Docket #0123 Date Filed: 03/04/2026

THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
Vanderbilt Minerals, LLC,	Case No. 26-60110 (WAK)
Debtor.[1]	

DEBTOR'S OMNIBUS
(I) REPLY IN SUPPORT OF THE DEBTOR'S
BIDDING PROCEDURES MOTION AND (II) OBJECTION TO REQUEST
FOR ADJOURNMENT OF HEARING ON BIDDING PROCEDURES MOTION

The above-captioned debtor and debtor in possession (the "Debtor") hereby submits this omnibus reply and objection (this "Reply") in response to (i) the objections [Docket Nos. 113 & 121] to the *Motion of the Debtor and Debtor in Possession for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtor's Assets, (B) Authorizing the Debtor to Enter into the Stalking Horse Agreement and to Provide Bidding Protections Thereunder, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof and (F) Granting Related Relief, and (II)(A) Approving the Sale of the Debtor's Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases and (C) Granting Related Relief* [Docket No. 16] (the "Bidding Procedures Motion") and (ii) the letter request to adjourn the hearing scheduled for March 4,

[1] The Debtor is Vanderbilt Minerals, LLC (EIN 13-1432885). The Debtor's noticing address in this chapter 11 case is 33 Winfield Street, Norwalk, Connecticut 06855.

2026, with regards to the Bidding Procedures Motion filed by Belluck Law, LLP [Docket No. 118] (the "Letter Request for Adjournment").[2]

Background

1. There are two categories of relief that Debtor seeks under the Bidding Procedures Motion on March 4, 2026: (i) the designation of the Stalking Horse Bidder and the granting of the Bid Protections; and (ii) the approval of the Bidding Procedures and establishment of the schedule for the Sale Process. Importantly, the approval of the sale itself is not before the Court yet.

2. The first category of relief is both routine and beneficial to the estate. Chapter 11 debtors who seek to sell a substantial portion of their assets are better served having the certainty of a non-insider bidder "on the hook." That is why bankruptcy courts often approve bidding protections before, or even on the very day, that a committee of unsecured creditors is formed. The designation of the Stalking Horse Bidder will provide the estate with a large amount of certainty – i.e., at the worst, the Stalking Horse Assets will sell for $50 million. In return for this guaranteed minimum purchase price, the Debtor agreed to provide the Stalking Horse Bidder with the Bid Protections, which fall within the range approved by courts in this Circuit.

3. The remainder of the relief the Debtor seeks in the Bidding Procedures Motion on March 4 provides a timeline and framework for an orderly process where each bidder can participate on a level playing field. The Official Committee of Unsecured Creditors (the "Committee"), which was appointed on March 3, 2026, retains all of its objection rights to

[2] Capitalized terms used but otherwise undefined in this Reply shall have the meanings ascribed to them in the Bidding Procedures Motion.

any remaining milestones contained in the DIP Financing Agreement (as defined in the DIP Financing Motion). But approving the Bidding Procedures now is nonetheless appropriate in order to keep potential bidders motivated, actively engaged in the process and assured that the process will continue moving forward in a timely fashion.

4. On March 3, 2026, certain law firms representing individuals with asserted talc-related personal injury claims against the Debtor (the "Certain Law Firms") filed an objection to the Bidding Procedures Motion [Docket No. 113] (the "Certain Law Firms Objection").

5. Also on March 3, 2026, the Office of the United States Trustee (the "U.S. Trustee") filed an objection to the Bidding Procedures Motion [Docket No. 121] (the "U.S. Trustee Objection" and, together with the Certain Law Firms Objection, the "Objections").

6. On March 3, 2026, Belluck Law, LLP ("Belluck"), one of the Certain Law Firms, filed the Letter Request for Adjournment [Docket No. 118], requesting under Local Rule 7040-2 that the Court adjourn the March 4 hearing with respect to the Bidding Procedures until March 16, 2026.[3]

7. The Objections ignore the Debtor's fundamental objective in seeking approval to continue the Sale Process in chapter 11: to establish a process for maximizing the value that will be available for distribution to the Debtor's creditors – particularly the holders of talc-related litigation claims. The Sale Process is part of a months-long effort by the Debtor and its professionals to elicit from the market bids to maximize the cash that the Debtor receives in

[3] In the Letter Request for Adjournment, Belluck states "[t]o our knowledge, the Debtor and other parties in interest have not consented to this request." While Belluck correctly surmised the Debtor's unwillingness to consent to the requested adjournment, Belluck did not contact the Debtor prior to filing the Letter Request for Adjournment nor seek its consent, as Local Rule 7040-2 contemplates.

exchange for its operating assets in order to enhance the value that can be distributed to creditors. The portion of relief sought in the Bid Procedures Motion that the Debtor is asking the Court to approve on March 4 does exactly that. Nonetheless, the Objections primarily focus on relief ***not*** being sought from the Court on March 4 pursuant to the Bidding Procedures Motion.[4] And, contrary to the Objections' suggestion, the Court's granting the limited relief requested on March 4 under the Bidding Procedures Motion is without prejudice to the Committee, the Certain Law Firms or the UST's rights to object to the sale itself at the appropriate time, the Settlement Motion or final approval of the DIP Financing.

8. Locking in a Stalking Horse Bidder to ensure a "floor" for the Stalking Horse Assets should not be controversial since value can only go up from there at an auction. The result is beneficial for all of the Debtor's stakeholders.

Reply

I. Designation of the Stalking Horse Bidder and Stalking Horse Protections are Appropriate

9. Contrary to the Certain Law Firms' suggestion on page 9 of their Objection, the Debtor has presented evidence regarding the scope of marketing, parties contacted and diligence completed. As detailed in the Mendelsohn Declaration and the Vomero Sale and Financing Declaration, the Debtor has been running an extensive, months-long competitive marketing process. Mendelsohn Decl., ¶¶ 18–20; Vomero Sale and Financing Decl., ¶ 11. Indeed, that process highlighted just how marketable the Stalking Horse Assets (including the Settlement Assets) are – leading to a prepetition "mini-auction" for the opportunity to serve as

[4] The U.S. Trustee and the Certain Law Firms do not object to the final relief being sought under certain First Day Motions on March 4, like the Employee Wages and Benefits, Taxes and Insurance Motions.

the Stalking Horse Bidder. Mendelsohn Decl., ¶ 26; Vomero Sale and Financing Decl., ¶¶ 13-15.

10. Both the U.S. Trustee and the Certain Law Firms argue that the Court must independently value the assets being sold and conclude that the Stalking Horse Bid provides more value to the estate than the court-determined value before allowing the Debtor to enter into the Stalking Horse APA. See U.S. Trustee Objection at 5 ("The court cannot conclude that the Stalking Horse Bidder's bid represents fair or maximum value when the underlying asset picture remains obscured."); Certain Law Firms Objection at 9 ("In the absence of comprehensive valuation, the appropriateness of the proposed bidding procedures cannot be determined."). First, these objections relate to the approval of the sale itself – which is not before the Court on March 4. Second, the premise is incorrect and contrary to United States Supreme Court and Second Circuit precedent. The Supreme Court has made clear that "the best way to determine value is exposure to a market" (i.e., a months-long marketing process). Bank of Am. Nat. Tr. & Sav. Ass'n v. 203 N. LaSalle St. P'ship, 526 U.S. 434, 436 (1999); see also In re MPM Silicones, L.L.C., 874 F.3d 787, 800 (2d Cir. 2017) (observing the existence of "long-standing precedent dictating that 'the best way to determine value is exposure to a market.'" (quoting 203 N. LaSalle, 526 U.S. at 436)); In re Barnes, 615 B.R. 514, 525 (Bankr. D. Conn. 2020) ("Critically, it is generally accepted that the best and truest indication of value is the behavior in the marketplace and the sale process itself."); In re Chrysler LLC, 405 B.R. 84, 98 (Bankr. S.D.N.Y. 2009) (granting sale motion and noting, "[f]urther, the true test of value is the sale process itself."). Indeed, the Diocese of Camden case cited by the Certain Law Firms denied a sale of an asset because it was not exposed to a marketing process and acknowledged that "[t]he market value of the asset is the best indication that the purchase price is [a] fair and

reasonable price." In re Diocese of Camden, 653 B.R. 722, 735 (Bankr. D.N.J. 2023) (alteration in original and citation omitted).

11. Here, approval of the Bidding Procedures and the Stalking Horse Bidder are necessary and appropriate next steps in the Sale Process. Indeed, the Stalking Horse Bidder has already provided additional incremental value for the Debtor's assets, as the "mini-auction" conducted by the Debtor prepetition resulted in the Stalking Horse Bidder materially increasing its offer for the Stalking Horse Assets over and above its last bid prior to the "mini-auction" conducted during the week leading up to the Petition Date. Mendelsohn Decl., ¶ 26; Vomero Sale and Financing Decl., ¶¶ 13-15.

12. As detailed in the Bidding Procedures Motion and the Mendelsohn Declaration, the proposed Bid Protections are reasonable and a requirement of the Stalking Horse Bidder to agree to serve in such capacity. Bidding Procedures Mot., ¶¶ 27-29; Mendelsohn Decl., ¶¶ 33-36. The Bid Protections, which include a $2 million Break-Up Fee and up to $1 million in expense reimbursements, are well within the range of reasonableness of Bid Protections, which equal less than 6% of the proposed purchase price when compared to the approximately $53 million in total consideration (purchase price and assumption of certain liabilities) comprising the Stalking Horse Bid. See Bidding Procedures Mot., ¶ 28.

13. The selection of a proposed Stalking Horse Bidder has already produced dividends for the Debtor that will inure to the benefit of its stakeholders, including talc claimants. The approval of the Stalking Horse Bidder – including the baseline purchase price for the Stalking Horse Assets – is necessary and appropriate to ensure that the Sale Process maximizes value for the Debtor's estate.

14. Indeed, the economic certainty achieved upon the entry of the Bidding Procedures Order will not substantively prejudice the Committee or any other party. Courts commonly approve bidding procedures, including bid protections, substantially contemporaneously with a committee being constituted. See, e.g., In re Compass Coffee, LLC, No. 26-00005 [Docket No. 90] (Bankr. D.D.C. Jan. 23, 2026) (order approving bidding procedures entered same day as committee was appointed); In re Luminar Technologies, Inc., No. 25-90807 [Docket No. 119] (Bankr. S.D. Tex. Dec. 30, 2025) (same); In re JB Grp. of LA, LLC, No. 25-10807 [Docket No. 63] (Bankr. M.D. La. Sep. 18, 2025) (order approving bidding procedures entered 19 days before committee was appointed).

II. The Timeline Proposed by the Sale Process is Reasonable and the Court Should Approve It at This Time Subject to the Committee's Right to Object to the Final DIP Order

15. The Debtor and its professionals have spent months in the market, soliciting interest in the Debtor's assets, and that marketing process is continuing postpetition. Under the current schedule in the Chapter 11 Case and the Sale Process, the hearing for final approval of the DIP Financing and the Settlement Motion is scheduled for March 18, 2026. That is more than a week prior to the deadlines for submission of Qualified Bids for the Stalking Horse Assets (March 26, 2026) and objections to the sale of those assets (March 27, 2026), more than two weeks prior to a potential Auction for the Stalking Horse Assets (April 2, 2026) and nearly three weeks prior to the proposed Sale Hearing (April 7, 2026). Contrary to the Objections' suggestions, the approval of the timeline in the Bidding Procedures does not amount to the Court's approval of the DIP milestones on a final basis. The Committee's, the U.S. Trustee's and Certain Law Firms' objections to approval of the milestones on a final basis are preserved.

16. Parties in interest, including the Committee, will have more than ample time to consider any potential Sale Transactions, including the impact that the Settlement Assets may have on those Sale Transactions. In approving the Bidding Procedures, the Court would not prejudice the ability of the Committee or any other party in interest to evaluate potential Sale Transactions, nor would it be pre-approving the Settlement Motion or the Final DIP Order. Moreover, the Bidding Procedures themselves allow the Debtor to modify the Bidding Procedures if it determines modification is in the best interest of the Debtor's estate, after consultation with the Consultation Parties (which includes the Committee).

17. Finally, the U.S. Trustee and the Certain Law Firms object to the inclusion of insurance policies and avoidance actions in the Stalking Horse Assets. See U.S. Trustee Objection at 5-6; Certain Law Firm Objection at 10. The Debtors have obtained the Stalking Horse Bidder's agreement that the Stalking Horse Assets do not include any insurance policies with coverage for claims made or occurrences prior to January 1, 2013. And, contrary to the Certain Law Firms Objection's suggestion on page 10, a debtor can sell avoidance claims under Section 363. See Pitman Farms v. ARKK Food Co., LLC (In re Simply Essentials, LLC), 78 F.4th 1006, 1010 (8th Cir. 2023) (holding avoidance actions were salable property of the estate); Knoll, Inc. v. Zelinsky, No. 05-cv-1499, 2008 WL 11504632, at *7 (N.D.N.Y. Apr. 8, 2008) (approving sale of avoidance action). Here, Stalking Horse Bidder has also clarified that it is not seeking to purchase all avoidance actions, just non-insider avoidance actions against third parties who have a present relationship with the Debtor's operating business, like customers, vendors and employees. Regardless, these are objections to the sale itself and not a reason to deny the scheduling and bid protections relief sought in the Bidding Procedures Motion on March 4.

18. The value of the Debtor's estate will be enhanced by securing the certainty of a buyer and a floor price for its assets. Bidders need certainty as to when their bids will be due, when the Auction will be and when the Court will hear approval of the Sale Transaction. The Court should approve the Debtor's entry into the Stalking Horse Agreement, including the Bid Protections contemplated therein, and the Bidding Procedures.

[*Remainder of page intentionally left blank.*]

Dated: March 4, 2026
Syracuse, New York

Respectfully submitted,

/s/ Charles J. Sullivan

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