

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

In Re:	Case No.: 24-21217 (CMB)
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i> , ¹	Chapter 11
	<i>Jointly Administered</i>
Debtors.	Doc. No.:
SOUTH HILLS OPERATIONS, LLC, et al., and	Related to Doc. No. 257
CIBC BANK, USA,	
	Hearing Date & Time:
Movants,	November 7, 2024 at 10:00 a.m.
-vs -	Responses Due:
	4:00 PM (EST) on October 31, 2024
THE OFFICIAL COMMITTEE OF	
UNSECURED CREDITORS,	
Respondents.	

**CONSENT MOTION FOR ORDER APPROVING SETTLEMENT PURSUANT
TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

The above-captioned debtors and debtors in possession (the “Debtors”) and CIBC Bank, USA (“CIBC”), by and through their respective undersigned counsel, seek the entry of an order substantially in the form attached hereto as Exhibit B (the “Proposed Order”) granting the relief

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

requested in this *Consent Motion for an Order Approving Settlement Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure*, and in support thereof avers as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over the matters raised in this Motion pursuant to 28 U.S.C. §§157 and 1334. All matters raised in this Motion are core proceedings pursuant to 28 U.S.C. §157(b). Venue for this case is proper pursuant to 28 U.S.C. §§1408 and 1409.

2. The statutory bases for the relief requested herein are Sections 105(a), 363, and 364 of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended, the “Bankruptcy Code”), Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 9014-1 and 9019-1 of the Local Rules for the United States Bankruptcy Court for the Western District of Pennsylvania (the “Local Rules”).

Background

3. On May 17, 2024, (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code.

4. The Debtors are authorized to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee or examiner has been appointed in the Chapter 11 Cases.

5. On May 30, 2024, the United States Trustee for the Western District of Pennsylvania appointed an official committee of unsecured creditors in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

6. On June 17, 2024, the Bankruptcy Court entered *Final Order (I) Authorizing The Maybrook And Consulate Debtors To Obtain Postpetition Financing, (II) Authorizing The Maybrook And Consulate Debtors To Use Cash Collateral, (III) Granting Liens And Providing*

Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, And (VI) Granting Related Relief (the “DIP Financing Order”). See Document No. 257.²

7. The DIP Financing Order governed the terms and conditions pursuant to which the Maybrook and Consulate Debtors are permitted to utilize CIBC’s Cash Collateral in exchange for, among other things, CIBC’s right to receive a Prepetition Superpriority Claim to the extent of any Diminution in Value to its interests in the Maybrook and Consulate Debtors’ Prepetition Collateral. See DIP Financing Order, ¶ 14.

8. The DIP Financing Order also authorized the Debtors to enter into the Maybrook DIP Credit Agreement with CIBC to obtain a New Money DIP Loan in an amount not to exceed \$12.5 million and that provided for the Roll-Up of \$25.5 million of the Maybrook and Consulate Prepetition Loans into the Maybrook DIP Facility. See DIP Financing Order, ¶ 2.

9. Among the terms and conditions of the DIP Financing Order and the Maybrook Credit Agreement is the requirement for the Debtors to provide periodic financial reporting and to utilize Cash Collateral in accordance with the approved Maybrook Budget. See DIP Financing Order, ¶ 20; see also Maybrook Credit Agreement, § 14.1.

10. By letter dated October 8, 2024, CIBC sent written Notice of Occurrence of Events of Default and Reservation of Rights (the “Notice of Default”) detailing the Debtors’ failure to comply with the terms and conditions of the Maybrook Credit Agreement and DIP Financing Order, including failure to deliver the required financial statements, an approved Maybrook

² Capitalized terms not otherwise defined herein have the meaning given to them in the DIP Financing Order.

Budget, and to keep real estate taxes current. A true and correct copy of the Notice of Default is attached hereto, incorporated herein, and labeled Exhibit A.

11. In the Notice of Default, CIBC specifically reserved its right to make a Termination Declaration and exercise its remedies, including those remedies provided to CIBC pursuant to Paragraph 33 of the DIP Financing Order.

12. Upon receipt, the Debtors immediately analyzed the Notice of Default to determine whether the Debtors had any bases to challenge the alleged defaults set forth therein. Though the Debtors believe that the alleged defaults may be subject to *bona fide* disputes, the Debtors immediately engaged CIBC to discuss a consensual path forward, as the Debtors recognized the importance of having access to additional financing necessary to continue operations through the anticipated closing on the Sale (as defined herein) to maximize the value of their estates and avoid the time and expense associated with contested litigation over the Notice of Default.

13. As noted above, the Debtors require use of Cash Collateral and to draw on the New Money DIP Loan in order to fund operations through the closing date on the sale (the “Sale”) of Maybrook and Consulate Debtors’ assets as authorized by this Bankruptcy Court pursuant that certain Order of Court [Doc. No. 701] (the “Sale Order”) entered on September 30, 2024.

14. It is anticipated that the Maybrook and Consulate Debtors will draw approximately \$2.1 million in additional funding prior to the closing of the Sale. If those monies are fully drawn, the Maybrook and Consulate Debtors will have drawn just under \$10.0 million of the \$12.5 million available through the New Money DIP Loan to fund their operations through the projected closing on the Sale at the end of this month.

Settlement Terms and Requested Relief

15. CIBC's willingness to permit the continued use of its Cash Collateral and to allow the Maybrook and Consulate Debtors to draw additional amounts on the New Money DIP Loan is conditioned upon this Court's approval of the settlement (the "Settlement") contained herein, the terms of which are as follows:

- a. Effective as of the filing of this Motion, CIBC consents to the Debtors' continued use of Cash Collateral to and through the closing on the Sale, but not thereafter, so long as the Debtors remain in compliance with the Maybrook Budget approved by CIBC and attached as Exhibit 1 to the Proposed Order (the "Updated Budget");³
- b. For the avoidance of doubt, the "Carve Out" in paragraph 39 of the DIP Financing Order is hereby amended to be the amounts set forth in the Updated Budget on row 12 of the CHMS –Professional Fees – Monthly page for the period from May through October only, and excludes the amounts set forth in that row for the months thereafter;
- c. CIBC shall have an allowed Prepetition Superpriority Claim in an amount equal to the amount drawn by the Debtors under the New Money DIP Loan, which is currently estimated at \$9.9 million as set forth in the Updated Budget; and
- d. In the event the Bankruptcy Court does not approve the Settlement, CIBC retains all rights to enforce the Subject Defaults identified in the Notice of Default, including to make a Termination Declaration, and the Debtors retain all rights with respect to opposing the same; provided, however, notwithstanding anything to the contrary in this Motion, in the DIP Financing Order, or in the Maybrook DIP Credit Agreement, CIBC hereby consents and agrees that the "Carve Out" definition set forth above replaces all prior definitions of that term.

16. CIBC and the Debtors request this Court enter the Proposed Order approving the Settlement pursuant to Federal Rule of Bankruptcy Procedure 9019(a).

17. Rule 9019 of the Bankruptcy Rules provides that:

³ The Updated Budget attached as Exhibit 1 to the Proposed Order remains subject to further modification by agreement of the parties. In the event the Updated Budget is modified after the filing of this Motion, the Debtors shall file an amended Updated Budget prior to the hearing to consider the relief requested in this Motion.

On motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Notice shall be given to creditors, the United States trustee, the debtor, and indenture trustees as provided in Rule 2002 and to any other entity as the court may direct.

Fed. R. Bankr. P. 9019(a).

18. “To minimize litigation and expedite the administration of the bankruptcy estate, “[c]ompromises are favored in bankruptcy.” *In re Martin*, 91 F.3d 389, 393 (3d Cir. 1996) (*quoting* 9 COLLIER ON BANKRUPTCY 9019.03[1] (15th ed. 1993)).

19. A settlement must be “fair and equitable” and fall above the “lowest point in the range of reasonableness.” *In re Capmark Financial Group, Inc.*, 438 B.R. 471, 515 (D. Del. 2010) (*citing In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983)).

20. In considering whether a settlement is fair and reasonable, the court should consider: (1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors. *Id.* (*citing In re Neshaminy Office Bldg. Assocs.*, 62 B.R. 798, 803 (E.D. Pa. 1986)).

21. The court must ultimately consider whether the proposed settlement is fair, reasonable and in the interest of the bankruptcy estate. *In re Marvel Entertainment Group, Inc.*, 222 B.R. 243, 249 (D. Del. 1998).

22. The proposed Settlement is in the best interest of the Debtors, their estates, and all parties in interest including, most importantly, their residents and employees.

23. It provides the terms upon which CIBC will agree to continue funding the Debtors’ operations through the closing on the Sale notwithstanding the existence of the Debtors’ alleged defaults under the DIP Financing Order and Maybrook DIP Credit Agreement. The Settlement

also enables the Debtors' continued operations through closing on the Sale, which preserves its going concern value for the benefit of the Debtors' estates.

24. The Settlement also relieves the Debtors' estates of the litigation costs and burden in determining the allowed amount of CIBC's Prepetition Superpriority Claim by fixing it in an amount equal to the draw down by the Debtors of the New Money DIP Loan, which is currently estimated at \$9.9 million.

25. The proceeds to be generated from the Sale, which liquidates all or substantially all of the Maybrook and Consulate Debtors' tangible assets, will not be sufficient to pay the Debtors' obligations under the Maybrook and Consulate Prepetition Loan Facilities in full. CIBC and the Debtors also believe that collections on the accounts of the Maybrook and Consulate Debtors, which were excluded from the Sale, will not be sufficient to eliminate the \$9.9 million diminution in the value of CIBC's collateral resulting from the draws on the New Money DIP Loan.⁴

26. The Settlement avoids costly disputes over the valuation of the Debtors' assets and recognizing the economics that, for every dollar the Debtors' estate draw on the New Money DIP Loan, there is a corresponding dollar for dollar reduction in the value of the Debtors' assets available to secure CIBC's Maybrook and Consulate Prepetition Loan Facilities.

27. As such, in order to preserve the Debtors' ability to close on the Sale approved by this Court as a transaction that is in the best interests of the Debtors and their estates, the Debtors request this Court enter the Proposed Order substantially in the form attached hereto as Exhibit B approving the Settlement.

⁴ In the DIP Financing Order, the Debtors stipulated that CIBC was owed at least \$55.1 million on the Prepetition Loan Facilities. DIP Financing Order, ¶ 2. Upon payment in full of the DIP Facility, the outstanding principal balance remaining on the Prepetition Loan Facilities is expected to be reduced by \$25.5 million, which would leave a principal balance on the CIBC Prepetition Loan Facilities totaling in excess of \$29 million.

WHEREFORE, the Debtors and CIBC respectfully request this Court enter the Proposed Order attached hereto as Exhibit B approving the Settlement and granting such other relief as this Court deems necessary and proper.

Respectfully submitted:

Date: October 13, 2024

RAINES FELDMAN LITRELL, LLP

By: /s/ Daniel R. Schimizzi
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Michael J. Roeschenthaler (PA ID No. 87647)
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*Local Counsel to the Debtors and
Debtors in Possession*

-AND-

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CONSENTED AND AGREED TO BY:

CAMPBELL & LEVINE,
LLC

By: /s/ Jeanne S. Lofgren
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AND

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Lead Counsel to CIBC Bank,
USA

EXHIBIT A

NOTICE OF DEFAULT



Stacy J. Flanigan
sflanigan@gutnicki.com
847.745.6936 direct
312.933.7176 mobile

October 8, 2024

VIA E-MAIL AND OVERNIGHT DELIVERY

600 Broadway, Suite E
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Attn: Mordy Lahasky
Email: mordyeph@gmail.com

Raines Feldman Littrell, LLP
11 Stanwix Street, Suite 1400
Pittsburgh, PA 15222
Attn: Michael J. Roeschenthaler, Esq.
Daniel R. Schimizzi, Esq.

-AND-

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201
Attn: Glenn Rose, Esq.

**Re: NOTICE OF OCCURRENCE OF EVENTS OF DEFAULT;
RESERVATION OF RIGHTS**

Gentlemen:

Reference is made to: (i) that certain Senior Secured Super-Priority Debtor-In-Possession Loan and Security Agreement dated May 17, 2024 (as amended, restated, modified and/or supplemented from time to time, the "Loan Agreement") by and among Maybrook-C Evergreen Propco, LLC, Maybrook-C Briarcliff Propco, LLC, Maybrook-C Silver Oaks Propco, LLC, Maybrook-C Overlook Propco, LLC, Maybrook-C Whitecliff Propco, LLC, Maybrook-C Kade Propco, LLC, Maybrook-C Latrobe Propco, LLC, 3876 Saxonburg Boulevard Propco, LLC, 100 Tandem Village Road Propco, LLC, each Delaware limited liability company ("Owner Borrowers" and each an "Owner Borrower"), and Maybrook-C Evergreen Opco, LLC, Maybrook-C Briarcliff Opco, LLC, Maybrook-C Silver Oaks Opco, LLC, Maybrook-C Overlook Opco, LLC, Maybrook-C Whitecliff Opco, LLC, Maybrook-C Kade Opco, LLC, and Maybrook-C Latrobe Opco, LLC, North Strabane Rehabilitation and Wellness Center, LLC, and Cheswick Rehabilitation and Wellness Center, LLC, each a Delaware limited liability company ("Operator Borrowers" and each an "Operator Borrower" and, collectively together with Owner Borrowers, "Borrowers" and each a "Borrower"), and the financial institutions that are or may from time to

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time become parties hereto (together with their respective successors and assigns, collectively, the “Lender”) and CIBC Bank USA, an Illinois banking corporation (in its individual capacity, “CIBC”), as administrative agent for the Lenders (the “Administrative Agent”). Capitalized terms used herein without definition shall have the meanings assigned thereto in the Loan Agreement.

You have been notified that the following Events of Default have occurred under the Loan Documents:

1. An Event of Default exists under Section 14.1(f) of the Loan Agreement because Borrowers have failed to provide Administrative Agent with internally prepared consolidated and consolidating financial statements of Operator Borrowers for the months of June 2024 and July 2024. Borrowers’ failure to provide such financial statements of Operator Borrowers within forty five (45) days after the end of each month constitutes a breach of Borrowers’ covenant under Section 11.5(c) of the Loan Agreement.
2. Another Event of Default exists under Section 14.1(f) of the Loan Agreement because Borrowers have failed to provide Administrative Agent with an Approved Budget since August 2, 2024. Borrowers’ failure to provide Administrative Agent with an Approved Budget every Friday after the Effective Date constitutes a breach of Borrowers’ covenant under Section 11.19(a) of the Loan Agreement.
3. An Event of Default exists under Section 14.1(g) of the Loan Agreement because Borrowers have failed to pay real estate taxes prior to delinquency, which constitutes a breach of Borrowers’ covenant under Section 11.13(d) of the Loan Agreement.

Items 1-3, above, shall hereinafter be referred to collectively as the “Subject Defaults”.

In its sole discretion, Administrative Agent will charge interest on the Loan at the Default Rate retroactive to the date of the first occurrence of an Event of Default, effective as of August 9, 2024. Borrowers shall: (i) certify to Administrative Agent the amount of real estate taxes that are currently past due and owing within three (3) business days of the date hereof, and Borrowers shall immediately pay such amounts, together with any interest, fines or penalties related thereto, (ii) provide Administrative Agent with an Approved Budget on a weekly basis, and (iii) not use any proceeds of the Loans or Cash Collateral (as defined in the DIP Orders) without the prior written consent of Administrative Agent. In the event Borrowers fail to immediately pay all delinquent real estate tax amounts or provide Administrative Agent an Approved Budget on a weekly basis, Administrative Agent will make a Termination Declaration and pursue all rights and remedies provided for in the Loan Agreement. Notwithstanding anything to the contrary in the forgoing, Administrative Agent reserves the right to make a Termination Declaration at any time and sweep any and all accounts of Borrowers in satisfaction of Borrowers’ Liabilities.

Please be advised that Administrative Agent is reserving its other rights under the Loan Agreement and all other Loan Documents and available to it at law or equity. Borrowers are hereby further notified that Administrative Agent reserves the right to assert all of its available rights and remedies against Borrowers, including without limitation, those rights and remedies set

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forth in the Loan Agreement and the other Loan Documents and any and all rights and remedies under applicable law as Administrative Agent determines to be appropriate.

Administrative Agent may exercise each right and remedy available to it from time to time and as often and in such order as it may determine in its sole discretion, and the exercise or beginning of the exercise of any such right or remedy shall not be construed as a waiver of the right to exercise at the same time or thereafter any other right or remedy available to it. Any action or inaction Administrative Agent determines in its sole discretion to take during the existence of any Event of Default (including, without limitation, the imposition of default interest, which may be charged retroactively to the date that the Subject Defaults or any other Events of Default first occurred) shall not operate as a waiver of any Event of Default (even if now existing and not specified above) or any right or remedy under the Loan Documents, and will not be deemed to establish a course of conduct or justify an expectation by Borrowers that Administrative Agent will take any further action or continue to not take any action and will not preclude Administrative Agent from exercising any and all remedies available at any time thereafter. Administrative Agent hereby further expressly reserves every right, power and remedy specifically provided by the Loan Agreement and the other Loan Documents and any related documents, now or hereafter existing at law, in equity or by statute and each and every right, power and remedy, whether specifically given by Borrowers or otherwise existing, which may be exercised from time to time and as often and in such order as may be deemed expedient by Administrative Agent and the exercise or beginning of the exercise of any such right, power or remedy shall not be construed as a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

Administrative Agent and Borrowers have had discussions addressing the Subject Defaults, and Administrative Agent anticipates that additional discussions may take place in the future. During such discussions, Administrative Agent and Borrowers may touch upon and potentially reach a preliminary understanding on one or more issues or propose possible resolutions prior to concluding negotiations. Notwithstanding this fact and absent an express written waiver by Administrative Agent, Administrative Agent shall not be bound by any agreement on any individual issue unless and until an agreement is reached on all issues and such agreement is reduced to writing and signed by Administrative Agent and Borrowers. As of the date of this letter, there are no offers outstanding from Administrative Agent to Borrowers, nor are there any oral agreements among Administrative Agent and any Borrower concerning the obligations under the Loan Documents. Rather, all agreements concerning the obligations under the Loan Documents are expressed only in the existing Loan Documents, and the respective duties and obligations of Borrowers and Administrative Agent shall be only as set forth in the Loan Documents.

Mordy Lahasky
October 8, 2024
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Should you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Stacy J. Flanagan', written over a horizontal line.

Stacy J. Flanagan
Attorney for CIBC Bank USA

cc: Matthew Tyler (matthew.tyler@cibc.com)
Liz Boydston, Esq. (lboydston@gutnicki.com)
Max Schlan, Esq. (mschlan@gutnicki.com)
Jeremy J. Meisel, Esq. (jmeisel@gutnicki.com)
Louis E. Robichaux IV (louis.Robicaux@ankura.com)

EXHIBIT B

PROPOSED ORDER OF COURT

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

In Re:

Case No.: 24-21217 (CMB)

SOUTH HILLS OPERATIONS, LLC, *et al.*,¹
Debtors.

Chapter 11
Jointly Administered

Related to Doc. No.: 257

SOUTH HILLS OPERATIONS, LLC, *et al.*, and Doc. No. _____
CIBC BANK, USA,

Movants,

Hearing Date & Time:
November 7, 2024 at 10:00 a.m.

-vs -

Responses Due:
4:00 PM (EST) on October 31, 2024

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS,

Respondents.

ORDER OF COURT APPROVING SETTLEMENT

AND NOW, on this the _____ day of November, 2024, upon consideration of the
Consent Motion for Order Approving Settlement Pursuant to Rule 9019 of the Federal Rules of

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

Bankruptcy Procedure (the “Settlement Motion”),² any responses thereto and arguments of counsel, and finding due and proper noticing of the Settlement Motion, it is hereby ORDERED, ADJUDGED and DECREED as follows:

1. The Settlement Motion is GRANTED as set forth herein.
2. To and through the closing on the Sale, the Debtors shall be at all times compliant with the Maybrook Budget approved by CIBC and attached hereto as Exhibit 1.
3. CIBC has an allowed Prepetition Superpriority Claim equal to the amount drawn by the Debtors under the New Money DIP Loan.
4. CIBC is deemed to have waived the right to make a Termination Declaration solely arising out of the Subject Defaults specifically identified in the Notice of Default.
5. The Court retains jurisdiction over the interpretation, implementation, and enforcement of this Order.

Prepared by: /s/ Daniel R. Schimizzi
Daniel R. Schimizzi, Local Counsel to the Debtors

BY THE COURT:

Carlota M. Böhm, Judge
United States Bankruptcy Court

² Capitalized terms not otherwise defined herein shall have the meaning given to them in the Settlement Motion.

EXHIBIT 1

UPDATED BUDGET

CHMS - Weekly Cash Flow Forecast
Groves & Consulate (CIBC)

(\$ in millions)		<- Transfer Date																		
		F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	Total	Total
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Approved	Period
#	Description	10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27	1/3	1/10	1/17	1/24	1/31	Budget	
1	CIBC Combined	<= Approved Cash Collateral Budget >>																	<== Post-Closing Projections Subject to Further Negotiations ==>	
2	Receipts																			
3	Census %	76.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
4	Receipts	2.7	0.6	0.5	2.0	0.4	2.6	0.3	1.6	0.2	0.4	0.4	0.6	0.4	0.3	0.2	0.1	0.1	5.8	13.5
5	Total Room & Board	2.7	0.6	0.5	2.0	0.4	2.6	0.3	1.6	0.2	0.4	0.4	0.6	0.4	0.3	0.2	0.1	0.1	5.8	13.5
6	Misc. Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Receipts	2.7	0.6	0.5	2.0	0.4	2.6	0.3	1.6	0.2	0.4	0.4	0.6	0.4	0.3	0.2	0.1	0.1	5.8	13.5
8	Operating Disbursements																			
9	Payroll	0.7	0.4	0.7	0.4	0.9	-	-	-	-	-	-	-	-	-	-	-	-	2.2	3.1
10	Payroll - Checks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Payroll Taxes	0.2	0.1	0.2	0.1	0.3	-	-	-	-	-	-	-	-	-	-	-	-	0.7	1.0
12	Employee Benefits	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-	-	-	-	-	-	-	-	-	0.1	0.2
13	Employee Reimbursements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	0.0	0.0
14	Health Insurance	0.2	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	0.2	0.3
15	Workers Compensation	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2
16	Total Employee Expenses	1.3	0.5	1.0	0.5	1.2	0.4	0.0	0.0	-	-	-	-	-	-	-	-	-	3.3	4.9
17	Contractor / Agency	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-	-	-	-	-	-	-	-	-	1.2	2.4
18	Medical Director	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
19	Operating Expenses	0.2	0.2	0.2	0.2	0.7	0.7	0.7	0.7	-	-	-	-	-	-	-	-	-	0.9	3.5
20	Provider Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Utilities	0.1	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
22	Insurance	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
23	IT	0.0	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
24	Professionals	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
25	Administrative Services Fees	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-	0.2	0.5
26	Total Operating Expenses	0.9	0.5	0.7	0.5	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	-	2.7	6.8
27	Net Cash Flow b/f Non-Op Disb.	0.4	(0.4)	(1.2)	1.0	(1.7)	1.2	(0.7)	0.5	0.2	0.3	0.4	0.6	0.4	0.3	0.2	0.1	0.1	(0.2)	1.9
28	R/E & Other Taxes	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
29	Capex	0.1	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
30	One-Time Capex Request	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3
31	Loan Principal and Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.7	-	12.7
32	Net Cash Flows b/f Rx	(0.0)	(0.4)	(1.2)	0.9	(1.7)	1.2	(0.7)	0.5	0.2	0.3	0.4	0.6	0.4	0.3	0.2	0.1	(12.5)	(0.7)	(11.3)
33	Restructuring Disbursements																			
34	Chapter 11 Filing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	US Trustee Fees	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.2	0.3
36	Adequate Assurance - Utility Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	DIP Administration Fees and Interest	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
38	Sale Proceeds (est. subject to further revision)	-	-	-	(48.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	(48.0)	(48.0)
39	Total Process Costs	-	0.2	-	(48.0)	-	0.0	-	-	-	-	-	-	-	-	0.1	-	-	(47.8)	(47.7)
40	Bass, Berry & Sims PLC	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.1	0.6
41	Local Counsel	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.4
42	Ankura	-	0.4	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	1.1	0.6	1.7
43	Claims Agent	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	0.1
44	Patient Care Ombudsman	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Total Debtor Prof. Fees	-	0.4	-	0.4	-	-	-	-	-	-	-	-	-	-	-	-	2.0	0.8	2.9
46	UCC Prof. Fees	-	0.3	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.4	1.1
47	Restructuring Prof. Fees - Lender	-	0.2	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.3	0.9
48	Total Professional Fees	-	0.8	-	0.6	-	-	-	-	-	-	-	-	-	-	-	-	3.3	1.4	4.9
49	Net Cash Flow a/f Rx	(0.0)	(1.4)	(1.2)	48.4	(1.7)	1.2	(0.7)	0.5	0.2	0.3	0.4	0.6	0.4	0.3	0.1	0.1	(15.9)	45.7	31.5
50	Cash Balances & Availability																			
51	Beginning Book	0.9	1.5	1.1	1.0	13.9	12.2	13.4	12.7	13.3	13.5	13.8	14.3	14.8	15.2	15.5	15.6	15.7	0.9	0.9
52	Net Cash Flow	(0.0)	(1.4)	(1.2)	48.4	(1.7)	1.2	(0.7)	0.5	0.2	0.3	0.4	0.6	0.4	0.3	0.1	0.1	(15.9)	45.7	31.5
53	DIP Draw / (Repayment)	0.6	1.0	1.1	(35.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	(32.7)	(32.7)
54	Ending Book	1.5	1.1	1.0	13.9	12.2	13.4	12.7	13.3	13.5	13.8	14.3	14.8	15.2	15.5	15.6	15.7	(0.1)	13.9	(0.1)
55	Beginning DIP Balance	7.2	7.8	8.8	9.9	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	7.2	7.2
56	DIP Roll-Up	-	-	-	25.5	-	-	-	-	-	-	-	-	-	-	-	-	-	25.5	25.5
57	DIP Borrowing (Repayment)	0.6	1.0	1.1	(35.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	(32.7)	(32.7)
59	Ending DIP Balance	7.8	8.8	9.9	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)

All post-transfer payments and the timing of payment therefor remain subject to further negotiation.

CHMS - Professional Fees - Monthly
Groves & Consulate (CIBC)

Actual Figures

(\$ in thousands)										
		Approved Carve-Out Budget					Subj. to Neg.			Revised
#	Description	5/31	6/30	7/31	8/31	9/30	10/31	11/30	12/31	1/31
1	Agreed Professional Fee Accrual Budget (Carve-Out)									
2	Groves & Consulate (CIBC)									
3	Restructuring Prof. Fees - Debtor									
4	Bass, Berry & Sims PLC	85.8	151.5	76.1	84.2	150.0	150.0	100.0	50.0	50.0
5	Local Counsel	137.1	134.0	5.8	57.1	125.0	50.0	50.0	25.0	25.0
6	Ankura	182.5	322.1	257.1	192.7	400.0	150.0	100.0	50.0	50.0
7	Claims Agent	39.9	70.5	13.6	18.4	35.0	35.0	35.0	17.5	17.5
8	Patient Care Ombudsman	-	-	-	-	-	-	-	-	-
9	Total Debtor Prof. Fees	445.4	678.1	352.6	352.4	710.0	385.0	285.0	142.5	142.5
10	UCC Prof. Fees	60.5	365.0	300.0	140.0	110.0	56.3	75.0	75.0	25.0
11	Restructuring Prof. Fees - Lender	85.8	151.4	176.0	150.0	225.0	175.0	75.0	37.5	37.5
12	Total Professional Fees	591.6	1,194.5	828.6	642.4	1,045.0	616.3	435.0	255.0	205.0
13	Professional Fee Payments (thru 10/4/2024)									
14	Groves & Consulate (CIBC)									
15	Restructuring Prof. Fees - Debtor									
16	Bass, Berry & Sims PLC	-	-	-	190.5	130.7	80.0		496.4	897.7
17	Local Counsel	-	-	-	219.1	-	100.0		290.0	609.1
18	Ankura	-	-	-	-	-	600.0		1,104.4	1,704.4
19	Claims Agent	-	-	-	-	142.0	30.0		110.3	282.3
20	Patient Care Ombudsman	-	-	-	-	-	-		-	-
21	Total Debtor Prof. Fees	-	-	-	409.6	272.8	810.0	-	2,001.1	3,493.5
22	UCC Prof. Fees	-	-	-	-	151.5	350.0		705.3	1,206.7
23	Restructuring Prof. Fees - Lender	-	-	-	237.2	-	275.0		601.0	1,113.2
24	Total Professional Fees	-	-	-	646.8	424.2	1,435.0	-	3,307.4	5,813.4
25	Cumulative Professional Fee Accrual Carve-Out Remaining									
26	Groves & Consulate (CIBC)									
27	Restructuring Prof. Fees - Debtor									
28	Bass, Berry & Sims PLC	85.8	237.3	313.5	207.2	226.4	296.4	396.4	446.4	-
29	Local Counsel	137.1	271.1	277.0	115.0	240.0	190.0	240.0	265.0	-
30	Ankura	182.5	504.6	761.7	954.4	1,354.4	904.4	1,004.4	1,054.4	-
31	Claims Agent	39.9	110.4	123.9	142.3	35.3	40.3	75.3	92.8	-
32	Patient Care Ombudsman	-	-	-	-	-	-	-	-	-
33	Total Debtor Prof. Fees	445.4	1,123.5	1,476.1	1,418.9	1,856.1	1,431.1	1,716.1	1,858.6	-
34	UCC Prof. Fees	60.5	425.5	725.5	865.5	824.0	530.3	605.3	680.3	-
35	Restructuring Prof. Fees - Lender	85.8	237.2	413.2	326.0	551.0	451.0	526.0	563.5	-
36	Total Professional Fees	591.6	1,786.1	2,614.8	2,610.4	3,231.1	2,412.4	2,847.4	3,102.4	-

All post-transfer professional fees and the timing of payment therefor remain subject to further negotiation.