruptcy Code section 503(b)(9).

D&O Tail Policy:

The DIP Secured Parties shall provide sufficient DIP Advances for the Debtors to retain "D&O" tail coverage of at least six years under the Debtors' current D&O liability policy, or substantially similar coverage from the same or different insurance provider. The retention of the D&O tail coverage shall be a condition precedent to the closing of the Sale.

~~**Executive Bonus Compensation Plan:**~~

~~On or before the closing of the Sale, the DIP Secured Parties shall deposit into escrow sufficient DIP Advances to fund the amount of payments to be made under the Executive Bonus Compensation Plan on the Sale closing date. The funding of the Executive Bonus Compensation Plan shall be a condition precedent to the closing of the Sale.~~

Administrative Claims:

The DIP Secured Parties shall provide sufficient DIP Advances for the Debtors to pay all allowed administrative claims set forth in the Budget, including but not limited to, the allowed fees and expenses of the Chapter 11 Professionals.

Committee's Professional Fees:

The Budget line item for Professional Fees for the Committee shall be increased to \$300,000.

Professional Fee Escrow:

Contemporaneous with the closing of the Sale, an

interest-bearing account shall be established by the Debtors to hold an amount equal to the Professional Fee Escrow Amount. At the Sale closing, the DIP Secured Parties shall fund the Professional Fee Escrow with cash in an amount equal to the Professional Fee Escrow Amount.

U.S. Trustee Fees and Court Costs: The DIP Secured Parties shall provide sufficient DIP Advances to pay all unpaid, postpetition fees and expenses of the Clerk of the Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930(a) in such amount, with respect to the U.S. Trustee, as agreed to by the U.S. Trustee or as determined by the Court.

Settlement Motion and Mutual Releases: The Debtors, the DIP Secured Parties, and the Committee agree to each use their commercially reasonable best efforts to memorialize the terms of this Term Sheet, and seek Bankruptcy Court approval of such terms, through a compromise and settlement motion filed pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedures (the “**9019 Motion**”). The 9019 Motion shall include a broad and comprehensive mutual release of all claims.

Dismissal of Cases: The Debtors, the DIP Secured Parties, and the Committee agree to each use their commercially reasonable best efforts to seek and support a dismissal of the Debtors’ bankruptcy cases.

Other Definitions:

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“**Chapter 11 Cases**” means the voluntary Chapter 11 cases commenced by the Debtors in the Bankruptcy Court.

“**Employment Causes or Action**” means any rights, demands, claims, causes of action against any employee, officer, or director of the Debtors.

~~“**Executive Bonus Compensation Plan**” means a bonus compensation plan for the Debtors’ executives and senior management, in form and substance satisfactory to the DIP Agent, that has been approved by the DIP Agent and the Debtors in writing.~~

“**Petition Date**” means the date on which the Chapter 11 Cases for the Debtors were commenced.

“**Professional Fee Escrow Amount**” means the aggregate amount of accrued and unpaid fees and expenses of the Chapter

11 Professionals, such amounts not to exceed the amounts set forth in the Budget.

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“**Sale Order**” means the order entered by the Bankruptcy Court in form and substance satisfactory to the DIP Agent, the Stalking Horse Bidder, the Debtors, and the Committee that, among other things, approves the 363 Sale, the results of the Auction (if applicable) and the Winning Bidder’s bid.

“**Sale Procedure Order**” means an order in form and substance satisfactory to the DIP Agent approving the bidding procedures to be applicable to the 363 Sale.

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Title:

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By: _____
Name:
Title:

CE SPORTZ LLC

BY: CAFE ENTERPRISES, INC.
ITS: SOLE MEMBER

By: _____
Name:
Title:

CES GASTONIA LLC

BY: CE SPORTZ LLC
ITS: SOLE MEMBER

By: _____
Name:
Title:

DIP AGENT:

ATALAYA ADMINISTRATIVE LLC

By: _____
Name:
Title:

DIP LENDER:

ACM FATZ VII LLC

By: _____
Name:
Title:

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: _____
Name: STORE Master Funding V, LLC
Title: Solely in its capacity as Chair of the Official Committee of Unsecured Creditors of Cafe Enterprises, Inc., *et al.*, and not in any other capacity.

Document comparison by Workshare Compare on Friday, February 8, 2019
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Input:	
Document 1 ID	netdocuments://4818-8792-2052/8
Description	Cafe Holdings - Term Sheet for Global Resolution of Case
Document 2 ID	netdocuments://4818-8792-2052/10
Description	Cafe Holdings - Term Sheet for Global Resolution of Case
Rendering set	standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	4
Deletions	7
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	11