

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

SHELDAHL, INC.,

Debtor.

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**Case No. BKY 02-31674
Chapter 11 Case**

**RESPONSE TO THE NOTICE OF HEARING AND STEERING COMMITTEE'S
SECOND OMNIBUS OBJECTION TO CLAIMS**

COMES NOW Wells Fargo Bank Minnesota, N.A. ("Wells Fargo"), as successor in interest to Norwest Bank Minnesota, National Association, as Trustee for Registered Certificateholders of J.P. Morgan Commercial Mortgage Finance Corp., Mortgage Pass-Through Certificates Series 2000-C9 (the "Trust"), a secured creditor and party-in-interest, and files this Response ("the Response") to the Notice of Hearing and Steering Committee's Second Omnibus Objection to Claims (the "Objection") and, in support thereof, would respectfully show this Court as follows:

JURISDICTION

1. This Court has jurisdiction over the Response according to 28 U.S.C. §§ 157 and 1334. This is a core proceeding according to 28 U.S.C. §157(b)(2). Venue is proper before this Court according to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND.

2. On April 30, 2002 (the "Petition Date"), Sheldahl, Inc. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code.

3. Wells Fargo holds a deed of trust on a certain property owned by the Debtor, known as 1285 South Fordham Road, Longmont, Colorado (the "Colorado Property"). This deed of trust (the "Deed of Trust") secures, among other things, the Debtor's obligation under a

fixed note (the “Note”) in the original principal amount of \$4,300,000. The Debtor had guaranteed to repay this amount to Wells Fargo. Despite this guarantee, the Debtor had defaulted in repayment of the Note to Wells Fargo prior to the Petition Date.

4. After the Petition Date, on June 20, 2002, Wells Fargo moved for relief from the automatic stay on the Colorado Property (the “Lift Stay Motion”). Around April, 2003, the Debtor consented to the relief sought in the Lift Stay Motion. Thereafter, Jeffrey Smith (the “Receiver”) was appointed as receiver for the Colorado Property.

5. On September 5, 2002, Wells Fargo filed a proof of claim against the Debtor’s estate in the total amount of \$5,221,832.37 (the “Wells Fargo Claim”). The Wells Fargo Claim is based upon the Deed of Trust Wells Fargo holds against the Debtor. The Wells Fargo Claim includes principal in the amount of \$4,189,450.75, non-default interest in the amount of \$60,552.69, default interest in the amount of \$22,692.80, late charges in the amount of \$6,942.36 and pre-payment consideration in the amount of \$942,193.77.

6. On July 14, 2004, Wells Fargo sold the Colorado Property at a foreclosure sale (the “Sale”) for the amount of \$4,570,000.00. *See* the Public Trustee’s Certificate of Purchase attached as **Exhibit 1**.

7. On August 31, 2004, the Steering Committee filed its Objection, objecting to the Wells Fargo Claim, among others.

8. The Steering Committee provides two reasons for the Objection. First, the Steering Committee claims that because of the Sale, the Wells Fargo Claim has been paid and Wells Fargo no longer has the right to seek payment from the Debtor. Second, and in the alternative, the Steering Committee claims that the Wells Fargo Claim should be reduced by the value of the Colorado Property.

RESPONSE TO THE STEERING COMMITTEE'S OBJECTION

9. The amount due under the Wells Fargo Claim compared with the sale price of the Colorado Property disproves the first reason the Steering Committee provides for the Objection. As discussed in the Background, while Wells Fargo filed its claim in the amount of \$5,221,832.37, the Colorado Property was sold for only \$4,570,000 at the Sale. Thus, the Sale generated only part of the proceeds necessary to satisfy the Wells Fargo Claim. Therefore, the first reason the Steering Committee provides in support of the Objection is incorrect because the Wells Fargo Claim has not been fully paid.

10. Wells Fargo does not disagree with the Steering Committee that the Wells Fargo Claim should be reduced by the value of the Colorado Property at the Sale. As noted, the Colorado Property was sold for \$4,570,000 at the Sale. Therefore, Wells Fargo has a deficiency claim in the amount of \$651,832.37.

WHEREFORE, Wells Fargo requests that the Court: (1) deny the Steering Committee's Objection; (2) grant Wells Fargo an allowed claim against the Debtor in the amount of \$651,832.37; and (3) grant Wells Fargo such other and further relief to which it may show itself to be justly entitled.

Dated: October 8, 2004

DORSEY & WHITNEY LLP

By: /s/ Monica L. Clark
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successor in interest to Norwest Bank Minnesota,
National Association, as Trustee for Registered
Certificateholders of J.P. Morgan Commercial
Mortgage Finance Corp., Mortgage Pass-Through
Certificates Series 2000-C9

ORIGINAL

PUBLIC TRUSTEE'S CERTIFICATE OF PURCHASE

NO. 13791

STATE OF COLORADO)
BOULDER COUNTY) ss.

I, the undersigned Public Trustee, certify that pursuant to the power and authority vested in me by Law and by the Deed of Trust described as follows:

Grantor (Borrower): Sheldahl Colorado, LLC
Original Beneficiary: Morgan Guaranty Trust Company of New York.
Date of Deed of Trust: November 16, 1999
Recording Date of Deed of Trust: November 17, 1999
Original Principal Amount of Secured Note: \$4,300,000.00
County of Recording: Boulder
Book and Page No. or Reception No. of Recorded Deed of Trust: At Reception Number 2000273
Legal Description of Real Property: See Exhibit A

WHICH HAS THE ADDRESS OF 1285 South Fordham Street, Longmont, Colorado 80503

AND, upon notice of election and demand being filed with me and recorded in said County as follows:

Date of Recording: April 28, 2004
Book and Page No. or Reception No.: Reception No. 2580902

I FIRST published a notice of sale and timely mailed a copy of the notice as it appeared in a newspaper of general circulation in said County to the grantor of the Deed of Trust and to all persons appearing to have acquired a record interest in the property subsequent to the recording of said Deed of Trust. I timely mailed a notice of the right to cure a default to the grantor of the Deed of Trust, and a notice of the right to redeem to the owner of the property and to others having a right to redeem.

AND, on July 14, 2004, at 10:00 AM, I exposed to public sale the above described property situate in the aforesaid County of Recording, State of Colorado.

This sale was not conducted pursuant to a court order authorizing the bifurcated sale of agricultural real estate pursuant to the provisions of 38-37-104(2) and 38-39-102.5 C.R.S.

At said sale Wells Fargo Bank N.A., successor by merger to Wells Fargo Bank Minnesota, N.A., as successor in interest to Norwest Bank Minnesota, National Association, as Trustee for the Registered Certificateholders of J. P. Morgan Commercial Mortgage Finance Corp., Mortgage Pass-Through Certificates, Series 2000-C9, Purchaser, whose legal address is: 5605 N. MacArthur Blvd., Suite 950, Irving, Texas 75038, bid the sum of \$4,570,000.00 for said property. Being the highest and best bid received therefore, the said property was struck off and sold to the said purchaser. Unless the same be sooner redeemed, the said purchaser will be entitled to a deed for said property upon the expiration of the period or periods of redemption allowed by law to the owner, all subsequent lienors, and persons entitled to redeem.

Executed in duplicate on 7-14-04

SANDY HUME

Public Trustee of Boulder County

By Sheryl DelRosario Deputy Public Trustee

STATE OF COLORADO)
BOULDER COUNTY) ss.

The foregoing Certificate of Purchase was acknowledged before me this 14th day of July, 2004, by Sheryl DelRosario, DEPUTY Public Trustee of Boulder County of Boulder, State of Colorado.

Witness my hand and seal.

My commission expires

[Signature] Notary Public



My Commission Expires 05/08/06

Sale No. 13791
EXHIBIT A

Lot 1, Block 1, Clover Creek Industrial, First Filing, recorded December 31, 1994, on Film 2027 at Reception No. 1486535, County of Boulder, State of Colorado.

Together with an exclusive perpetual easement for parking as set forth in that certain Declaration of Easements for Parking of even date herewith, recorded on November 17, 1999, in Reception No. 2000270 in the public records of Boulder County, Colorado, on the following described property:

A parcel of land located in the Northwest $\frac{1}{4}$ of Section 17, Township 2 North, Range 69 West of the 6th P.M., County of Boulder, State of Colorado, being more particularly described as follows: Beginning at the Southeast corner of Lot 1 Block 1, of the Clover Creek Industrial, First Filing Subdivision, which is also a point on the west right-of-way line of South Fordham Street; thence along said West right of way South 00 degrees 16 minutes 28 seconds West 335.08 feet; thence North 89 degrees 43 minutes 32 seconds West 490.00 feet; thence North 00 degrees 16 minutes 28 second East, 335.08 feet to the Southwest corner of said Lot 1; thence along the South line of said Lot 1 South 89 degrees 43 minutes 32 second East, 490.00 feet to the point of beginning, County of Boulder, State of Colorado.

WHICH HAS THE ADDRESS OF 1285 South Fordham Street, Longmont, Colorado 80503.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Response was served via first class mail, postage prepaid, on the 8th day of October, 2004, as follows:

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/s/ Monica L. Clark
Monica L. Clark