

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
DETROIT

Ch. 11
Case No. 21-47210
Hon. Maria L. Oxholm

In re:

Saline Lodging Group, LLC,
Debtor.

**SMALL BUSINESS SUBCHAPTER V
STATUS CONFERENCE REPORT**

This report is filed pursuant to 11 U.S.C. §1188 in connection with the upcoming Small Business Subchapter V Status Conference.

Date of Status Conference: October 18, 2021 @ 10 am.

1. Nature of the Business: Saline Lodging Group, LLC (SLG) is a member owned and managed limited liability company formed for the purpose of building and operating a hotel, banquet hall, and restaurant in Saline, Michigan.
2. Location of the Business: The location of the business is 1250 E. Michigan Ave., Saline, Michigan.
3. Ownership of the Business: SLG is owned by its 21 members, who are a combination of closely-held businesses, individuals, family trusts, and husband/wife teams.
4. Information Regarding the Number and Types of Employees: SLG currently has no employees. Beth Ann Rentschler has been appointed manager for the

purpose of reorganization and starting operations.

5. Primary Cause of the Necessity to File Bankruptcy: SLG is the victim of Peters Building Company, LLC¹ and James Haeussler who were the contractor / manager for SLG in the first construction phase of the property. Said parties not only failed to diligently proceed in the construction of the Property, causing SLG to lose \$3,500,000 in construction financing, but also misappropriated up to \$1,500,000 in funds from SLG. Construction of the Property stalled in April 2020, and several lien claimants filed lien foreclosure actions against SLG and the Property. First State Bank, the lender², joined the lawsuit seeking a judgment and foreclosure, of which trial was scheduled for September 13, 2021. During the pendency of said litigation, SLG worked to find replacement financing, new capital investment, or a partner to finish the Property and start operations. An party interested in partnering with SLG was introduced to SLG in the first week of September 2021, with the expectation that SLG reorganize in bankruptcy and emerge from bankruptcy with less debt and the Property not subject to foreclosure sale. The timing of the introduction and preliminary terms of the agreement allowed SLG to file the present case to avoid the cost

¹. Peters Building Company is currently a Chapter 7 Debtor in this Court. Haeussler is believed to be uncollectible.

². First State Bank's interest was purchased by Your Enterprise Solutions, LLC.

of the lien and bank foreclosure trial of September 13, 2021.

6. General Information about the Nature and the Secured, Priority and Unsecured Debt: Your Enterprise Solutions, LLC (YES), has a secured interest in 1250 E. Michigan Ave. in the amount of approximately \$3,791,000. The City of Saline and Washtenaw County Treasurer have Section 507 priority claims against the Property in the combined amount of \$129,900.42. William Long has a second position mortgage on the Property in the amount of \$400,000. Four contractors / suppliers have lien claims against the Property in the aggregate amount of \$571,300.60, of which has priority over YES and William Long. YES is secured up to the value of the Property, which is approximately \$2,700,000, less the claims of the City of Saline, Washtenaw Treasurer, and lien claims, which are fully secured. Unsecured creditors in the amount of \$307,763 consist of primarily contractors and suppliers who provided labor and materials to the Property who did not file lien claims against the Property.
7. Status of Employment of Professionals: SLG has filed an application to employ Don Darnell as its attorney in this case. Deborah Fish has been appointed Subchapter V Trustee. No other professionals are expected to be necessary to reorganization.
8. Status of Discuss the Trustee: Debtor's attorney and the Subchapter V Trustee have been in regular communication the Trustee is apprised of the Debtor's

status and outline plan of reorganization.

9. Status of any Cash Collateral, Adequate Protection, or Stay Relief Issues: For the reason that there are currently no operations of the business, there are no cash collateral issues. Debtor has examined adequate protection issues as the same pertain to YES, and is of the opinion that YES is adequately protected for the reason that the assets of SLG are not declining in value, are fully insured against loss, and SLG will satisfy any administrative claims that may arise during the course of this bankruptcy, as to avoid further liens upon the collateral.
10. Goals for Reorganization of the Business: Debtor continues to work with a proposed partner, working toward a partnership agreement. Generally, the proposed plan includes a cash down payment by the partner and monthly payments in an amount to be determined, of which will be used to pay creditors. The partner will provide capital and expertise to finish the Property and start operations. Payments to creditors are expected to start immediately after confirmation. The Property is expected to be completed in late 2022 or early 2023, with operations starting immediately thereafter. Creditors are expected to receive at least as much as they would have received in the liquidation of SLG.

11. Financial Projections for Upcoming Six Month Period: The business will not have operations in the next six months.
12. Efforts taken and Status of Achieving a Consensual Plan: Given that SLG has yet to finalize its proposed partner's investment and terms, SLG has been unable to materially negotiate a consensual plan with creditors. SLG anticipates that priority claimants and lien claimants will agree to accept the full amount of their claims. SLG has communicated with YES's attorney with information that SLG will offer a plan that pays YES at least as much as YES would have received in a liquidation. SLG expects to negotiate a plan when has the final terms of the partner agreement.
13. Whether There is a Need to File a Separate Disclosure Statement: SLG is a company with no track record. It would not be useful for Trustee, creditors and interested parties to have SLG file a separate disclosure statement.
14. Where There Is a Need to Expand the Proof of Claim Deadline: SLG says no.
15. Any Other Pertinent Information That Should Be Brought to the Court's Attention: None at this time.

October 12, 2021

/s/ Don Darnell
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