IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Pacifica of the Valley Corporation,[1]	Case No. 26-11060 (TMH)
Debtor.	**Hearing Date: July 23, 2026 at 11:00 a.m. (ET)**
	Re: Docket Nos. 13 & 57

STATEMENT OF RELIQ PACIFICA LLC AND BEVERLY GEMINI INVESTMENTS, LLC IN SUPPORT OF DEBTOR'S MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO (A) USE CASH COLLATERAL AND (B) GRANT LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE CLAIMS; (II) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES; (III) SCHEDULING A FINAL HEARING; AND (IV) GRANTING RELATED RELIEF

Reliq Pacifica LLC and Beverly Gemini Investments, LLC (collectively, "Reliq") submit this statement in support of the *Debtor's Motion For Entry Of Interim And Final Orders (I) Authorizing The Debtor To (A) Use Cash Collateral And (B) Grant Liens And Superpriority Administrative Expense Claims; (II) Granting Adequate Protection To Prepetition Secured Parties; (III) Scheduling A Final Hearing; And (III) Granting Related Relief* [Docket No. 13] (the "Motion").

A. The Reliq Lease and Security Interests

1. Reliq is the sole landlord of Pacifica of the Valley Corporation dba Pacifica Hospital of the Valley, the above-named debtor and debtor-in-possession ("Pacifica" or the "Debtor"), pursuant to a Master Lease Agreement between Reliq, as landlord, and Pacifica, as tenant, dated as of August 30, 2013, as amended (the "Lease"). The Lease is for a 20-year term expiring on August 31, 2033.

[1] The Debtor in this Chapter 11 Case, along with the last four digits of the Debtor's federal tax identification number, is Pacifica of the Valley Corporation d/b/a Pacifica Hospital of the Valley (7312). The Debtor's mailing address is 9449 San Fernando Road, Sun Valley, CA 91352.

2. The obligations of Pacifica to Reliq under the Lease are secured by a security interest in all of Pacifica's personal property pursuant to the Lease and a subsequent Security Agreement dated as of September 25, 2017 (the "Security Agreement"). Reliq's security interest in all of Pacifica's personal property is perfected by a UCC financing statement filed against Pacifica with the Secretary of State of the State of Delaware.

3. The Lease obligations are guaranteed by Paul R. Tuft, the Executive Chairman, sole Director, and owner of 100% of the capital stock of Pacifica, pursuant to an Amended and Restated Guaranty dated as of September 25, 2017 (the "Guaranty"). By an Amended and Restated Stock Pledge Agreement dated as of September 25, 2017 (the "Pledge Agreement"), Mr. Tuft pledged 100% of the shares of the outstanding capital stock of Pacifica as security for his obligations under the Guaranty. Reliq's security interest in all of the capital stock of Pacifica is perfected by a UCC financing statement filed against Mr. Tuft with the Secretary of State of the State of Arizona.

4. In or about December 2020, Pacifica requested that Reliq subordinate its liens under the above-described security agreements so that Pacifica could obtain a Main Street Priority Loan from First Western Trust Bank ("First Western") in the principal amount of $35 million. This request was based on the desperate financial condition of the Pacifica hospital and its need for operating capital. In order to support the hospital and keep it open during the pandemic, Reliq agreed to subordinate its lien on Pacifica's personal property, and its lien on the capital stock of Pacifica, to senior liens of First Western pursuant to a Lien Subordination Agreement dated as of December 17, 2020 (the "Lien Subordination Agreement"). Axios Capital Solutions, LLC ("Axios") claims to be the assignee of First Western.

5. As of the commencement of this Chapter 11 case on July 4, 2026 (the "Petition Date"), Pacifica owed Reliq more than $9.5 million under the Lease.

B. Reliq Support for the Debtor's Continued Use of Cash Collateral

6. On July 9, 2026, the Court entered its *Interim Order (I) Authorizing The Debtor To (A) Use Cash Collateral And (B) Grant Liens And Superpriority Administrative Expense Claims; (II) Granting Adequate Protection To Prepetition Secured Parties; (III) Scheduling A Final Hearing; And (IV) Granting Related Relief* [Docket No. 57] (the "Interim Cash Collateral Order"). The Interim Cash Collateral Order (a) granted the Motion on an interim basis, (b) authorized the Debtor to use cash collateral pursuant to a budget through July 24, 2026 (the "Expiration Date"), (c) granted replacement liens and superpriority administrative expense claims to prepetition secured parties (including Reliq), and (d) scheduled a further interim hearing on July 23, 2026, and a final hearing on August 7, 2026 (the "Final Hearing").

7. It is critical that the Debtor continue to be authorized to use cash collateral beyond the Expiration Date on the terms set forth in the Motion. The Debtor is a safety net hospital that serves an underserved indigent population in the Sun Valley neighborhood of Los Angeles, with an emphasis on mental health services. Its survival is vital to the community that it serves.

8. In order to stay open, the hospital must pay ongoing expenses, including postpetition rent. Section 365(d)(3) of the Bankruptcy Code mandates that:

> "[T]he trustee shall timely perform all the obligations of the debtor … arising from and after the order for relief under any unexpired lease of nonresidential real property, until such lease is assumed or rejected, notwithstanding section 503(b)(1) of this title."

9. As stated by the Court of Appeals for the Third Circuit in *Centerpoint Props. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 268 F.3d 205, 209 (3d Cir. 2001), "the clear and express intent of § 365(d)(3) is to require the trustee to perform the lease in accordance with its terms." Section 365(d)(3) also mandates payment of late charges for late payment of rent if the lease so provides. *In re Pac-West Telecomm, Inc.*, 377 B.R. 119, 125-126 (Bankr. D. Del. 2007).

10. Under the Reliq Lease, Basic Rent for each month is due on the 25th day of the preceding month (or the next succeeding business day if the 25th is not a business day). If any amount of Basic Rent is not received by Reliq within five (5) days after the due date, a Late Fee is added to any amount of Basic Rent that remains unpaid. The first Late Fee for any calendar year is five percent (5%) of the unpaid amount, the second Late Fee in the same calendar year is ten percent (10%) of the unpaid amount, and the third and all subsequent Late Fees in the same calendar year is fifteen percent (15%) of the unpaid amount.

11. Basic Rent for August 2026 in the amount of $630,478.08 is due on July 27, 2026 and will be increased by a Late Fee of fifteen percent (15%) if not paid by August 1, 2026. Basic Rent increases annually by two and one-half percent (2.5%) in September and will be $646,240.03 for the month of September 2026.

12. Reliq supports Pacifica's continued use of cash collateral on an interim basis on the terms set forth in the Motion until at least the date of the Final Hearing.

13. In addition to Basic Rent and Late Fees, the Lease imposes other post-petition payment obligations on Pacifica, including without limitation, the payment of real property taxes, amounts for release of any mechanics liens, attorneys' fees, and "stub rent" for the period from the Petition Date to July 31, 2026. Reliq reserves all rights to timely payment of all such obligations under the Lease and ancillary agreements.

Dated: July 20, 2026

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