

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In Re:	Case No.: 24-21217-CMB
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i> , ¹	Chapter 11
Debtors.	<i>Jointly Administered</i>
	Doc. No.:
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i> ,	Related to Document No. 163
Movant,	Hearing Date: July 1, 2024
-vs -	Hearing Time: 10:00 AM (EST)
CIBC BANK USA, GPH CANONSBURG LP, GPH MONROEVILLE LP, GPH MURRYSVILLE LP, GPH MT. LEBANON LP, and PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES,	Response Deadline: 10:00 AM (EST) on June 24, 2024
Respondents.	

ORDER GRANTING CUARZO DEBTORS' MOTION FOR ENTRY OF AN ORDER:
(A) AUTHORIZING THE PRIVATE SALE OF THE CUARZO DEBTORS ASSETS;
(B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND
(C) GRANTING RELATED RELIEF

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrys ville Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017.

This matter having come before the Court on the *Cuarzo Debtors' Motion for Entry of an Order: (A) Authorizing the Private Sale of Cuarzo Debtors' Assets; (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* (the "Motion")² filed in the above-captioned bankruptcy proceeding by the Cuarzo Debtors; and it appearing that due and proper notice of the Motion was given and a hearing was held on the same on July 1, 2024; and it appearing that the relief sought by the Cuarzo Debtors is necessary and in the best interest of the Cuarzo Debtors, their bankruptcy estates, and other parties in interest; and it further appearing that any timely objections are being hereby overruled, and the Court having reviewed the record, and having considered same;

THE COURT HEREBY FINDS AND DETERMINES as follows:

A. This Court has jurisdiction over these Chapter 11 Cases, the Motion, and the proposed sale of the assets (the "Transfer") described in the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter constitutes a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (N), and (O).

B. Venue for these Chapter 11 Cases and thus for the Motion is proper in this District under 28 U.S.C. §§ 1408 and 1409.

C. The statutory predicates for the relief sought through the Motion are 11 U.S.C. §§ 363 and and Fed. R. Bankr. P. 2002, 6004, 6006 and 9014 and all other applicable law.

D. Proper, timely, adequate, and sufficient notice of the transactions proposed in the Motion and of the terms of this Order and the reservation of exclusive jurisdiction and injunction to enforce such reservation of exclusive jurisdiction precluding any claims in connection herewith

²Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion (as defined herein).

from being brought in any court other than the United States Bankruptcy Court for the Western District of Pennsylvania has been provided in accordance with 11 U.S.C. §§ 102(1), and 363(b) and Fed. R. Bankr. P. 2002, 6004, and 9014, and other applicable law, including to all parties to executory contracts and to creditors who have asserted or who could assert Liens and Claims (as hereinafter defined). Such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice of the Motion, the hearing to consider the Motion (the "Hearing"), and/or the sale shall be required.

E. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

F. The Cuarzo Debtors have faithfully exercised their duties in determining to proceed with the transfer of operations to WeCare, or its designated affiliates as the New Operator, and the sub-landlord (collectively, the "New Operator").

G. The Cuarzo Debtors have demonstrated both (i) good, sufficient, and sound business purposes and justification, and (ii) compelling circumstances for the Transfer of the Purchased Assets to New Operator pursuant to 11 U.S.C. § 363. Such justification and compelling circumstances include, but are not limited to, the fact that (a) the New Operator's offer constitutes the highest and best offer available for the Purchased Assets because of the exigencies that exist in the Cuarzo Debtors' business, and the absence of any other better offers from other potential purchasers prior to the Hearing; and (b) consummation of the Transfer of the Purchased Assets presents the best opportunity to realize the highest value for the Purchased Assets and avoid potential decline and devaluation thereof, relieves the bankruptcy estates of significant liabilities and provides a viable path for continued operations of the Cuarzo Facilities in the communities they serve. No other person, entity, or group of entities has offered to purchase the Purchased Assets for any greater economic value to the Cuarzo Debtors' estates than the New Operator.

H. After consideration of the circumstances described in the Motion and at the Hearing, the Court has determined that the proposed Transfer to the New Operator pursuant to the Operations Transfer Agreement attached as Exhibit B to the Motion, as amended by the Motion (the “OTAs”), are in the best interests of the Cuarzo Debtors’ estates.

I. The consideration obtained for the Purchased Assets from the New Operator is fair and reasonable, represents the highest and best offer for the Purchased Assets, and is in the best interests of the Cuarzo Debtors, its creditors, and their estates. The purchase price constitutes full and adequate consideration and reasonably equivalent value for the Purchased Assets.

J. The purchase terms, as set forth in this Order and the OTAs, constitute reasonably equivalent value and fair consideration for the Purchased Assets under the Bankruptcy Code, or any other applicable laws of the United States, any state, territory or possession.

K. The purchase terms, as set forth in this Order and the OTAs, are fair and reasonable under the circumstances of these Chapter 11 Cases of the Cuarzo Debtors. The New Operator is a purchaser in good faith with respect to the Purchased Assets, as that term is used in 11 U.S.C. § 363(m). The OTAs, the amendments thereto, and this Order were negotiated, proposed, and entered into by the Cuarzo Debtors and New Operator in good faith, from arm’s-length bargaining positions, and without collusion. New Operator is not connected to or in any way related to the Cuarzo Debtors or those in control of the Cuarzo Debtors. The sale process conducted was non-collusive, fair, and reasonable, and it was conducted openly and in good faith. New Operator is entitled to the protections of 11 U.S.C. § 363(m) with respect to the Purchased Assets. The Transfer of the Purchased Assets to New Operator is a sale in good faith within the meaning of 11 U.S.C. § 363(m). New Operators and the Cuarzo Debtors have not engaged in any conduct that would cause or permit the Transfer or this order to be avoided. New Operator is not an “insider” of the Cuarzo Debtors, as that term is defined in 11 U.S.C. § 101.

L. The Cuarzo Debtors may sell the Purchased Assets free and clear of all Claims, Liens and Encumbrances (as defined below) because, one or more of the standards set forth in 11 U.S.C. §§ 363(f)(1) – (5) have been satisfied. All holders of Claims and Liens (as defined below) and all parties who did not object to the Motion are deemed to have consented to the Transfer pursuant to 11 U.S.C. § 363(f)(2).

M. As a condition to purchasing the Purchased Assets, the New Operator requires that the Purchased Assets be sold free and clear of all Claims and Liens, including but not limited to any liability for any nursing assessment or any other amounts owed by the Cuarzo Debtors to the Commonwealth of Pennsylvania prior to closing, and free and clear of any and all successor liability for any Department of Labor (“DOL”) allegations or claims against the Cuarzo Debtors regardless of whether pending in the FLSA Litigation, on an “as is, where is” basis, without any representations or warranties, except as expressly provided in the OTAs. New Operator would not enter into the OTAs or consummate the Transfer, thus adversely affecting the bankruptcy estates, if the Transfer was not free and clear of all Claims and Liens or if the New Operator was or would be liable for any obligations of or claims (as defined in 11 U.S.C. § 101(5)) against the Cuarzo Debtors other than any liabilities expressly assumed in this Order and the OTAs.

N. Any of the executory contracts and unexpired leases that New Operator has agreed to purchase, be assigned and assumed, and which are in default at the time of the Transfer, shall be cured by the New Operator as provided in the OTAs and the Motion or as otherwise agreed to by the New Operator and the non-debtor parties to those contracts and leases. The Court finds that the procedures in the Motion governing the assumption and assignment of Executory Contracts are reasonable and are hereby approved.

O. The Cuarzo Debtors have full power and authority to execute and deliver the Purchased Assets, the OTAs and their related documents, and any other documents necessary or appropriate to consummate the Transfer of the Purchased Assets as contemplated under the OTAs.

The amendments to the agreements attached as Exhibit B to the Motion set forth in the Motion and the Lease Incentives are hereby incorporated into the OTAs by reference. All actions contemplated by the OTAs have been duly and validly authorized by all necessary action of the Cuarzo Debtors. No further consents or approvals are required for the Cuarzo Debtors to consummate the transactions contemplated by this Order and the OTAs except as otherwise set forth herein.

P. The transfer of the Purchased Assets to the New Operator is or will be a valid, legal, and effective transfer of the Purchased Assets and will vest New Operator with all right, title, and interests of the Cuarzo Debtors in and to the Purchased Assets, free and clear of all Claims and Liens (as defined below).

Q. All findings of fact and conclusions of law announced by this Court at the Hearing in relation to the Motion are incorporated herein by reference as though fully set forth in this Order.

IT IS HEREBY ORDERED as follows:

1. The Motion is granted and the Transfer of the Purchased Assets is **APPROVED** in all respects and as set forth herein.

2. Any objections to the Transfer that have not been withdrawn, waived, or resolved, and all reservation of rights included in such objections, are hereby **OVERRULED** on the merits.

3. The OTAs are hereby **APPROVED**, and the Cuarzo Debtors and their professionals are authorized, empowered, and directed to perform their obligations under the OTAs and to take such actions as are necessary or appropriate to effectuate the terms of the OTAs and this Order. The failure specifically to include any particular provision of the OTAs in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Transfer and the OTAs be authorized and approved in their entirety. In the event of any inconsistency between the terms of any prior pleading related to the Motion, the OTAs, and this Order, the terms of this Order shall control.

4. Pursuant to 11 U.S.C. §§ 105(a) and 363(f), upon the closing of the Transfer of the Purchased Assets (the “Closing”), the Transfer will be a legal, valid, and effective sale, assignment, and transfer of the Purchased Assets to New Operator of same and shall vest New Operator with good and marketable title to the Purchased Assets free and clear of: (i) any mortgage, lien (as such term is defined in 11 U.S.C. § 101(37) including any mechanic’s, materialman’s, statutory, and any other consensual or non-consensual lien), security interest, charge, hypothecation, deed of trust, pledge, right of use, first offer or refusal, easement, servitude, restrictive covenant, lease, sublease, covenant, right of way, option, restriction (including, without limitation, any restriction on transfer or on the use, voting, receipt of income or other rights or exercise of any attributes of ownership); conditional sale or other title retention agreements, interest, encroachment, or encumbrance of any kind, or claim (as that term is defined in 11 U.S.C. § 101(5)) and including, without limitation, any claim against the New Operator and/or any of the assets or properties of the New Operator (including, without limitation, the Purchased Assets) based on a theory of successor liability, alter-ego, or any similar theory of liability) (all of the foregoing collectively referred to as “Liens”) arising from or related in any way to the pre-closing period, and (ii) any debt, liability, interest, or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), including, without limitation, all costs and expenses relating thereto, or any nursing home assessments or any amounts owed by the Cuarzo Debtors to the Commonwealth of Pennsylvania prior to closing, and free and clear of any and all successor liability for any DOL allegations or claims (all of the foregoing collectively referred to as “Claims”) arising from or related in any way to the pre-closing period. All such Liens and Claims shall attach to the proceeds of the Transfer (the “Sale Proceeds”) with the same validity, enforceability, priority, force, and effect that they now have as against the Purchased Assets, subject to the rights, claims, defenses, and objections of all interested

parties with respect to such Liens and Claims, including rights of the Cuarzo Debtors' Estate under Chapter 5 of the Bankruptcy Code, all such issues to be reserved for further Orders of the Court. For the avoidance of doubt, the transactions contemplated herein shall not constitute a consolidation, merger, or de facto merger of the Purchaser with the Curazo Debtors or any other party. There is no substantial continuity of enterprise, common identity, or continuity of enterprise between the Cuarzo Debtors and the Purchaser, and Purchaser is not the mere continuation of the Cuarzo Debtors or their respective estates. Except as otherwise set forth in the OTAs, the transfer of the Purchased Assets to the Purchaser will not subject Purchaser to any liability for any Claims against the Debtors or the Purchased Assets arising from or relating to the pre-closing period, based, in whole or in part, directly or indirectly, on any theory of law or equity.

5. As of the Closing, all persons and entities holding Liens and/or Claims and their respective successors and assigns, are hereby forever barred, estopped, and permanently enjoined from asserting, prosecuting, or otherwise pursuing such Liens and Claims of any kind and nature against the New Operator, the Purchased Assets, or any other assets or properties of the New Operator, including conditioning the issuance to New Operator of new licenses, new certifications, new Medicaid provider agreements or other payor program agreements on the assumption or payment by New Operator of any nursing assessment, liability or other amount owed by any of the Cuarzo Debtors, or commencing or continuing any action that does not comply or is inconsistent with this Order. As of the Closing, the Court hereby reserves exclusive jurisdiction over this Order and its provisions, and the injunctions provided herein including in this paragraph, barring any Claims from being asserted, and if notwithstanding such injunction such Claims are asserted in violation of this Order, they are required to be asserted in the United States Bankruptcy Court for the Western District of Pennsylvania in furtherance of this Court's injunction and reservation of exclusive jurisdiction.

6. On and after the Closing, the New Operator will not assume, be liable for, have any responsibility for, or otherwise become obligated in respect of any liabilities or any other obligations of the Cuarzo Debtors, except as set forth in the OTAs and related documents.

7. The New Operator shall not have any liability arising from or under, relating to, or in connection with the Liens or Claims, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter arising, except for the liabilities assumed in connection with the OTAs.

8. The Executory Contracts that are being assumed by the New Operator are either (i) executory contracts or unexpired leases under 11 U.S.C. § 365(a) which may be assumed by the Cuarzo Debtors and sold and assigned to New Operator pursuant to the provisions of 11 U.S.C. §365(f)(2), or (ii) non-executory contracts that may otherwise be sold and assigned to the New Operator according to their terms and applicable law. At the Closing of the Transfer (or as otherwise provided in the Motion procedures governing the assumption and assignment of Executory Contracts) the Cuarzo Debtors are authorized to assume, sell, and assign the Assigned Contracts to New Operator, which shall vest New Operator with all right, title and interest in and to the Assigned Contracts, effective as of the Closing Date or later date of assignment, and the bankruptcy estates shall be relieved of any further obligations or liabilities associated therewith. All such Cure Amount payments shall be paid in connection with the Closing, as set forth in the Motion procedures governing assumption and assignment, or as otherwise agreed between the Cuarzo Debtors, New Operator, and the non-debtor party to the Assigned Contract and shall (a) effect a cure of all defaults existing under the Assigned Contract, (b) compensate for any actual pecuniary loss to such non-debtor party to the Assigned Contract resulting from such default, and (c) together with the assumption of the Assigned Contracts by New Operator, constitute adequate assurance of future performance by New Operator under the Assigned Contracts. Pursuant to 11

U.S.C. § 365(f) the Cuarzo Debtors are authorized to take all steps necessary to assign the Assigned Contracts to New Operator. This assignment shall not constitute a default under the Assigned Contracts, and neither the Cuarzo Debtors nor New Operator shall have any further liabilities to the non-debtor parties to the Assigned Contracts, other than New Operator's obligations under the Assigned Contracts relating to the period after the Closing or later date of assignment to the New Operator under the procedures set forth in the Motion.

9. If any person or entity that has filed financing statements, mortgages, liens, *lis pendens*, or other documents evidencing Liens and Claims against the Purchased Assets sold pursuant to this Order shall not have delivered to the Cuarzo Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens and Claims that the person or entity has with respect to such Purchased Assets, the Cuarzo Debtors, or New Operator after Closing, are hereby authorized and directed to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to such Purchased Assets.

10. Any entities that are presently, or as of the Closing may be, in possession of any portion of the Purchased Assets sold pursuant to this Order are hereby directed to surrender possession of such Purchased Assets to New Operator on the date of the Closing.

11. The transfer of the Purchased Assets pursuant to this Order and the OTAs: (a) is a legal, valid, and effective transfer of the Purchased Assets from the Cuarzo Debtors to New Operator; (b) vests in New Operator all right, title, and interest of the Cuarzo Debtors and all other claimants or parties in interest in and to the Purchased Assets; and (c) constitutes a transfer for reasonably equivalent value and good and adequate consideration under the Bankruptcy Code and all other law applicable to such transfer. No other person, entity, or group of entities has offered to purchase the Purchased Assets for greater economic value to the Cuarzo Debtors' bankruptcy

estates than New Operator.

12. The transactions contemplated by this Order and the OTAs have been bargained for and undertaken by New Operator and the Cuarzo Debtors at arm's length, without collusion, and in good faith within the meaning of 11 U.S.C. § 363(m). New Operator and the Cuarzo Debtors have not engaged in any conduct that would cause or permit this Order or the Transfer to be avoided.

13. Pursuant to 11 U.S.C. § 363(m), if any or all of the provisions of this Order are hereafter reversed, modified, or vacated by a subsequent order of this Court or any other court, such reversal, modification, or *vacatur* shall not affect the validity and enforceability of any obligation or right granted pursuant to the terms of this Order. Notwithstanding any reversal, modification, or *vacatur* of this Order, any actions taken by either New Operator or the Cuarzo Debtors pursuant to the terms of this Order prior to the effective date of any such reversal, modification, or *vacatur* shall be governed in all respects by the original provisions of this Order and the OTAs, as the case may be.

14. Neither New Operator nor the Cuarzo Debtors have engaged in any conduct that would cause or permit the Transfer and/or the OTAs to be avoided pursuant to 11 U.S.C. § 363(n).

15. The Cuarzo Debtors and their professionals be and hereby are authorized, empowered, and directed to take such actions as may be necessary to effectuate the terms of this Order and consummate the Transfer.

16. The Cuarzo Debtors be and are hereby authorized, empowered, and directed to execute and deliver any and all instruments as may be required to effectuate the terms of the OTAs and this Order. The OTAs and any agreements, documents, or other instruments related to this Order or the transactions contemplated herein may be modified, amended, or supplemented by the parties thereto, in a writing signed by all parties, and in accordance with the terms thereof without

further order of the Court, provided that any such modification, amendment, or supplement does not have a material adverse effect on the Cuarzo Debtors' Estate.

17. The provisions of this Order and any actions taken pursuant hereto shall survive any conversion or dismissal of these bankruptcy cases and the entry of any other order which may be entered in these cases, including any order: (i) confirming any plan of reorganization; (ii) converting this case from Chapter 11 to Chapter 7; (iii) appointing a trustee or examiner; or (iv) dismissing this case. The terms and provisions of this Order, as well as the rights granted under the OTAs shall continue in full force and effect and shall be binding upon the Cuarzo Debtors and their successors, assigns, any reorganized debtor, or Chapter 7 trustee applicable to the Cuarzo Debtors and their Estates, or any person acting on the Cuarzo Debtors' behalf, notwithstanding any such conversion, dismissal, or order entry.

18. All of the transfers and other performance set forth in this Order and the OTAs together with the performance under all of the agreements identified herein to be executed and performed at Closing, are part of a single transaction such that the same is not subject to being avoided, rejected, or otherwise terminated or modified by a division or separate treatment of the various agreements or component transactions. Accordingly, the provisions of this Order are non-severable and mutually dependent.

19. The Court shall retain exclusive jurisdiction to enforce the provisions of this Order and to resolve any dispute concerning this Order, the OTAs, and/or the rights and duties of the parties hereunder or thereunder, or any issues relating to the Transfer and this Order, including, but not limited to, interpretation of the terms, conditions, and provisions hereof, and the status, nature, and extent of the Purchased Assets, and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the Purchased Assets free and clear of Liens and Claims as set forth herein, and as set forth in Paragraph 5 above.

20. New Operator shall obtain from the Cuarzo Debtors all books, records, files and papers, whether in hard copy or computer format, related to the Purchased Assets, including any information relating to any tax imposed on the Purchased Assets; provided, however, that the Cuarzo Debtors shall also retain copies of the same including copies of computer servers, electronic mail records and financial records of the Cuarzo Debtors. Furthermore, the Cuarzo Debtors shall take no action to destroy or alter access to emails or their existing records, other than with respect to medical records which will be transferred to the New Operators. New Operator agrees to maintain and retain in accordance with applicable laws all medical records and any other transferred PHI and PII related to current and former residents of the Cuarzo Facilities and shall comply with all applicable privacy policies laws, subject to future notices regarding privacy policies provided by new operator to current and former residents.

21. For the avoidance of doubt, the New Operator shall not acquire any interest in any Excluded Asset, as that term is defined in the OTA, including all accounts receivable, whether related to the *Motion for Entry of an Order: (A) Authorizing the Cuarzo Debtors to Enter Into the Support Services Agreement; and (B) Granting Related Relief* (Doc. No. 181) or otherwise, any and all Chapter 5 claims or causes of action, D&O Claims and commercial tort claims.

22. Should any competitive bid be received prior to the sale closing for some or all of the Cuarzo Debtors' assets, the Cuarzo Debtors shall file and serve a status report as soon as possible disclosing the material terms of the bid and explain whether the Cuarzo Debtors believe the overbid is a higher or better offer. The Court shall retain, in its discretion, jurisdiction to schedule proceedings on any competing bid and to formulate any necessary bidding procedure and auction sale procedures.

23. All rights and objections to priority, determination of secured status and distribution or any sale proceeds, if any, are preserved. The Cuarzo Debtors shall file a proposed distribution

of any sale proceeds with its Report of Sale and serve the proposed distribution on counsel for the Official Committee of Unsecured Creditors and any other party that has filed a notice of appearance, with any objection to distribution due seventeen (17) days thereafter.

24. Notwithstanding anything in this Order, any funds in resident trust accounts are and shall remain the property of the residents and are not subject to this Order. The funds in any resident trust account are not "Purchased Assets" or "Transferred Assets" pursuant to the OTAs. Existing Operator and New Operator shall ensure that resident trust accounts and funds therein are maintained and utilized for the residents according to applicable law and existing terms.

25. Pursuant to, and to the extent necessary under, Fed. R. Bankr. P. 6004(h) and 6006(d), this Court hereby expressly finds and concludes that there is no just cause for delay in the implementation of this Order. This Order therefore shall not be stayed for fourteen days after its entry. Notwithstanding any provision of the Bankruptcy Code or Federal Rules of Bankruptcy Procedure to the contrary, this Order shall be effective and enforceable immediately upon entry, and any stays thereof, including without limitation pursuant to Fed. R. Bankr. P. 6004(h) and 6006(d), are hereby abrogated.

26. *As to the United States.* Notwithstanding any provision to the contrary in this Sale Order ("Order"), any Operations Transfer Agreement ("OTA"), or any other document related to the sale, nothing shall: (1) authorize the assumption, sale, assignment or other transfer to the Purchaser or any other buyer of any federal (a) grants, (b) grant funds, (c) contracts, between the Debtors and the United States or its agencies, including but not limited to (d) agreements, contracts, (e) awards, and (f) task orders, and specifically including but not limited to (as listed in the Debtors' Notice of Executory Contracts that may be Assumed and Assigned in connection with the Sale Transaction, Schedule of Contracts and Cure Amounts [Dkt. No. 248, Attachment 1]) Department of Veterans Affairs (VA) Contract Numbers 18, 19, 20, 21, 22, 23, 24, 71, 72, 73, 118, 161, 162,

163, 164, and 165, which includes agreements with South Hill Operations, LLC; Monroeville Operations, LLC; Mt. Lebanon Operations, LLC; and Murrys ville Operations, LLC, (g) property, including but not limited to, any intellectual property and patents belonging to the United States or any of its agencies or components thereof, (h) leases, (i) certifications, (j) applications, (k) registrations, (l) billing numbers and other identifiers, including without limitation, national provider identifiers and provider transaction access numbers, (m) licenses, (n) permits, (o) covenants, (p) inventory, (q) guarantees, (r) indemnifications, (s) data, (t) records, (u) payment obligations, (v) Medicare agreements, or (w) any other interests belonging to the United States, including any of its agencies or components thereof (collectively, "Federal Interests") without compliance by the Debtors and the Purchaser with all terms of the Federal Interests and with all applicable non-bankruptcy law; (2) be interpreted to set cure amounts or to require the United States to novate, approve or otherwise consent to the sale, assumption, assignment or other transfer of any Federal Interests; (3) waive, alter or otherwise limit the United States' Federal Interests; (4) affect the setoff or recoupment rights of any governmental unit (as defined in 11 U.S.C. § 101(27)); (5) release, nullify, preclude or enjoin the enforcement of any police or regulatory power or any liability to a governmental unit that any entity would be subject to, except as allowed under Section 363(f) of the Bankruptcy Code, (6) confer exclusive jurisdiction to the Bankruptcy Court except to the extent set forth in 28 U.S.C. § 1334 (as limited by any other provisions of the United States Code); or (7) expand the scope of 11 U.S.C. § 525. For the avoidance of doubt, nothing releases, nullifies, precludes or enjoins the Department of Labor ("DOL") from seeking to enforce the Federal Labor Safety Act, 29 U.S.C. § 201 *et. seq.*, including the DOL's right to seek to enforce any non-monetary or injunctive relief against the Cuarzo Debtors pursuant to the FLSA Litigation.

27. The transfer of the Cuarzo Debtors' Medicare provider agreements shall be

~~governed by~~ *Pursuant to* 11 U.S.C. § 365 and otherwise applicable non-bankruptcy law, including Title

XVIII of the Social Security Act, 42 U.S.C. §§ 1395–1395 *et. seq.*, all applicable Medicare regulations, and Medicare policies and procedures (together, “Medicare Program Law”). Within 14 days after the date of this Order, the Purchaser may file a stipulation setting forth additional agreements relating to the transfer of the Medicare provider agreements.

28. Further, for the avoidance of doubt, nothing in this Order, any OTA, or any other document related to the sale shall limit, modify, or in any way affect the authority of the United States Secretary (the “Secretary”) of the United States Department of Health and Human Services’ authority to regulate Debtors’ or the Purchasers’ enrollment or participation as a Medicare provider (to the extent the Purchaser or any other buyer of the Purchased Assets enrolls or participates as a Medicare provider) or the right and authority of the Secretary, the Centers for Medicare & Medicaid Services (“CMS”) or its contractors to review, approve, deny, or pay Medicare claims in the ordinary course of business in accordance Medicare Program Law. The United States takes no position with respect to, and nothing herein shall be construed as the Secretary’s consent to, or acceptance of, any OTA or any underlying transactions described in or supporting the OTA.

29. Notwithstanding anything to the contrary in this Sale Order, or any notice related thereto, unless Cigna (as defined in the *Objection of Cigna to The Cuarzo Debtors’ Motion for Entry of an Order: (A) Authorizing the Private Sale of the Cuarzo Debtors’ Assets; (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 276] (the “Cigna Objection”)), the Debtors, and the Buyer otherwise agree, the Cigna Contracts (as defined in the Cigna Objection) shall not be assumed or assigned to the Buyer as part of the Sale. This resolves the Cigna Objection.

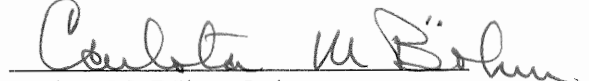
30. Notwithstanding anything to the contrary in this Sale Order, or any notice related thereto, the issues raised in AmeriHealth Caritas Health Plan’s (“AmeriHealth”) Objection to Notice to Contract Parties to Potentially Assumed Executory Contracts and Unexpired Leases

[Docket No. 314] are continued to a date set by the Court to allow AmeriHealth, the Debtors and the Buyer to continue to discuss the terms upon which the AmeriHealth agreements might be assumed and assigned to the Buyer.

Prepared by: /s/ Sarah E. Wenrich
Sarah E. Wenrich, Local Counsel to the Debtors

Date: July 1, 2024
Pittsburgh, PA

BY THE COURT:


Carlota M. Böhm, Judge
United States Bankruptcy Court

FILED
7/1/24 11:26 am
CLERK
U.S. BANKRUPTCY
COURT - WDPA

Notice Recipients

District/Off: 0315-2

User: auto

Date Created: 7/1/2024

Case: 24-21217-CMB

Form ID: pdf900

Total: 1

Recipients submitted to the BNC (Bankruptcy Noticing Center):

db	South Hills Operations, LLC	485 Lexington Avenue	10th Floor	New York, NY 10017
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TOTAL: 1