

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

In Re:)	
)	CASE NO. 20-10247
Randolph Hospital, Inc. d/b/a Randolph Health,)	
)	CHAPTER 11
)	
Debtors. ¹)	
)	

DEBTORS' MOTION FOR APPROVAL OF AMENDED SALE TRANSACTION AND NOTICE OF SALE

Randolph Hospital, Inc. d/b/a Randolph Health and certain of its affiliates (“Randolph” or the “Debtors”), the above-captioned debtors in possession, hereby file this motion (the “Motion”) requesting entry of an order, in substantially the form attached hereto as **Exhibit A**,² authorizing and approving the amended sale transaction of the Debtors' assets free and clear of all liens, claims, encumbrances, and other interests to American Healthcare Systems, LLC (“AHS”) or such other successful overbidder as determined by the Court and authorizing and approving notice of sale to parties in interest. In support of this Motion, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and Local Civil Rule 83.11, M.D.N.C.
2. This Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
3. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
4. The bases for the relief requested are §§ 105(a) and 363 of title 11 of the United

¹ The Debtors are Randolph Hospital, Inc. d/b/a Randolph Health, Case No. 20-10247; Randolph Specialty Group Practice, Case No. 20-10248; and MRI of Asheboro, LLC d/b/a Randolph MRI Center, Case No. 20-10249.

² The proposed order attached as Exhibit A assumes that AHS remains the high bidder and, as a consequence, the Court is supplementing its prior Sale Order and approving the amended transaction with AHS. If an overbid is received and an auction occurs, the Debtors will submit a revised proposed order.

States Code (the “Bankruptcy Code” or the “Code”) and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

A. General Case Background

5. On March 6, 2020 (the “Petition Date”), the Debtors filed voluntary chapter 11 petitions in the United States Bankruptcy Court for the Middle District of North Carolina (“Court”) commencing the above-captioned cases (“Chapter 11 Cases”).

6. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases.

7. On March 9, 2020, the Bankruptcy Administrator for the Middle District of North Carolina noticed the formation of a committee of unsecured creditors (“Committee”) (Doc. No. 33).

8. A description of the Debtors and their businesses, and the facts and circumstances giving rise to these Chapter 11 Cases, is set forth in the Affidavit of Louis E. Robichaux IV in Support of the Debtors' Chapter 11 Filings and First Day Motions (“First Day Affidavit”) (Doc. No. 4), which is incorporated herein by reference.

B. Auction and Sale Order

9. On August 28, 2020, the Debtors filed their Motion for Entry of Order (A) Approving the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, and (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases [Doc. No. 408] (the “Sale Motion”).

10. On September 8, 2020, the Court entered its Order (I) Approving Auction and

Bidding Procedures in Connection with the Sale of Substantially All of the Debtors' Assets, (II) Permitting Debtors to Designate Stalking Horse Purchaser and Grant Bid Protections, (III) Approving Procedures Related to the Assumption and Assignment of Executory Contracts and Unexpired Leases, (IV) Scheduling Auction and Sale Hearing, (V) Approving the Form and Manner of Sale Notice, and (VI) Granting Related Relief [Doc. No. 445] (the “Bidding Procedures Order”).

11. On October 5, 2020, pursuant to the Bidding Procedures Order, the Debtors commenced the auction.

12. At the conclusion of the auction, after consultation with the Committee and Bank of America, N.A. (the “Consultation Parties” under the Bidding Procedures Order), the Debtors identified AHS as the Successful Bidder.

13. On October 8, 2020, the Debtors and AHS entered into an Asset Purchase Agreement (together with all ancillary documents and schedules referenced therein and all amendments thereto, the “APA”).

14. On November 3, 2020, the Court entered an Order Authorizing the Sale of the Debtors’ Assets Free and Clear of all Liens, Claims, Encumbrances and Interests, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Granting Certain Related Relief (the “Sale Order”) (Doc. No. 563). The Sale Order, among other things, authorized the Debtors to sell the Acquired Assets (as defined in the APA) free and clear to AHS.

15. On December 28, 2020, the Debtors and AHS entered into the First Amendment to the APA (the “First Amendment”). Under the First Amendment, the Debtors amended the APA to permit AHS to operate as a for-profit entity and to specify the extent and nature of the

charity care services that AHS will provide following the acquisition.³

16. On February 18, 2021, the Court granted the Debtors' Motion to approve a second amendment ("Second Amendment") to the APA (Doc. No. 702). The Second Amendment permitted the Debtors and AHS to enter into an Interim Management Agreement and a Leaseback Agreement (collectively, "Interim Management Agreement") at closing.

C. Stabilization Program Funding Contingency

17. The APA with AHS is conditioned upon the Debtors and Randolph County obtaining \$20 million in funding (the "Stabilization Act Funding") through the North Carolina Rural Health Care Stabilization Program (the "Stabilization Program") (APA Article 7.10.)

18. On or about November 25, 2020, the Debtors and Randolph County (the "County") submitted an application for funding (the "Funding Application") to the administrator of the Stabilization Program, UNC Health ("UNC Health") and have worked for months to obtain approval of the Stabilization Act Funding.

19. On or about February 1, 2021, UNC Health declined to recommend such funding, despite substantial supporting information and documentation from the Debtors and the County, including a favorable feasibility analysis conducted by VMG Health.

20. Thereafter, on or about March 9, 2021, the Debtors and the County requested that North Carolina's Local Government Commission ("LGC") consider the Funding Application at its April 13, 2021 meeting and approve VMG Health as a qualified third party for evaluation of the feasibility of the healthcare stabilization plan submitted in connection with the AHS transaction.

³ AHS has subsequently agreed to revise the First Amendment to delete the provision allowing AHS to operate the Acquired Assets as a for-profit and reinsert the requirement that AHS transfer its interests in the Acquired Assets to a North Carolina non-profit. The parties are currently in the process of drafting an amendment to the APA to effectuate this revision.

21. On April 9, 2021, the County was informed that the LGC would not place the Funding Application on its April 13, 2021 hearing agenda. Subsequently, the Debtors and the County learned that the LGC's Staff recommended disapproval of the Application. Unbeknownst to the Debtors, Randolph County then amended the Application to request \$12 million in funding over several years, which was conditionally approved by the LGC.

D. Proposed Third Amendment⁴

22. The Debtors are faced with negative cash flow from operations. The Debtors are currently projecting operating losses of \$200,000-\$300,000 per week and anticipate drawing down on their investment account in the amount of \$2.2 million during the next six-week interim cash collateral period. As a result, the Debtors do not want to further draw out the sale process.

23. If the APA is terminated because of the Debtors' inability to satisfy the Stabilization Act Funding condition, the Debtors would need to both re-canvas the market for alternative buyers and close on an alternative transaction that preserves continuing healthcare services for the County at the level to which AHS is committing. Notably, all system-wide bidders in the prior marketing process who agreed to keep the hospital operating included the same Stabilization Act Funding condition to close as AHS. The Debtors are concerned that they do not have sufficient liquidity to go back to the market, negotiate a new transaction, and prepare and prosecute a new application for Stabilization Act Funding.

24. Given the considerable delay, the Debtors' cash flow profile, and the feedback received on the Funding Application, the Debtors entered into negotiations with AHS to remove the Stabilization Act Funding condition to allow for the sale closing to occur on an expedited basis. The negotiations were conducted in good faith and at arm's length. As a result of the

⁴ On April 28, 2021, the Debtors filed their Motion to Approve Third Amendment to Asset Purchase Agreement between Debtors and American Healthcare Systems, LLC, which is hereby withdrawn and replaced with this Motion.

negotiations, the Debtors and AHS negotiated a Third Amendment to the APA which removes the Stabilization Act Funding contingency and lowers the purchase price to \$8.75 million. Under the Third Amendment, the sale closing will occur within 45 days after entry of the Court's order approving the Third Amendment.

25. After the \$12 million in funding was approved by the LGC, the Debtors, the Committee, AHS discussed the Third Amendment to take into account the improved capital position post-closing. As a result of good faith negotiations, the Debtors and AHS have agreed, in consultation with the Committee, to a \$10.2 million purchase price under the Third Amendment, to be paid as follow:

- a. \$9.0 million in cash at closing;
- b. \$300,000 to be paid in four (4) quarterly installments commencing on the initial Annual Payment Date, as defined in that certain Promissory Note executed and delivered by AHS to Randolph County in the original principal amount of up to \$12,000,000.00 ("Note") under the Stabilization Program, and conditioned upon AHS having received the initial \$3MM ("Year One Funds") from Randolph County under the Stabilization Program and the County having agreed to forgive collection of the Year One Funds pursuant to the terms of the Note;
- c. \$300,000 to be paid in four (4) quarterly installments commencing on the second Annual Payment Date as defined in the Note, and conditioned upon AHS having received the second \$3MM ("Year Two Funds") from the County under the Stabilization Program, and the County having agreed to forgive collection of the Year Two Funds pursuant to the Note;
- d. \$300,000 to be paid in four (4) quarterly installments commencing on the third Annual Payment Date, as defined in the Note, and conditioned upon AHS having received the third \$3MM ("Year Three Funds") from the County under the Stabilization Program, and the County having agreed to forgive collection of the Year Three Funds pursuant to the Note; and
- e. \$300,000 to be paid in four (4) quarterly installments commencing on the fourth Annual Payment Date, as defined in the Note, and conditioned upon AHS having received the final \$3MM ("Year Four Funds") from the County under the Stabilization Program, and the County having agreed to forgive collection of the Year four Funds pursuant to the Note.

26. The Debtors will file the proposed Third Amendment in advance of the hearing on the Motion.

E. Overbidding

27. Because of the materiality of the purchase price decrease, after consultation with the Consultation Parties, the Debtors will serve a Notice of Hearing, Objection Deadline, and Bid Deadline (the "Amended Sale Notice") on interested parties, including all Qualified Bidders (as defined in the Bidding Procedures Order). Attached hereto as **Exhibit B** is the Amended Sale Notice. Contemporaneously with the filing of this Motion, the Debtors will serve the Amended Sale Notice on interested, including all parties who submitted a Qualified Bid at the prior auction, with a deadline for bids of 5:00 p.m. (Eastern Time) on June 1, 2021.

28. In the event a qualifying competing bid is received, the Debtors will ask the Court to conduct an auction at the hearing on the Motion or at such other location and format that the Debtors, in consultation with the Consultation Parties, shall designate in a subsequent notice to AHS and all qualifying bidders. The Debtors intend to seek approval of the successful bidder at the auction at the hearing on this Motion.

ARGUMENT

Section 363 of the Bankruptcy Code provides that a debtor, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts may authorize the sale of a debtor's assets outside of a Chapter 11 plan when a sound business justification exists. *See WBQ P'ship. v. Va. Dept. of Med. Assistance Serv. (In re WBQ P'Ship.)*, 189 B.R. 97 (Bankr. E.D. Va. 1995); *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Taylor*, 198 B.R. 142, 156-57 (Bankr. D.S.C. 1996). In determining whether a sale satisfies the business judgment

standard, courts have considered four elements: (i) a sound business reason or emergency justifying the sale; (ii) good faith; (iii) adequate and reasonable notice; and (iv) a fair and reasonable purchase price. *See Taylor*, 198 B.R. at 156-57. The proposed amended transaction with AHS – or, if applicable, the highest and best bidder at auction – is in the sound business judgment of the Debtors and should be approved by the Court.

A. The Debtors' Sound Business Judgment Supports the Amended Sale Transaction.

In the Sale Order entered on November 3, 2020, the Court determined that the originally proposed sale transaction with AHS satisfied the business judgment standard, was in the best interests of the Debtors' estates, the proposed purchase price was adequate and reasonable and that the parties acted in good faith. There have been two significant events since entry of the Sale Order which have led to the proposed amended transaction with AHS: Firstly, the Debtors have been unable to satisfy the Stabilization Act Funding contingency, which puts the transaction with AHS at significant risk. Secondly, the Debtors have continued to incur significant cash flow losses from their operations. Due to the ongoing losses, the Debtors do not expect to have the time to terminate the APA with AHS, re-canvas the market for alternative buyers and prosecute a new application for Stabilization Act funding to completion. Accordingly, the Debtors entered into good faith, arm's length negotiations with AHS to remove the Stabilization Act Funding contingency, ultimately resulting in the reduced purchase price of \$10.2 million. In light of the Debtors' significant capital needs, the Debtors submit that it represents a fair and reasonable purchase price. Indeed, the Debtors did not receive any bid during the prior auction that maintained acute healthcare services and was not contingent on the full Stabilization Act Funding. Notably, despite the extensive marketing process conducted in this case, in addition to two separate marketing processes conducted by the Debtors pre-petition, there was no buyer that

at any price was willing to acquire and operate the Debtors acute care operations without a precondition for government funding. Importantly, removing the contingency allows the sale to proceed to closing, removing significant uncertainty and preserving cash reserves for the benefit of creditors. Accordingly, entry into the Third Amendment is in the best interests of the Debtors' estates and satisfies the business judgment standard.

B. The Amended Sale Notice Provides Sufficient Notice and Opportunity to Bid and Ensures Optimal Value Is Realized by the Estates.

The Debtors are distributing the Amended Sale Notice in order to give interested parties notice of the proposed amended sale transaction and the opportunity to bid. The noticing, overbidding, and potential auction process is consistent with the authority granted to the Debtors under the Bidding Procedures Order and was created with input from the Consultation Parties. The opportunity for competitive bidding ensures that the amended transaction with AHS – or the ultimate successful bidder if competitive bids are received – represents fair market value for the Debtors' assets. *See In re Harwald*, 497 F.2d 443, 444 (7th Cir. 1974) (stating “sale by public auction, where all interested parties can be brought together for open, competitive bidding, will result in the highest prices which could be obtained on behalf of the creditors for the bankrupt's property”); *Simantob v. Claims Prosecutor, LLC (In re Lahijani)*, 325 B.R. 282, 288-89 (B.A.P. 9th Cir. 2005) (“The price achieved by an auction is ordinarily assumed to approximate market value when there is competition by an appropriate number of bidders.”). As a result, following notice to interested parties and opportunity for overbidding, the Court should approve the proposed amended transaction with AHS or, if overbids are received, the high bidder at the auction.

NOTICE

Notice of this Motion has been provided by electronic mail or overnight delivery to: (a)

the Bankruptcy Administrator for the Middle District of North Carolina; (b) the Official Committee of Unsecured Creditors, c/o Andrew H. Sherman, One Riverfront Plaza Newark, NJ 07102, and Rayford K. Adams, III, 110 Oakwood Drive, Suite 500, Winston-Salem, NC 27103; (c) those persons who have formally appeared in the Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002; (d) all applicable government agencies to the extent required by the Bankruptcy Rules and the Local Rules; (e) Bank of America, c/o McGuire Woods, LLP, Attn: Scott Vaughn, 201 North Tryon Street, Suite 3000, Charlotte, NC 28202; and (f) any other entities directly affected by the Motion. A copy of the Motion has been made available on the website of the Debtors' claims and noticing agent, Epiq Corporate Restructuring, LLC, at <https://dm.epiq11.com/RandolphHealth>. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

WHEREFORE, the Debtors respectfully request that the Court enter an order, in substantially the form attached hereto as **Exhibit A**, granting the relief requested herein, approving the sale to AHS, as amended by the Third Amendment or, in the alternative, approving the sale to the successful bidder in the event of an overbid and auction, supplementing its prior Sale Order, and granting such other and further relief to which the Debtors may be justly entitled.

HENDREN, REDWINE & MALONE, PLLC

s/Rebecca F. Redwine

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POSSESSION

EXHIBIT A
(Proposed Order)

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

In Re:)	
)	CASE NO. 20-10247
Randolph Hospital, Inc. d/b/a Randolph)	
Health,)	CHAPTER 11
)	
Debtors. ¹)	
_____)	

ORDER GRANTING DEBTORS' MOTION FOR APPROVAL OF AMENDED SALE TRANSACTION AND SUPPLEMENTING PRIOR SALE ORDER

Upon consideration of the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of an order authorizing the Debtors entering into an amended sale transaction with American Healthcare Systems, LLC (the "Purchaser"); and the Court having reviewed the Motion and having heard the evidence and statements of counsel in support of the relief requested therein at the hearing before the Court on

¹ The Debtors are Randolph Hospital, Inc. d/b/a Randolph Health, Case No. 20-10247; Randolph Specialty Group Practice, Case No. 20-10248; and MRI of Asheboro, LLC d/b/a Randolph MRI Center, Case No. 20-10249.

² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Motion.

June 4, 2021 (the “Hearing”); and the Court having found and concluded that (i) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (iii) venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409, (iv) notice of the Motion was sufficient under the circumstances, and (v) the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and this Court having determined that granting the relief requested in the Motion as set forth herein is in the best interests of the Debtors, their estates and their creditors; and after due deliberation and sufficient cause appearing therefore;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. On November 3, 2020, following an auction during which the Purchaser emerged as the successful bidder, the Court entered an Order Authorizing the Sale of the Debtors’ Assets Free and Clear of all Liens, Claims, Encumbrances and Interests, (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Granting Certain Related Relief (the “Sale Order”) (Doc. No. 563).
3. Pursuant to the Sale Order, the Debtors entered into an Asset Purchase Agreement with the Purchaser dated October 8, 2020 (together with all ancillary documents and schedules referenced therein and all prior amendments thereto, the “APA”). The Debtors and the Purchaser subsequently agreed to two amendments to the APA: the First Amendment, most of which was subsequently withdrawn by agreement, and the Second Amendment, which was approved by the Court and permitted the Debtors to enter into an Interim Management Agreement with the Purchaser at closing.

4. The APA with the Purchaser is conditioned upon the Debtors and Randolph County obtaining \$20 million in funding (the “Stabilization Act Funding”) through the North Carolina Rural Health Care Stabilization Program (the “Stabilization Program”).

5. The Debtors and Randolph County were unsuccessful in their efforts to obtain the full Stabilization Act Funding. As a result, the Debtors and the Purchaser negotiated a Third Amendment to the APA which removes the Stabilization Act Funding contingency in exchange for a reduced purchase price of \$10.2, with \$9 million cash paid at closing and \$1.2 million paid over four years subject to certain preconditions, as set forth in the Motion.

6. Contemporaneously with the filing of the Motion, the Debtors provided notice to interested parties of the amended sale transaction with the Purchaser and the right to overbid. The Debtors did not receive any overbids.

7. The revised consideration for the Acquired Assets under the Third Amendment was the product of arm’s length negotiations and, in light of the change in circumstances since the Sale Order, constitutes reasonable value and fair consideration under the Bankruptcy Code and other applicable law. Sound business reasons exist for entry into the Third Amendment and consummation of the amended transaction constitutes each of the Debtor’s exercise of business judgment. The Third Amendment is in the best interests of each Debtor, its estate, its creditors, and all parties in interests.

8. The Purchaser is a good faith purchaser for value, entitled to the protections afforded under 11 U.S.C. § 363(m).

9. This Order supplements the Sale Order and shall control to the extent it is inconsistent. Except as modified herein or prior Orders of the Court, the Sale Order shall continue to apply.

10. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

11. The Debtors are directed to serve a copy of this Order as required by the Order Implementing Certain Notice and Case Management Procedures (Docket No. 134) within five (5) days of entry of this Order and to file a certificate of service with the Clerk of Court.

END OF DOCUMENT

EXHIBIT B

(Amended Sale Notice)

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

In Re:)	
)	CASE NO. 20-10247
Randolph Hospital, Inc. d/b/a Randolph Health,)	
)	CHAPTER 11
)	
Debtors. ¹)	
)	

NOTICE OF HEARING, OBJECTION DEADLINE, AND BID DEADLINE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. The above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), seek to sell substantially all of their assets (collectively, the "Acquired Assets" and each asset individually, an "Acquired Asset")² free and clear of certain liens, claims, and encumbrances.

2. This is to notify you of the hearing scheduled on the Debtors' Motion for Approval of Amended Sale Transaction ("Motion"), deadline for filing objections thereto, and deadline for submitting competing bids.

3. PLEASE TAKE NOTICE that a hearing (the "Hearing") to consider the Debtors' Motion shall be held before the United States Bankruptcy Court for the Middle District of North Carolina located at 601 W. 4th Street, Winston Salem, North Carolina 27101 on **June 4, 2021 at 9:30 a.m. (Eastern Time)**.

4. The Debtors are currently under contract with American Healthcare Systems, LLC, pursuant to an Asset Purchase Agreement dated October 8, 2020 (together with all ancillary documents and schedules referenced therein and all amendments thereto, the "APA")³,

¹ The Debtors are Randolph Hospital, Inc. d/b/a Randolph Health, Case No. 20-10247; Randolph Specialty Group Practice, Case No. 20-10248; and MRI of Asheboro, LLC d/b/a Randolph MRI Center, Case No. 20-10249.

² The Acquired Asset(s) shall not include (i) any cash, cash equivalents and investment property of the Debtors, including, but not limited to, any funds in any of the Debtors' investment or other accounts; *provided, however*, that any interest of the Debtors in StayWell Senior Care, Inc. and/or Randolph Cancer Center, LLC are included in the definition of Acquired Assets that may be sold pursuant to the terms of this Order and the Bidding Procedures attached hereto, (ii) any cause of action or proceeds of such cause of action arising under chapter 5 of the Bankruptcy Code or applicable state law equivalents, and (iii) any commercial or other tort claims (as such term is defined in the Uniform Commercial Code as in effect in the State of North Carolina) arising on or before the closing date of any Transaction, or any proceeds thereof, including, but not limited to, any and all causes of action against present or former directors and officers of the Debtors and/or any of their affiliates.

³ A copy of the APA and associated amendments, schedules, and exhibits will be provided to interested parties upon request. The APA is publicly available at Docket No. 509, the Second Amendment is publicly available at Docket No. 701, and the Third Amendment is available at Docket No. [XXX].

subject to higher or better offers. The terms of the APA that are subject to higher or better offers, include the following:

Cash Purchase Price:	\$10.2 million, with \$9 million paid in cash at closing and \$1.2 million paid over four years subject to certain pre-conditions
Deposit:	\$1.85 million
Acquired Assets:	Substantially all operating assets of the Debtors and joint venture interests, excluding cash, accounts receivable, and certain other assets
Contingencies:	No financing contingency, due diligence contingency, or contingency for funding under the North Carolina Rural Health Care Stabilization Program or any other local, state, or federal program
Closing:	Within 45 days of Bankruptcy Court approval

5. To be considered, any bid, or combination of bids, for the Acquired Assets must provide value to the Debtors' estates that exceeds, in aggregate, the value provided to the Debtors' estates under the APA.

6. The Debtors will evaluate the bids, determine qualified bidders and qualified bids, and conduct the auction, if any, in consultation with the Consultation Parties⁴, in accordance with the bidding procedures previously approved by Order of the Bankruptcy Court on September 8, 2020 [Docket No. 445] (the "Bidding Procedures Order").

7. Parties interested in submitting a bid and participating in an auction for the Acquired Assets must submit (i) a binding executed version of a revised APA (along with a redline showing marked changes); (ii) evidence of their financial ability to consummate the proposed transaction; and (iii) a cash good faith deposit in the form of a wire transfer, certified check or such other form acceptable to the Debtors, payable to the order of the Debtors' escrow agent, Nelson Mullins Riley & Scarborough, LLP, in an amount equal to at least ten percent (10%) of the cash component of the proposed purchase price **so as to be received by 5:00 pm (Eastern Time) on June 1, 2021.**

8. Bids must be submitted to the following: (i) counsel for the Debtors, Nelson Mullins Riley & Scarborough, LLP, 1320 Main Street, 17th Floor, Post Office Box 11070 (29211), Columbia, South Carolina 29201, Attn: Jody A. Bedenbaugh (jody.bedenbaugh@nelsonmullins.com), and Rebecca Finch Redwine (rredwine@hendrenmalone.com), Hendren, Redwine & Malone, PLLC, 4600 Marriott Drive, Suite 150, Raleigh, NC 27612; (ii) investment bankers to the Debtors, Houlihan Lokey Capital, Inc., 111 S. Wacker Drive, 37th Floor, Chicago, Illinois 60606, Attn. Andrew Turnbull (ATurnbull@HL.com) and Ben Ilhardt (BIlhardt@HL.com); (iii) counsel to the Official Committee of Unsecured Creditors, Sills, Cummis & Gross, P.C., Attn: Andrew H. Sherman

⁴ As defined in the Bidding Procedures Order. A copy of the Bidding Procedures Order will be provided to interested parties upon request.

(asherman@sillscummis.com) and Boris I. Mankovetskiy (bmankovetskiy@sillscummis.com), One Riverfront Plaza, Newark, New Jersey 07102; and (iv) counsel to Bank of America, N.A., McGuire Woods, LLP, Attn: Scott Vaughn (svaughn@mcguirewoods.com), 201 North Tryon Street, Suite 3000, Charlotte, NC 28202.

9. In the event that competing bids are received by the Debtors by the deadline set forth above, an auction will be conducted on **June 4, 2021 at 9:30 a.m.** at the United States Bankruptcy Court for the Middle District of North Carolina, Greensboro Division, 601 W. 4th St., Winston-Salem, NC 27101 or at such other time, location and format that the Debtors, in consultation with the Consultation Parties, shall designate in a subsequent notice to all qualifying bidders. The hearing on the proposed sale shall occur on June 4, 2021 following the auction.

10. PLEASE TAKE FURTHER NOTICE that responses or objections, if any, to the relief requested in the Motion must be in writing, conform to the Federal Rules of Bankruptcy Procedure, the Local Rules of the Bankruptcy Court, and the procedures described in the Final Order Implementing Certain Notice and Case Management Procedures [Dkt. No. 134] (the “Case Management Order”) entered by the Bankruptcy Court on April 2, 2020. Any responses or objections shall be served in an accordance with the Case Management Order upon all parties on the Master Service List (as that term is defined in the Case Management Order) and the Movant. Any response must be filed and served so as to be received no later than **seven (7) calendar days** before the Hearing Date (the “Objection Deadline”). If you mail your request or response, you must mail it early enough so the parties will receive it on or before the Objection Deadline. If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Motion and may enter an order granting that relief.