

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

SC HEALTHCARE HOLDING, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10443 (TMH)

(Joint Administration Requested)

DECLARATION OF DAVID R. CAMPBELL IN SUPPORT OF DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) GRANTING ADEQUATE PROTECTION TO CERTAIN PREPETITION SECURED CREDIT PARTIES, (IV) MODIFYING THE AUTOMATIC STAY, (V) AUTHORIZING THE DEBTORS TO ENTER INTO AGREEMENTS WITH JMB CAPITAL PARTNERS LENDING, LLC, (VI) AUTHORIZING NON-CONSENSUAL USE OF CASH COLLATERAL, (VII) SCHEDULING A FINAL HEARING, AND (VIII) GRANTING RELATED RELIEF

Pursuant to 28 U.S.C. § 1746, I, DAVID R. CAMPBELL, declare as follows:

1. My name is David R. Campbell. I am over the age of 18 and have personal knowledge of the matters discussed in this declaration (the "Declaration").

2. I am a Managing Director and Healthcare Team Leader at Getzler Henrich & Associates LLC ("Getzler Henrich"), the proposed restructuring and financial advisor to SC Healthcare Holding, LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors").

¹ The last four digits of SC Healthcare Holding, LLC's tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors' proposed claims and noticing agent at www.kccllc.net/Petersen.



3. I make this Declaration in support of the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter into Agreements with JMB Capital Partners Lending, LLC, (VI) Authorizing Non-Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief* (the "DIP Motion").²

4. In particular, this Declaration summarizes and describes the report of March 18, 2024 (the "Recovery Estimates") that I prepared regarding: (a) the value of the Debtors' assets and (b) the resulting potential recovery scenarios for 1st lien claims, 2nd lien claims, and unsecured claims estimates – while also factoring in a debtor in possession (DIP) facility of \$45 million.

BACKGROUND AND QUALIFICATIONS

5. Since November 2016, I have been a Managing Director of Getzler Henrich, a restructuring advisory services firm that specializes in providing operational and financial services to middle-market businesses and their stakeholders. As of February 27, 2024, I serve as the Chief Restructuring Officer (the "CRO") of a majority of the above-captioned debtors and debtors in possession (each a "Debtor" and collectively, the "Debtors," the "Company," or "Petersen").

6. Getzler Henrich has been retained by the Company to serve as their financial advisor. As leader of the current engagement, I have independently reviewed, have become familiar with, and have personal knowledge regarding the Debtors' day-to-day operations, businesses, financial affairs, and books and records.

² Capitalized terms used but not defined in this Declaration have the meanings assigned in the DIP Motion or the proposed interim order attached as Exhibit A to the DIP Motion (the "Interim DIP Order").

7. I have over 20 years' experience with in- and out-of-court restructurings and recapitalizations, mergers and acquisitions and divestiture initiatives. I have worked with companies, private equity firms, banks, family offices and commercial lenders by providing leadership, operational and strategic advice in a wide range of corporate finance transactions, including restructurings and reorganizations, mergers and acquisitions, and debt and equity financings.

8. Prior to Getzler Henrich, I was a managing director in the private equity coverage group at Fifth Third Bank. I was also a managing director with Almeric Capital Partners, a credit opportunity fund focusing on distressed first- and second- lien leveraged loans. Earlier, I served as a senior vice president with GE Capital's Health Care Finance group and a principal at Potak, Campbell & Co., a boutique corporate restructuring firm providing advisory services to unsecured creditors.

9. I graduated with an MBA from the University of Chicago's Booth School of Business and received a Masters' Degree from the University of Chicago's Harris School of Public Policy. I received a Bachelor of Arts from Boston University.

10. During my prior engagements and work, I gained significant experience in estimating accounts receivable collections and valuing assets, operations, and real estate for purposes of restructuring sales and other related activities – and particularly in the healthcare industry.

11. The Debtors engaged Getzler Henrich as their financial advisor in July 2018 to assist in the evaluation of strategic alternatives, including debt or equity financing. After that engagement ended, I remained generally aware of the Debtors' operations, including due to my ongoing work in the healthcare industry generally. Getzler Henrich was engaged by the Debtors

a second time on December 12, 2023 to assist it with, among other things, preparing for these Chapter 11 Cases. I have worked closely with the Debtors' management and other professionals retained by the Debtors with respect to the Debtors' financing and restructuring efforts. As a result, I have become well-acquainted with the Debtors' financial statements, capital structure, liquidity needs, and business operations.

12. I am generally familiar with the contents of the DIP Motion (including the exhibits thereto) and believe that the relief sought in each DIP Motion is necessary to enable the Debtors to operate in chapter 11 with minimum disruption or loss of productivity or value, as well as to avoid immediate and irreparable harm to the Debtors' estates. The approval of the DIP Motion would assist the Debtors in maximizing the value of their estates and best serves the interests of the Debtors' estates and creditors.

13. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge; information supplied to me by other employees of Getzler Henrich and members of the Debtors' management, professionals, and advisors; my review of relevant documents; or my opinion based upon my experience and knowledge of the Debtors' industry, operations, and financial condition. If called to testify, I could and would testify competently as to the facts set forth herein. I am authorized to submit this Declaration.

* * * * *

RECOVERY ESTIMATES FOR CERTAIN OF THE DEBTORS' OPERATIONS AND PROPERTIES

14. As noted above, as part of my work for the Debtors, I prepared the Recovery Estimates defined above, a copy of which is included as **Exhibit A**.

15. In my preparation of the Recovery Estimates I projected potential "low", "medium", and "high" case sales value projections as identified in my Recovery Estimates

analysis. In order to calculate those estimates, I utilized a market approach which primarily considered letters of intent to purchase some of the Debtors' specific assets, publicly available comparable transaction data, proprietary data produced by industry leading brokers and marketers of senior living properties, personal experience in marketing similar assets, and various informal communications with brokers and industry professionals. In total, I considered over a dozen letters of intent and comparable transactions, including very recent transactions and transactions involving Midwest skilled nursing facilities and operations. As part of my sales values estimates analysis, I also accounted for potential broker fees associated with those sales.

16. As set forth in **Exhibit A**, each of the Debtors' secured creditors is oversecured such that the DIP Facility being incurred will not impair their recoveries.

17. As set forth in **Exhibit A**, the Debtors' assets are able to be sold and provide for repayment in full of the DIP facility as well as all secured claims.

18. Separately, I calculated an overall waterfall estimate analysis – again using “low”, “medium”, and “high” scenarios for the cash from the sales of the Debtors' assets and collection of accounts receivable collections, calculating such funds to flow down to the DIP facility repayment, followed by the first lien claims, first lien claims, priority unsecured claims, and general unsecured claims. Based on that analysis, I believe the Debtors' assets are worth in excess of the DIP facility, all secured claims and substantial portions of the general unsecured creditors pool.

LIMITATIONS AND DISCLAIMERS

19. The information utilized in preparing the Recovery Estimates was obtained from the Debtors and from public and other sources under the assumption that they are complete and accurate as of the date of provision. I did not independently verify such information.

20. Any estimates and forecasts contained herein involve numerous and significant subjective determinations, which may or may not prove to be correct. No representation or warranty, expressed or implied, is made as to the accuracy or completeness of such information and nothing contained herein is, or shall be relied upon as, a representation or warranty, whether as to the past or the future. No outcome is guaranteed.

21. No selected company or selected transaction used in our analysis is directly comparable to the Debtors.

22. This Recovery Estimate was prepared in anticipation of potential chapter 11 cases being considered by the Petersen companies, and not for any other purpose.

* * *

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: March 21, 2024

/s/ David R. Campbell
David R. Campbell
Managing Director
Getzler Henrich & Associates LLC

EXHIBIT A

Facility Valuation

Petersen Facility Valuation										
Lender	Net Principal	Est. Interest	P & I	Market Value			Residual Value			
				Low	Medium	High	Low	Medium	High	
Bank of Farmington	2,845,278	324,952	3,170,230	4,147,734	4,594,302	5,040,869	977,504	1,424,071	1,870,639	
Bank of Rantoul	2,352,907	268,720	2,621,627	5,443,901	6,030,021	6,616,141	2,822,274	3,408,394	3,994,514	
Berkadia	1,685,071	78,174	1,763,246	4,674,600	6,232,800	7,011,900	2,911,354	4,469,554	5,248,654	
Community State Bank	2,494,108	284,846	2,778,954	9,332,402	10,337,179	11,341,956	6,553,448	7,558,224	8,563,001	
Grandbridge	7,639,600	188,865	7,828,465	6,732,600	8,976,800	10,098,900	(1,095,865)	1,148,335	2,270,435	
GMF Financial (2nd Lien with equity pledge on Sector assets)	26,400,303	3,212,607	29,612,910	-	-	-	30,042,822	65,634,104	85,810,934	
Hickory Point Bank	1,839,599	210,096	2,049,696	3,240,417	3,589,298	3,938,179	1,190,721	1,539,602	1,888,483	
Lument	8,267,261	199,892	8,467,153	17,169,600	22,892,800	25,754,400	8,702,447	14,425,647	17,287,247	
Sector / Column Financial	61,277,341	4,036,350	65,313,692	112,562,532	144,618,756	162,435,580	57,304,884	92,659,814	112,623,843	
Solutions Bank	3,408,171	404,023	3,812,194	6,610,451	7,322,168	8,033,885	2,798,257	3,509,974	4,221,691	
Wells Fargo	1,455,631	76,178	1,531,810	3,087,000	4,116,000	4,630,500	1,555,190	2,584,190	3,098,690	
X-Caliber	28,128,770	3,515,264	31,644,034	43,479,570	54,416,687	60,787,005	25,227,643	40,476,760	49,081,478	
Total	147,794,041	12,799,969	160,594,010	216,480,807	273,126,811	305,689,314				

Notes:

Net Debt = Face value of debt less escrows

X-Caliber includes boot collateral

Sector Financial includes boot collateral

GMF residual value = Sector residual value + GMF 1st lien assets

Sector Financial residual value is inclusive GMF residual value

Assumed interest expense over life of Chapter 11 proceedings

X-Caliber does not include the two HUD homes

Market value includes 2% broker fee