

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, 316, 322

**ORDER (I) APPROVING (A) BIDDING PROCEDURES AND (B) ASSUMPTION AND  
ASSIGNMENT PROCEDURES AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Bid Procedures Order”) (i)(a) approving the Bidding Procedures, substantially in the form attached hereto as **Exhibit 1**; (b) authorizing the Debtors to designate one or more stalking horse bidders (the “Stalking Horse Bidders,” and such bidders’ bids, the “Stalking Horse Bids”) by the Stalking Horse Deadline and offer such Stalking Horse Bidders certain bid protections (the “Stalking Horse Bid Protections”); (c) setting the deadline for potential bidders to submit a proposal to purchase some or all of the Debtors’ Assets (the “Bid Deadline”), authorizing and scheduling an auction (the “Auction”), authorizing and scheduling a hearing with respect to the approval of a proposed sale transaction (the “Sale Hearing”); (d) authorizing and approving the form and manner of the Sale Notice; (e) authorizing and approving the Notice of Assumption, Assignment, and Sale regarding the Debtors’ potential

<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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion or the Bidding Procedures, as applicable.



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assumption and assignment of the Assigned Contracts and of the Debtors' calculation of the amount necessary to cure any defaults thereunder (the "Cure Costs"); (f) authorizing and approving procedures for the assumption and assignment of the Assigned Contracts and the determination of Cure Costs with respect thereto (collectively, the "Assumption and Assignment Procedures"); (ii) authorizing the sale of the Assets free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code (collectively, the "Sale Transactions"); and (iii) granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having held a hearing to consider the relief requested in the Motion, as applicable; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY FOUND AND DETERMINED THAT:**<sup>3</sup>

A. Statutory and Legal Predicates. The predicates for relief granted herein are sections 105, 363, 365, 503, and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, 9007, 9008 and 9014, and Local Rules 2002-1 and 6004-1.

B. Bidding Procedures. The Debtors have articulated good and sufficient business reasons for the Court to (i) approve the Bidding Procedures and (ii) schedule the Auction and Sale Hearing and approve the manner of notice of the Auction, Sale, and Sale Hearing. The Bidding Procedures are fair, reasonable, and appropriate. The Bidding Procedures are reasonably designed to promote a competitive and robust bidding process to generate the greatest level of interest in the Assets resulting in the highest or otherwise best offers.

C. Designation of Stalking Horse Bidders. The Debtors have articulated good and sufficient business reasons for this Court to approve the procedures for the potential designation of one or more Stalking Horse Bidders, as set forth herein. There is a compelling and sound business justification for the Debtors to designate potential purchasers as Staking Horse Bidders for the Assets, or subsets thereof, and to enter into applicable Stalking Horse Purchase Agreements, subject to further approval by this Court.

D. Good Faith Negotiations. The Bidding Procedures were negotiated in good faith and at arms' length and are reasonably designed to promote participation and active bidding and ensure that the highest or best value is generated for Assets.

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<sup>3</sup> The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

E. Assumption and Assignment Procedures. The Debtors have articulated good and sufficient business reasons for this Court to approve the Assumption and Assignment Procedures. The Assumption and Assignment Procedures, including the form of Sale Notice attached hereto as **Exhibit 2** and the form of Notice of Assumption, Assignment, and Sale attached hereto as **Exhibit 3**, are fair, reasonable, and appropriate and are reasonably calculated to provide interested parties with timely and proper notice of the Sale and the Assumption and Assignment Procedures. The Assumption and Assignment Procedures provide an adequate opportunity for all Contract Counterparties to raise any objections to the proposed assumption and assignment or to the proposed Cure costs. The Assumption and Assignment Procedures comply with the provisions of section 365 of the Bankruptcy Code and Bankruptcy Rule 6006.

F. The Notice of Assumption, Assignment, and Sale. The Notice of Assumption, Assignment, and Sale, the form of which is attached hereto as **Exhibit 3**, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Assumption and Assignment Procedures and proposed Cure Costs, as well as any and all objection deadlines related thereto, and no other or further notice shall be required for the Motion and the procedures described therein, except as expressly required herein.

G. Notice. Good and sufficient notice of the relief sought in the Motion has been given under the circumstances, and no further notice is required except as set forth herein with respect to the Auction and the Sale Hearing. Subject to the immediately preceding sentence, a reasonable opportunity to object or to be heard regarding the relief requested in the Motion was afforded to all interested persons and entities. All other notices to be provided pursuant to the Bidding Procedures and procedures set forth in the Motion, including the Sale Notice, constitute good and

sufficient notice to all parties in interest of all matters pertinent hereto. No further notice is required.

H. Relief is Warranted. The legal and factual bases set forth in the Motion establish just and sufficient cause to grant the relief requested therein.

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. The Motion is granted as provided herein.
2. All objections to the relief granted herein that have not been withdrawn with prejudice, waived, or settled, and all reservations of rights included in such objections, are hereby overruled and denied on the merits with prejudice.
3. The Debtors are authorized to implement the Bidding Procedures in accordance with the following timeline (as may be modified in accordance with the Bidding Procedures):

<b>Key Event</b>	<b>Deadline</b>
Deadline to Serve and Publish Sale Notice in <i>USA Today</i> , the <i>New York Times</i> , or another nationally circulated newspaper	<b>As soon as practicable (no later than five (5) business days) after entry of this Bid Procedures Order</b>
Deadline to file the Notice of Assumption, Assignment, and Sale with the Court and serve on the Counterparties	<b>June 14, 2024</b>
Deadline by which Stalking Horse Bidders are Designated	<b>June 14, 2024</b>
Bid Deadline	<b>June 23, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)</b>
Auction (if necessary)	<b>June 25, 2024 at 10:00 a.m.(ET)/9:00 a.m. (CT)</b>
Deadline to File Notice of (a) Successful Bid(s) and Back-Up Bid(s) and (b) Identity of Successful Bidder(s) and Back-Up Bidder(s)	<b>July 2, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)</b>
Deadline to File Contract Objections and Objections to the Sale Transactions, Including to	<b>July 2, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)</b>

Key Event	Deadline
Conduct at Auction and Matters Unique to Successful Bid(s) and Successful Bidder(s) (the “ <u>Contract and Sale Objection Deadline</u> ”)	
Sale Hearing	<b>July 10, 2024 at 10:00 a.m. (ET)</b>
Sale Closing	<b>No later than August 16, 2024</b>

4. The dates and deadlines set forth in this Bid Procedures Order are subject to modification by the Debtors, in consultation with the Consultation Parties, without further order of this Court.

#### **Designation of Stalking Horse Bidders**

5. The Debtors are authorized, in the exercise of their reasonable business judgment, and in consultation with the Consultation Parties, to designate one or more Stalking Horse Bidders for some or all of the Assets, and enter into purchase agreements with other Stalking Horse Bidders (each such agreement, a “Stalking Horse Agreement”), for the sale of such Assets, in each case, in accordance with the terms of this Bid Procedures Order and the Bidding Procedures. For the avoidance of doubt, any such Stalking Horse Bidders and their Stalking Horse Bids shall be designated no later than June 14, 2024 (the “Stalking Horse Deadline”), and such Stalking Horse Agreements shall be filed on the docket.

6. To the extent that the Debtors designate potential purchasers as Stalking Horse Bidders, the Debtors are authorized to offer each Stalking Horse Bidder additional protections, including a reasonable break-up fee and expense reimbursement (the “Bid Protections”), and shall file a notice seeking Court approval of any Bid Protections offered to any Stalking Horse Bidder, which such notice (the “Bid Protections Notice”) shall be set for hearing on not less than three (3) business days’ notice, subject to Court availability and the Debtors’ submission of a motion

seeking to shorten notice with respect to the Bid Protections Notice; *provided, however, that* Bid Protections, if any, shall be subject to the liens and super-priority claims granted in favor of the DIP Lender under the interim order authorizing the Debtor to obtain postpetition financing and related relief [Docket No. 91] and the final order thereon [Docket No. 313] (the “Final DIP Order”) in an amount not to exceed the amount of the DIP Obligation (as defined in the Final DIP Order). The Bid Protections Notice shall be served on all parties which received the Motion. The rights of all parties to object to the sale to the Stalking Horse Bidder on any basis are fully preserved, including without limitation with respect to the form of consideration and the inclusion of assets not subject to liens, if any. Nothing in this Bid Procedures Order or the Bidding Procedures shall limit any party from submitting a bid for any portion of the Assets.

7. Except as specifically authorized in paragraph 6 hereof, absent further order of this Court, no person or entity shall be entitled to any Bid Protections, expense reimbursement or break-up fee, “topping,” termination, or other similar fee or payment by the Debtors for submitting a bid for the Assets, or in any way participating in the Auction or the Debtors’ sale process.

#### **Bidding Procedures**

8. The Bidding Procedures, attached hereto as **Exhibit 1**, are hereby approved in their entirety.

9. The Bidding Procedures are incorporated herein by reference, and shall govern the bids and proceedings related to the sale of the Assets. The failure to specifically include or reference any particular provision of the Bidding Procedures in the Motion or this Bid Procedures Order shall not diminish or otherwise impair the effectiveness of such procedures, it being the Court’s intent that the Bidding Procedures are approved in their entirety, as if fully set forth in this

Bid Procedures Order. If there is a conflict between the terms of this Bid Procedures Order and the Bidding Procedures, the terms of this Bid Procedures Order shall govern.

10. The procedures and requirements set forth in the Bidding Procedures, including those associated with submitting a Qualified Bid, are fair, reasonable and appropriate, and are designed to maximize recoveries for the benefit of the Debtors' estates, creditors, and all parties in interest.

11. The designation of a bid as a Stalking Horse Bid qualifies as a Qualified Bid in accordance with the Bidding Procedures.

12. If the Debtors receive two or more Qualified Bids from Qualified Bidders, then the Debtors shall conduct the Auction in accordance with the Bidding Procedures.

13. The Debtors are authorized to take all reasonable actions necessary or appropriate to implement the Bidding Procedures in accordance with the terms of this Bid Procedures Order and the Bidding Procedures.

14. Pursuant to Local Rule 6004-1(c)(ii): (a) each bidder participating at the Auction shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the Sale, as set forth in the Bidding Procedures; (b) the Auction shall be conducted openly; (c) any creditor of the Debtors that at least two days prior to the Auction delivers a written request to attend the Auction to Debtors' counsel, Winston & Strawn LLP by email, to Kenneth Perkins, kperkins@winston.com, and Carrie Hardman, chardman@winston.com, will be permitted to attend the Auction; and (d) the Auction shall be transcribed or video recorded.

15. The Debtors may, in consultation with the Consultation Parties: (a) determine which Qualified Bid is the highest or otherwise best offer; (b) reject, at any time before entry of an Order of the Bankruptcy Court approving the Successful Bid, any Bid (other than the Stalking



Horse Bid) that, in the discretion of the Debtor, is: (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of the Sale; (iii) contrary to the best interests of the Debtors, their estates, their creditors, and other stakeholders; and (c) at or before the conclusion of the Auction, may impose additional terms and conditions upon Qualified Bidders as the Debtors, in consultation with the Consultation Parties, determine to be in the best interests of the Debtors' estates in these Chapter 11 Cases.

16. Within two (2) business days following the Auction, the Debtors shall provide Hartford Fire Insurance Company ("Hartford") (a) available written financial documentation that was provided to the Debtors by the Successful Bidder and/or Back-Up Bidder for assets of a Debtor for whom Hartford provides surety bonds, and (b) contact information for the Successful Bidder and/or Back Up Bidder's counsel to further discuss the Successful Bidder and/or Back-Up Bidder's intent to assume the surety bonds or procure any new surety bonds.

#### **Objections to Sale Transactions**

17. Objections to the Sale Transactions (each, a "Sale Objection"), must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and provide proposed language that, if accepted and incorporated by the Debtors (in consultation with the Consultation Parties), would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed by the Contract and Sale Objection Deadline, **July 2, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)**. In addition, subject to the terms of this Bid Procedures Order and the Bidding Procedures, the Debtors, with notice to the Consultation Parties, may extend any objection date specified in the applicable notice, as the Debtors deem appropriate in the exercise

of their reasonable business judgment. If a timely Sale Objection cannot otherwise be resolved by the parties, such objection shall be heard by the Court at the applicable Sale Hearing or at a date and time to be determined by the Debtors and the objecting party, subject to this Court's availability.

18. An appropriate representative of each Successful Bidder shall appear at the applicable Sale Hearing and be prepared, if necessary, to have such representative(s) testify in support of a Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and assigned to the Successful Bidder as part of the proposed transaction, or otherwise submit such testimony in writing in the form of a sworn declaration to be filed with the Court in advance of the Sale Hearing and appear at the Sale Hearing, all in accordance with and consistent with the rules of Chambers for the Honorable Thomas M. Horan.

19. Any party who fails to timely file with the Court a Sale Objection will be forever barred from asserting any objection to the Motion, entry of the Sale Order, or consummation and performance of a sale transaction contemplated by a purchase agreement between the Debtors and a Successful Bidder, including the transfer of the Assets to a Successful Bidder, free and clear of all claims and interests pursuant to section 363(f) or 1141 of the Bankruptcy Code. Failure to object shall constitute consent for the purposes of section 363(f) of the Bankruptcy Code and, if applicable, section 1141(c) of the Bankruptcy Code.

20. Notwithstanding the foregoing, if one or more Debtor intends to enter into a transition services agreement with a Successful Bidder (subject to Court approval), the Debtors shall file such transition services agreement as soon as practicable. Objections, if any, to such proposed transition services agreement may be filed no later than the later of (a) the Contract and

Sale Objection Deadline and (b) five (5) business days after the filing of the transition services agreement.

**Sale Notice**

21. The Sale Notice, substantially in the form attached hereto as **Exhibit 2**, is approved. Within one (1) day after the entry of this Bid Procedures Order, or as soon as reasonably practicable thereafter, the Debtors will cause the Sale Notice to be served on the following parties without limitation or their respective counsel, if known (collectively, the “Notice Parties”): (i) the U.S. Trustee; (ii) counsel to the Committee; (iii) counsel to the DIP Lender; (iv) counsel to the Prepetition Secured Parties; (v) the United States Attorney’s Office for the District of Delaware; (vi) the Internal Revenue Service; (vii) the state attorneys general for states in which the Debtors conduct business; (viii) all parties who have expressed a written interest in some or all of the Assets; (ix) all known holders of liens, encumbrances, and other claims secured by the Assets; (x) all Contract Counterparties to Potential Assigned Contracts; (xi) counsel to the Patient Care Ombudsman; and (xii) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”). The Debtors shall also serve the Sale Notice on all known creditors in these Chapter 11 Cases.

22. The Sale Notice contains the type of information required under Bankruptcy Rule 2002 and complies in all respects with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules.

23. The following notice of the Contract and Sale Objection Deadline, to holders of Consent Rights (as defined below) and Preferential Purchase Rights (as defined below) is reasonable and appropriate under the circumstances, fair to all Contract Counterparties, and complies in all respects with the Bankruptcy Code, and is approved.

24. The Debtors may assign to a Successful Bidder, pursuant to an asset purchase agreement and the Sale Order, certain contracts, agreements, leases and other Assets, including Assets constituting real property interests, free and clear of all liens, claims, interests, and encumbrances. Subject to approval by this Court, if any party objects to such assignment, including any objection based on any alleged approval or consent right or anti-assignment provision contained in or applicable to any contract, lease, or other agreement (a “Consent Right”), then such party must file with the Court an objection identifying (i) the contract(s), lease(s), or other agreement(s), (ii) the basis for objecting to the assignment of such contract(s), lease(s), or other agreement(s), and (iii) all supporting documentation (each, an “Assignment Objection”), no later than the Contract and Sale Objection Deadline.

25. Any person failing to timely file an Assignment Objection, as applicable, will be (i) forever barred from objecting to the transfer, sale, assumption, and/or assignment of the Debtors’ right, title, and interest in, to and under the Assets to be sold, assumed, and/or assigned in connection with a Sale Transaction, free and clear of all liens, claims, interests, and encumbrances, including Consent Rights and Preferential Purchase Rights, and from asserting any alleged Preferential Purchase Rights with respect to a Sale Transaction, and (ii) deemed to consent to and approve the transfer, sale, and assumption and/or assignment of the Debtors’ right, title, and interest in, to and under such Assets free and clear of all liens, claims, interests, and encumbrances, including Consent Rights and Preferential Purchase Rights, regardless of whether such consent must be in writing pursuant to the terms of any contract, lease, or other agreement.

26. If any person files an Assignment Objection in accordance herewith, the Debtors and other parties in interest will have the opportunity to object to any alleged rights asserted by such person by filing a response to the Assignment Objection or Rights Objection, as applicable

(and serving such response on the objecting party). Upon the filing of such response to such objection, any rights asserted will be deemed to be disputed and the Debtors will be entitled to assert that a bona fide dispute exists as to such rights asserted. Nothing herein will be deemed a waiver of any rights of the Debtors or any other parties in interest to contest any rights asserted by any person in such objections, and all such rights of the Debtors are expressly preserved.

### **Assumption and Assignment Procedures**

27. The following Assumption and Assignment Procedures are reasonable and appropriate under the circumstances, fair to all Contract Counterparties, comply in all respects with the Bankruptcy Code, and are approved:

- (a) **Notice of Assumption, Assignment and Sale.** By **June 14, 2024** (the “Assumption, Assignment and Sale Service Deadline”), the Debtors shall file on the docket and serve a notice of potential contract assumption, in substantially the form attached to this Bid Procedures Order as **Exhibit 3**, (the “Notice of Assumption, Assignment and Sale”) via first class mail on all Contract Counterparties to all executory contracts and unexpired leases of the Debtors (collectively, the “Potential Assigned Contracts”) and provide a copy of the same to any Stalking Horse Bidder and each of the Consultation Parties. The Notice of Assumption, Assignment and Sale shall inform each recipient of (i) the timing and procedures relating to such potential assumption, assignment and sale, (ii) the title of the Potential Assigned Contract, (iii) the name of the Contract Counterparty to the Potential Assigned Contract, (iv) Debtors’ good faith estimates of the Cure Costs (if any) required in connection with the Potential Assigned Contract and the end date upon which this estimate is based, (v) the identity of any Stalking Horse Bidder, and (vi) the Contract and Sale Objection Deadline; *provided, however, that* service of a Notice of Assumption, Assignment and Sale does not constitute an admission that such Potential Assigned Contract is an executory contract or unexpired lease or that such stated Cure Cost constitutes a claim against the Debtors or a right against the Stalking Horse Bidder (or other Successful Bidder) and all rights with respect thereto shall be expressly reserved. Further, the inclusion of a Potential Assigned Contract on the Notice of Assumption, Assignment and Sale is not a guarantee that such Potential Assigned Contract will ultimately be assumed, assigned and sold.
- (b) **Objections.** Any Contract Counterparty to a Potential Assigned Contract shall file and serve on the Notice Parties any objections to (i) the proposed assumption and assignment of its Potential Assigned Contract to the Successful Bidder, (ii) if applicable, the proposed Cure Cost for its Potential Assigned Contract (and must state in its objection, with specificity, what Cure Cost is required with appropriate

documentation in support thereof) and (iii) the provision of adequate assurance of future performance by any Stalking Horse Bidder (a “Contract Objection”) **no later than the Contract and Sale Objection Deadline, which is July 2, 2024 at 6:00 p.m. (ET)**. Contract Objections must: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; and (v) be filed with this Court. If no Contract Objection is timely filed and served, (i) the Contract Counterparty to the Potential Assigned Contract shall be deemed to have consented to the assumption, assignment and sale of the Contract to any Successful Bidder pursuant to sections 363 and 365 of the Bankruptcy Code if such Potential Assigned Contract is designated by a Successful Bidder as an Assigned Contract, and shall be forever barred from asserting any objection with regard to such assumption, assignment and sale, except with respect to the adequate assurance of future performance by a Successful Bidder **other than** any Stalking Horse Bidder, and (ii) the Cure Cost set forth in the Notice of Assumption, Assignment and Sale shall be controlling pursuant to section 365 of the Bankruptcy Code, notwithstanding anything to the contrary in any Potential Assigned Contract, or any other document, and the counterparty to the Potential Assigned Contract shall be deemed to have consented to the Cure Cost pursuant to section 365 of the Bankruptcy Code, and shall be forever barred from asserting any other claims related to such Potential Assigned Contract against the Debtors or any Successful Bidder, or the property of either of them.

- (c) **Supplemental Contract Assumption Notice.** To the extent that the Debtors, at any time after the Assumption, Assignment and Sale Service Deadline (i) identify additional Potential Assigned Contracts, (ii) remove Potential Assigned Contracts from the list of executory contracts and unexpired leases ultimately selected as Assigned Contracts that any Successful Bidder proposes be assumed, assigned and sold to it in connection with a Sale, and/or (iii) modify the previously stated Cure Cost associated with any Potential Assigned Contracts, the Debtors will promptly file with the Court and serve by first class mail and email (if available) a supplemental notice of contract assumption (a “Supplemental Assumption Notice”) on each of the counterparties to the affected Potential Assigned Contracts and their counsel of record, if any, and on each of the Consultation Parties. Each Supplemental Assumption Notice will include the same information with respect to listed Potential Assigned Contracts as was included in the Notice of Assumption, Assignment and Sale. Each Supplemental Assumption Notice that identifies a Potential Assigned Contract that was not previously designated to be assumed, assigned and sold or that reduces the Debtors’ calculation of the Cure Cost shall provide an objection deadline of **July 2, 2024 at 6:00 p.m. (ET)** (*i.e.*, the Contract and Sale Objection Deadline) by which the counterparty to any such Potential Assigned Contract may object **only** to (a) its listing as a Potential Assigned Contract (if it was not previously designated to be assigned), and (b) the Debtors’ calculation of the Cure Cost for such Potential Assigned Contract (if such Cure Cost is lower

than a previously listed Cure Cost for such Potential Assigned Contract or the amount asserted by such counterparty by the Contract and Sale Objection Deadline); *provided that* any Supplemental Assumption Notice shall be served by overnight delivery.

- (d) **Supplemental Adequate Assurance.** Following the Bid Deadline, in the event that the Debtors receive one or more Qualified Bids, upon request by any counterparty to a Potential Assigned Contract, the Debtors will send such party evidence that any Qualified Bidder that included such Potential Assigned Contract in its Bid has the ability to perform thereunder and otherwise complies with the requirements of adequate assurance of future performance under section 365(b)(1) of the Bankruptcy Code on a confidential basis for all nonpublic information.
- (e) **Dispute Resolution.** If a non-debtor counterparty files a Contract Objection satisfying the requirements of the Assumption and Assignment Procedures, the Debtors and the non-debtor counterparty shall meet and confer in good faith to attempt to resolve any such objection without Court intervention. If the applicable parties determine that the Contract Objection cannot be resolved without judicial intervention in a timely manner, the Court shall make all necessary determinations relating to such Objection at a hearing scheduled pursuant to this following paragraph. Consideration of unresolved Contract Objections, if any, will be held at the Sale Hearing or adjourned to a date and at a time determined by the Debtors (or otherwise scheduled by the Court), *provided, that* if the Debtors (subject to the consent of a Successful Bidder) and the non-debtor counterparty to a Potential Assigned Contract cannot resolve a Contract Objection that solely relates to the Cure Cost, such objection may be adjourned and the Potential Assigned Contract may be (but is not required to be) assumed by the Debtors and assigned and sold to any Stalking Horse Bidder or Successful Bidder, as applicable, *provided, that* the Cure Cost that the non-debtor counterparty asserts is required to be paid shall be segregated pending the parties' consensual resolution of the objection to the Cure Cost or the Court's adjudication of such payment. Pending the parties' consensual resolution of any Contract Objection or the Court's adjudication of such payments, a Successful Bidder may elect to re-designate the relate Assigned Contracts to not be an Assigned Contract. Upon any Cure Cost amount that was subject to a Contract Objection becoming fixed, the applicable Successful Bidder may elect to re-designate the related Assigned Contract to not be an Assigned Contract.
- (f) **Contract Assumption.** No Assigned Contract shall be deemed assumed, assigned and sold pursuant to sections 365 and 363 of the Bankruptcy Code until the later of (i) the date the Court has entered an order assuming, assigning and selling such Assigned Contracts or (ii) the date the Sale has closed.

28. The Notice of Assumption, Assignment, and Sale, substantially in the form attached hereto as **Exhibit 3**, is reasonable, fair, and appropriate, contains the type of information required

under Bankruptcy Rule 2002, and complies in all respects with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules, and is hereby approved.

29. The Notice of Assumption, Assignment, and Sale, including any Supplemental Assumption Notice, is reasonably calculated to provide sufficient notice to the Contract Counterparties of the Debtors' proposed assumption and assignment of the Assigned Contracts in connection with the Sale Transactions and constitutes adequate notice thereof, and no other or further notice of the Debtors' proposed Cure Costs or the proposed assumption and assignment of the Assigned Contracts shall be required if the Debtors file and serve such notice in accordance with the Assumption and Assignment Procedures and this Bid Procedures Order.

30. In accordance with the Bidding Procedures, each Bid must contain such financial and other information that allows the Debtors, in consultation with the Consultation Parties, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a sale transaction including, without limitation, ability to post replacement letters of credit, as applicable, and such financial and other information setting forth adequate assurance of future performance in satisfaction of the requirements under section 365(f)(2)(B) of the Bankruptcy Code, and the Potential Bidder's willingness to perform under any contracts that are assumed and assigned to such party (such information, "Adequate Assurance Information").

31. The Debtors shall provide, or cause to be provided, to applicable Contract Counterparties Adequate Assurance Information on a strictly confidential basis once a Qualified Bidder is deemed a Successful Bidder. Contract Counterparties shall not use any Adequate Assurance Information for any purpose other than to (i) evaluate whether the adequate assurance requirements under Bankruptcy Code section 365(f)(2)(B) and, if applicable, Bankruptcy Code section 365(b)(3), have been satisfied, and (ii) support any objection regarding adequate assurance



of future performance filed by the Contract Counterparty; *provided, that*, if a Contract Counterparty seeks to disclose confidential, non-public information included in the Adequate Assurance Information, it shall request Court authority to redact such information, unless disclosure of such confidential, non-public information is authorized by the Debtors, the Successful Bidder, and any known proposed assignee(s) of the relevant Assigned Contracts (if different from the Successful Bidder), or ordered by the Court.

32. Absent entry of an order approving the applicable Sale Transaction, the Assigned Contracts shall not be deemed assumed or assigned, and shall in all respects be subject to further administration under the Bankruptcy Code.

33. The inclusion of a contract, lease, or other agreement on the Notice of Assumption, Assignment, and Sale or any Supplemental Assumption Notice shall not constitute or be deemed a determination or admission by the Debtors or any other party in interest that such contract or other document is an executory contract or unexpired lease within the meaning of the Bankruptcy Code or that the stated Cure Cost is due (all rights with respect thereto being expressly reserved). The Debtors reserve all of their rights, claims, defenses, and causes of action with respect to each contract or other document listed on the Notice of Assumption, Assignment, and Sale or any Supplemental Assumption Notice.

34. Notwithstanding anything in this Bid Procedures Order or the Bidding Procedures to the contrary, any party that reserves its right to object to a potential assignee (if other than the Stalking Horse Bidder) in an initial objection will be deemed to have preserved its right to object at the Sale Hearing to any potential assignee, without a further objection being necessary upon receipt of a subsequent notice of assignee.

**General Provisions**

35. All persons or entities (whether or not Qualified Bidders) that participate in the bidding process for the Assets shall be deemed to have knowingly and voluntarily (a) consented to the entry of a final order by this Court in connection with the Motion or this Bid Procedures Order (including any disputes relating to the bidding process, the Auction, and/or any sale transaction) to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution and (b) waived any right to jury trial in connection with any disputes relating to the any of the foregoing matters.

36. The Debtors are authorized, in consultation with the Consultation Parties, to make non-substantive changes to the Bidding Procedures, the Assumption and Assignment Procedures, and any related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors, in accordance with the terms of the Bidding Procedures.

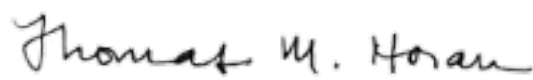
37. The Debtors may, in consultation with the Consultation Parties, cancel the Bidding Procedures and the Auction with respect to any of the Assets if the Debtors determine, in their reasonable business judgment, in a manner consistent with their fiduciary duties to proceed with a private sale of such Assets in accordance with the terms of the Bidding Procedures.

38. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, and 9014, or any applicable provisions of the Local Rules or otherwise, the terms and conditions of this Bid Procedures Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Bid Procedures Order.

39. The Debtors are authorized to take all reasonable steps necessary or appropriate to carry out the relief granted in this Bid Procedures Order.

40. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Bid Procedures Order.

Dated: May 21st, 2024  
Wilmington, Delaware



THOMAS M. HORAN  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1**

**Bidding Procedures**

**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

**BIDDING PROCEDURES**

**Overview**

On March 20, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”), filed voluntary petitions for relief (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”). These Chapter 11 Cases have been consolidated for procedural purposes under the lead case: *In re SC Healthcare Holding, LLC*, Case No. 24-10443 (TMH).

On [ ], 2024, the Bankruptcy Court entered an order [Docket No. ●] (the “Bid Procedures Order”), which, among other things, authorized the Debtors to solicit bids and approved these procedures (the “Bidding Procedures”) for the consideration of the highest or otherwise best bids or any combination of Partial Bids (as defined below) comprising one Qualified Bid (as defined below) for all or substantially all of the Debtors’ assets (the “Assets”) on the terms and conditions set forth herein.<sup>2</sup>

The Debtors, in consultation with the Consultation Parties (as defined below), may designate one or more stalking horse bidders (the “Stalking Horse Bidders”) and enter into separate stalking horse agreements (the “Stalking Horse Purchase Agreements”) for the purchase of any of the Assets, or subsets thereof, with such bid protections to be determined by the Debtors, in consultation with the Consultation Parties, in accordance with the Bid Procedures Order, and subject to further Court approval.

For all purposes under these Bidding Procedures, any Stalking Horse Bidder approved as such pursuant to the Bid Procedures Order shall be considered a Qualified Bidder (as defined

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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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

<sup>2</sup> Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Bid Procedures Order.

below), and any Stalking Horse Bid shall be considered a Qualified Bid. Subject to the other provisions of these Bidding Procedures, in the event that a Stalking Horse Bid is the only Qualified Bid received by the Debtors by the Bid Deadline (as defined below), such Stalking Horse Bidder shall be deemed a Successful Bidder (as defined below).

The Bidding Procedures describe, among other things: (i) the procedures for bidders to submit bids for the acquisition of the Assets, subject to an order of the Court approving such potential sale transactions; (ii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids; (iii) the process for negotiating the bids received; (iv) the conduct of the Auction if the Debtors receive Qualified Bids; (v) the procedure for the ultimate selection of any Successful Bidder and any Back-Up Bidder (as defined below); and (vi) the process for approval of the Sale Transactions at the applicable Sale Hearing.

### **Reservation of Rights**

**Except as otherwise set forth herein, the Debtors reserve the right, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and (except to the extent set forth herein) in consultation with the Consultation Parties, to: (i) modify these Bidding Procedures; (ii) waive terms and conditions set forth herein with respect to all Potential Bidders (as defined below); (iii) extend the deadlines set forth herein; (iv) announce at the Auction modified or additional procedures for conducting the Auction; or (v) alter the assumptions set forth herein; *provided, that*, the Debtors shall not be authorized to make material modifications to these Bidding Procedures without further order of the Court. The Debtors may, in consultation with the Consultation Parties, provide reasonable accommodations to any Potential Bidder(s) with respect to such terms, conditions, and deadlines of the bidding and Auction process to promote further bids on the Assets, in each case, to the extent not materially inconsistent with these Bidding Procedures and the Bid Procedures Order, as applicable. All parties reserve their rights to seek relief from the Court regarding the Auction, these Bidding Procedures, and any related items (including, if necessary, to seek an extension of the Bid Deadline).**

**In addition, the Debtors reserve their right, in consultation with the Consultation Parties, to cancel the Bidding Procedures and the Auction with respect to any of the Assets if the Debtors determine, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and in consultation with the Consultation Parties, to proceed with a private sale of such Assets. If the Debtors receive a bid for a private sale of Assets and intend to cancel the Bidding Procedures and the Auction with respect to such Assets, the Debtors shall first notify and consult with the advisors to the Creditors' Committee (as defined below) and then notify and consult with the Debtors' prepetition secured lenders (the "Prepetition Secured Parties") and their respective counsel and JMB Capital Partners Lending, LLC (the "DIP Lender") and its counsel, Norton Rose Fulbright US LLP ("Norton Rose Fulbright").**

### **Fiduciary Out**

Nothing in these Bidding Procedures will require the board of directors, board of managers, or such similar governing body of any Debtor to take any action, or to refrain from taking any

action, with respect to these Bidding Procedures, to the extent such board of directors, board of managers, or such similar governing body reasonably determines in good faith, in consultation with outside counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law.

### **Summary of Important Dates**

<b>Key Event</b>	<b>Deadline</b>
Deadline to file the Cure Notice with the Court and serve the Cure Notice on the Contract Counterparties	<b>June 18, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)</b>
Deadline to file the Notice of Assumption, Assignment, and Sale with the Court and serve on the Counterparties	<b>June 14, 2024</b>
Deadline by which Stalking Horse Bidders are Designated	<b>June 14, 2024</b>
Bid Deadline	<b>June 25, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)</b>
Auction (if necessary)	<b>June 27, 2024 at 10:00 a.m.(ET)/9:00 a.m. (CT)</b>
Deadline to File Notice of (a) Successful Bid(s) and Back-Up Bid(s) and (b) Identity of Successful Bidder(s) and Back-Up Bidder(s)	<b>July 2, 2024 at 12:00 p.m. (ET)/11:00 a.m. (CT)</b>
Deadline to File Contract Objections and Objections to the Sale Transactions, Including to Conduct at Auction and Matters Unique to Successful Bid(s) and Successful Bidder(s) (the “ <u>Contract and Sale Objection Deadline</u> ”)	<b>July 2, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)</b>
Sale Hearing	<b>July 10, 2024 at 10:00 a.m. (ET)</b>

### **Designation of Stalking Horse Bidders**

The Debtors shall promptly provide copies of any Stalking Horse Bids received by the Debtors to the Consultation Parties. The Debtors, in the exercise of their reasonable business judgment and in consultation with the Consultation Parties, may designate one or more Stalking Horse Bidders, for some or all of the Assets, or subsets thereof, and enter into purchase agreements with Stalking Horse Bidders, for the sale of such Assets, in each case, in accordance with the terms of the Bid Procedures Order and these Bidding Procedures, as applicable. The Debtors will designate Stalking Horse Bidders, if any, by June 14, 2024 (the “Stalking Horse Deadline”). If the

Debtors, in consultation with the Consultation Parties, designate a Stalking Horse Bidder, the Debtors shall file with the Court and serve on the parties that received the Motion, (a) a notice setting forth the identity of the Stalking Horse Bidder and the material terms of such Stalking Horse Purchase Agreement, including the terms of the applicable Bid Protections, as required by Local Rule 6004-1 (each, a “Notice of Additional Stalking Horse”), (b) a copy of the Stalking Horse Purchase Agreement, and (c) a motion (the “Stalking Horse Motion”) seeking authority to enter into the Stalking Horse Purchase Agreement and to offer applicable Bid Protections, with a motion to shorten notice, which shall be considered by the Court on not less than three (3) business days’ notice, subject to the Court’s availability; *provided, however, that* Bid Protections, if any, shall be subject to the liens and super-priority claims granted in favor of the DIP Lender under the interim order authorizing the Debtor to obtain postpetition financing and related relief [Docket No. 91] and the final order thereon [Docket No. 313] (the “Final DIP Order”) in an amount not to exceed the amount of the DIP Obligation (as defined in the Final DIP Order).

Bid Protections. The Debtors may offer each Stalking Horse Bidder a break-up fee and reimbursement of reasonable and documented expenses (the “Bid Protections”); *provided, that*, (i) any break-up fee shall not exceed three percent (3%) of the Purchase Price, and (ii) all Bid Protections must be negotiated by the Debtors, in consultation with the Consultation Parties, subject to notice and an opportunity for parties in interest to object solely with respect to Bid Protections offered by a Debtor; and (iii) such Bid Protections shall not be offered after the Stalking Horse Deadline. The amount and calculation of such Bid Protections shall be described in the notice designating any Stalking Horse Bidder; *provided further, that*, any Bid Protections shall not be inconsistent with the Bid Procedures Order or the Bidding Procedures. For the avoidance of doubt, to the extent the Debtors offer Bid Protections to a Stalking Horse Bidder, which shall be done no later than the Stalking Horse Deadline, the Debtors shall seek approval of the Bid Protections on not less than three (3) business days’ notice.

Objections to and Approval of Designation of Stalking Horse Bidder. Any objections (each, a “Stalking Horse Objection”) to the designation of a Stalking Horse Bidder must (a) be in writing; (b) comply with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules; (c) state, with specificity, the legal and factual bases thereof; and (d) be filed with the Court within three (3) calendar days after service of the applicable Notice of Stalking Horse. For the avoidance of doubt, any objections to the Debtors’ entry into a Stalking Horse Purchase Agreement and to offer Bid Protections in connection therewith will be governed by the Stalking Horse Motion and will be resolved at a hearing scheduled to consider the Stalking Horse Motion.

If a timely Stalking Horse Objection is filed and served in accordance with the preceding paragraph, the proposed designation of a Stalking Horse Bidder will not be approved until either the Stalking Horse Objection is resolved by agreement of the objecting party and the Debtors or by order of the Court.

### **Due Diligence**

The Debtors have posted copies of all material documents related to the Assets to the Debtors’ confidential electronic data room (the “Data Room”). To access the Data Room, a party, other than the Consultation Parties or any Stalking Horse Bidder has been deemed to be a Qualified Bidder (as defined below), must submit to the Debtors’ advisors the following documents:



- (A) an executed confidentiality agreement in a form and substance that is satisfactory to the Debtors (unless such party is already a party to an existing customary confidentiality agreement with the Debtors that is acceptable to the Debtors for this due diligence process, in which case such agreement shall govern);
- (B) documentation identifying the interested party, its principals, and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction;
- (C) sufficient information, as reasonably determined by the Debtors, to allow the Debtors to determine, in their reasonable business judgment whether the interested party (i) has the financial wherewithal to consummate the Sale Transactions, and (ii) intends to access the Data Room for a bona fide purpose consistent with these Bidding Procedures.

An interested party that meets the aforementioned requirements to the reasonable satisfaction of the Debtors shall be a “Potential Bidder” and such Bid (as defined below) shall be a “Potential Bid”. As soon as practicable, the Debtors will provide such Potential Bidder access to the Data Room; *provided, that*, such access may be terminated by the Debtors in their reasonable discretion and in consultation with the Consultation Parties at any time for any reason whatsoever, including that a Potential Bidder does not become a Qualified Bidder, these Bidding Procedures are terminated, the Potential Bidder breaches any obligations under its confidentiality agreement, or the Debtors become aware that information submitted by the Potential Bidder for requesting access to the Data Room is inaccurate or misleading. The Debtors shall provide prompt notice to counsel to the Consultation Parties if access to the Data Room is terminated for any Qualified Bidder as set forth herein. The Debtors may restrict or limit access of a Potential Bidder to the Data Room if the Debtors determine, based on their reasonable business judgment and in consultation with the Consultation Parties that certain information in the Data Room is sensitive, proprietary, or otherwise not appropriate for disclosure to such Potential Bidder.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence access by the Debtors or their advisors regarding the ability of such Potential Bidder to consummate the Sale Transactions.

Until the Bid Deadline, and except as otherwise provided herein, the Debtors will provide any Potential Bidder with reasonable access to the Data Room and any additional information requested by Potential Bidders (subject to any restrictions pursuant to applicable law or these Bidding Procedures) that the Debtors believe in their reasonable business judgment to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be directed to the Debtors’ proposed investment banker, Walker & Dunlop Investment Sales, LLC (Attn: Mark Myers (mmyers@walkerdunlop.com)). In the event that any such additional information is in written form and provided to a Potential Bidder, the Debtors shall simultaneously provide such additional information to all other Potential Bidders by posting it in the Data Room. Unless prohibited by law or otherwise determined by the Debtors, in consultation with the Consultation Parties, the availability of additional due diligence to a Potential Bidder may be terminated, with prompt notice to the Consultation Parties’ counsel, if (i) the Potential Bidder does not become a Qualified Bidder, (ii) these Bidding Procedures are terminated, (iii) the Potential

Bidder breaches any obligations under its confidentiality agreement, or (iv) the Debtors become aware that information submitted by the Potential Bidder for requesting access to the Data Room is inaccurate or misleading.

Neither the Debtors nor any of their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Assets to any person or entity, other than the Consultation Parties, who: (i) is not a Potential Bidder, (ii) does not comply with the participation requirements set forth herein, or (iii) in the case of competitively sensitive information, is a competitor of the Debtors, in the reasonable business judgment of the Debtors.

Each Qualified Bidder shall be deemed to acknowledge and represent (i) that it has had an opportunity to (x) conduct any and all due diligence regarding the applicable assets prior to making a bid and (y) investigate and/or inspect any documents and the applicable assets in making its bid; (ii) that it has relied solely upon its own independent review in making its bid; and (iii) that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise regarding the applicable assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures. The Debtors and their respective estates are not responsible for, and will have no liability with respect to, any information obtained by, or provided to, any Potential Bidders in connection with these Bidding Procedures and the Sale Transactions.

### **Bid Deadline**

A Potential Bidder that desires to make a bid shall deliver electronic copies of its bid so as to be received no later than **June 25, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)** (the “Bid Deadline”); *provided, that*, the Debtors may, in consultation with the Consultation Parties, extend the Bid Deadline without further order of the Court subject to providing notice to all Potential Bidders and any Stalking Horse Bidders. **The submission of a bid by the Bid Deadline shall constitute a binding and irrevocable offer to acquire the Assets specified in such bid.** Any party that does not submit a bid by the Bid Deadline will not be allowed to (i) submit any offer after the Bid Deadline or (ii) participate in any Auction.

Bids should be submitted by email to the following representatives of the Debtors and the official committee of unsecured creditors (the “Creditors’ Committee”):

Winston & Strawn LLP  
Gregory M. Gartland: ggartland@winston.com  
Daniel J. McGuire: dmcguire@winston.com

Walker & Dunlop Investment Sales, LLC  
Mark Myers : mmyers@walkerdunlop.com

Greenberg Traurig, LLP  
Nancy A. Peterman: PetermanN@gtlaw.com  
Shari L. Heyen: Shari.Heyen@gtlaw.com  
Danny Duerdoth: DuerdothD@gtlaw.com

Province, LLC  
Paul Navid: PNavid@provincefirm.com  
Tanner James: tjames@provincefirm.com  
Garo Khachikian: gkhachikian@provincefirm.com

### **Consultation Parties**

Throughout the bidding process, the Debtors and their advisors will regularly and timely consult with (i) the Prepetition Secured Parties and their respective counsel, (ii) the DIP Lender and Norton Rose Fulbright, and (iii) the advisors to the Creditors' Committee (each, a "Consultation Party," and collectively, the "Consultation Parties"); *provided, that*, the Debtors shall not provide a Consultation Party copies of any term sheets or documentation relating to a Potential Bid, or information regarding the amount of any Potential Bids or the financial terms of any Potential Bids during the bidding process unless and until such Consultation Party confirms in writing that it will not bid or withdraws any Bid that it has submitted; *and provided, further, that* the foregoing requirements shall not apply to the Creditors' Committee. In the event that a Consultation Party submits a Bid in the Auction, such party shall not be a Consultation Party with respect to the bidding and any Auction relating to the Assets subject to such Bid until such time as such party withdraws such Bid.

The Debtors shall promptly provide copies of all Bids (as defined below) received by the Debtors to the Consultation Parties, but in no event later than the next business day after such Bid is received; *provided, that*, the Consultation Parties must treat such Bids and any related information as confidential and shall not publicly disclose such information without the written consent of the Debtors and the applicable Bidder. For the avoidance of doubt, if Consultation Party submits a Bid or a credit Bid (a "Credit Bid") on or prior to the Bid Deadline, the Debtors shall not provide copies of the Bids to such Consultation Party.

For the avoidance of doubt, any consultation rights afforded to the Consultation Parties by these Bidding Procedures shall not limit the Debtors' discretion in any way and shall not include the right to veto any decision made by the Debtors in the exercise of their reasonable business judgment. Further, for the avoidance of doubt, any rights that the Consultation Parties may have pursuant to the terms of other agreements, any orders of the Court, or the Bankruptcy Code are hereby reserved and shall not be affected by these Bidding Procedures or the Bid Procedures Order. All rights of the Consultation Parties with respect to the proposed Sale Transactions are fully reserved.

In the event that any Consultation Party or an affiliate of the foregoing submits a bid that is a Qualified Bid, any obligation of the Debtors to consult with the bidding party or its affiliates established under these Bidding Procedures will be waived, discharged, and released without further action; *provided, that*, the bidding party will have the same rights as any other Qualified Bidder set forth in the Bidding Procedures and *provided further, that* the obligation of the Debtors to consult with the relevant Consultation Party shall be restored should the Bid or Qualified Bid of such Consultation Party be withdrawn or terminated.

Notwithstanding anything to the contrary herein, the Consultation Parties shall not share any inside information received from the Debtors related to these Bidding Procedures with any of their respective members unless and until such member (a) affirmatively declares to the Debtors in writing via email that it will not submit a Bid, (b) does not submit a Bid by the Bid Deadline, or (c) affirmatively withdraws its Bid (collectively, the "Bid Declaration Date"); *provided, that*, prior to the applicable Bid Declaration Date, the Debtors may provide information to the Consultation Parties in accordance with these Bidding Procedures on a professional eyes' only basis; and *and provided, further, that* the foregoing requirements regarding "inside information" shall not apply to the Creditors' Committee or its members.

### **Form and Content of Qualified Bid**

A bid is a signed document from a Potential Bidder received by the Bid Deadline that identifies the purchaser by its legal name and any other party that will be participating in connection with the bid (a “Bid”). To constitute a “Qualified Bid” a Bid must include, at a minimum, the following:<sup>3</sup>

- i. Proposed Agreement. Each Bid must include an executed agreement (the “Proposed Agreement”) for the acquisition of all or some of the assets of the Debtors, together with a redline comparing the Proposed Agreement to any applicable Stalking Horse Purchase Agreement or, if there is no applicable Stalking Horse Purchase Agreement, a form of asset purchase agreement, in each case distributed by the Debtors to Potential Bidders. The Proposed Agreement shall:
  - (a) include a complete set of all disclosure schedules and exhibits thereto marked to show the specific changes to the disclosure schedules and exhibits to the applicable Stalking Horse Purchase Agreement (if any) distributed by the Debtors to Potential Bidders; and
  - (b) not condition the closing of the proposed Sale Transaction on the receipt of any third party approvals (excluding such approvals required by the Court or governmental and/or regulatory approvals).
- ii. Purchase Price; Form of Consideration; Cash Requirements; Assets; Assumed Liabilities; Credit Bid. Each Bid must clearly set forth, as applicable:
  - (a) Purchase Price. Each Bid must clearly identify the purchase price to be paid (the “Purchase Price”) and specify the aggregate amount of cash and other consideration being offered.
  - (b) Cash Requirements. Each Bid, including any Credit Bid (as defined below), must provide cash consideration sufficient to satisfy in full the payment of any applicable Bid Protections and any broker commissions in cash (the “Cash Consideration Amount”) and, with respect to any Credit Bid, must also pay all obligations secured by senior or *pari passu* liens on the applicable assets.
  - (c) Assets Purchased: Each Bid must, in the Proposed Agreement, clearly identify the particular Assets the Potential Bidder seeks to acquire from the Debtors. The Bid must clearly state the allocation of Purchase Price among particular Assets, as applicable. For the

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<sup>3</sup> The Debtors may, in consultation with the Consultation Parties, waive any of the following requirements for a Bid to constitute a Qualified Bid to the extent reasonably necessary to promote bids and a robust auction so long as any such waiver is not materially inconsistent with these Bidding Procedures.

avoidance of doubt, any such allocation of the Purchase Price among Assets shall not be binding on the Debtors or any third-party and shall remain subject to determination by the Court.

- (d) Assumed Liabilities: Each Bid must clearly identify, in writing and as applicable, the particular liabilities, if any, the Bidder seeks to assume.
  - (e) Credit Bid: Persons or entities holding a valid and perfected security interest in the Assets may submit a credit bid (a “Credit Bid”) on such assets, to the extent permitted by applicable law or any Court order, and the documentation governing the Debtors’ secured credit facilities.
- iii. Unconditional Offer / Contingencies. A statement that the Bid is formal, binding, and unconditional, is not subject to any further due diligence or financing contingency, and is irrevocable until the Debtors notify the Potential Bidder that such Bid is not a Successful Bid or a Back-Up Bid, or with respect to a Back-Up Bid until the earlier of (a) the first business day after the close of the Sale Transaction with the Successful Bidder for the Assets bid upon by such Back-up Bidder or (b) 90 days after entry of an order approving the Sale Transaction with the Successful Bidder for the Assets bid upon by such Back-up Bidder; *provided that* for the avoidance of doubt, for any Stalking Horse Bidder, the Stalking Horse Bid shall be irrevocable as set forth in the Stalking Horse Purchase Agreement.
  - iv. Timeline to Close. The Bid must provide a commitment to close no later than the deadline for the Stalking Horse Bidder to close in the Stalking Horse Purchase Agreement.
  - v. Proof of Financial Ability to Perform. Each Bid must contain such financial and other information that allows the Debtors, in consultation with the Consultation Parties, to make a reasonable determination, in their reasonable business judgment as to the Potential Bidder’s financial and other capabilities to consummate the Sale Transactions including, without limitation, ability to post replacement letters of credit, as applicable, and such financial and other information setting forth adequate assurance of future performance in satisfaction of the requirements under section 365(f)(2)(B) of the Bankruptcy Code, and the Potential Bidder’s willingness to perform under any contracts that are assumed and assigned to such party. Without limiting the foregoing, such information must include current financial statements or similar financial information certified to be true and correct as of the date thereof, proof of financing commitments if needed to consummate the transaction (not subject to, in the Debtors’ reasonable business judgment, any unreasonable conditions), contact information for verification of such information, including any financing sources, and any other information reasonably requested by the Debtors or the Consultation

Parties necessary to demonstrate adequate assurance of future performance and to demonstrate that such Potential Bidder has the ability to consummate the Sale Transactions in a timely manner.

- v. Designation of Contracts and Leases. Each Bid must identify with particularity (i) each and every executory contract and unexpired lease that the Potential Bidder seeks to assume and receive an assignment of; and (ii) each and every other contract and lease of the Debtors that the Potential Bidder seeks to assume and receive an assignment of.
- vi. Required Approvals. A statement or evidence (i) that the Potential Bidder has not conditioned their Bid on (a) obtaining financing, (b) any internal approval, (c) the outcome or review of unperformed due diligence, or (d) regulatory contingencies (except as otherwise provided in this section, (ii) that the Potential Bidder has made or will make in a timely manner all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or other antitrust laws, as applicable, and pay the fees associated with such filings; (iii) identifying each governmental and regulatory third-party approvals required for the Potential Bidder to consummate the applicable Sales Transaction, if any, and the Potential Bidder's plan and ability to obtain all requisite governmental, regulatory, or other third-party approvals and the proposed timing for the Potential Bidder to undertake the actions required to obtain such approvals; and (iv) that the Bid is reasonably likely (based on antitrust or other regulatory issues, experience, and other considerations) to be consummated, if selected as the Successful Bid or as the Back-Up Bid, within a time frame acceptable to the Debtors. A Potential Bidder further agrees that its legal counsel will coordinate in good faith with the Debtors' legal counsel to discuss and explain such Potential Bidder's regulatory analysis, strategy, and timeline for securing all such approvals as soon as reasonably practicable.
- vii. Disclosure of Identity and Corporate Authorization. Each Bid must (i) fully disclose the identity of the Potential Bidder of each entity that will be bidding or otherwise participating in such Bid (including any equity owners or sponsors, if the Potential Bidder is an entity formed for the purpose of consummating the Sale Transactions), and the complete terms of any such participation, and (ii) include evidence of corporate authorization and approval from the Potential Bidder's board of directors (or comparable governing body) with respect to the submission, execution, and delivery of a Bid, participation in the Auction, and closing of the transactions contemplated by the Potential Bidder's Proposed Agreement in accordance with the terms of the Bid and these Bidding Procedures.
- viii. No Entitlement to Expense Reimbursement or Other Amounts. With the exception of any Stalking Horse Bid, expressly state that the Bid does not entitle the Potential Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment or reimbursement, and a waiver

of any substantial contribution administrative expense claims under section 503(b) of the Bankruptcy Code related to the bidding process.

- ix. Disclosure of Connections. Each Bid must fully disclose any connections or agreements with the Debtors, the Debtors' prepetition secured creditors, DIP lender, other known Potential Bidders, and/or any officer or director of the Debtors.
- x. Joint Bids. The Debtors may, in consultation with the Consultation Parties, approve joint Bids in their sole and reasonable business judgment on a case-by-case basis.
- xi. Representations and Warranties. Each Bid must include the following representations and warranties.
  - a. a statement that the Potential Bidder has had an opportunity to conduct, and has completed, any and all due diligence regarding the applicable asset prior to submitting its Bid;
  - b. a statement that the Potential Bidder has relied solely upon its own independent review, investigation, and/or inspection of any relevant documents and the assets in making its Bid and did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, by operation of law or otherwise, regarding the assets or the completeness of any information provided in connection therewith, except as expressly stated in the representations and warranties contained in the Potential Bidder's Proposed Agreement ultimately accepted and executed by the Debtors;
  - c. a statement that the Potential Bidder agrees to serve as Back-Up Bidder, if its Bid is selected as the next highest or next best bid (or any combination of Partial Bids comprising one Qualified Bid) after the Successful Bid with respect to the applicable asset;
  - d. a statement that the Potential Bidder has not (i) engaged in any collusion with respect to the submission of any bid or the Auction, (ii) coordinated or joined with any other party on a bid or bids, or (iii) took any other action to prevent a transparent and competitive auction process; *provided, that*, certain joint bids may be permitted as set forth herein;
  - e. a statement that all proof of financial ability to consummate the Sale Transaction in a timely manner and all information provided to support adequate assurance of future performance is true and correct; and
  - f. a statement that the Potential Bidder agrees to be bound by the terms

of the Bidding Procedures.

A Potential Bidder must also accompany its Bid with:

- xii. a cash deposit in the amount of 5% of the proposed purchase price (a “Good Faith Deposit”), unless otherwise agreed to by the Debtors, in consultation with the Consultation Parties, and a Potential Bidder; *provided, that*, a Potential Bidder submitting a Credit Bid will not be required to accompany its Bid with a Good Faith Deposit for any portion of the Purchase Price that is a Credit Bid;
- xiii. the contact information of the specific person(s) whom the Debtors or their advisors should contact in the event that the Debtors have any questions or wish to discuss the Bid submitted by the Potential Bidder; and
- xiv. a covenant to cooperate with the Debtors and the Consultation Parties to provide pertinent factual information regarding the Potential Bidder’s operations reasonably required to analyze issues arising with respect to any applicable antitrust laws and other applicable regulatory requirements.

For the avoidance of doubt, (i) the Stalking Horse Bidder is a Qualified Bidder, (ii) the Stalking Horse Purchase Agreement is a Qualified Bid, and (iii) the Stalking Horse Bidder is authorized to submit any Overbids (as defined below), including in the form of a credit bid, during the Auction, in each instance without further qualification required of the Stalking Horse Bidder.

### **Good Faith Deposit**

A Good Faith Deposit must be deposited, prior to the Bid Deadline, with an escrow agent selected by the Debtors (the “Escrow Agent”) pursuant to a customary and reasonable escrow agreement to be provided by the Debtors. To the extent a Qualified Bid is modified before, during, or after the Auction, the Debtors reserve the right to require that such Qualified Bidder increase its Good Faith Deposit so that it equals five percent (5%) of the Purchase Price. If a Qualified Bidder is required to increase its Good Faith Deposit, its status as a Qualified Bidder shall be suspended pending satisfaction of such adjustment. For the avoidance of doubt, and notwithstanding anything to the contrary in these Bidding Procedures or any Court order to the contrary, any Good Faith Deposit by any Stalking Horse Bidders or other Qualified Bidders shall only be for purposes of this process. No party, including any lenders, shall have any lien, claim, or right with respect to the Good Faith Deposit, and such funds shall not be available for distribution to the Debtors’ creditors, unless and until such funds become property of the Debtors’ estates in accordance with the terms of these Bidding Procedures. For the avoidance of doubt, if the Good Faith Deposit becomes property of the Debtors’ estates, it is subject to the Final DIP Order until all DIP Obligations are paid in full.

### **Review of Bids; Designation of Qualified Bids**

The Debtors, in consultation with the Consultation Parties, will evaluate Bids that are timely submitted and may engage in negotiations with Potential Bidders who submitted Bids as the Debtors deem appropriate in the exercise of their reasonable business judgment, based upon



the Debtors' evaluation of the content of each Bid.

A Bid that is reasonably determined by the Debtors, in consultation with the Consultation Parties, to meet the requirements set forth herein will be considered a "Qualified Bid" and any bidder that submits a Qualified Bid (including any Stalking Horse Bids) will be considered a "Qualified Bidder."

By no later than **one (1) business day prior to the Auction** (the "Qualified Bid Deadline"), the Debtors shall determine, in their reasonable business judgment, and in consultation with the Consultation Parties, which of the Bids received by the Bid Deadline qualifies as a Qualified Bid. The Debtors shall notify each Bidder who submits a Qualified Bid of its status as a Qualified Bidder by the Qualified Bid Deadline.

In evaluating the Bids, the Debtors may take into consideration the following non-exhaustive factors:

1. the amount of the purchase price and Credit Bid, as applicable, set forth in the Bid (*provided, that*, for purposes of evaluating competing bids, and except with respect to the requirement that each Bid must provide the Cash Consideration Amount, every dollar of a Credit Bid shall be treated the same as a dollar from a cash or other non-cash Bid, and a Credit Bid shall not be considered inferior to a comparable cash or other non-cash Bid because it is a Credit Bid);
2. the assets and liabilities excluded from the Bid and any executory contracts or leases or other liabilities proposed to be assumed;
3. the value to be provided to the Debtors under the Bid, including the net economic effect upon the Debtors' estates, taking into account any Stalking Horse Bidder's rights to any Bid Protections;
4. any benefit to the Debtors' estates from any assumption of liabilities or waiver of liabilities, including replacement letters of credit;
5. the transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments; tax leakage; and required governmental or other approvals;
6. the impact on employees and employee claims against the Debtors;
7. the impact on trade creditors; and
8. any other factors the Debtors may deem relevant, consistent with their fiduciary duties.

A Bid that contemplates the liquidation of some or all the Assets shall not be disqualified from being a Qualified Bid solely for that reason. The Debtors reserve the right, in consultation with the Consultation Parties, to work with any Potential Bidder in advance of the Auction to cure

any deficiencies in a Bid that is not initially deemed a Qualified Bid.

Without the written consent of the Debtors, in consultation with the Consultation Parties, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase the Purchase Price or otherwise improve the terms of the Qualified Bid for the Debtors during the period that such Qualified Bid remains binding as specified herein; *provided, that*, any Qualified Bid may be improved at the Auction as set forth in these Bidding Procedures. For the avoidance of doubt, any amendment to any Stalking Horse Purchase Agreement, shall be shared with the Consultation Parties' respective counsel as promptly as possible and filed with the Bankruptcy Court within one (1) business day of such amendment, or as soon as reasonably practicable thereafter, and the Debtors will take into account all such amendments or modifications at the Auction.

Subject to the terms of the Bid Procedures Order and these Bidding Procedures, any Qualified Bidder who has a valid and perfected lien on any of the Assets and the right under applicable law to credit bid claims secured by such liens, including, for the avoidance of doubt, the DIP Lender, shall have the right to submit a Credit Bid all or a portion of the value of such Qualified Bidder's claims pursuant to section 363(k) of the Bankruptcy Code with respect to the collateral by which such Qualified Bidder's claim is secured. For the avoidance of doubt, any Credit Bid for the Assets shall be subject to any lien challenge rights of the Creditors' Committee set forth in any Court order. Any Qualified Bidder intending to submit a Credit Bid all or a portion of the value of such Qualified Bidder's claim shall provide notice thereof to the Debtors and any Stalking Horse Bidders by the Bid Deadline. For the avoidance of doubt, such Qualified Bidder that provides notice of intent to submit a Credit Bid will no longer be a Consultation Party with respect to the bidding and auction relating to the assets subject to such Bid until such time as such party withdraws such Bid.

#### **Selection of Successful Bid**

The Back-Up Bid, if any, will remain open and binding on the Back-Up Bidder until consummation of the Successful Bid with the Successful Bidder. If the Successful Bidder fails to consummate the Successful Bid within the time set forth therein, the Debtors will be authorized, but not required, in consultation with the Consultation Parties, to select the Back-Up Bidder, if any, as the new Successful Bidder, in which case the Debtors shall proceed to consummate the Successful Bid of the new Successful Bidder.

Within one (1) business day after conclusion of the Auction, the Debtors shall file a notice with the Court identifying the Successful Bidder and the Back-Up Bidder, if any.

#### **Failure to Receive Qualified Bids Other Than Stalking Horse Bid**

If no Qualified Bid (other than a Stalking Horse Bid) is received by the Qualified Bid Deadline, the Debtors will not conduct the Auction with respect to the Assets subject to such Stalking Horse Bid, and shall file a notice with the Court indicating that no Auction will be held and the Stalking Horse Bidder will be named the Successful Bidder.

### **Auction Procedures**

If the Debtors receive two or more Qualified Bids with respect to the applicable assets, the Debtors shall conduct the Auction on **June 27, 2024 beginning at 10:00 a.m. (prevailing Central Time) at (i) the offices of Winston & Strawn LLP, 25 W. Wacker Drive, Chicago, IL 60601 or (ii) virtually, pursuant to procedures to be announced to bidders, or such other later date as may be determined by the Debtors in consultation with the Consultation Parties and upon notice to all parties in interest.** Only Qualified Bidders will be eligible to participate at the Auction, subject to such limitations as the Debtors may impose in good faith and in consultation with the Consultation Parties. In addition, only the professionals and/or other representatives of the Qualified Bidders, the Debtors, and the Consultation Parties, including in-house counsel and outside counsel for members of the Creditors' Committee, shall be permitted to attend and observe the Auction.

Before commencement of the Auction, the Debtors will notify all Qualified Bidders, the Stalking Horse Bidder, and the Notice Parties (as defined below) in writing of the highest or otherwise best Qualified Bid, as determined in the Debtors' business judgment, in consultation with the Consultation Parties (the "Baseline Bid"), and (ii) provide copies (to the extent not previously provided) of the documents supporting the Baseline Bid to all Qualified Bidders and Notice Parties. The determination of which Qualified Bid constitutes the Baseline Bid, and which Qualified Bid constitutes the highest or otherwise best bid such that it is the Successful Bid (as defined below), may take into account, among other things: (a) the type and amount of Assets sought to be purchased in the Bid; (b) the amount and nature of the total consideration; (c) the likelihood of the Bidder's ability to close a transaction and the timing thereof; and (d) the net economic effect of any changes to the value to be received by the Debtors' estates from the transaction contemplated by the Qualified Bid.

The following auction rules shall apply to the Auction to promote a spirited and robust auction (the "Auction Rules").

- (a) At least one (1) business day prior to the Auction, each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors whether it intends to attend the Auction and all Qualified Bidders wishing to attend the Auction must have at least one individual representative with authority to bind such Qualified Bidder in attendance at the Auction in person; *provided that*, in the event a Qualified Bidder elects not to attend the Auction, such Qualified Bidder's Qualified Bid shall nevertheless remain fully enforceable against such Qualified Bidder. All other creditors of the Debtors who desire to attend the Auction (including their counsel) and provide no less than two (2) business days advance written notice of their intent to attend the Auction no later than 5:00 p.m. (ET) to Debtors' counsel, Winston & Strawn LLP by email, to Kenneth Perkins, kperkins@winston.com, and Carrie Hardman, chardman@winston.com, will be permitted to attend the Auction.
- (b) The Auction shall be transcribed or video recorded. All bids in the Auction will be made and received on an open basis, and all other Qualified Bidders participating in the Auction will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder placing a bid at the Auction will be

fully disclosed to all other bidders participating in the Auction and that all material terms of a bid submitted in response to any successive bids made at the Auction (each, an “Overbid”) will be disclosed to all other Qualified Bidders participating in the Auction. Each Qualified Bidder will be permitted what the Debtors reasonably determine, in consultation with the Consultation Parties, to be an appropriate amount of time to respond to the previous bid at the Auction. The Auction will be conducted openly and shall be transcribed or recorded. The starting bid (the “Starting Bid”) shall be the highest or best Qualified Bid, as determined by the Debtors in consultation with the Consultation Parties. If a Stalking Horse Bid is selected as the Starting Bid, any Overbid shall include the amount provided for in the Stalking Horse Bid(s), *plus* the Bid Protections, plus a minimum overbid to be determined by the Debtors in their business judgment, in consultation with the Consultation Parties, prior to the Auction.

- (c) Any Overbid made from time to time by a Qualified Bidder must remain open and binding on the Qualified Bidder until and unless (i) the Debtors accept a Bid submitted by another Qualified Bidder during the Auction as an Overbid and (ii) such prior Overbid is not selected as the Back-Up Bid. To the extent not previously provided (which will be determined by the Debtors in consultation with the Consultation Parties), a Qualified Bidder submitting an Overbid must submit at the Debtors’ request (in consultation with the Consultation Parties), as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors in consultation with the Consultation Parties) demonstrating such Qualified Bidder’s ability to close the transaction at the purchase price contemplated by such Overbid.
- (d) Bidders and their representatives may not communicate with one another, collude, or otherwise coordinate for purposes of participating in the Auction. All parties are prohibited from (i) engaging in any collusion with respect to the submission of any bid or the Auction, (ii) coordinating or joining with any other party on a bid or bids, or (iii) taking any other action to prevent a transparent and competitive auction process; *provided, that*, certain joint bids may be permitted as set forth herein. Each Qualified Bidder participating in the Auction shall confirm in writing and on the record at the Auction that (i) it has not engaged in any of the foregoing prohibited actions and (ii) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as a Successful Bidder.

All parties attending the Auction must keep the proceedings and results of the Auction confidential until the Debtors have closed the Auction; *provided, that*, parties may speak with clients or parties necessary to place their bid or increase it so long as such individuals are advised of the confidentiality restriction.

The Debtors shall conduct an Auction for the Assets on a consolidated or semi-consolidated basis pursuant to the Auction Rules. To the extent the Debtors conduct multiple auctions for different subgroupings of the Assets (each, a “Sub-Auction”) at any Auction and a Qualified Bidder declines to participate in any specific Sub-Auction or Sub-Auctions, or any round of bidding for such specific Sub-Auctions, such Qualified Bidder shall still be permitted to offer a

Bid in subsequent Sub-Auctions, including bids that include assets subject to a prior Sub-Auction, which includes the right to bid on groupings of assets that may include specific assets which were the subject of an earlier Sub-Auction. The Debtors may, in the exercise of their reasonable business judgment and in consultation with the other Consultation Parties, identify the highest or otherwise best Qualified Bid as the reserve bid for each Sub-Auction (each, a “Reserve Sub-Auction Bid” and the bidder submitting such bid, a “Reserve Sub-Auction Bidder”). The Debtors may also identify, in consultation with the Consultation Parties, a Qualified Bidder that submitted the next highest or otherwise best Qualified Bid in each Sub-Auction as a back-up bid (each, a “Back-Up Sub-Auction Bid” and the bidder submitting such bid, a “Back-Up Sub-Auction Bidder”). The Debtors, upon consultation with the Consultation Parties, shall have the right to establish different Overbids with respect to any Sub-Auction.

If the Debtors, in the exercise of their reasonable business judgment and in consultation with the Consultation Parties, determine that pursuing a Sale Transaction pursuant to the Reserve Sub-Auctions Bid(s) will result in a higher or otherwise better value of the Assets than pursuing a Sale Transaction pursuant to the highest or otherwise best Bid received in the Auction of the Assets on a consolidated or semi-consolidated basis, then the Debtors may declare the Reserve Sub-Auction Bid(s) as Successful Bid(s) (and the Reserve Sub-Auction Bidder(s) as Successful Bidders) and the Back-Up Sub-Auction Bid(s) as the Back-Up Bid(s) (and the Back-up Sub-Auction Bidder(s) as Back-Up Bidder(s)).

The Debtors may, in the exercise of their business judgment and in consultation with the Consultation Parties, identify the highest or otherwise best Qualified Bid (or any combination of Partial Bids comprising one Qualified Bid, as specified above) as the successful bid for the respective Assets to be acquired (each, a “Successful Bid” and the bidder submitting such bid, a “Successful Bidder”). The Debtors may also identify a Qualified Bidder, in consultation with the Consultation Parties, that submitted the next highest or otherwise best Qualified Bid (or any combination of Partial Bids comprising one Qualified Bid, as specified above) as a back-up bid (a “Back-Up Bid” and the bidder submitting such bid, a “Back-Up Bidder”).

Within one (1) business day after the Auction, or as soon as reasonably practicable thereafter, each Successful Bidder shall (i) submit to the Debtors fully executed documentation memorializing the terms of the Successful Bid such Successful Bidder submitted and (ii) unless otherwise agreed in the purchase agreement between the Debtors and a Successful Bidder, submit by transfer of immediately available funds to an account identified by the Debtors any amount required to increase the Successful Bidder’s Good Faith Deposit to an amount equal to five percent (5%) of the Purchase Price contained in the Successful Bid, if the amount of the Good Faith Deposit previously delivered by the Successful Bidder is less than such amount. For the avoidance of doubt, and notwithstanding anything to the contrary in these Bidding Procedures or any Court order to the contrary, any such increase to the Good Faith Deposit by any Stalking Horse Bidders or other Qualified Bidders to such designated account shall only be for purposes of this process. No party, including any of the Debtors’ lenders, have or shall have any lien, claim, or right with respect to such funds which shall not be available for distribution to the Debtors’ creditors, unless and until such funds become property of the Debtors’ estates in accordance with the terms of these Bidding Procedures. A Successful Bid may not be assigned to any party without the consent of the Debtors, in consultation with the Consultation Parties.

At any time before the designation of a Successful Bid and Back-Up Bid, if any, the Debtors, in consultation with the Consultation Parties, reserve the right to and may reject such Qualified Bid(s) (other than any Stalking Horse Bids) if such Qualified Bid(s), in the Debtors' reasonable business judgment, in consultation with the Consultation Parties, is/are: (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of the Sale; (iii) contrary to the best interests of the Debtors, their estates, their creditors, and other stakeholders.

As set forth above, the Debtors reserve their right, in their reasonable business judgment and in consultation with the Consultation Parties, to announce at the Auction modified or additional procedures for conducting the Auction. In addition, the Debtors reserve the right, at or before the conclusion of the Auction, to impose additional terms and conditions upon Qualified Bidders as the Debtors, in consultation with the Consultation Parties, determine to be in the best interests of the Debtors' estates in these Chapter 11 Cases.

The Debtors (in consultation with the Consultation Parties) reserve the right to make one or more adjournments in the Auction to, among other things (i) facilitate private discussions with individual Qualified Bidders and negotiate the terms of their Overbids, (ii) allow individual Qualified Bidders to consider how they wish to proceed, and (iii) give Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors may require in their reasonable discretion (and in consultation with the Consultation Parties) to determine that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount.

### **Post-Auction Process**

Within one (1) business day after the conclusion of the Auction, or as soon as reasonably practicable thereafter, in any event no later than July 2, 2024 at 12:00 p.m. ET (11:00 a.m. CT), the Debtors shall file with the Court a notice of the Successful Bid(s), Successful Bidder(s), Back-Up Bid(s), and Back-Up Bidder(s).

The Good Faith Deposits for each Qualified Bidder (other than the Successful Bidder and the Back-Up Bidder) shall be returned on the date that is five (5) business days after the Auction, or as soon as is reasonably practicable thereafter. The Debtors shall return the Good Faith Deposit of the Back-Up Bidder by the earlier of (i) thirty (30) days after the conclusion of the Auction and (ii) five (5) business days after the consummation of the Successful Bid, unless by such date the Debtors have selected the Back-Up Bidder as the new Successful Bidder.

Each Successful Bidder's Good Faith Deposit shall be applied against the cash portion of the purchase price of such bidder's Successful Bid upon the consummation of the Sale Transactions. Notwithstanding the foregoing, if a Successful Bidder fails to consummate a proposed transaction because of a breach by such Successful Bidder, the Debtors will not have any obligation to return the Deposit deposited by such Successful Bidder, which may be retained by the Debtors as damages, in addition to any and all other rights, remedies, or causes of action that may be available to the Debtors, and the Debtors shall be free to consummate the proposed transaction with the applicable Back-Up Bidder subject to Court approval, which may be sought

on an expedited basis.

Notwithstanding the foregoing, the Good Faith Deposit, including the amount thereof, and any remedies against a Stalking Horse Bidder shall be governed by the applicable Stalking Horse Purchase Agreement, if any.

### **Notices Regarding Assumption and Assignment**

The Debtors shall provide all notices regarding the proposed assumption and assignment of contracts and leases of the Debtors in accordance with the Assumption and Assignment Procedures included in the Bid Procedures Order.

### **Sale Objections and Hearing**

The hearing (the “Sale Hearing”) to consider approval of the sale of Assets will be held before the Court on **July 10, 2024 at 10:00 a.m.** and otherwise in accordance with any scheduling order entered by the Court; *provided* that if no Auction is held, the Debtors shall schedule the Sale Hearing before such time and as expeditiously as possible, subject to Court approval. Prior to the Sale Hearing, the Successful Bidder (unless the Successful Bidder is the Stalking Horse Bidder) shall complete and execute all documents evidencing and containing the terms and conditions upon which the Successful Bid was made.

Objections to the Sale Transactions (each, a “Sale Objection”), shall: (i) be in writing; (ii) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (iii) state with particularity the basis and nature of any objection, and if applicable, provide proposed language that, if accepted and incorporated by the Debtors (in consultation with the Consultation Parties), would obviate such objection; (iv) conform to the Bankruptcy Rules and the Local Rules; (v) be filed with the Court; and (vi) be served upon (a) the Debtors, Winston & Strawn LLP, 35 West Wacker Drive, Chicago, IL 60601 (Attn.: Greg Gartland, Dan McGuire and Joel Mudd) and 200 Park Avenue, New York, New York 10166 (Attn.: Carrie Hardman) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn.: Andrew L. Magaziner, Shella Borovinskaya, and Carol E. Cox); (b) the Office of the United States Trustee for the District of Delaware (Attn: Linda Richenderfer and Jon Lipshie); (c) proposed counsel to the Creditors’ Committee, Greenberg Traurig, LLP, 222 Delaware Avenue, Suite 1600, Wilmington, Delaware 19801 (Attn: Anthony W. Clark and Dennis A. Meloro) and 77 West Wacker Drive, Suite 3100, Chicago, IL 60601 (Attn: Nancy A. Peterman and Danny Duerdoth); (d) counsel for the DIP Lender, Norton Rose Fulbright US LLP, 1301 Avenue of the Americas, New York, NY 10019 (Attn: Robert Hirsh and Francisco Vazquez) and Morris James LLP, 500 Delaware Avenue, Suite 1500, Wilmington, DE 19801 (Attn: Eric J. Monzo); (e) counsel for Column Financial, Inc., Holland & Knight, LLP, 511 Union Street, Ste. 2700, Nashville, Tennessee 37219 (Attn: Tyler Layne) and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, P.O. Box 2087, Wilmington, DE 19899 (Attn: Adam Landis and Rick Cobb); and (f) counsel for all other Prepetition Secured Parties (collectively, the “Notice Parties”), *provided, that*, the Debtors, with notice to the Consultation Parties, may extend the Contract and Sale Objection Deadline as the Debtors deem appropriate in the exercise of their reasonable business judgment. If a timely Sale Objection cannot otherwise be resolved by the parties, such objection shall be heard by the Court at the applicable Sale Hearing.

An appropriate representative of each Successful Bidder shall appear at the applicable Sale Hearing and be prepared, if necessary, to have such representative(s) testify in support of a Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and assigned to the Successful Bidder as part of the proposed transaction, or otherwise submit such testimony in writing in the form of a sworn declaration to be filed with the Court in advance of the Sale Hearing and appear at the Sale Hearing, all in accordance with and consistent with the rules of Chambers for the Honorable Thomas M. Horan.

Any party who fails to timely file with the Court a Sale Objection will be forever barred from asserting any objection to the applicable sale of the Assets, or to the consummation and performance of a sale transaction contemplated by a purchase agreement with a Debtor and a Successful Bidder, including the transfer of the Assets to a Successful Bidder, free and clear of all claims and interests pursuant to section 363(f) of the Bankruptcy Code. Failure to object shall constitute consent for the purposes of section 363(f) of the Bankruptcy Code. Any objection filed after the Contract and Sale Objection Deadline will not be considered by the Court.

The Sale Hearing may be adjourned or rescheduled by the Debtors upon consultation with the Consultation Parties and any Stalking Horse Bidder to a time and date consistent with the Court's calendar, as set forth in a notice on the docket of these Chapter 11 Cases, a notice of agenda, or stated orally at the Hearing.

**Consent to Jurisdiction and Authority as Condition to Bidding**

All Potential Bidders (including any Stalking Horse Bidders) that participate in the bidding process with respect to the Assets shall be deemed to have (i) consented to the core jurisdiction of the Court to enter any order or orders, which shall be binding in all respects, in any way related to these Bidding Procedures, the bid process, the Auction, the applicable Sale Hearing, or the construction and enforcement of any agreement or any other document relating to the Sale Transactions; (ii) waived any right to a jury trial in connection with any disputes relating to these Bidding Procedures, the bid process, the Auction, the applicable Sale Hearing, or the construction and enforcement of any agreement or any other document relating to the Sale Transactions; and (iii) consented to the entry of a final order or judgment in any way related to these Bidding Procedures, the bid process, the Auction, the applicable Sale Hearing, or the construction and enforcement of any agreement or any other document relating to the Sale Transactions if it is determined that the Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.



**Exhibit 2**  
**Sale Notice**

**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, \_\_\_\_

**NOTICE OF SALE, BIDDING PROCEDURES, AUCTION, AND SALE HEARING**

**PLEASE TAKE NOTICE** that, on May 1, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in these chapter 11 cases, filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a motion [Docket No. 264] (the “Motion”) for the entry of an order (the “Bid Procedures Order”)<sup>2</sup> (i) approving (a) the Bidding Procedures, substantially in the form attached to the Bid Procedures Order as Exhibit 1; (b) authorizing the Debtors to designate one or more stalking horse bidders (the “Stalking Horse Bidders”); (c) setting the deadline for potential bidders to submit a proposal to purchase the Assets (the “Bid Deadline”), authorizing and scheduling an auction (the “Auction”), and authorizing and scheduling hearings with respect to the approval of a proposed sale transaction (the applicable “Sale Hearing”); (d) authorizing and approving the form and manner of the Sale Notice; (e) authorizing and approving the Notice of Assumption, Assignment, and Sale regarding the Debtors’ potential assumption and assignment of the Assigned Contracts and of the Debtors’ calculation of the amount necessary to cure any defaults thereunder (the “Cure Costs”); and (f) authorizing and approving procedures for the assumption and assignment of the Assigned Contracts and the determination of Cure Costs with respect thereto (collectively, the “Assumption and Assignment Procedures”); (ii) authorizing the sale of all or substantially all of the Debtors’ assets (the “Assets”), free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code (collectively, the “Sale Transactions”); and (iii) granting related relief.

**PLEASE TAKE FURTHER NOTICE** that, on [\_\_\_\_], 2024 the Court entered the Bid Procedures Order authorizing the Debtors to solicit bids for the purchase of the Assets and, if one

<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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

<sup>2</sup> Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion, Bid Procedures Order, and the Bidding Procedures, as applicable. Any summary of the Bid Procedures Order or the Bidding Procedures contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

or more Qualified Bids are received within the requirements and timeframe specified by the Bidding Procedures, conduct the Auction to select the Successful Bidder. If held, the Auction will be governed by the Bidding Procedures approved pursuant to the Bid Procedures Order.

**PLEASE TAKE FURTHER NOTICE** of the following important dates and deadlines in connection with the Sale Process:

- **Stalking Horse Deadline**: Any party or entity wishing to serve as a Stalking Horse Bidder for the Assets or any subset thereof must be designated as a Stalking Horse Bidder no later than the Stalking Horse Deadline, June 14, 2024.
- **Bid Deadline**. Any person or entity interested in participating in the Auction must submit a Qualified Bid on or before June 23, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT) (the “Bid Deadline”).
- **Auction**. An Auction, if necessary, has been scheduled for June 25, 2024 at 10:00 a.m. (ET)/9:00 a.m. (CT) to be held at the offices of Winston & Strawn LLP, 25 W. Wacker Drive, Chicago, IL 60601 or via zoom.
- **Contract and Sale Objection Deadline**. Objections to any proposed assumption or assignment of an Assigned Contract or to the Sale Transactions, including any objection to the sale of the Assets free and clear of all claims and interests, must be (i) filed in accordance with the Bidding Procedures and (ii) filed with the Court by no later than July 2, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT) (the “Contract and Sale Objection Deadline”).
- **Sale Hearing**. A hearing to approve the Sale Transactions shall be held before the Court before the Honorable Thomas M. Horan on July 10, 2024 at 10:00 a.m. (ET) (the “Sale Hearing”).

**PLEASE TAKE FURTHER NOTICE** that the Debtors may assign to a Successful Bidder, pursuant to an asset purchase agreement, certain contracts, agreements, leases and other assets, including assets constituting real property interests (including all fee surface interests in land, surface leases, easements, rights of way, servitudes, licenses, franchises, road, railroad, and other surface use permits or agreements), free and clear of **all liens, claims, interests, and encumbrances** (other than certain permitted post-closing liabilities, liens, or as otherwise provided in the applicable purchase agreement). Subject to approval by the Court, if any party objects to such assignment, including any objection based on any alleged approval or consent right or anti-assignment provision contained in or applicable to any contract, lease, or other agreement (a “Consent Right”), then such party must file with the Court an objection identifying (i) the contract(s), lease(s), or other agreement(s), (ii) the basis for objecting to the assignment of such contract(s), lease(s), or other agreement(s), and (iii) all supporting documentation (each, an “Assignment Objection”), no later than the Contract and Sale Objection Deadline.

**PLEASE TAKE FURTHER NOTICE THAT IF A PARTY FILES AN ASSIGNMENT OBJECTION IN A MANNER THAT IS CONSISTENT WITH THE**

**REQUIREMENTS SET FORTH ABOVE, AND THE PARTIES ARE UNABLE TO CONSENSUALLY RESOLVE THE DISPUTE PRIOR TO THE SALE HEARING, SUCH OBJECTION WILL BE HEARD BY THE COURT AT THE SALE HEARING OR AT A TIME TO BE DETERMINED BY THE DEBTORS AND THE OBJECTING PARTY.**

**PLEASE TAKE FURTHER NOTICE THAT any person failing to timely file an Assignment Objection will be (i) forever barred from objecting to the transfer, sale, assumption, and/or assignment of the Debtors' right, title, and interest in, to and under the assets to be sold, assumed, and/or assigned in connection with a Sale Transaction, free and clear of all liens, claims, interests, and encumbrances, including Consent Rights (other than certain permitted liens), and (ii) deemed to consent to and approve the transfer, sale, and assumption and/or assignment of the Debtors' right, title, and interest in, to and under such assets free and clear of all liens, claims, interests, and encumbrances, including Consent Rights (other than certain permitted liens), regardless of whether such consent must be in writing pursuant to the terms of any contract, lease, or other agreement.**

**PLEASE TAKE FURTHER NOTICE** that if any person files an Assignment Objection in accordance herewith, the Debtors and other parties in interest will have the opportunity to object to any alleged rights asserted by such person by filing a response to the Assignment Objection (and serving such response on the objecting party) at any time prior to the Sale Hearing. Upon the filing of such response to such objection, any rights asserted will be deemed to be disputed and the Debtors will be entitled to assert that a bona fide dispute exists as to such rights asserted. Nothing herein will be deemed a waiver of any rights of the Debtors or any other parties in interest to contest any rights asserted by any person in such objections, and all such rights of the Debtors are expressly preserved.

**PLEASE TAKE FURTHER NOTICE** that any party interested in submitting a bid should contact the Debtors' proposed investment banker, Walker & Dunlop Investment Sales, LLC (Attn: Mark Myers (mmyers@walkerdunlop.com)). Copies of the Motion, the Bid Procedures Order, and the Bidding Procedures may be obtained free of charge at the website dedicated to the Debtors' chapter 11 cases maintained by their claims and noticing agent and administrative advisor, Kurtzman Carson Consultants LLC, located at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

**PLEASE TAKE FURTHER NOTICE** that, except as otherwise set forth in the Bidding Procedures, the Debtors reserve the right, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and (except to the extent set forth herein) in consultation with the Consultation Parties, to modify the Bidding Procedures; waive terms and conditions set forth herein with respect to all Potential Bidders (as defined below); extend the deadlines set forth herein; announce at the Auction modified or additional procedures for conducting the Auction; alter the assumptions set forth herein; *provided, that* the Debtors shall not be authorized to make material modifications to the Bidding Procedures with respect to the Assets without further order of the Court. The Debtors may provide reasonable accommodations to any Potential Bidder(s) with respect to such terms, conditions, and deadlines of the bidding and Auction process to promote further bids on the Debtors' assets, in each case, to the extent not materially inconsistent with the Bidding Procedures and the Bid Procedures Order, as applicable. All parties reserve their rights to seek Court relief with regard to the Auction, the Bidding Procedures, and any related items (including, if necessary, to seek an extension of the Bid

Deadline). In addition, the Debtors reserve their right to cancel the Bidding Procedures and the Auction with respect to any of the Assets if the Debtors determine, in their reasonable business judgment, in a manner consistent with their fiduciary duties and applicable law, and in consultation with the Consultation Parties, to proceed with a private sale of such assets.

**PLEASE TAKE FURTHER NOTICE THAT FAILURE TO ABIDE BY THE BIDDING PROCEDURES, THE BID PROCEDURES ORDER, OR ANY OTHER ORDER OF THE COURT IN THESE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID.**

**PLEASE TAKE FURTHER NOTICE THAT THE FAILURE OF ANY PERSON OR ENTITY TO FILE AN OBJECTION IN ACCORDANCE WITH THE BID PROCEDURES ORDER BY THE CONTRACT AND SALE OBJECTION DEADLINE SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING ANY OBJECTION TO THE MOTION, THE ORDER APPROVING THE SALE TRANSACTIONS, THE PROPOSED SALE TRANSACTIONS, OR ANY OTHER AGREEMENT EXECUTED BY THE DEBTORS AND A SUCCESSFUL BIDDER AT THE AUCTION.**

*[Signature Page Follows]*

Dated: \_\_\_\_\_, 2024  
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &  
TAYLOR, LLP**

/s/

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*Counsel for the Debtors and Debtors in  
Possession*

**Exhibit 3**  
**Cure Notice**

**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,

**NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION AND  
ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES IN  
CONNECTION WITH SALE**

**PLEASE TAKE NOTICE** that, on May 1, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in these chapter 11 cases, filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a motion [Docket No. 264] (the “Motion”) for the entry of an order (the “Bid Procedures Order”)<sup>2</sup> (i) approving (a) the Bidding Procedures, substantially in the form attached to the Bid Procedures Order as Exhibit 1; (b) authorizing the Debtors to designate one or more stalking horse bidders (the “Stalking Horse Bidders”); (c) setting the deadline for potential bidders to submit a proposal to purchase the Assets (the “Bid Deadline”), authorizing and scheduling an auction (the “Auction”), and authorizing and scheduling hearings with respect to the approval of a proposed sale transaction (the applicable “Sale Hearing”); (d) authorizing and approving the form and manner of the Sale Notice; (e) authorizing and approving the Notice of Assumption, Assignment, and Sale regarding the Debtors’ potential assumption and assignment of the Assigned Contracts and of the Debtors’ calculation of the amount necessary to cure any defaults thereunder (the “Cure Costs”); and (f) authorizing and approving procedures for the assumption and assignment of the Assigned Contracts and the determination of Cure Costs with respect thereto (collectively, the “Assumption and Assignment Procedures”); (ii) authorizing the sale of certain of the Debtors’ assets, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code (collectively, the “Sale Transactions”); and (iii) granting related relief.

**PLEASE TAKE FURTHER NOTICE** that, on [\_\_\_\_], 2024 the Court entered the Bid

<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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

<sup>2</sup> Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion, Bid Procedures Order, and the Bidding Procedures, as applicable. Any summary of the Bid Procedures Order or the Bidding Procedures contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.



Procedures Order authorizing the Debtors to solicit bids for the purchase of the Assets and, if one or more Qualified Bids are received within the requirements and timeframe specified by the Bidding Procedures, conduct the Auction to select the Successful Bidder. If held, the Auction will be governed by the Bidding Procedures approved pursuant to the Bid Procedures Order.

**PLEASE TAKE FURTHER NOTICE** that each of the Assigned Contracts that may be assumed and assigned in connection with the Sale Transactions with a Successful Bidder and the Debtors' calculation of the Cure Costs with respect thereto are set forth on **Exhibit A** and **Exhibit B** hereto. The Cure Costs are the only amounts proposed to be paid upon the assumption and assignment of the Assigned Contracts.

**PLEASE TAKE FURTHER NOTICE** that the inclusion of any contract or lease on **Exhibit A** or **Exhibit B** shall not constitute or be deemed a determination or admission by the Debtors that such contract or other document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

**PLEASE TAKE FURTHER NOTICE** that, notwithstanding the inclusion of any lease or contract on **Exhibit A** or **Exhibit B**, a Successful Bidder is not bound to accept assignment of any Assigned Contract, and may amend the schedule of Assigned Contracts to remove any contract or lease.

**PLEASE TAKE FURTHER NOTICE** that if (a) the Debtors identify (i) additional contracts or leases to be assumed and assigned to a Successful Bidder or (ii) modifications that need to be made to a proposed Cure Cost as stated in this Notice, or (b) a Successful Bidder designates any additional contracts or leases not previously included on this Cure Notice for assumption and assignment, the Debtors shall promptly file with the Court and serve by first class mail and email (if available) on the applicable Contract Counterparty a Supplemental Assumption Notice in accordance with the Bid Procedures Order.

**PLEASE TAKE FURTHER NOTICE** that any objection to the proposed assumption or assignment of an Assigned Contract identified on **Exhibit A** or **Exhibit B**, including any objection to the proposed Cure Cost, the provision of adequate assurance of future performance, must: (a) be in writing; (b) state the name and address of the objecting party and the amount and nature of the claim or interest of such party; (c) state, with particularity, the basis and nature of any objection, and provide proposed language that, if accepted and incorporated by the Debtors, would obviate such objection; (d) conform to the Bankruptcy Rules and the Local Rules; and (e) be filed with the Court no later than **July 2, 2024 at 6:00 p.m. (ET)/5:00 p.m. (CT)**.

**PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTION IS TIMELY RECEIVED WITH RESPECT TO AN ASSIGNED CONTRACT (A "CONTRACT OBJECTION"):** (I) **THE CONTRACT COUNTERPARTY TO SUCH ASSIGNED CONTRACT SHALL BE DEEMED TO HAVE CONSENTED TO THE ASSUMPTION BY THE DEBTORS AND ASSIGNMENT TO SUCCESSFUL BIDDER OF THE ASSIGNED CONTRACT, AND BE FOREVER BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO SUCH ASSUMPTION AND ASSIGNMENT (INCLUDING,**

**WITHOUT LIMITATION, WITH RESPECT TO ADEQUATE ASSURANCE OF FUTURE PERFORMANCE BY THE SUCCESSFUL BIDDER); (II) ANY AND ALL DEFAULTS UNDER THE ASSIGNED CONTRACT AND ANY AND ALL PECUNIARY LOSSES RELATED THERETO SHALL BE DEEMED CURED AND COMPENSATED PURSUANT TO BANKRUPTCY CODE SECTION 365(B)(1)(A) AND UPON PAYMENT OF THE CURE COSTS SET FORTH IN THIS NOTICE FOR SUCH ASSIGNED CONTRACT; AND (III) THE CONTRACT COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY OTHER CLAIMS RELATED TO SUCH ASSIGNED CONTRACT AGAINST THE DEBTORS AND THEIR ESTATES OR THE SUCCESSFUL BIDDER, OR THE PROPERTY OF ANY OF THE THEM, THAT EXISTED PRIOR TO THE ENTRY OF THE ORDER RESOLVING SUCH CONTRACT OBJECTION AND ANY SALE ORDER.**

**PLEASE TAKE FURTHER NOTICE** that the Debtors will seek to assume and assign the Assigned Contracts at the applicable hearing to approve the Sale Transactions (the applicable “Sale Hearing”) that is scheduled to commence on **July 10, 2024 at 10:00 a.m. (prevailing Eastern Time)** before the Honorable Thomas M. Horan, United States Bankruptcy Judge, at the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801. Objections, if any, that cannot otherwise be resolved by the parties, will be heard at a hearing scheduled prior to any scheduled closing of the Sale Transactions, as determined by the Debtors with notice to the Consultation Parties and in accordance with the Bid Procedures Order.

**PLEASE TAKE FURTHER NOTICE** that copies of the Motion, the Bid Procedures Order, and the Bidding Procedures may be obtained free of charge at the website dedicated to the Debtors’ Chapter 11 Cases maintained by their claims and noticing agent and administrative advisor, Kurtzman Carson Consultants LLC, located at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

*[Signature Page Follows]*

Dated: \_\_\_\_\_, 2024  
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &  
TAYLOR, LLP**

/s/

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