

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

**In re**

**SC HEALTHCARE HOLDING, LLC *et al.*,  
Debtors.<sup>1</sup>**

Chapter 11

Case No. 24-10443 (TMH)

Jointly Administered

Ref. Docket Nos. 264, 341, 569 & 614

**DECLARATION OF DAVID R. CAMPBELL  
IN SUPPORT OF DEBTORS' SELECTION OF  
SUCCESSFUL BIDDERS AND THE PROPOSED SALE TRANSACTIONS**

I, David R. Campbell, pursuant to 28 U.S.C. § 1746, under penalty of perjury, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. Since November 2016, I have been a Managing Director of Getzler Henrich and Associates, LLC ("Getzler Henrich"), a restructuring advisory services firm that specializes in providing operational and financial services to middle-market businesses and their stakeholders. In this capacity I lead the Getzler Henrich's healthcare advisory practice. As of March 12, 2024, I serve as the Chief Restructuring Officer (the "CRO") of all of the above-captioned debtors and debtors in possession (each a "Debtor" and collectively, the "Debtors" or the "Company").

2. In addition to my appointment as CRO, Getzler Henrich has been retained by the Company to provide interim management services during these Chapter 11 Cases. The Debtors previously engaged Getzler Henrich as their financial advisor in July 2018 to assist in the

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<sup>1</sup> 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](http://www.kccllc.net/Petersen).



evaluation of strategic alternatives, including debt or equity financing. I have worked closely with the Debtors' management and other professionals retained by the Debtors with respect to the Debtors' financing and restructuring efforts, including the sale of certain of the Debtors' assets. As leader of the current and prior engagements, 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, and I am well acquainted with the Debtors' capital structure, liquidity needs, and business operations.

3. I submit this declaration (this "Declaration") in support of the Debtors' *Amended Notice of Successful Bidders and Back-Up Bidder* [Docket No. 614] (the "Notice of Successful Bidders")<sup>2</sup> which sets forth the four Successful Bidders selected by the Debtors, in consultation with the Consultation Parties, after the conclusion of the Auction (each, a "Sale Transaction"). This Declaration discusses each Successful Bid and explains why each Successful Bidder was selected as the highest and best bid by the Debtors. This Declaration is submitted in conjunction with the *Declaration of Mark L. Myers in Support of Debtors' Selection of Successful Bidders and the Proposed Sale Transactions*, filed contemporaneously herewith, which discusses the marketing process, auction process, and the various bids.

4. 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 Company's management, professionals, and other advisors; my review of relevant documents; or my opinion based upon my experience and knowledge of the Debtors' industry,

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Notice of Successful Bidders, the *Order (I) Approving (A) Bidding Procedures and (B) Assumption and Assignment Procedures and (III) Granting Related Relief* [Docket No. 341] (the "Bid Procedures Order"), or the Bidding Procedures [Docket No. 346], as applicable.

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.

**A. Supportive Living Facilities Sale Transaction**

5. After the conclusion of the Auction and multiple rounds of competitive bidding, the Debtors, in consultation with the Consultation Parties and with the approval of the Debtors' Boards of Directors (the "Board"), selected HP Developers, LLC as the Successful Bidder for the following three supportive living facilities (collectively, the "SLFs"): Courtyard Estates of Canton, Courtyard Estates of Sullivan, and Legacy Estates of Monmouth. HP Developers, LLC's ("HPD") Successful Bid (the "HPD Bid") had a total purchase price of \$14,500,000 with allocations of \$6,625,000 for Courtyard Estates of Canton, \$6,625,000 for Courtyard Estates of Sullivan, and \$1,250,000 for Legacy Estates of Monmouth, respectively.

6. I, after consultation with the Debtors' various professionals, believe that the HPD Bid was the highest and best bid for the SLFs. After an extensive marketing process, two bidders emerged for the SLFs and participated in the Auction: HPD and Vantage Senior Care, LLC ("Vantage"). At the Auction, HPD and Vantage made a series of bids, each surpassing the last in terms of total purchase price. At the conclusion of the bidding for the SLFs, the Debtors accepted bids from both HPD and Vantage. The HPD Bid was as described above, and the Vantage bid (the "Vantage Bid") had a total purchase price of \$14,750,000 with allocations of \$5,000,000 for Courtyard Estates of Canton, \$5,000,000 for Courtyard Estates of Sullivan, and \$4,750,000 for Legacy Estates of Monmouth, respectively.

7. Upon further consideration and discussion with the Debtors' professionals regarding the HPD Bid and the Vantage Bid, it was determined that the HPD Bid was the highest and best bid for the SLFs. Pursuant to that certain *Order Approving Stipulation to Resolve*

(I) X-Caliber's (A) Motion to Dismiss, (B) 543 Motions, and (C) DIP Objection, and (II) Debtors' MT4 Motion to Dismiss [Docket No. 340] (the "X-Caliber Order"), X-Caliber Funding LLC ("X-Caliber") has a consent right to reasonably reject any offer to purchase the assets of the Receivership Debtors and/or the X-Caliber HUD Entities.<sup>3</sup> Accordingly, the Debtors recognized that X-Caliber had the ability to exercise its consent right and reasonably reject any bid as it related to Legacy Estates of Monmouth, which is a facility owned and operated by two Receivership Debtors—Leacy Estates AL, LLC and Legacy HCO, LLC.

8. Based on that risk, and despite the Vantage Bid having a slightly higher total purchase price, the allocations in the HPD bid left the Debtors with significantly less downside risk should X-Caliber exercise its consent rights in accordance with the X-Caliber Order. Simply put, should X-Caliber exercise its consent right related to Legacy Estates of Monmouth and reject the either the HPD Bid or the Vantage Bid, the HPD Bid would leave the Debtors with a total purchase price for the two remaining SLFs of \$13,250,000 (\$14.5 million less the \$1.25 million allocated to Legacy Estates of Monmouth) as opposed to \$10,000,000 under the Vantage Bid (\$14.75 million less the \$4.75 million allocated to Legacy Estates of Monmouth). Based on the reasonable belief amongst the Debtors and their professionals that there was a strong likelihood that X-Caliber would exercise its consent right, the Debtors concluded that the HBD Bid protected the Debtors against significant downside risk and only sacrificed a relatively small amount in terms

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<sup>3</sup> The "Receivership Debtors" are El Paso HCC, LLC; Flanagan HCC, LLC; Kewanee AL, LLC; Knoxville AL, LLC; Legacy Estates AL, LLC; Marigold HCC LLC; Monmouth AL LLC; Polo LLC; El Paso HCO, LLC; Flanagan HCO, LLC; CYE Kewanee HCO, LLC; CYE Knoxville HCO, LLC; Legacy HCO, LLC; Marigold HCO, LLC; CYE Monmouth HCO LLC; and Polo HCO, LLC.

The "X-Caliber HUD Entities" are Charleston HCC, LLC, Charleston HCO, LLC, Cumberland HCC, LLC and Cumberland HCO, LLC.

of total purchase price. Thus, I, alongside the Debtors' professionals, concluded that the HPD Bid constituted the highest and best bid for the SLFs.<sup>4</sup>

9. As we anticipated, since the Debtors' selection of the HPD Bid as the highest and best bid for the SLFs, X-Caliber has filed the *X-Caliber Funding LLC's and X-Caliber Capital, LLC's Notice of Non-Consent to Sale* [Docket No. 610] providing notice that, among other things, X-Caliber does not consent to the sale of the assets of the Receivership Debtors pursuant to the HPD Bid and requesting that the Receivership Debtors (including Legacy Estates of Monmouth) be carved out from any approved sale.

#### **B. Courtyard Estates of Farmington Sale Transaction**

10. After the conclusion of the Auction, the Debtors, in consultation with the Consultation Parties and with the approval of the Board, selected Bank of Farmington as the Successful Bidder for the facility known as Courtyard Estates of Farmington. Bank of Farmington's Successful Bid (the "BOF Bid") was a credit bid in the amount of \$2,845,277.77, plus a cash payment of \$309,806 for a total purchase price of \$3,155,083.77.

11. I, after consultation with the Debtors' various professionals, believe that the BOF Bid was the highest and best bid for the Courtyard Estates of Farmington facility. After an extensive marketing process, two bidders emerged for Courtyard Estates of Farmington and participated in the Auction: Bank of Farmington, which bid for Courtyard Estates of Farmington as a stand-alone facility, and Petersen Acquisitions, LLC (the "Stalking Horse Bidder"), which had included Courtyard Estates of Farmington as part of its Stalking Horse Bid. The Stalking Horse Bid allocated \$1,600,000 of its purchase price to Courtyard Estates of Farmington. After

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<sup>4</sup> In case the HPD Bid fails to consummate according to the Bidding Procedures, the Debtors, with the approval of the Board, selected the Vantage Bid as the Back-Up Bid.

comparing the Stalking Horse Bid's allocation with the BOF Bid's total purchase price of \$3,155,083.77 (a \$1,555,083.77 difference), I, alongside the Debtors' professionals, concluded that the BOF Bid was and is the highest and best bid for Courtyard Estates of Farmington.

**C. Courtyard Estates Girard Sale Transaction**

12. After the conclusion of the Auction, the Debtors, in consultation with the Consultation Parties and with the approval of the Board, selected Hickory Point Bank & Trust ("HPBT") as the Successful Bidder for the facility know as Courtyard Estates of Girard. HPBT's Successful Bid (the "HPBT Bid") was a credit bid in the amount of \$1,820,968, plus a cash payment of \$209,346 for a total purchase price of \$2,030,314.

13. I, after consultation with the Debtors' various professionals, believe that the HPBT Bid was the highest and best bid for the Courtyard Estates of Girard facility. After an extensive marketing process, two bidders emerged for Courtyard Estates of Girard and participated in the Auction: HPBT, which bid for Courtyard Estates of Girard as a stand-alone facility, and the Stalking Horse Bidder, which had included Courtyard Estates of Girard as part of its Stalking Horse Bid. The Stalking Horse Bid allocated \$240,000 of its purchase price to Courtyard Estates of Girard. After comparing the Stalking Horse Bid's allocation with the HPBT Bid's total purchase price of \$2,030,314 (a \$1,790,314 difference), I, alongside the Debtors' professionals concluded that the HPBT Bid was and is the highest and best bid for Courtyard Estates of Girard.

**D. Full Portfolio Sale Transaction**

14. After the conclusion of the Auction, the Debtors, in consultation with the Consultation Parties and with the approval of the Board, selected the Stalking Horse Bidder, as the Successful Bidder for the remainder of the Debtors' skilled nursing facilities. The Stalking Horse Bidder's Successful Bid (the "Stalking Horse Bid") had a total purchase price of \$116,160,000

after removing the purchase price allocation for the Courtyard Estates of Farmington and Courtyard Estates of Girard facilities to account for the successful BOF Bid and HPBT Bid, respectively, in accordance with the Stalking Horse APA.<sup>5</sup> The Stalking Horse Bidder's full list of allocations is attached to the Notice of Successful Bidders as Exhibit A.

15. I, after consultation with the Debtors' various professionals, believe that the Stalking Horse Bid was and is the highest and best bid for the remainder of the Debtors' skilled nursing facilities. After an extensive marketing process, the Stalking Horse Bid was the only bid that materialized for the entire portfolio. While there were, at various times during the marketing process, certain potential smaller portfolio buyers interested in the Debtors' Assets, no competitive bids were received for the subject Assets. At the Auction, the Debtors worked with various potential buyers who had interest in smaller portfolios of facilities to potentially "pull out" those smaller portfolios from the Stalking Horse Bid and sell them separately. Despite our best efforts, none of the smaller portfolio buyers would meet the allocations provided by the Stalking Horse Bidder nor would any combination of smaller portfolios surpass the Stalking Horse Bidder's allocations such that, in the aggregate, a higher and better bid could be made.

16. Moreover, I, alongside the Debtors' professionals, believe that the cost of selling only a portion of the Debtors' facilities, while leaving certain facilities behind to be handled in a wind down process, would result in elevated costs to the Debtors' estates and any nominal increase in purchase price resulting from the sale of multiple small portfolios would be wiped out by the increased costs of selling small groups of facilities rather than the whole. Specifically, I believe that such a strategy would result in increased transaction costs as (i) the Debtors would be left with

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<sup>5</sup> The "Stalking Horse APA" refers to the Stalking Horse APA as defined in, and attached as Exhibit A to, the *Notice of Stalking Horse Bidder and Proposed Bid Protections* [Docket No. 564].

wind down costs associated with any facilities that were not sold and (ii) the Debtors would be required to negotiate and close several deals for several smaller portfolios rather than one larger transaction with the Stalking Horse Bidder. Accordingly, I, alongside the Debtors' professionals concluded that the Stalking Horse Bid was and is the highest and best bid for the remainder of the Debtors' skilled nursing facilities.

**Conclusion**

17. Based on my knowledge and experience with the Company, I believe that the Successful Bidders selected by the Debtors, in consultation with the Consultation Parties and with the approval of the Board represent the highest and best offers for the Debtors' skilled nursing facilities and SLFs.

18. I declare under penalty of perjury that, based upon my knowledge, information and belief as set forth in this Declaration, the foregoing is true and correct.

Dated: July 8, 2024  
Chicago, Illinois

David R. Campbell  
Name: David R. Campbell  
Title: Chief Restructuring Officer