

**GREENBAUM, ROWE, SMITH & DAVIS
LLP**

David L. Bruck, Esq.
P.O. Box 5600
Woodbridge, New Jersey 07095
Telephone: (732) 549-5600
Facsimile: (732) 476-2441
dbruck@greenbaumlaw.com

*Counsel to the Debtors and Debtors in
Possession, Atlantic Neurosurgical
Specialists, P.A. and ANS Newco LLC*

FOX ROTHSCHILD LLP

Joseph J. DiPasquale, Esq.
Michael R. Herz, Esq.
Agostino A. Zammiello, Esq.
49 Market Street
Morristown, New Jersey 07960
Telephone: (973) 992-4800
Facsimile: (973) 992-9125
jdipasquale@foxrothschild.com
mherz@foxrothschild.com
azammiello@foxrothschild.com

*Proposed Counsel to the Debtor and Debtor in
Possession, Hanover Hills Surgery Center*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

In re:

**ATLANTIC NEUROSURGICAL
SPECIALISTS, P.A. *et al*,¹**

Debtors.

Chapter 11

Case No. 24-15726(VFP)

Jointly Administered

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)
AUTHORIZING POST-PETITION FINANCING TO HANOVER HILLS SURGERY
CENTER LLC, (II) AUTHORIZING THE USE OF CASH COLLATERAL BY
HANOVER HILLS SURGERY CENTER LLC (III) AUTHORIZING THE GRANTING
OF AN ADMINISTRATIVE CLAIM AND CARVE OUT TO THE ANS DEBTORS FOR
REPAYMENT OF ALL INTERCOMPANY POST-PETITION DIP LOAN AHEAD OF
PAYMENT TO KEY BANK FROM THE NET PROCEEDS OF THE SALE OF THE
ASSETS OF HANOVER HILLS AND (IV) MODIFYING THE AUTOMATIC STAY; AS
MAY BE NECESSARY AND (V) SCHEDULING A FINAL HEARING**

Debtors and debtors in possession Atlantic Neurosurgical Specialists PA and ANS Newco LLC (together, "ANS" or the "ANS Debtors"), by and through its counsel, Greenbaum Rowe Smith & Davis LLP, jointly with debtor and debtor in possession Hanover Hills Surgery Center

¹ The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are: Atlantic Neurosurgical Specialists, P.A., d/b/a Atlantic Neurosurgical and Altair Health (0733); ANS Newco, LLC, d/b/a Altair Health (7893); and Hanover Hills Surgery Center LLC, d/b/a Altair Health Surgical Center and Altair Health (8645).

LLC (“Hanover Hills,” and together with ANS, the “Debtors”), by and through its proposed counsel, Fox Rothschild LLP, hereby file this motion (the “Motion”) pursuant to 11 U.S.C. §105, 361, 362, 363, 364 and 507(b), Rules 4001(b) and (c) and 6004(h) of the Federal Rules of Bankruptcy Procedure, and D.N.J. LBR 4001-3, for entry of interim and final orders (i) authorizing post-petition financing (the “Intercompany DIP Loan”) by the ANS Debtors to Hanover Hills (ii) authorizing Hanover Hills to use the cash collateral of Key Bank, (iii) granting an administrative claim and carve out to the ANS Debtors for the repayment of the Intercompany DIP Loan from the net sales proceeds of the Hanover Hills assets ahead of payment to Key Bank; and (iv) modifying the automatic stay; as may be necessary and (v) scheduling a final hearing. In support of the Motion, the Debtors respectfully states as follows:

RELIEF REQUESTED

1. The Debtors seek entry of entry of an interim order, substantially in the form submitted herewith as **Exhibit A** (the “Interim Order”), and a final order (the “Final Order”² and together with the Interim Order, the “Orders” or the “DIP/Orders”):

a. authorizing, pursuant to section 364(c) of the Bankruptcy Code, the ANS Debtors to loan up to \$270,000.00 of post-petition financing to Hanover Hills to enable Hanover Hills to pay, in accordance with its Projection as attached to this Motion as **Exhibit B** on an interim and final basis, (i) the costs of the post-petition administrative expenses to be incurred by Hanover Hills during the bankruptcy process being a term of no longer than the earlier of the sale and closing of the

² The proposed Final Order will be provided to the Court in advance of the Final Hearing.

assets of Hanover Hills pursuant to Bankruptcy Code section 363 or November 15, 2024.

b. authorizing Hanover Hills to carve out and grant to the ANS Debtors a priority administrative claim pursuant to Bankruptcy Code section 364(c) to be paid from the proceeds of the sale of the assets of Hanover Hills prior to any payment to Key Bank or other stakeholder.

c. authorizing Hanover Hills to use the cash collateral of Key Bank in accordance with the Projection and with the consent of Key Bank without the need for further adequate protection.

d. vacating and modifying the automatic stay under section 362 of the Bankruptcy Code in accordance with the provisions hereof to the extent necessary to implement and effectuate the terms and provisions of the Intercompany DIP Loan;

e. scheduling a final hearing (the “Final Hearing”) pursuant to Bankruptcy Rule 4001(b)(2) to be held to consider entry of a Final Order authorizing and granting the relief requested in the Motion on a final basis; and

f. granting related relief.

In further support of this Motion, the Debtors state as follows:

JURISDICTION AND VENUE

2. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.

This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

3. Venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory and procedural predicates for the relief requested in this Motion are sections 105, 362, 363, 364 and 507(b) of the Bankruptcy Code and Rules 4001(b) and (c) and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 4001-3 of the Local Rules of the United States Bankruptcy Court, District of New Jersey (the “Local Rules”).

BACKGROUND

5. On June 5, 2024 (the “Petition Date”), the ANS Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (the “Court”). On June 14, 2024, the Court entered an order approving joint administration of the ANS Debtors’ cases.

6. On July 12, 2024, Hanover Hills filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the “Hanover Hills Case,” together with the ANS Cases, the “Cases”). On July 25, 2024, the Court entered an Order approving joint administration of the ANS Cases with the Hanover Hills Case.

7. Both the ANS Debtors and Hanover Hills continue as debtors in possession of their respective property and are operating and managing their business as debtors-in-possession pursuant to Bankruptcy Code section 1108.

8. Entry of an Order authorizing in the Hanover Hills case the retention of The Bloom Organization, LLC (“Bloom”) to market for sale the assets of Hanover Hills is pending.

9. The factual background, including an overview of the ANS Debtors and Hanover Hills business and information on their respective financial structures as well as the relationship between the Debtors’ debt structure and information relating to the events leading to the filing of the Cases are set forth in detail in the *Declaration of Dr. Ronald Benitez in Support of Chapter 11*

Petitions and First Day Motions (“Benitez Declaration”) filed in the ANS Case [ANS Cases Docket. No. 17] and the *Declaration of Thomas Buck in Support of the Debtor’s Chapter 11 Petition and First Day Pleadings* (the “Buck Declaration,” together with the Benitez Declaration, the “Declarations”) filed in the Hanover Hills Case [Hanover Hills Case Docket No. 18] and incorporated herein by reference.

10. As explained in the Declarations, the ANS Debtors were a practice of physicians providing neurological and clinical services to patients. Hanover Hills is a surgical center with a license from the New Jersey Department of Health for surgical procedures and a lease to the premises in Florham Park, New Jersey. Neither ANS Debtors nor Hanover Hills provides any further services to patients as of December 15, 2023. Hanover Hills is owned by Florham Park Investors LLC. Florham Park Investors LLC is owned by ANS Continuum Holdco LLC. ANS Continuum Holdco LLC is owned by the ANS Debtors (59%) by the shareholders of ANS Founders PC (1%) and by Continuum Institute Atlantic LLC (40%). *See* Buck Certification.

11. Hanover Hills has \$27,248.75 in its bank account as of August 2, 2024, and has no other source of cash from which to pay its administrative expenses and requires a loan from the ANS Debtors to be able to maintain and preserve its assets for the benefit of stakeholders during the Chapter 11 process. Absent the entry of an Order approving the within Intercompany DIP Loan, Hanover Hills will have no way to preserve its assets and conduct a sale of its assets.

12. Hanover Hills intends, with the consent of Key Bank, to market and sell its assets through a Bankruptcy Code 363 process and to distribute the proceeds of sale as provided herein and in accordance with the Bankruptcy Code and orders of this Court.

13. Filed with the Motion is the Certification of Thomas Buck in which he sets forth the terms of the Intercompany DIP Loan, the reasons for granting the with Motion and the intended use of the proceeds of the Intercompany DIP Loan.

HANOVER HILLS PREPETITION DEBT³

A. The Key Bank Loan and Lease with the Eastman Management Corporation.

13. On January 10, 2019, Key Bank loaned \$3,500,000 (“Prepetition Loan”) to Florham Park Investors LLC (“FLP”). As noted, FLP is owned 100% by ANS Continuum Holdco which in turn is owned 40% by Continuum Institute Atlantic LLC (“CIA”), 59% by the ANS Debtors and 1% by the shareholders of ANS Founders PC. As part of the Prepetition Loan, Hanover Hills and FLP became obligors and borrowers under the Loan Documents executed by Continuum Institute Atlantic LLC as borrower from Key Bank on October 11, 2017. Hanover Hills and FLP executed a First Amendment to Loan Agreement dated January 10, 2019 which provides among other provisions that FLP be added as a “New Borrower” and that Hanover Hills be added as an “Obligor” to the 2017 loans.

14. On January 10, 2019, Hanover Hills and FLP executed an Amended and restated Securoty Agreement in which they each became “Grantors” of security interests in their assets to Key Bank as part of the Key Bank Loan. UCC financing statements were filed by Key Bank with respect to FLP and Hanover Hills.

15. FLP used the Prepetition Loan to acquire Hanover Hills including the license from the New Jersey Department of Health and the lease with the Eastman Management Corporation (“Eastman”).

³ Nothing contained in this Motion shall prejudice the Debtors’ rights to dispute the amount, priority, or secured status of any claim described herein.

16. As provided in the Loan Documents, the Prepetition Loan to FLP as Borrower and Hanover Hills as Obligor was cross collateralized with the loans by Key Bank to CIA as guaranteed by Continuum Holdco in the approximate amount of \$29 million. Key Bank asserts that the \$29 million constitutes a Secured Obligation on the assets of Hanover Hills.

17. In the interest of transparency, the Amended and Restated Security Agreement dated January 10, 2019 contains a statement to the effect that “notwithstanding anything to the contrary contained herein, Florham Park’s and Hanover Hills’ grant of a security interest, pledge and assignment hereunder are being made to secure the payment and performance in full of the Obligations of Florham Park only” The term “Obligations of Florham Park “is not a defined term in the Amended and Restated Security Agreement. According to information and belief the outstanding balance due on the \$3,500,000 Note executed by FLP is now roughly \$2.0M. If the amount of Key Bank’s security interest in the assets of Hanover Hills is \$2M, Key Bank is yet a creditor of FLP and Hanover Hills for \$29M.

18. Key Bank’s Secured Obligations in whatever amount constitute a first priority security interest and lien (the “Prepetition Lien”), granted under the Amended and Restated Security Agreement by Hanover Hills and FLP to Key Bank, in substantially all of Hanover Hills assets (then owned or thereafter acquired including accounts, machinery, inventory, goods, furniture, fixtures, equipment, general intangibles, chattel paper, contract rights, documents, instruments, deposit accounts and investment property, and all cash and non-cash proceeds thereof (including, without limitation, insurance proceeds) and proceeds of proceeds (the “Prepetition Collateral”).

19. Hanover Hills leases the premises where the surgical center is located in Florham Park, New Jersey from a third-party landlord, Eastman. The lease to the Landlord has not been paid for June or July 2024 prepetition nor for August 2024, post-petition. The lease with Eastman requires a monthly payment of approximately \$52,000. The lease may be attractive to a potential buyer and accordingly preservation of the lease during the sale process is critical. If a buyer wants to acquire the lease, the buyer will have to cure the defaults in the lease in order to assume the lease.

20. The Debtors have approached the Landlord with a proposal to pay \$26,000 per month during the chapter 11 process from the proceeds of the Intercompany DIP Loan with the rent in arrears being paid by a buyer who is willing to assume the Lease.⁴ Counsel to the Debtor and counsel to the Landlord are discussing alternative solutions. The ANS Debtors do not have sufficient liquidity to loan the full amount of the rent to Hanover Hills to pay the Landlord the full amount of the post-petition rent. Subject to a sale of the license and assumption of the surgical center, lease the expectation is that the pre-petition rent and any accrued post-petition rent would be cured from the sale proceeds.

21. The Debtors have requested that Key Bank consent to a carve out to the Landlord for any unpaid post-petition rent from the sales proceeds of the assets of Hanover Hills.

B. The Settlement Term Sheet.

22. On July 12, 2024, Key Bank, Hanover Hills, CIA, Continuum Holdco, the ANS Debtors, the Participating Shareholders (as that term is defined in the Settlement Term Sheet) and others executed the Settlement Term Sheet. The Settlement Term Sheet is a non-binding agreement which sets forth in general terms the agreements of the settling parties and anticipates the preparation of a Settlement Agreement and when completed and accepted by the Parties will be

⁴ The funding forecast provides for a partial payment \$26,000 per month to be paid to Eastman.

submitted to the Court for approval. A copy of the Settlement Term Sheet is attached to the motion **as Exhibit C**. The Settlement Agreement remains under discussion among the parties and is nearing completion.

23. The Settlement Term Sheet provides for the ANS Debtors and Hanover Hills to cooperate with Key Bank to cause the sale of the assets of Hanover Hills in an expeditious and Bankruptcy Court approved manner. To that end, ANS Debtors have agreed, subject to the Bankruptcy Court's approval, to make an Intercompany DIP loan to Hanover Hills so as to enable it to market and sell its assets.

24. Hanover Hills and the ANS Debtors believe that the Settlement Term Sheet and the Settlement Agreement to be prepared and submitted for Court approval are in the best interest of their respective bankruptcy estates and stakeholders in these Cases.

25. Hanover Hills has recently filed a motion to retain subject to Bankruptcy Court approval, Bloom to market the assets of Hanover Hills for sale to a third-party buyer. In addition to the agreed upon payments to Bloom as set forth in the Engagement Letter, Hanover Hills will have other expenses including insurance, utilities and payment for its upkeep and repair during the Chapter 11 process. The Projection set forth in **Exhibit B** sets forth these expenses.

26. Hanover Hills has requested that the ANS Debtors loan the monies necessary to operate in the Chapter 11 process to Hanover Hills. Doing so will enable the ANS Debtors to comply with its covenants with Key Bank in the Settlement Term Sheet and facilitate the ability of Hanover Hills to preserve and protect its assets for the benefit of stakeholders.

27. The ANS Debtors are willing to lend Hanover Hills the funds necessary to operate in accordance with the Projection provided that Hanover Hills and Key Bank agree that the ANS Debtors will be repaid as an allowed administrative expense and carve out from the sales proceeds

of the assets of Hanover Hills all monies so loaned prior to any payment to Key Bank on account of its secured or unsecured claim or any other stakeholder.

28. Hanover Hills and Key Bank has consented to the allowance of a priority administrative claim and carve out from Key Bank's asserted secured claim for the payment from the net proceeds of sale of the assets of Hanover Hills to the ANS Debtors the full amount of the Intercompany DIP loan prior to any payment to Key Bank on account of its secured or unsecured claims against Hanover Hills.

29. There is an urgency to this Motion in that absent entry of an Order approving the Intercompany DIP loan and related relief, Hanover Hills will be unable to market its assets in an orderly fashion in the best interest of the Parties. See Buck Certification.

C. The Intercompany DIP Loan; Efforts to Obtain Credit (Local Rule 4001-3(b)(1).

30. Hanover Hills has been unable to obtain credit elsewhere, and it is for this reason that the Hanover Hills Case was filed. Traditional lenders will not fund Hanover Hill's operating costs in the period between the Petition Date and the approval of a Sale Motion. Hanover Hills engaged in discussions with Key Bank to provide the financing, but Key Bank refused to do so.

31. The Intercompany DIP Loan will be for up to \$270,000 to Hanover Hills through November 2, 2024 on an as needed basis during the limited period of Chapter 11 to enable Hanover Hills to conduct a sales process. The Intercompany DIP Loan will be without interest and will be disbursed only on an as needed basis. During the Interim Period, the Intercompany DIP Loan will be used in accordance with the Projection, and depending on timing of regulatory approval, additional funding may be necessary.

32. To preserve Hanover Hills business and assets for the benefit of all creditors, Hanover Hills seeks authorization to obtain the Intercompany DIP Loan from the ANS Debtors in

accordance with the Projection Hanover Hills proposes to use the Intercompany DIP Loan in accordance with the Projection on an interim basis through and including the date of the Final Hearing (the “Initial Period”) to fund operating expenses as reflected in the Projection. Thereafter following the Final Hearing to be scheduled by the Court, Hanover Hills will seek final approval to use the Intercompany DIP Loan as reflected in the Budget during the pendency of the Case, pursuant to a Final Order.

33. Without access to the Intercompany DIP Loan, Hanover Hills will be unable to pay its ordinary and necessary business expenses including, but not limited to, taxes, utilities, amounts owed to vendors and other suppliers of goods and services, insurance, rent, and costs of administration of this Case. To maintain its operations and preserve the going concern value of its assets and maximize value for the estate, the Debtors seek approval of the Intercompany DIP Loan in accordance with the Orders.

LEGAL BASIS FOR RELIEF REQUESTED

A. Applicable Legal Authority

(i) The Intercompany DIP Loan

34. In pertinent part, section 364 of the Bankruptcy Code states:

(a) If the trustee is authorized to operate the business of the debtor under section 721, 1108, 1183, 1184, 1203, 1204, or 1304 of this title, unless the court orders otherwise, the trustee may obtain unsecured credit and incur unsecured debt in the ordinary course of business allowable under section 503(b)(1) of this title as an administrative expense.

(b) The court, after notice and a hearing, may authorize the trustee to obtain unsecured credit or to incur unsecured debt other than under subsection (a) of this section, allowable under section 503(b)(1) of this title as an administrative expense.

(c) If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt—

(1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title;

(2) secured by a lien on property of the estate that is not otherwise subject to a lien; or

(3) secured by a junior lien on property of the estate that is subject to a lien. 11 U.S.C. § 364. Therefore, no notice or a hearing is required for unsecured post-petition financing (which may be treated as an administrative expense) obtained in the ordinary course of business.

35. Courts have articulated a three-part test to determine whether a debtor is entitled to financing under section 364(c) of the Bankruptcy Code. Specifically, courts look to whether:

- a. the debtor is unable to obtain unsecured credit under section 364(b), i.e., by allowing a lender only an administrative claim;
- b. the credit transaction is necessary to preserve the assets of the estate; and
- c. the terms of the transaction are fair, reasonable, and adequate, given the circumstances of the debtor-borrower and the proposed order.

In re Ames Dept. Stores, Inc., 115 B.R. 34, 37-39 (Bankr. S.D.N.Y. 1990); see also In re St. Mary Hospital, 86 B.R. 393, 401-02 (Bankr. E.D. Pa. 1988); In re Crouse Group, Inc., 71 B.R. 544, 549 (Bankr. E.D. Pa. 1987).

36. Consistent with this authority, and for the reasons discussed below, the Debtors respectfully submit that the Court should approve the ANS Debtors' decision to make the Intercompany DIP Loan because (i) permitting the Intercompany DIP Loan will preserve the assets of Hanover Hills for the benefit of its stakeholders and (ii) permitting the Intercompany DIP Loan will allow the ANS Debtors, Hanover Hills, Key Bank and others to move forward with the proposed Settlement Agreement in an effort to reach a global agreement with all stakeholders in these Cases.

(ii) Cash Collateral

37. Section 363(a) of the Bankruptcy Code defines Cash Collateral as:

accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in section 552(b) of this title, whether existing before or after the commencement of a case under this title.

11 U.S.C. § 363(a).

38. The “interest” set forth in Section 363(a) of the Bankruptcy Code refers to a valid and perfected security interest between the parties that secure the Cash Collateral. See In re Comer Pockets of the Sw., Inc., 85 B.R. 559, 563 (Bankr. D. Mont. 1988) (stating that “[o]nly perfected security interests give rise to ‘cash collateral’ as defined by” Section 363 of the Bankruptcy Code) (citing Waldron v. Nw. Acceptance Corp. (In re Johnson), 62 B.R. 24, 28-29 (B.A.P. 9th Cir. 1986)); In re Fairview- Takoma Ltd. P’ship., 206 B.R. 792, 796-800 (Bankr. D.Md. 1997). A creditor holding a perfected security interest in property will be entitled to the protection of the Cash Collateral provisions of Section 363(a) because such interests are not avoidable under the “strong arm” provisions of Section 544(a)(1) and (3) of the Bankruptcy Code. See Batt v. Scully, 168 B.R. 541, 545 (D.N.J. 1994); see also Indian Motorcycle Assocs. III L.P. v. Massachusetts Housing Fin. Agency, 66 F.3d 1246, 1252 (1st Cir. 1995) (holding that the secured creditor “would have to demonstrate that it held a perfected lien or security interest” in certain collateral, “otherwise, as property of the chapter 11 estate, any unperfected line . . . would be subject to avoidance by the debtor in possession pursuant to its ‘strong arm’ powers.”).

39. Section 363(c)(2) of the Bankruptcy Code provides that a debtor-in-possession may not use Cash Collateral unless: (1) each entity with an interest in such Cash Collateral consents; or (2) the court, after notice and hearing, authorizes the use, sale, or lease of such Cash Collateral in accordance with the provisions of Section 363 of the Bankruptcy Code. See 11 U.S.C. §

363(c)(2). Section 363(e) provides that “on request of an entity that has an interest in property used, sold, or leased, or proposed to be used, sold, or leased, by the [debtor-in-possession], the court shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest.” 11 U.S.C. § 363(e).

40. In this instance, Debtors believe that Key Bank will consent to Hanover Hills’ use of cash collateral without the need for further adequate protection in accordance with the Projection and so the provisions of section 363 (c)(2) are satisfied. Key Bank is adequately protected by the underlying value of the assets of Hanover Hills and the value of other collateral that it has from its Borrower CIA and guarantor Continuum Holdco. To the extent that Key Bank is unsecured it is not entitled to adequate protection. The proposed Intercompany DIP Loan will facilitate the sale of the Bank’s collateral; and is thus in its best interest of the bankruptcy estate and its stakeholders.

41. Respectfully, Hanover Hills should be authorized to use the Cash Collateral in accordance with the Projection initially on an interim basis and, thereafter, on a final basis.

B. Automatic Stay Should be Modified on a Limited Basis

42. The proposed Interim Order provides that the automatic stay provisions of section 362 of the Bankruptcy Code will be modified to the extent necessary to implement the terms and conditions of the Interim Order and the transactions contemplated thereby.

C. Immediate Relief is Necessary and Appropriate

43. Bankruptcy Rule 4001(b)(2) and (c)(2) provide that a final hearing on a motion to use cash collateral pursuant to Section 363 or obtain post-petition financing pursuant to section 364 of the Bankruptcy Code may not be commenced earlier than fourteen days after the service of the motion. Upon request, however, the Court is empowered to conduct a hearing before such fourteen-day period and authorize the use of cash collateral or obtaining post-petition credit to the

extent necessary to avoid immediate and irreparable harm to a debtor's estate pending a final hearing. See Fed. R. Bankr. P. 4001(b)(2) and (c)(2).

44. Pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2), the Debtors request that the Court conduct an interim hearing on the Motion on an expedited basis and authorize Hanover Hills to use the Cash Collateral and obtain the Intercompany DIP Loan on an interim basis in the amounts reflected in the Projection and pursuant to the terms of the Interim Order. As demonstrated above, Hanover Hills has an urgent need to use cash collateral and obtain financing to operate its business and preserve its assets. Absent interim relief, Hanover Hills and its estate will suffer immediate and irreparable harm resulting from its inability to preserve its assets during the marketing and sale process. Accordingly, it is appropriate for the Court to approve the Motion on an interim basis.

45. During the Interim Period and pending a Final Hearing pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2), the use of cash collateral and the Intercompany DIP Loan will be governed by the terms of the Interim Order and the Projection. A proposed Final Order will be submitted before the Final Hearing on substantially similar terms or incorporating such terms as may be agreed upon by the ANS Debtor, Hanover Hills and Key Bank.

WAIVER OF BANKRUPTCY RULE 6004(A) AND 6004(H) REQUIREMENTS

46. The Debtors request a waiver of any notice requirements under Bankruptcy Rule 6004(a) and any stay of the effectiveness of the order(s) approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As set forth above, the ANS Debtors and Hanover Hills

require immediate relief to continue ordinary organizational operations for the benefit of all parties in interest. Accordingly, the Debtors submit that cause exists to justify a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen days stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and stay apply.

WAIVER OF MEMORANDUM OF LAW

47. The Debtors represent that the facts and circumstances set forth herein do not present novel questions of law, and, as such, respectfully request that this Court waive the requirement of filing a memorandum of law in accordance with Local Rule 9013-1.

NO PRIOR REQUEST

48. No previous request for the relief sought herein has been made to this Court or any other court.

NOTICE

49. The Debtors will provide notice of this Motion to: (i) the Office of the United States Trustee; (ii) the entities appearing on the Hanover Hills list of twenty (20) largest unsecured creditors (iii) counsel to Key Bank; (iv) counsel to the Unsecured Creditors Committee in the ANS Debtors Cases and (v) those persons who have formally appeared in the ANS Debtor Cases and the Hanover Hills Case and requested service pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order with respect hereto will be served in accordance with Local Rule 9013-5(b), (c), and (f). In light of the nature of the relief requested herein, Debtors submit that no other or further notice is necessary under the circumstances.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order following the interim hearing on the Motion and a Final Order following the Final Hearing on the Motion and grant such other relief as the Court deems just and appropriate under the circumstances.

DATED: August 8, 2024

By: /s/ David L. Bruck
David L. Bruck, Esq.
GREENBAUM, ROWE, SMITH & DAVIS, LLP
Metro Corporate Campus One
P.O. Box 5600
Woodbridge, New Jersey 07095
dbruck@greenbaumlaw.com
Tel. (732) 549-5600
Fax. (732) 549-1881
Attorneys for the ANS Debtors

&

/s/Michael R. Herz
FOX ROTHSCHILD LLP
Joseph J. DiPasquale, Esq.
Michael R. Herz, Esq.
Agostino A. Zammiello, Esq.
49 Market Street
Morristown, New Jersey 07960
Telephone: (973) 992-4800
Facsimile: (973) 992-9125
jdipasquale@foxrothschild.com
mherz@foxrothschild.com
azammiello@foxrothschild.com
Proposed Counsel to Hanover Hills Surgery Center LLC

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

Caption in Compliance with D.N.J LBR 9004-1(b)

**GREENBAUM, ROWE, SMITH & DAVIS
LLP**

PO Box 5600
Woodbridge, New Jersey 07095
(732) 549-5600
David L. Bruck, Esq.
dbruck@greenbaumlaw.com
Attorneys for the ANS Debtors

&

FOX ROTHSCHILD LLP

49 Market Street
Morristown, NJ 07960
Joseph J. DiPasquale, Esq.
Michael R. Herz, Esq.
Agostino A. Zammiello, Esq.
jdipasquale@foxrothschild.com
mherz@foxrothschild.com
azammiello@foxrothschild.com
Telephone: (973) 992-4800
Facsimile: (973) 992-9125

*Proposed Counsel to the Debtor and Debtor in
Possession, Hanover Hills Surgery Center*

In re:

**ATLANTIC NEUROSURGICAL
SPECIALISTS, P.A. *et al*,¹**

Debtor.

Chapter 11

Case No. 24-15726(VFP)

Jointly Administered

**INTERIM ORDER AUTHORIZING (I) POST-PETITION FINANCING
TO HANOVER HILLS SURGERY CENTER LLC, (II) USE OF CASH
COLLATERAL BY HANOVER HILLS SURGERY CENTER LLC, (III)
THE GRANTING OF AN ADMINISTRATIVE CLAIM AND CARVE**

¹ The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are: Atlantic Neurosurgical Specialists, P.A., d/b/a Atlantic Neurosurgical and Altair Health (0733); ANS Newco, LLC, d/b/a Altair Health (7893); and Hanover Hills Surgery Center LLC, d/b/a Altair Health Surgical Center and Altair Health (8645).

Page 2 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

**OUT TO THE ANS DEBTORS FOR REPAYMENT OF ALL
INTERCOMPANY POST-PETITION DIP LOANS AHEAD OF
PAYMENT TO KEY BANK FROM THE NET PROCEEDS OF THE SALE
OF THE ASSETS OF HANOVER HILLS, AND (IV) MODIFYING THE
AUTOMATIC STAY AS MAY BE NECESSARY, AND (V) SCHEDULING
A FINAL HEARING**

The relief set forth on the following pages, numbered three (3) through fourteen (14), is hereby **ORDERED**.

Page 3 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

THIS MATTER having come before the Court upon the joint motion (the “Motion”)² of Atlantic Neurosurgical Specialists PA, ANS Newco LLC (the “ANS Debtors”) and Hanover Hills Surgical Center LLC (“Hanover Hills,” together with the ANS Debtors, the “Debtors”), the debtors in the above-captioned jointly administered chapter 11, seeking entry of an interim order (the “Interim Order”), and a final order (“Final Order”), pursuant section 105, 361, 362, 363, 364, and 507 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 4001-3 of the *Local Rules of the United States Bankruptcy Court, District of New Jersey* (the “Local Rules”): (a) authorizing the ANS Debtors to make a post-petition intercompany loan to Hanover Hills and (b) granting an administrative claim to the ANS Debtors and a carve out for the repayment in full of the post-petition loans ahead of payment to Key Bank on account of its claims against the proceeds of the sale of the Hanover Hills assets (c) for Hanover Hills to use the cash collateral of Key Bank with the consent of Key Bank without the need for further adequate protection, (d) modifying the automatic stay to the extent necessary so as to permit the implementation of this Order, and (e) scheduling a final hearing (the “Final Hearing”) pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2) to be held to consider entry of a Final Order authorizing and granting the relief requested in the Motion on a final basis; and granting related relief (the “Motion”); and an interim hearing on the Motion having been held by this Court on August __, 2024 (the “Interim Hearing”); and the Court having considered the Motion, the Certification of

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

Page 4 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

Thomas Buck in support of the Motion the other filings and pleadings in this Case, and the evidence submitted or adduced and the arguments of counsel made at the Interim Hearing; and notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 2002, 4001(b), (c), and (d), and 9014; and the Interim Hearing to consider the relief requested in the Motion having been held and concluded; and all objections, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled by the Court; and it appearing to the Court that granting the relief set forth herein is necessary and otherwise is fair and reasonable, in the best interests of the Debtors, their estate, and creditors and equity holders, and essential for the interim and continued operation of the Hanover Hills' remaining business and to avoid incurring significant administrative expenses; and after due deliberation and consideration, and for good and sufficient cause appearing therefor; the Court hereby makes the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW³

1. On June 5, 2024, Atlantic Neurosurgical Specialists PA and ANS Newco LLC, the ANS Debtors filed voluntary petitions for relief under chapter 11, of the Bankruptcy Code in this Court (the "ANS Petition Date"). The ANS Debtors continue to operate their business and manage their assets as Debtors in possession pursuant to sections 1108 and 1184 of the Bankruptcy Code.

2. On July 12, 2024, Hanover Hills filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court (the "Hanover Hills Petition Date"). Hanover Hills

³ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted as such.

Page 5 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

continues to operate its business and manage its assets as a debtor in possession pursuant to Bankruptcy Code section 1108 and 1184.

3. This Court has jurisdiction over these jointly administered cases and this Motion under 28 U.S.C. §§ 1334(b) and 157. The Motion is a core proceeding under 28 U.S.C. § 157(b). Venue of these Cases and this Motion is proper in this Court under 28 U.S.C. §§ 1408 and 1409.

4. The statutory and procedural predicates for the relief granted in this Final Order are sections 105, 361, 362, 363, 364, 503, 506 and 507 of the Bankruptcy Code, Bankruptcy Rules 4001 and 6004, and Local Rule 4001-3.

5. In accordance with Local Rule 9013-5(c) and (f), notice of the relief requested in the Motion was provided to (i) the Office of the United States Trustee; (ii) the entities appearing on the Hanover Hills' list of twenty (20) largest unsecured creditors; (iii) counsel to Key Bank; (iv) counsel to the Unsecured Creditors Committee in the ANS Cases; and (v) those persons who have formally appeared in these Cases and requested service pursuant to Bankruptcy Rule 2002, which notice was proper, timely, appropriate under the circumstances and sufficient for the Motion, and the entry of this Interim Order; service of the Interim Order and no further notice of, or hearing on, the entry of this Interim Order is necessary or required.

6. Cash Collateral. Any and all of Hanover Hills' cash, including cash and other amounts on deposit or maintained in any account or accounts by or for Hanover Hills (including but not limited to escrows and reserves) and any amounts generated by the collection of accounts receivable, whenever arising, or any other disposition of the Prepetition Collateral (as defined in the Motion) and the proceeds of any of the foregoing, including without limitation all post-petition

Page 6 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

accounts, accounts receivable, and proceeds thereof, are asserted by Key Bank to be its cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the “Cash Collateral”).

7. Prepetition Financing Documents. Hanover Hills is a party to Key Bank’s Loan Documents identified in the Motion (the “Loan Documents”).

8. Prepetition Obligations Amount. As of the Petition Date, Key Bank asserts that the outstanding amount due and owing by Hanover Hills to Key Bank as secured under and in connection with the Loan Documents, inclusive of principal and accrued interest, is approximately \$29M, plus any and all other amounts required to be paid under and in connection with the Loan Documents (collectively, the “Secured Obligations”). As of the Petition Date, Hanover Hills is in default of its obligations under the Loan Documents. The Secured Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Hanover Hills and are believed by the ANS Debtors to not be subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law. Hanover Hills believes that it does not possess and shall not assert any claim, counterclaim, setoff or defense of any kind, nature, or description which would in any way affect the validity, enforceability of any of the Secured Obligations.

9. Prepetition Liens and Collateral. As of the Petition Date, the Secured Obligations were secured pursuant to the Loan Documents and applicable law by valid, perfected, enforceable and non-avoidable first priority security interests and liens (the “Prepetition Liens”) granted by Hanover Hills to Key Bank upon certain collateral (as set forth in the Loan Documents) (the “Prepetition Collateral”). The Prepetition Liens (i) are valid, binding, perfected and enforceable

Page 7 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

liens and security interests on all of the Prepetition Collateral, (ii) are not subject to avoidance, recovery, subordination, attack, offset, counterclaim, defense or “claim” (as defined in the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or other applicable law, and (iii) constitute legal, valid, unavoidable and binding obligations of Hanover enforceable in accordance with the terms of the Loan Documents.

10. The Intercompany DIP Loan. Hanover Hills has stated that it has an immediate and critical need to obtain the Intercompany DIP Loan. Hanover Hills’ ability to obtain the intercompany DIP loan is critical to its ability to continue as a going concern during the course of the Case. The proceeds of the Intercompany DIP Loan will be used to fund the costs of administering Hanover Hills’ estate, including, without limitation, (i) payroll costs (including applicable payroll taxes), (ii) payment of monies to the Bloom Organization in accordance with the approved Engagement Letter, (iii) partial payment of rent to the Landlord during the period and other payments as set forth in the Projection attached hereto as **Exhibit 1**. Hanover Hills’ access to sufficient liquidity through the incurrence of the Intercompany DIP loan under the terms of this Interim Order is vital to the preservation and maintenance of the value of the Hanover estate and to the successful marketing and sale of Hanover Hills’ assets through the Bankruptcy process. Consequently, without the ability to obtain the Intercompany DIP loan to the extent authorized pursuant to this Interim Order, Hanover Hills and its estate would suffer immediate and irreparable harm.

11. No Other Credit Available. Hanover Hills is unable to obtain adequate secured or unsecured credit allowable under Bankruptcy Code sections 364(b) and 503(b)(1). The

Page 8 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

Intercompany DIP Loan reflects the most favorable terms available to Hanover Hills. Hanover Hills requires the Intercompany DIP Loan to satisfy its post-petition liquidity needs. The ANS Debtors have expressed a willingness to provide Hanover Hills with the Intercompany DIP Loan but solely on the terms and conditions set forth in this Interim Order. After considering all alternatives, Hanover Hills has concluded, in an exercise of its sound business judgment, that the financing to be provided by the ANS Debtors pursuant to the terms of this Interim Order represents the best financing presently available to Hanover Hills.

12. Carve Out to the ANS Debtors. In exchange for the Intercompany DIP Loan, Key Bank agrees to carve out for the ANS Debtors the full amount of the Intercompany DIP Loan as a priority administrative claim to be paid solely from the proceeds of the sale of the Hanover Hills assets prior to any payment to Key Bank on account of its claims secured and otherwise. Hanover Hills consents to the granting of such priority administrative claim to the ANS Debtors.

13. Best Interests of the Estate. Entry of this Interim Order is in the best interest of Hanover Hills, the estate, and creditors. The terms of the Intercompany DIP Loan are fair and reasonable under the circumstances, reflect Hanover Hills' exercise of prudent business judgment consistent with its fiduciary duties, and is supported by reasonably equivalent value and fair consideration.

14. The Intercompany DIP Loan is Made in Good Faith. Hanover Hills, Key Bank and the ANS Debtors have negotiated the terms and conditions of the Intercompany DIP Loan, and this Interim Order in good faith and at arm's-length, and any credit extended and loans made by the ANS Debtors to Hanover Hills pursuant to this Intercompany Order shall be, and hereby is,

Page 9 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

deemed to have been extended, issued or made, as the case may be, in “good faith” within the meaning of Bankruptcy Code section 364(e).

15. Hanover Hills has an immediate need to use cash collateral to, among other things, preserve and maximize the value of the Hanover Hills’ assets during the marketing and sale of its assets absent which immediate and irreparable harm will result to Hanover Hills, its estate, and its creditors. The preservation and maintenance of Hanover Hills’ assets during the marketing period is necessary to maximize values available for distribution to stakeholders. Absent the Debtor’s ability to use Cash Collateral, Hanover Hills would not have sufficient available sources of working capital or financing and would be unable to pay its operating expenses, to maintain its assets, or collect and generate future revenue through the sale of its assets to the detriment of the bankruptcy estate and creditors. Accordingly, the relief requested in the Motion and the terms herein are (i) critical to Hanover Hills’ ability to maximize the value of its estate, (ii) in the best interests of its estate, and (iii) necessary, essential, and appropriate to avoid immediate and irreparable harm to its assets.

16. Good cause has been shown for entry of this Order, and the entry of this Order is in the best interests of Hanover Hills and its estate and stakeholders. Among other things, the relief granted herein will permit the Debtor to preserve and maintain the value of its assets. The terms of the Intercompany DIP Loan and Hanover Hills’ use of Cash Collateral as set forth in this Order, are fair and reasonable under the circumstances, and reflect Hanover Hills’ exercise of prudent business judgment consistent with its fiduciary duties.

Page 10 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

17. The proposed use of Cash Collateral has been negotiated in good faith and at arms' length among the ANS Debtors, Hanover Hills, and Key Bank, and Key Bank's consent to the use of Cash Collateral and the carve out as an administrative priority claim to the ANS Debtors from the net proceeds of the sale of the Hanover Hills assets shall be deemed to have been made in "good faith."

18. The notice for the entry of this order is good and sufficient to permit the relief set forth in this Order, and no other or further notice is or shall be required.

Based on the foregoing, it is hereby **ORDERED THAT:**

- A. The Motion is **GRANTED** as set forth herein.
- B. The Intercompany DIP Loan is being made without interest from the ANS Debtors and funding on similar or better terms could not be found. The ANS Debtors are authorized to make the Intercompany DIP Loan to Hanover Hills; and Hanover Hills is authorized to accept the Intercompany DIP Loan from the ANS Debtors pursuant to the terms set forth in the Motion, but in no event shall the Intercompany DIP Loan be more than more than \$270,000. Hanover Hills shall use the proceeds of the Intercompany DIP Loan strictly in accordance with the Projection.
- C. In order to enable the Intercompany DIP Loan to be repaid to the ANS Debtors, Key Bank consents to carve out from the net proceeds of the sale of the Hanover Hills assets sufficient funds to repay in full the Intercompany DIP Loan to the ANS Debtors as an administrative priority claim payable prior to any distribution of the proceeds of sale of the Hanover Hills assets to Key Bank or any other interested party, which carve out and administrative priority claim is hereby approved.

Page 11 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

D. Hanover Hills is authorized to use any Prepetition Collateral and Cash Collateral of Key Bank as of the Petition Date in accordance with the Motion, the Projection and this Order.

E. This Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable immediately upon entry hereof. The fourteen (14) day stay provisions of Bankruptcy Rule 6004(h) are waived and shall not apply to this Order.

F. The terms and provisions of this Interim Order shall be valid and binding upon and shall inure to the benefit of Hanover Hills, the ANS Debtors, Key Bank, all other creditors of Hanover Hills and all other parties in interest and its respective successors and assigns, including any trustee or other fiduciary hereafter appointed in a case under chapter 11 or any case under chapter 7 of the Bankruptcy Code upon the conversion of this Case, or in any other proceedings superseding or relating to any of the foregoing, or upon dismissal of this Case.

G. Subject to the terms and conditions set forth in this Interim Order and to be set forth in the Final Order and pursuant to section 363(c)(2) of the Bankruptcy Code, Hanover Hills is authorized to use Cash Collateral as set forth in the Projection (as may be amended from time to time; provided, however that Key Bank shall have the right to consent to any material modifications, but such consent shall not be unreasonably withheld or delayed). Except as otherwise expressly provided herein, Hanover Hills may use Cash Collateral in accordance with the Motion, this Interim Order, and the Projection to pay expenses set forth in the Projection subject to a variance of not more than 5%.

H. If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur or stay shall not affect (i) the validity of the

Page 12 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

Intercompany DIP Loan prior to the effective date of such reversal, modification, vacatur or stay, or (ii) the validity, perfection, priority, allowability or enforceability of any claim, lien, security interest or priority authorized or created hereby with respect to the Intercompany Loan prior to the effective date of such reversal, modification, vacatur or stay. Notwithstanding any such reversal, modification, vacatur or stay, any use of the Prepetition Collateral or Cash Collateral o prior to the effective date of such reversal, modification, vacatur or stay, shall be governed in all respects by the provisions of this Interim Order, and the ANS Debtors and Key Bank shall be entitled to all of the rights, remedies, protections and benefits granted under this Order with respect to all uses of the Prepetition Collateral and Cash Collateral pursuant to this Interim Order.

I. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms upon request by any party in interest.

J. Except as explicitly provided herein, this Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect or incidental beneficiary.

K. Key Bank's consent hereto shall not be construed as a waiver of any defaults, rights or remedies under the Loan Documents, or any rights or remedies related thereto as against any third parties.

L. A final hearing on the Motion shall be held on August , 2024 at before the Bankruptcy court. (The Final Hearing.) In the event that there are no objections to the Final Order this Interim Order shall be deemed a Final Order.

Page 13 of 13

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (i) Authorizing (a) Post-Petition Financing and (b) Use of Cash Collateral and Affording Adequate Protection; and (ii) Modifying the Automatic Stay

Exhibit 1

PROJECTION

EXHIBIT B

	Week Ending >>	7/27/2024	8/3/2024	8/10/2024	8/17/2024	8/24/2024	8/31/2024	9/7/2024	9/14/2024	9/21/2024	9/28/2024	10/5/2024	10/12/2024	10/19/2024	10/26/2024	11/2/2024	Total
HSC KeyBank (x2865) - DEBITOR																	Projected
Receipts																	
HSC KeyBank Receipts																	
Other medical receipts																	
Others																	
Transfer from HSC Wells Fargo - x7346																	
Loan proceeds from ANS PA																	
Total Receipts																	
Disbursements																	
SCKA - Payroll																	
SCKA - Employee benefits																	
SCKA - Rent																	
SCKA - Office expenses																	
SCKA - Others																	
Vendor - Medical records																	
Professionals - Others																	
Equipment Lease																	
Ambulatory quality assessment																	
Others																	
Transfer to Hanover Hills WF - x7346																	
Net Transfers																	
Debtor - Professionals																	
Professionals - Restructuring																	
Total Disbursements																	
Net Cash Flow																	
Beginning Bank Balance - HSC KeyBank (x2865)																	
Ending Bank Balance - HSC KeyBank (x2865)																	
HSC Wells Fargo (x7346) - DEBITOR																	
Receipts																	
HSC Wells Fargo Receipts																	
Other medical receipts																	
Others																	
Transfer from Hanover Hills - x2865																	
Loan proceeds from ANS PA																	
Total Receipts																	
Disbursements																	
Vendor - Credit card processor																	
Bank Fees																	
Operating Disbursements																	
Transfer to HSC KeyBank - x2865																	
Net Transfers																	
Professionals - Restructuring																	
Total Disbursements																	
Net Cash Flow																	
Beginning Bank Balance - HSC Wells Fargo (x7346)																	
Ending Bank Balance - HSC Wells Fargo (x7346)																	

Notes:

- Hanover Hills Surgery Center is estimated to borrow approximately \$262k (HHSC DIP Loan) from the Atlantic Neurosurgical Specialists P.A. (ANS PA) to fund its operating and professional costs
- HHSC DIP Loan amounts reflected in the liquidity projections show only Principal portion of the loan. Any accrued interest is not reflected in liquidity projections
- Professional (Others) includes consulting fees for investment banking advisor and individual contractors
- Post petition restructuring fees to counsel of Debtor are expected to be paid from sale proceeds of Surgical Center (Debtor) and the respective amounts are not projected in the liquidity projections
- Debtor restructuring counsel was paid \$41,748 in pre-petition period
- Debtor is expected to pay ambulatory assessment to State of NJ in early August 2024 and amounts are reflected in liquidity projections
- Partial lease payments for debtor location are estimated at approximately \$26,000 per month and to be paid during the Chapter 11 process
- The debtor is not expected to collect any A/R and as such, amounts are not projected in the liquidity projections
- The liquidity projections show transfer and consolidation of cash in Debtor's KeyBank account solely for projections purposes. The payments are intended to continue in ordinary course, as approved under cash management order, from bank accounts consistent with pre-petition operations

EXHIBIT C

THIS PROPOSAL IS NON-BINDING AND PROVIDED FOR DISCUSSION PURPOSES ONLY. IT IS NOT A COMMITMENT OR A FINAL SETTLEMENT OFFER. IT IS NOT INTENDED AS A COMPREHENSIVE STATEMENT OF ALL OF THE TERMS AND CONDITIONS TO WHICH ANY RELATED AGREEMENT SHALL BE SUBJECT, BUT RATHER IS INTENDED AS A SUMMARY OF CERTAIN MAJOR PROVISIONS WHICH WOULD BE INCLUDED IN A FINAL SETTLEMENT AGREEMENT APPROVED AND EXECUTED BY THE PARTIES DESCRIBED BELOW AND APPROVED BY THE BANKRUPTCY COURT.

PROPOSED SETTLEMENT AGREEMENT TERM SHEET

June 28, 2024

1. Settlement Participants.

A. **KeyBank National Association** (the “**Bank**”).

B. **Continuum Institute Atlantic, LLC**, a Delaware limited liability company (“**Continuum Institute Atlantic**”), **Florham Park Investors, LLC**, a Delaware limited liability company (“**Florham Park**”), **Continuum Institute, LLC**, a Delaware limited liability company (“**Continuum Institute**”), **ANS Continuum Holdco, LLC**, a Delaware limited liability company (“**ANS Continuum**”), **Hanover Hills Surgery Center LLC**, a New Jersey limited liability company (“**Hanover Hills**”), **Lorient Capital Management, LLC** a Delaware limited liability company (“**LCM**”), and **Lorient Continuum Investors, LLC** (“**LCI**”) (collectively the “**Borrower Group**”).

C. **Atlantic Neurosurgical Specialists, P.A.**, a New Jersey professional association (“**ANS**”), the individual shareholders of **ANS Founders PC** who elect to participate as set forth below (each a “**Participating Shareholder**”), **ANS Founders PC** (“**Founders**”) and **ANS Newco, LLC**, (“**Newco**”). **ANS**, the Participating Shareholders, Founders and Newco are referred to collectively as the (“**ANS Group**”).

2. Certain Defined Terms.

A. As used in this Term Sheet:

(i) “**ANS Bank Claim**” means all claims of the Bank and the Borrower Group against the **ANS Group**, and any Founders shareholder who does not elect to become a Participating Shareholder, in each case arising prior to the filing of the Cases in favor of the Bank or any member of the Borrower Group, provided that under the Settlement Agreement and subject to approval of the Bankruptcy Court, all such claims of the Borrower Group will be assigned to the Bank, asserted solely by the Bank in the Cases, and be payable only to the Bank, as outlined in this Term Sheet and the Settlement Agreement.

(ii) “**Bankruptcy Estate**” means, with respect to each of the Debtors, the estate of such Debtor in each of the Cases, as determined pursuant to applicable bankruptcy law.

(iii) “**Cases**” means the chapter 11 proceedings to be filed by the Debtors as defined below, and, “**HH Case**” means the chapter 11 proceeding to be filed by Hanover Hills as set forth herein.

(iv) “**Debtors**” means ANS and Newco in their capacities as debtors in the Cases.

(v) “**HH Bank Claim**” means all claims of the Bank against Hanover Hills arising under the Loan Documents or otherwise.

(vi) “**Loan Documents**” means the documents and agreements executed by the Borrower Group in favor of the Bank evidencing the indebtedness of the Borrower Group to the Bank.

(vii) “**Parties**” means the Bank, each member of the Borrower Group, ANS, Newco, Founders, each Participating Shareholder, in any capacity, and any other person or entity determined by the Parties to be a necessary participant in the transaction described in this Term Sheet.

(viii) “**Plan**” means the chapter 11 plan or plans to be confirmed by the Debtors in the Cases.

(ix) “**Sale Process**” means the overall sale process for the sale of the assets of Hanover Hills, effectuated pursuant to the Sale Procedures defined herein.

(x) “**Settlement Agreement**” means a settlement agreement executed by all of the Parties evidencing the terms and conditions outlined in this Term Sheet and such other material terms as may be agreed upon by the Parties, as approved by the Bankruptcy Court.

(xi) “**Settlement Motion**” means a motion filed in connection with the Cases seeking approval by the Bankruptcy Court of the terms and conditions of the Settlement Agreement.

3. **Basic Terms.**

The Parties agree, subject to the conditions set forth herein and the final terms of the Settlement Agreement, to the following global resolution of all disputes and claims amongst each of them:

A. The shareholders of Founders identified below have elected to execute this Term Sheet and become Participating Shareholders under the Settlement Agreement. Under the Settlement Agreement the Bank will agree that provided that the Participating Shareholders described in this Section A pay not less than the amounts set forth by their respective names, and the aggregate amount of \$2,800,000 either to the Bankruptcy Estate of ANS as outlined in this Term Sheet, or as otherwise allocated as between the Bankruptcy Estate and the Bank as the parties may agree in the Settlement Agreement, and such payments from such Participating Shareholders, shall be sufficient consideration for the releases contemplated to be delivered by the Bank and the Borrower Group in favor of such Participating Shareholders under the Settlement Agreement. The amount payable by each such Participating Shareholders is:

Ronald Benitez	\$500,000
----------------	-----------

Yaron Moshel	\$500,000
Kyle Chapple	\$500,000
Jonathan Baskin	\$500,000
John Knightly	\$400,000
Jay Chun	\$400,000

B. The amounts set forth in Section (A) above shall be paid by the above Participating Shareholders to the trust account of Greenbaum, Rowe, Smith & Davis LLP (the "**Trust Account**") as follows:

(i) \$100,000 by each of the above Participating Shareholders upon execution of this Term Sheet.

(ii) \$100,000 by each of the above Participating Shareholders upon execution of the Settlement Agreement.

(iii) \$100,000 by each of the above Participating Shareholders upon entry of a final order of the Bankruptcy Court approving the Settlement Agreement.

(iv) Failure of any of the above Participating Shareholders to pay any of the amounts described in this Section (B)(i)-(ii) as set forth therein shall terminate any obligation of the Bank to proceed under this Term Sheet or to enter into the Settlement Agreement.

(v) All remaining amounts shall be payable by each Participating Shareholder upon entry of a final order of the Bankruptcy Court confirming the Plan which incorporates the terms of the Settlement Agreement. All of the foregoing amounts shall be held in the Trust Account for distribution in accordance with the terms and conditions of the Plan.

C. Each above-described Participating Shareholder shall execute and deliver the following: (a) a counterpart of this Term Sheet by not later than June 28, 2024, (b) the Settlement Agreement within 7 calendar days of finalization by the Parties, but not later than July 9, 2024, and (c) as requested, any other document reasonably required by the Parties to effectuate the terms of each of the Term Sheet and the Settlement.

D. Unless the Bank shall otherwise consent in writing, each other existing or former shareholder of Founders can hereafter become a Participating Shareholder in the settlement described in this Term Sheet and any related agreements only by executing the Settlement Agreement and any other document required to effectuate the Settlement Agreement as determined by the Parties, and by paying directly to the Bank upon execution of the Settlement Agreement \$625,000, which amount shall reduce the amount of the ANS Bank Claim dollar for dollar in the amount received. No shareholder may become a Participating Shareholder later than the date of any hearing in connection with the approval of the Settlement Agreement.

E. ANS and each member of the Borrower Group reasonably determined by ANS and the Bank to be necessary parties to effectuate this provision shall take all required corporate action necessary to cause Hanover Hills to file a chapter 11 proceeding as set forth in more detail

in this Term Sheet, for the purpose of selling all of the assets of Hanover Hills in a chapter 11 process, and shall cooperate reasonably in all respects to effectuate such chapter 11 process as reasonably required by the Bank. All agreed upon net proceeds of the sale of the assets of Hanover Hills after payment of all approved normal and customary closing adjustments, and payment of administrative expenses as outlined further in this Term Sheet, shall be paid to the Bank.

F. ANS shall promptly liquidate the assets of ANS in an orderly manner consistent with the provisions of the Bankruptcy Code, and the Plan shall provide for the pro rata disbursement of the net proceeds available for distribution to the Bank on account of the ANS Bank Claim.

4. **Settlement Agreement.**

A. The terms and conditions outlined in this Term Sheet shall be further evidenced by a comprehensive Settlement Agreement that must be acceptable to all of the Parties. The Settlement Agreement shall be prepared, executed and delivered as soon as practicable, and in any event by not later than July 9, 2024.

B. The Settlement Agreement shall contain, without limitation, the following terms, in each case, as set forth more specifically in the Settlement Agreement:

(i) The Borrower Group shall assign or otherwise grant to the Bank, by agreement or document in form and substance as shall be acceptable to the Bank in its sole and absolute discretion, any and all rights, causes of action, and claims of the Borrower Group of any kind against each member of the ANS Group, including, without limitation, any right to payment from any member of the ANS Group (and any Founders shareholder who does not elect to become a Participating Shareholder), and its right, if any, to participate as a creditor in the Cases. No obligations of any of the Borrower Group to any of the ANS Group shall be assigned, or deemed assigned to the Bank. The Debtors will acknowledge and consent to the foregoing assignment for all purposes in the Cases and agree that any and all amounts payable on account of the ANS Bank Claim shall be paid only to the Bank. In connection with the finalization of the Settlement Agreement the Debtors will agree that the ANS Bank Claim will be an allowed unsecured claim for all purposes in the Cases in an amount determined as of the petition date which is acceptable to the Bank and the Debtors, and waive any objection to such claim. The Bank presently estimates that the total amount of the ANS Bank Claim shall be not less than \$21,000,000 but acknowledges that such amount is subject to modification based upon applicable underlying information, and payments made or to be made prior to the filing of the Cases.

(ii) Payment of the amounts set forth in Section 3 above by the Participating Shareholders, and assignment of the claims described below (if any) shall be in exchange for comprehensive releases as further described herein, to be provided by the Bank, the Bankruptcy Estate, and the Borrower Group, and in full satisfaction of any claim of the Bank and any member of the Borrower Group against each member of the ANS Group, provided that any such release

shall not release any Founders shareholder who is not a Participating Shareholder.¹ The amounts paid by the Participating Shareholders to the Bankruptcy Estate, under Section 3 shall, to the extent necessary to effectuate the Settlement Agreement, and subject to allocation as set forth in the Settlement Agreement, be deemed a contribution to the Plan, and, as allocated, a payment to the Bank, for purposes of effectuating the terms and conditions of the Plan and the Settlement Agreement. The Borrower Group will specifically acknowledge that in exchange for the release to be given to the Borrower Group by the Bank and the ANS Group, the Borrower Group will also release any and all claims against the ANS Group and its members (other than claims comprising the ANS Bank Claim), and that no further consideration of any kind shall be given or paid to the Borrower Group by any other Party in connection with its participation in the Settlement Agreement, whether under the Plan or otherwise. The Borrower Group will further represent and warrant to the Debtors that other than on account of and in connection with the ANS Bank Claim as outlined in this Term Sheet it will not assert any claim against the Debtors nor against the Participating Shareholders of the Debtor.

(iii) The Debtors shall assign to the Bank effective upon confirmation of the Plan, and in further consideration for the releases to be provided by the Bank and the Borrower Group, any and all claims of any nature at any time arising on behalf of the Bankruptcy Estate against each Founders shareholder that is not a Participating Shareholder, and the Plan shall identify each such claim in reasonable particularity as required by applicable law. Such assignment shall be without representation or warranty of any kind. Alternatively, at the request of the Bank, the Debtors shall stipulate and consent to an order of the Bankruptcy Court granting to the Bank sole and exclusive standing to prosecute all such claims in the Bankruptcy Court, and the sole right to the payment of any proceeds of such claims to the Bank, to be applied first to the payment of the fees and expenses of the Bank incurred in prosecuting such claims, and thereafter to the Bank for application to the ANS Bank Claim.

(iv) Each of the Bank, the Debtors, the Borrower Group and each Participating Shareholder in any capacity shall exchange comprehensive mutual releases of any and all claims each may have against the other, on terms acceptable to each of the Parties, to be included in the Plan and effective upon entry of a final order of the Bankruptcy Court confirming the Plan. Notwithstanding the foregoing, (a) no release by the Bank or the Borrower Group in favor of any member of the ANS Group shall be effective unless each Participating Shareholder has made all of the payments to the Trust Account described in this Term Sheet and the Bank has received all amounts payable to it by the Debtors under the terms of the Settlement Agreement and the Plan, (b) no release by the Bank in favor of any member of the Borrower Group shall be deemed effective until all of the amounts described in this subsection (iv)(a) have been paid as set forth herein and the Bank has received all of the net proceeds of the sale of the assets of Hanover Hills provided that such condition shall not be a condition of the Borrower Group's release of the ANS

¹ Any release provided by any Party in favor of a Participating Shareholder is intended to include a release of such Participating Shareholder in any capacity, including but not limited to such Participating Shareholder's capacity as an individual, a shareholder, director and officer of Founders, a member of Continuum Institute LLC, a member of ANS Continuum Holdco LLC, a director, manager and officer of any Debtor, and as a manager or officer of any member of the Borrower Group.

Group, and (c) no release of the Bank in favor of any Participating Shareholder shall be deemed to release any obligation of such Participating Shareholder to the Bank arising on account of any loan or other extension of credit made directly by the Bank or any affiliate of the Bank to such Participating Shareholder (including, without limitation, any obligations arising on account of any credit card issued by the Bank or any affiliate of the Bank). The releases provided by the Debtors shall be a release of all claims of the Debtors and their respective Bankruptcy Estates, and shall bind all successors and assigns of the Debtors and respective Bankruptcy Estates, including any subsequent Chapter 11 or Chapter 7 trustee. The Participating Shareholders shall not release each other.

(v) The Settlement Agreement shall be expressly subject to the entry of a final Order approving the Settlement Agreement to be entered by the Bankruptcy Court in connection with the Cases. Upon execution, the Settlement Agreement may only be amended or modified by a writing executed by all of the Parties which is approved by the Bankruptcy Court. If the Settlement Agreement is not approved by the Bankruptcy Court in form acceptable to all of the Parties, it shall be deemed void and unenforceable as to any of the Parties, and the Parties shall stipulate to any required Order of the Bankruptcy Court to effectuate the prompt return of the monies in the Trust Account to the respective Participating Shareholder depositing such funds.

5. **The Cases.**

A ANS and Newco have filed the Cases. The Bank will not contest motions seeking approval of the retention of Greenbaum Rowe Smith & Davis LLP as counsel to the Debtors, B Riley and Thomas Buck as CRO to the Debtors, provided that such motions and the relief requested comply with the requirements of the Bankruptcy Code and that the terms of such retentions, including, without limitation, the terms relating to the payment of compensation are reasonably acceptable to the Bank.

B. In connection with the Cases, the following terms and conditions shall apply:

(i) The Debtors will file the Settlement Motion within 7 days of the final approval of the Settlement Agreement by all Parties. Provided that each Party has complied with its obligations under the Term Sheet and the Settlement Agreement, then to the extent required, as reasonably determined and requested by the Debtors, and provided that the Settlement Motion and the Plan is consistent with the terms, conditions, and applicable limitations of this Term Sheet, the Settlement Agreement, and applicable law, each of the other Parties agree to support, and not object to the Settlement Motion and any Plan filed in the Cases required to effectuate the terms and conditions of the Settlement Agreement.

(ii) The terms and conditions of the Settlement Motion and any Order approving the Settlement Agreement must be reasonably acceptable to each of the Parties in all material respects.

(iii) The Debtors and the Borrower Group agree to recognize the Bank as the sole holder of the ANS Bank Claim. The Debtors will agree that the ANS Bank Claim will be an allowed unsecured claim for all purposes in the Cases as set forth in the Settlement Agreement

and waive on behalf of the Debtors and their estates, any right to object to any portion of the ANS Bank Claim.

(iv) The Debtors shall file the Plan or Plans applicable in the Cases as soon as reasonably possible and in any event by not later than August 15, 2024. The Debtors shall use their best efforts to effectuate confirmation of the Plans by not later than October 20, 2024, but failure to do so shall not change any obligation of any of the Debtors to the Bank under the Settlement Agreement. The terms of the Plan shall be acceptable to the Bank in its reasonable discretion.

(vi) All rights of the Bank to participate as a creditor in the Cases, including, without limitation, for purposes of asserting the ANS Bank Claim and any other claims described in this Term Sheet and enforcing the obligations of the Debtors under the Settlement Agreement, are reserved, and the Debtors acknowledge that the Bank is a party in interest with a right to be heard for all purposes in connection with the Cases.

6. **Hanover Hills.**

A. As used in this Section 6 only, the term “Debtor” means Hanover Hills. In respect of the HH Case, the following terms shall apply:

(i) The Bank will not contest motions seeking approval of the retention of Fox Rothschild LLP and Joseph DiPasquale of such firm as counsel to the Debtor, provided that such motions and the relief requested comply with the requirements of the Bankruptcy Code and that the terms of such retention, including, without limitation, the terms relating to the payment of compensation, are reasonably acceptable to the Bank.

(ii) Prior to the filing of the HH Case, the Debtor will hire one or more professional persons reasonably acceptable to the Bank to effectuate the marketing of the assets of the Debtor for sale, and such persons shall conduct such marketing of the assets, for such period of time as shall be reasonably acceptable to the Debtor in consultation with the Bank. The Debtor and the Bank will cooperate to establish a reasonable period of time for marketing the assets, with a view to obtaining the highest and best price for the assets. The compensation payable to such professional persons in connection with the sale of the assets shall be disclosed to, and reasonably acceptable to the Bank.

(iii) The timing of the filing of the HH Case shall be acceptable to the Bank in its reasonable discretion, and shall take into consideration the timing of any appropriate marketing of the assets of the Debtor.

(iv) The primary purpose of the HH Case shall be to effectuate the Sale Process for the sale of the assets of the Debtor under Section 363 of the Code, or pursuant to a plan, in each case as the Debtor may reasonably determine in consultation with the Bank. The Sale Process shall be conducted diligently by the Debtor. The Debtor shall, in consultation with the Bank promptly establish procedures for the sale of the assets of the Debtor (collectively the “**Sales Procedures**”). Each aspect of the Sales Procedures and the final terms and conditions of any sales identified by the Sales Procedures (including, without limitation, proposed consideration,

and the amounts payable to the Bank in connection with such sales) are each subject to the consent of the Bank and must be in all respects acceptable to Bank. The Debtor shall promptly advise the Bank of any required regulatory approvals that must be obtained in connection with the Sale Process, and use the Debtor's best efforts to promptly request, and provide relevant data to the applicable regulatory body, so as to facilitate any such regulatory approvals. The Debtor shall provide the Bank with periodic updates and information as to the details of the Sale Process as reasonably requested by the Bank (including, without limitation, copies of any proposed letters of intent or other agreements), and such additional information relating to the HH Case shall be reasonably acceptable to the Bank.

(v) The Debtor shall provide the standard acknowledgments, confirmations and agreements regarding the primacy of the lien and security interest of the Bank in all of the assets of the Debtor, waive any objections to any claim of the Bank, and agree, based upon representations by the Bank, that the Bank holds a total claim against the Debtor in an amount of not less than \$29,000,0000 (including an allowed senior secured claim against the Debtor in an aggregate amount equal to the anticipated net proceeds of the sale of the assets). All net proceeds of the sale shall be paid to the Bank upon closing of the sale in satisfaction of the Bank's allowed secured claim against the Debtor, and for purposes hereof, such net proceeds shall constitute the gross proceeds of sale, less allowed administrative expenses incurred in connection with the HH Case, including, without limitation, the amounts described in subsection (vi) below, some of which may be escrowed and reserved at the time of the closing of the sale, with the consent of the Bank. The Bank will agree, in connection with the sale, that its lien and security interest upon the assets of the Debtor will be transferred to the proceeds of the sale under Section 363 of the Bankruptcy Code, pursuant to an Order approving the sale, which Order must be in form and substance acceptable to the Bank in its sole discretion.

(vi) All administrative expenses payable in connection with the HH Case through the completion of the sale of the assets and the distribution of the proceeds of such sale to the Bank, including, without limitation, all costs and expenses of the sale, and the reasonable, court approved compensation of any professional person providing service in connection with the marketing, solicitation of offers, and sale of the assets of the Debtor shall be paid solely and exclusively from the proceeds of the sale of the assets of the Debtor. To the extent that any member of the ANS Group at any time after the filing of the HH Case seeks to make a loan approved by the Bankruptcy Court to the Debtor to support the payment of any post-petition administrative expenses incurred by the Debtor in connection with the HH Case, then provided that the terms and conditions of such loan and the related expenses to be paid with the proceeds of such loan are reasonably acceptable to the Bank, the Bank shall consent, pursuant to an order of the Bankruptcy Court which must be acceptable to the Bank, to the granting of an administrative expense priority to the member of the ANS Group providing such loan and to the repayment of such loan as an administrative expense in connection with the HH Case. No lien senior to the lien and security interest of the Bank may be granted to any person in connection with the HH Case without the written consent of the Bank. The Debtor will waive any right to seek to recover any costs or expenses of any kind from the Bank pursuant to Section 506(c) of the Bankruptcy Code.

(vii) If the sale of the assets is not effectuated through a plan, then subsequent to the closing of the sale, the Debtor, in consultation with the Bank, shall promptly take all appropriate action to wind up the HH Case in a timely and cost effective manner which must be reasonably acceptable to the Bank. The Parties acknowledge that dates agreed upon by them in this Term Sheet may be subject to adjustment by the Bankruptcy Court based upon the scheduled availability of the Bankruptcy Court.

7. **General Terms.**

A. The following general terms and conditions shall apply:

(i) All amounts payable to any Party under the terms of the Term Sheet or the Settlement Agreement shall be payable in immediately available funds. All amounts received by the Bank shall be applied internally by the Bank to the indebtedness of the Borrower Group to the Bank as determined by the Bank in its sole and absolute discretion. Except as may be provided in the Settlement Agreement or any applicable Plan, all of each Party's rights and remedies against all other Parties, and all defenses and claims of any Party against any other Party (including, without limitation, all of the Bank's rights under the Loan Documents in respect of the Borrower Group) are expressly reserved.

(ii) Except as otherwise expressly set forth in the Settlement Agreement, or pursuant to an order of the Bankruptcy Court in either the Cases or the HH Case, all Parties bear their own costs and fees.

(iii) In addition to the terms and conditions set forth in this Term Sheet, which is intended to be a general description of the terms and conditions of the Parties' agreement, the Settlement Agreement and any other agreements and documents contemplated hereunder shall contain standard/customary terms and conditions applicable to agreements and documents of such kind.

(iv) This Term Sheet is confidential, and may only be disclosed to the Parties' respective counsel, accountants, financial advisors or as legally required, or as reasonably necessary to effectuate the provisions contemplated herein and contents constitute settlement discussions that are not admissible for any purpose in connection with any future litigation.

(v) This Term Sheet may be signed upon any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. Electronic copies of signatures shall be treated as original signatures for all purposes under this Term Sheet.

Signature Pages Follow:

Dated : June 28, 2024

KeyBank National Association

By: 
Glen Bleeker

Its: Senior Vice President

Dated : June 28, 2024

Atlantic Neurosurgical Specialists, P.A.

DocuSigned by:
By: 
59874CCFDA624BC...

Its: Ron Benitez , President

Dated : June 28, 2024

ANS Newco, LLC

DocuSigned by:
By: 
59874CCFDA624BC...

Its: Ron Benitez, Manager

Dated : June 28 2024

ANS Founders PC

DocuSigned by:
By: 
59874CCFDA624BC...

Its: Ron Benitez, President

Dated : June __, 2024

DocuSigned by:
By: 
59874CCFDA824BC
Ronald Benitez

Dated : ~~6/28/2024~~
June __, 2024

By: _____
Yaron Moshel

Dated : June __, 2024

By: _____
Kyle Chapple

Dated : June __, 2024

By: _____
Jonathan Baskin

Dated : June __, 2024

By: _____
John Knightly

Dated : June __, 2024

By: _____
Jay Chun

Dated : June __, 2024

By: _____
Ronald Benitez

Dated : June __, 2024

By:  _____
Yaron Moshel

Dated : June __, 2024

By: _____
Kyle Chapple

Dated : June __, 2024

By: _____
Jonathan Baskin

Dated : June __, 2024

By: _____
John Knightly

Dated : June __, 2024

By: _____
Jay Chun

Dated : June __, 2024

By: _____
Ronald Benitez

Dated : June __, 2024

By: _____
Yaron Moshel

Dated : June __, 2024

DocuSigned by:
By:  _____
1EB7832D78314A1...
Kyle Chapple

Dated : ^{6/27/2024} June __, 2024

DocuSigned by:
By:  _____
5A7728B5BE574F6...
Jonathan Baskin

Dated : ^{6/27/2024} June __, 2024

By: _____
John Knightly

Dated : June __, 2024

By: _____
Jay Chun

Dated : June __, 2024

By: _____
Ronald Benitez

Dated : June __, 2024

By: _____
Yaron Moshel

Dated : June __, 2024

By: _____
Kyle Chapple

Dated : June __, 2024

By: _____
Jonathan Baskin

Dated : June __, 2024

By: _____
John Knightly

Dated : June 24, 2024

By: _____
Jay Chun

Dated : June__, 2024

By: _____
Ronald Benitez

Dated : June__, 2024

By: _____
Yaron Moshel

Dated : June__, 2024

By: _____
Kyle Chapple

Dated : June__, 2024

By: _____
Jonathan Baskin

Dated : June__, 2024

By: _____
John Knightly

Dated : June__, 2024

By:  _____
Jay Chun

Dated : June __, 2024

Continuum Institute Atlantic, LLC

By: _____

Its: _____

Dated : June 28 2024

Florham Park Investors, LLC

By:  _____
59874CCFDA624BC...

Its: Ron Benitez, Manager

Dated : June __, 2024

Continuum Institute, LLC

By: _____

Its: _____

Dated : June 28 2024

ANS Continuum Holdco, LLC

By:  _____
59874CCFDA624BC...

Its: Ron Benitez, Manager

Dated : June 28 2024

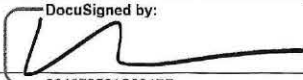
Hanover Hills Surgery Center, LLC

By:  _____
59874CCFDA624BC...

Its: Ron Benitez, Authorized Person

Dated : June __, 2024

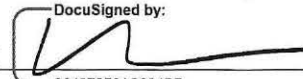
Continuum Institute Atlantic, LLC

By: 
964078501C804BB...

Its: Authorized Signatory

Dated : June __, 2024

Florham Park Investors, LLC

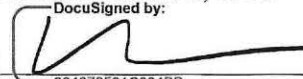
By: 
964078501C804BB...

By _____

Its: Authorized Signatures

Dated : June __, 2024

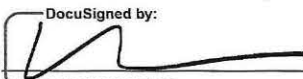
Continuum Institute, LLC

By: 
964078501C804BB...

Its: Authorized Signatory

Dated : June __, 2024

ANS Continuum Holdco, LLC

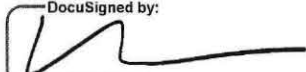
By: 
964078501C804BB...

By: Authorized Signatory

Its: Authorized Signatures

Dated : June __, 2024

Hanover Hills Surgery Center, LLC

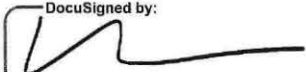
By:  DocuSigned by:
964078501C8048B...

By: _____

Its: Authorized Signatures

Dated : June __, 2024

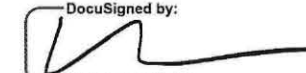
Lorient Capital Management, LLC

By:  DocuSigned by:
964078501C8048B...

Its: Authorized Signatory

Dated : June __, 2024

Lorient Continuum Investors, LLC

By:  DocuSigned by:
964078501C8048B...

Its: Authorized Signatory

**GREENBAUM, ROWE, SMITH & FOX ROTHSCHILD LLP
DAVIS LLP**

David L. Bruck, Esq.
P.O. Box 5600
Woodbridge, New Jersey 07095
Telephone: (732) 549-5600
Facsimile: (732) 476-2441
dbruck@greenbaumlaw.com

*Counsel to the Debtors and Debtors in
Possession, Atlantic Neurosurgical
Specialists, P.A. and ANS Newco LLC*

Joseph J. DiPasquale, Esq.
Michael R. Herz, Esq.
Agostino A. Zammiello, Esq.
49 Market Street
Morristown, New Jersey 07960
Telephone: (973) 992-4800
Facsimile: (973) 992-9125
jdipasquale@foxrothschild.com
mherz@foxrothschild.com
azammiello@foxrothschild.com

*Proposed Counsel to the Debtor and Debtor in
Possession, Hanover Hills Surgery Center LLC*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

In re:

**ATLANTIC NEUROSURGICAL
SPECIALISTS, P.A. *et al*,¹**

Debtors.

Chapter 11

Case No. 24-15726(VFP)

Jointly Administered

**CERTIFICATION OF THOMAS BUCK IN SUPPORT OF DEBTORS MOTION TO
AUTHORIZE (I) POST PETITION FINANCING TO HANOVER HILLS SURGERY
CENTER LLC (II) USE OF CAS COLLATERAL BY HANOVER HILLS SURGERY
CENTER LLC (IV) GRANTING AN ADMINISTRATIVE CLAIM AND CARVE OUT TO
THE ANS DEBTORS FOR REPAYMENT OF ALL INTERCOMPANY POST PETITION
DIP LOANS AHEAD OF PAYMENT TO KEY BANK FROM THE NET PROCEEDS OF
THE SALE OF THE ASSETS OF HANOVER HILLS AND (V) MODIFYING THE
AUTOMATIC STAY AS MAY BE NECESSARY AND (VI) SCHEDULING A FINAL
HEARING.**

I, Thomas Buck, being of full age, certify as follows:

1. I am the Chief Restructuring Officer of Atlantic Neurosurgical Specialists PA and ANS Newco LLC, (the ANS Debtors). My retention as such was approved by the Bankruptcy

¹ The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are: Atlantic Neurosurgical Specialists, P.A., d/b/a Atlantic Neurosurgical and Altair Health (0733); ANS Newco, LLC, d/b/a Altair Health (7893); and Hanover Hills Surgery Center LLC, d/b/a Altair Health Surgical Center and Altair Health (8645).

Court by Order entered on June 27, 2024 as Document # 55. I am not a fiduciary of Hanover Hills.

2. I am fully familiar with the financial records of the ANS Debtors and the jointly administered case of Hanover Hills Surgery Center LLC (Hanover Hills). The Cash Management Order (Document # 94) entered in the ANS Debtors cases sets forth the manner in which the income and expenses of the ANS Debtors and Hanover Hills are managed. Hanover Hills has its own bank accounts which are part of the ANS Debtors cash management system. As set forth hereinbefore, Hanover Hills is owned by Florham Park Investors LLC, which is in turn owned 100% by ANS Continuum Holdco LLC. ANS Continuum Holdco LLC is owned 40% by Continuum Institute Atlantic LLC, 59% by the ANS Debtors and 1% by the shareholders of ANS Founders PC. ANS Founders PC is the 100% member of the ANS Debtors.

3. On or about July 12, 2024, the ANS Debtors entered into a Settlement Term Sheet with Key Bank, the Borrower Group and the ANS Group. The Borrower Group includes several Lorient entities as well as ANS Continuum Holdco, Florham Park Investors LLC, Hanover Hills Surgery Center LLC and others. The ANS Group includes the ANS Debtors, ANS Founders PC and the Participating Shareholders. A copy of the Settlement Term Sheet is attached to the Motion as Exhibit "C". The Settlement Term Sheet has been shared with counsel to the Committee. Counsel to the Debtors, the Participating Shareholders and Key Bank are working to finalize a Settlement Agreement to be brought before the Court shortly.

4. As provided in the Settlement Term Sheet, the ANS Group has agreed to cooperate and assist Hanover Hills in the marketing of its assets for sale. Such cooperation includes the agreement subject to the Court Order to loan a limited amount of funds to Hanover Hills for a limited amount of time so as to facilitate the chapter 11 process of Hanover Hills and the sale of

its assets. The agreement with Key Bank is that the loan if approved by the Court will be repaid from the proceeds of sale of the assets of Hanover Hills prior to any payment to Key Bank.

5. Hanover Hills had \$27,248.75 in its bank accounts as of August 2, 2024.

6. Hanover Hills leases the premises at which it is located in Florham Park, New Jersey from the Eastman Management Corporation (“Eastman”). Eastman is a non-related party and is a third-party landlord. The premises are vacant other than for the equipment and furnishings in place and the surgery center is not operating.

7. Hanover Hills holds a license issued by the New Jersey Department of Health to conduct ambulatory surgical procedures at the premises. Prior to the shutdown of the ANS Debtors the physicians employed by the ANS Debtors performed surgeries at the Hanover Hills location.

8. Key Bank asserts that it holds a secured claim encumbering the assets of Hanover Hills in the in excess of \$29 million. The ANS Debtors and Hanover Hills requested that Key Bank provide post-petition financing to Hanover Hills, but Key Bank is unwilling to do so.

9. Hanover Hills filed an application for the retention of the Bloom Organization, a well-known Investment Banker in the sale of surgical centers field, to conduct marketing and solicitation of buyers for the assets of Hanover Hills. Entry of an Order approving the retention of the Bloom Organization is pending.

10. The engagement letter with the Bloom Organization requires that Hanover Hills pay to the Bloom Organization an initial fee of \$15,000 together with a monthly fee of \$7,000 plus a reimbursement for out-of-pocket expenses.

11. The Lease with Eastman requires a monthly payment of approximately \$52,000. The funding forecast provides for a partial payment of \$26,000 per month to be paid to Eastman.

Subject to a sale of the license and assumption of the surgical center, the expectation is the pre-petition rent and any accrued post-petition rent would be cured from the sale proceeds. AS of this date Eastman has not consented to the proposed monthly payment of partial rent.

12. Hanover Hills has other monthly expenses for insurance, maintenance etc., all as set forth in the funding forecast (the Projections) to the Motion as **Exhibit B**.

13. The ANS Debtors are willing to loan on a post-petition basis up to \$270,000 to Hanover Hills through November 2, 2024 on an as need basis during the limited period of Chapter 11 to enable Hanover Hills to conduct a sales process. Absent Court approval, Hanover Hills will be administratively insolvent. Depending on the timing of regulatory approval, additional funding may be necessary.

14. The proposed Intercompany DIP loan is without interest.

15. In exchange for the Intercompany DIP Loan, Key Bank has agreed as set forth in the Settlement Term Sheet to carve out from the net sales proceeds from the sale of the Hanover Hills assets as a priority administrative expense the full amount of the post-petition loans to be made by the ANS Debtors prior to any payment to Key Bank on account of its or secured or unsecured claim.

I certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: August 8, 2024

s/Thomas Buck
By: Thomas Buck
Chief Restructuring Officer
ANS Debtors

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

Caption in Compliance with D.N.J. LBR 9004-1(b)

**GREENBAUM, ROWE, SMITH & DAVIS
LLP**

PO Box 5600
Woodbridge, New Jersey 07095
(732) 549-5600
David L. Bruck, Esq.
dbruck@greenbaumlaw.com
Attorneys for the ANS Debtors

&

FOX ROTHSCHILD LLP

49 Market Street
Morristown, NJ 07960
Joseph J. DiPasquale, Esq.
Michael R. Herz, Esq.
Agostino A. Zammiello, Esq.
jdipasquale@foxrothschild.com
mherz@foxrothschild.com
azammiello@foxrothschild.com
Telephone: (973) 992-4800
Facsimile: (973) 992-9125

*Proposed Counsel to the Debtor and Debtor in
Possession, Hanover Hills Surgery Center*

In re:

**ATLANTIC NEUROSURGICAL
SPECIALISTS, P.A. *et al*,¹**

Debtor.

Chapter 11

Case No. 24-15726(VFP)

Jointly Administered

**INTERIM ORDER AUTHORIZING (I) POST-PETITION FINANCING
TO HANOVER HILLS SURGERY CENTER LLC, (II) USE OF CASH
COLLATERAL BY HANOVER HILLS SURGERY CENTER LLC, (III)
THE GRANTING OF AN ADMINISTRATIVE CLAIM AND CARVE**

¹ The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are: Atlantic Neurosurgical Specialists, P.A., d/b/a Atlantic Neurosurgical and Altair Health (0733); ANS Newco, LLC, d/b/a Altair Health (7893); and Hanover Hills Surgery Center LLC, d/b/a Altair Health Surgical Center and Altair Health (8645).

Page 2 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

**OUT TO THE ANS DEBTORS FOR REPAYMENT OF ALL
INTERCOMPANY POST-PETITION DIP LOANS AHEAD OF
PAYMENT TO KEY BANK FROM THE NET PROCEEDS OF THE SALE
OF THE ASSETS OF HANOVER HILLS, AND (IV) MODIFYING THE
AUTOMATIC STAY AS MAY BE NECESSARY, AND (V) SCHEDULING
A FINAL HEARING**

The relief set forth on the following pages, numbered three (3) through fourteen (14), is hereby **ORDERED**.

Page 3 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

THIS MATTER having come before the Court upon the joint motion (the “Motion”)² of Atlantic Neurosurgical Specialists PA, ANS Newco LLC (the “ANS Debtors”) and Hanover Hills Surgical Center LLC (“Hanover Hills,” together with the ANS Debtors, the “Debtors”), the debtors in the above-captioned jointly administered chapter 11, seeking entry of an interim order (the “Interim Order”), and a final order (“Final Order”), pursuant section 105, 361, 362, 363, 364, and 507 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 4001-3 of the *Local Rules of the United States Bankruptcy Court, District of New Jersey* (the “Local Rules”): (a) authorizing the ANS Debtors to make a post-petition intercompany loan to Hanover Hills and (b) granting an administrative claim to the ANS Debtors and a carve out for the repayment in full of the post-petition loans ahead of payment to Key Bank on account of its claims against the proceeds of the sale of the Hanover Hills assets (c) for Hanover Hills to use the cash collateral of Key Bank with the consent of Key Bank without the need for further adequate protection, (d) modifying the automatic stay to the extent necessary so as to permit the implementation of this Order, and (e) scheduling a final hearing (the “Final Hearing”) pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2) to be held to consider entry of a Final Order authorizing and granting the relief requested in the Motion on a final basis; and granting related relief (the “Motion”); and an interim hearing on the Motion having been held by this Court on August __, 2024 (the “Interim Hearing”); and the Court having considered the Motion, the Certification of

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

Page 4 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

Thomas Buck in support of the Motion the other filings and pleadings in this Case, and the evidence submitted or adduced and the arguments of counsel made at the Interim Hearing; and notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 2002, 4001(b), (c), and (d), and 9014; and the Interim Hearing to consider the relief requested in the Motion having been held and concluded; and all objections, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled by the Court; and it appearing to the Court that granting the relief set forth herein is necessary and otherwise is fair and reasonable, in the best interests of the Debtors, their estate, and creditors and equity holders, and essential for the interim and continued operation of the Hanover Hills' remaining business and to avoid incurring significant administrative expenses; and after due deliberation and consideration, and for good and sufficient cause appearing therefor; the Court hereby makes the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW³

1. On June 5, 2024, Atlantic Neurosurgical Specialists PA and ANS Newco LLC, the ANS Debtors filed voluntary petitions for relief under chapter 11, of the Bankruptcy Code in this Court (the "ANS Petition Date"). The ANS Debtors continue to operate their business and manage their assets as Debtors in possession pursuant to sections 1108 and 1184 of the Bankruptcy Code.

2. On July 12, 2024, Hanover Hills filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court (the "Hanover Hills Petition Date"). Hanover Hills

³ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted as such.

Page 5 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

continues to operate its business and manage its assets as a debtor in possession pursuant to Bankruptcy Code section 1108 and 1184.

3. This Court has jurisdiction over these jointly administered cases and this Motion under 28 U.S.C. §§ 1334(b) and 157. The Motion is a core proceeding under 28 U.S.C. § 157(b). Venue of these Cases and this Motion is proper in this Court under 28 U.S.C. §§ 1408 and 1409.

4. The statutory and procedural predicates for the relief granted in this Final Order are sections 105, 361, 362, 363, 364, 503, 506 and 507 of the Bankruptcy Code, Bankruptcy Rules 4001 and 6004, and Local Rule 4001-3.

5. In accordance with Local Rule 9013-5(c) and (f), notice of the relief requested in the Motion was provided to (i) the Office of the United States Trustee; (ii) the entities appearing on the Hanover Hills' list of twenty (20) largest unsecured creditors; (iii) counsel to Key Bank; (iv) counsel to the Unsecured Creditors Committee in the ANS Cases; and (v) those persons who have formally appeared in these Cases and requested service pursuant to Bankruptcy Rule 2002, which notice was proper, timely, appropriate under the circumstances and sufficient for the Motion, and the entry of this Interim Order; service of the Interim Order and no further notice of, or hearing on, the entry of this Interim Order is necessary or required.

6. Cash Collateral. Any and all of Hanover Hills' cash, including cash and other amounts on deposit or maintained in any account or accounts by or for Hanover Hills (including but not limited to escrows and reserves) and any amounts generated by the collection of accounts receivable, whenever arising, or any other disposition of the Prepetition Collateral (as defined in the Motion) and the proceeds of any of the foregoing, including without limitation all post-petition

Page 6 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

accounts, accounts receivable, and proceeds thereof, are asserted by Key Bank to be its cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the “Cash Collateral”).

7. Prepetition Financing Documents. Hanover Hills is a party to Key Bank’s Loan Documents identified in the Motion (the “Loan Documents”).

8. Prepetition Obligations Amount. As of the Petition Date, Key Bank asserts that the outstanding amount due and owing by Hanover Hills to Key Bank as secured under and in connection with the Loan Documents, inclusive of principal and accrued interest, is approximately \$29M, plus any and all other amounts required to be paid under and in connection with the Loan Documents (collectively, the “Secured Obligations”). As of the Petition Date, Hanover Hills is in default of its obligations under the Loan Documents. The Secured Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Hanover Hills and are believed by the ANS Debtors to not be subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law. Hanover Hills believes that it does not possess and shall not assert any claim, counterclaim, setoff or defense of any kind, nature, or description which would in any way affect the validity, enforceability of any of the Secured Obligations.

9. Prepetition Liens and Collateral. As of the Petition Date, the Secured Obligations were secured pursuant to the Loan Documents and applicable law by valid, perfected, enforceable and non-avoidable first priority security interests and liens (the “Prepetition Liens”) granted by Hanover Hills to Key Bank upon certain collateral (as set forth in the Loan Documents) (the “Prepetition Collateral”). The Prepetition Liens (i) are valid, binding, perfected and enforceable

Page 7 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

liens and security interests on all of the Prepetition Collateral, (ii) are not subject to avoidance, recovery, subordination, attack, offset, counterclaim, defense or “claim” (as defined in the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or other applicable law, and (iii) constitute legal, valid, unavoidable and binding obligations of Hanover enforceable in accordance with the terms of the Loan Documents.

10. The Intercompany DIP Loan. Hanover Hills has stated that it has an immediate and critical need to obtain the Intercompany DIP Loan. Hanover Hills’ ability to obtain the intercompany DIP loan is critical to its ability to continue as a going concern during the course of the Case. The proceeds of the Intercompany DIP Loan will be used to fund the costs of administering Hanover Hills’ estate, including, without limitation, (i) payroll costs (including applicable payroll taxes), (ii) payment of monies to the Bloom Organization in accordance with the approved Engagement Letter, (iii) partial payment of rent to the Landlord during the period and other payments as set forth in the Projection attached hereto as **Exhibit 1**. Hanover Hills’ access to sufficient liquidity through the incurrence of the Intercompany DIP loan under the terms of this Interim Order is vital to the preservation and maintenance of the value of the Hanover estate and to the successful marketing and sale of Hanover Hills’ assets through the Bankruptcy process. Consequently, without the ability to obtain the Intercompany DIP loan to the extent authorized pursuant to this Interim Order, Hanover Hills and its estate would suffer immediate and irreparable harm.

11. No Other Credit Available. Hanover Hills is unable to obtain adequate secured or unsecured credit allowable under Bankruptcy Code sections 364(b) and 503(b)(1). The

Page 8 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

Intercompany DIP Loan reflects the most favorable terms available to Hanover Hills. Hanover Hills requires the Intercompany DIP Loan to satisfy its post-petition liquidity needs. The ANS Debtors have expressed a willingness to provide Hanover Hills with the Intercompany DIP Loan but solely on the terms and conditions set forth in this Interim Order. After considering all alternatives, Hanover Hills has concluded, in an exercise of its sound business judgment, that the financing to be provided by the ANS Debtors pursuant to the terms of this Interim Order represents the best financing presently available to Hanover Hills.

12. Carve Out to the ANS Debtors. In exchange for the Intercompany DIP Loan, Key Bank agrees to carve out for the ANS Debtors the full amount of the Intercompany DIP Loan as a priority administrative claim to be paid solely from the proceeds of the sale of the Hanover Hills assets prior to any payment to Key Bank on account of its claims secured and otherwise. Hanover Hills consents to the granting of such priority administrative claim to the ANS Debtors.

13. Best Interests of the Estate. Entry of this Interim Order is in the best interest of Hanover Hills, the estate, and creditors. The terms of the Intercompany DIP Loan are fair and reasonable under the circumstances, reflect Hanover Hills' exercise of prudent business judgment consistent with its fiduciary duties, and is supported by reasonably equivalent value and fair consideration.

14. The Intercompany DIP Loan is Made in Good Faith. Hanover Hills, Key Bank and the ANS Debtors have negotiated the terms and conditions of the Intercompany DIP Loan, and this Interim Order in good faith and at arm's-length, and any credit extended and loans made by the ANS Debtors to Hanover Hills pursuant to this Intercompany Order shall be, and hereby is,

Page 9 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

deemed to have been extended, issued or made, as the case may be, in “good faith” within the meaning of Bankruptcy Code section 364(e).

15. Hanover Hills has an immediate need to use cash collateral to, among other things, preserve and maximize the value of the Hanover Hills’ assets during the marketing and sale of its assets absent which immediate and irreparable harm will result to Hanover Hills, its estate, and its creditors. The preservation and maintenance of Hanover Hills’ assets during the marketing period is necessary to maximize values available for distribution to stakeholders. Absent the Debtor’s ability to use Cash Collateral, Hanover Hills would not have sufficient available sources of working capital or financing and would be unable to pay its operating expenses, to maintain its assets, or collect and generate future revenue through the sale of its assets to the detriment of the bankruptcy estate and creditors. Accordingly, the relief requested in the Motion and the terms herein are (i) critical to Hanover Hills’ ability to maximize the value of its estate, (ii) in the best interests of its estate, and (iii) necessary, essential, and appropriate to avoid immediate and irreparable harm to its assets.

16. Good cause has been shown for entry of this Order, and the entry of this Order is in the best interests of Hanover Hills and its estate and stakeholders. Among other things, the relief granted herein will permit the Debtor to preserve and maintain the value of its assets. The terms of the Intercompany DIP Loan and Hanver Hills’ use of Cash Collateral as set forth in this Order, are fair and reasonable under the circumstances, and reflect Hanover Hills’ exercise of prudent business judgment consistent with its fiduciary duties.

Page 10 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

17. The proposed use of Cash Collateral has been negotiated in good faith and at arms' length among the ANS Debtors, Hanover Hills, and Key Bank, and Key Bank's consent to the use of Cash Collateral and the carve out as an administrative priority claim to the ANS Debtors from the net proceeds of the sale of the Hanover Hills assets shall be deemed to have been made in "good faith."

18. The notice for the entry of this order is good and sufficient to permit the relief set forth in this Order, and no other or further notice is or shall be required.

Based on the foregoing, it is hereby **ORDERED THAT:**

- A. The Motion is **GRANTED** as set forth herein.
- B. The Intercompany DIP Loan is being made without interest from the ANS Debtors and funding on similar or better terms could not be found. The ANS Debtors are authorized to make the Intercompany DIP Loan to Hanover Hills; and Hanover Hills is authorized to accept the Intercompany DIP Loan from the ANS Debtors pursuant to the terms set forth in the Motion, but in no event shall the Intercompany DIP Loan be more than more than \$270,000. Hanover Hills shall use the proceeds of the Intercompany DIP Loan strictly in accordance with the Projection.
- C. In order to enable the Intercompany DIP Loan to be repaid to the ANS Debtors, Key Bank consents to carve out from the net proceeds of the sale of the Hanover Hills assets sufficient funds to repay in full the Intercompany DIP Loan to the ANS Debtors as an administrative priority claim payable prior to any distribution of the proceeds of sale of the Hanover Hills assets to Key Bank or any other interested party, which carve out and administrative priority claim is hereby approved.

Page 11 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

D. Hanover Hills is authorized to use any Prepetition Collateral and Cash Collateral of Key Bank as of the Petition Date in accordance with the Motion, the Projection and this Order.

E. This Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable immediately upon entry hereof. The fourteen (14) day stay provisions of Bankruptcy Rule 6004(h) are waived and shall not apply to this Order.

F. The terms and provisions of this Interim Order shall be valid and binding upon and shall inure to the benefit of Hanover Hills, the ANS Debtors, Key Bank, all other creditors of Hanover Hills and all other parties in interest and its respective successors and assigns, including any trustee or other fiduciary hereafter appointed in a case under chapter 11 or any case under chapter 7 of the Bankruptcy Code upon the conversion of this Case, or in any other proceedings superseding or relating to any of the foregoing, or upon dismissal of this Case.

G. Subject to the terms and conditions set forth in this Interim Order and to be set forth in the Final Order and pursuant to section 363(c)(2) of the Bankruptcy Code, Hanover Hills is authorized to use Cash Collateral as set forth in the Projection (as may be amended from time to time; provided, however that Key Bank shall have the right to consent to any material modifications, but such consent shall not be unreasonably withheld or delayed). Except as otherwise expressly provided herein, Hanover Hills may use Cash Collateral in accordance with the Motion, this Interim Order, and the Projection to pay expenses set forth in the Projection subject to a variance of not more than 5%.

H. If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur or stay shall not affect (i) the validity of the

Page 12 of 15

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (I) Authorizing Post-Petition Financing to Hanover Hills Surgery Center LLC, (II) Authorizing the Use of Cash Collateral by Hanover Hills Surgery Center LLC, (III) Authorizing the Granting of an Administrative Claim and Carve Out to the ANS Debtors for Repayment of All Intercompany Post-Petition DIP Loans Ahead of Payment to Key Bank From the Net Proceeds of the Sale of the Assets of Hanover Hills, (IV) Modifying the Automatic Stay as May be Necessary, and (V) Scheduling a Final Hearing

Intercompany DIP Loan prior to the effective date of such reversal, modification, vacatur or stay, or (ii) the validity, perfection, priority, allowability or enforceability of any claim, lien, security interest or priority authorized or created hereby with respect to the Intercompany Loan prior to the effective date of such reversal, modification, vacatur or stay. Notwithstanding any such reversal, modification, vacatur or stay, any use of the Prepetition Collateral or Cash Collateral o prior to the effective date of such reversal, modification, vacatur or stay, shall be governed in all respects by the provisions of this Interim Order, and the ANS Debtors and Key Bank shall be entitled to all of the rights, remedies, protections and benefits granted under this Order with respect to all uses of the Prepetition Collateral and Cash Collateral pursuant to this Interim Order.

I. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms upon request by any party in interest.

J. Except as explicitly provided herein, this Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect or incidental beneficiary.

K. Key Bank's consent hereto shall not be construed as a waiver of any defaults, rights or remedies under the Loan Documents, or any rights or remedies related thereto as against any third parties.

L. A final hearing on the Motion shall be held on August , 2024 at before the Bankruptcy court. (The Final Hearing.) In the event that there are no objections to the Final Order this Interim Order shall be deemed a Final Order.

Page 13 of 13

DEBTOR: Atlantic Neurosurgical Specialists, P.A., *et al*

CASE NO: 24-15726-VFP

CAPTION: Interim Order (i) Authorizing (a) Post-Petition Financing and (b) Use of Cash Collateral and Affording Adequate Protection; and (ii) Modifying the Automatic Stay

Exhibit 1

PROJECTION