

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA**

In re: : Chapter 11
: :
North Philadelphia Health System : Case No. 16-18931 (MDC)
: :
Debtor. :
:

**ORDER APPROVING BIDDING PROCEDURES IN CONNECTION
WITH SALE OF SUBSTANTIALLY ALL OF DEBTOR'S ASSETS**

Upon the Debtor's Motion (the "Motion") for an Order, pursuant to 11 U.S.C. §§ 105(a) and 363(b)(1), (i)(a) authorizing the Debtor's Entry into the Stalking Horse Purchase Agreement for the Sale of Certain of the Debtor's Assets related to the Girard Medical Center, (b) Approving Bidding Procedures and Bid Protections for Sale of Substantially all of the Debtor's Assets, (c) Scheduling a Hearing to Consider Approval of the Sale of Assets, (d) Approving the Form and Manner of Notice of Sale, and (e) Granting Related Relief; and (ii) (a) Authorizing and Approving the Sale of the Debtor's Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (b) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief¹; and the Court finding that (i) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (iii) the relief requested in the Motion is in the best interests of the Debtor, its estate, and its creditors; (iv) adequate notice of the Motion and the hearing thereon has been given and that no other or further notice is necessary; and (v)

¹ Capitalized terms used but not defined herein shall have the meaning stated in the Motion

upon the record herein, after due deliberation thereon, good and sufficient cause exists for the granting of the relief as set forth herein,

IT IS HEREBY ORDERED that:

1. The Debtor is authorized to enter into that certain Asset Purchase Agreement attached to the Motion as Exhibit B, as amended by that certain First Amendment to Asset Purchase Agreement dated as of July 12, 2017, made part of the record at the hearing on the bid procedures relief sought by the Motion, (as so amended, the “Meridian APA”).

2. MBH of Pennsylvania, LLC and MBH II of Pennsylvania, LLC (collectively, “Meridian”) are approved as the “stalking horse” bidder for the Meridian Acquired Assets. If the Debtor sells all or substantially all of the Meridian Acquired Assets in a transaction or series of transactions with one or more persons other than Meridian in accordance with this Order, upon consummation of such transaction(s), from the proceeds of such sale(s), the Debtor shall pay to Meridian (to be allocated between them as they shall determine) (a) its reasonably documented actual out-of-pocket fees and expenses (including legal, accounting and other fees and expenses), up to \$250,000, incurred in connection with the negotiation and documentation of the Meridian APA, the performance by the parties of their respective obligations under the Meridian APA and the monitoring of, and participation in, the Bankruptcy Case to the extent reasonably related to the sale by the Debtor of the Offered Assets (the “Expense Reimbursement”), plus (b) 1.5% of the sale price(s) (the “Topping Fee” and, together with the Expense Reimbursement, the “Bid Protections”). In the event Meridian exercises its rights to terminate the Meridian APA pursuant to Section 8.4 (a)(x), Meridian shall forfeit its right to the Topping Fee but shall remain entitled to the Expense Reimbursement. In the event the Successful Bid (defined below) is for Lot 3, the Topping Fee due to Meridian shall be equal to the amount of such Successful Bid times 0.85

times 1.5%. The Bid Protections shall be treated as an administrative claim in this Bankruptcy Case and as a direct cost of such sale(s). No liens or other Interests shall attach to the amounts owed to Meridian on account of the Bid Protections. No further order of this Court shall be required in order to pay the Bid Protections to Meridian, provided, however, if as of the date of consummation of any transaction from which Meridian is entitled to payment of all or any part of the Bid Protections the Debtor and Meridian are unable to agree on the amount of all or any portion of such Bid Protections, the undisputed amount shall be paid to Meridian and the disputed amount shall be escrowed pursuant to an agreement acceptable to Meridian and the Debtor, each in the exercise of reasonable discretion.

3. The following bidding procedures are approved:

- (a) **Assets to Be Sold.** The Offered Assets are being offered in three lots as follows: Lot 1 shall be comprised of the Meridian Acquired Assets as well as such other Offered Assets as the applicable Qualified Bidder shall designate, but shall not include any of the Offered Assets comprising the Lower Parking Lot. Lot 2 shall be comprised of the Lower Parking as well as such other Offered Assets as the applicable Qualified Bidder shall designate, but shall not include any of the Offered Assets comprising the Meridian Acquired Assets. Lot 3 shall be comprised of the Meridian Acquired Assets, the Lower Parking Lot and such other Offered Assets as the applicable Qualified Bidder shall designate.
- (b) **Provisions Governing Qualifications of Bidders and Bids.** All bids must be submitted to J. Scott Victor, SSG Capital Advisors LLC, 300 Bar Harbor Dr., Suite 420, Conshohocken, PA 19428, jsvictor@ssgea.com, on or before **5:00 p.m. (prevailing Eastern Time) on August 8, 2017** (the "Bid Deadline"). A bid submitted will be considered, and the Qualified Bidder will be authorized to participate in the Auction, only if the bid submitted is for one of the Lots described above and includes each of the following "Qualified Bid Required Documents" (such bid, a "Qualified Bid"):
 - (i) a letter, executed by such bidder: (i) identifying the Lot number of the Offered Assets subject to the bid, (ii) setting forth the net cash purchase price, which net cash amount must reflect a value to be delivered to the Debtor at closing equal to or greater than: (A) if

the bid is for Lot 1, \$8,500,000 (B) if the bid is for Lot 2 or the Lot 2 Assets, \$0 and (C) if the bid is for Lot 3, \$10,250,000 (iii) stating any assumed liabilities proposed to be paid or assumed by such bidder, (iv) stating that the bid submitted by such bidder is irrevocable until the conclusion of the Sale Hearing (as defined below), subject to the requirements set forth below relating to any Back-up Bidder (as defined below); (v) stating that such bid and the agreements, exhibits, and schedules referred to in clause (b) immediately below, have been duly authorized, executed, and delivered by such bidder and that no further internal or equity holder approvals are required with respect to any such agreement or matter; (vi) setting forth each regulatory and other approval required by such bidder for the consummation of the purchase and sale of the Offered Assets subject to such bid and the time period within which such bidder expects to receive such regulatory and other approvals (and in the case that receipt of any such regulatory or other approval is expected to take more than 14 days following execution and delivery of an asset purchase agreement, those actions such bidder will take to ensure its receipt of all such approval(s) as promptly as possible); (vii) containing a provision similar to the Meridian APA regarding operating losses post September 1, 2017 and including a commitment to close on or before October 31, 2017 (the "Projected Closing Date"); and (viii) confirming that the bid submitted by such bidder is not conditioned on receipt of any financing, or the outcome of any due diligence investigation;

- (ii) a clean asset purchase agreement, duly authorized, executed, and delivered by such bidder, for the Offered Assets proposed to be acquired consistent in all material respects with clause (a) immediately above, together with all exhibits and schedules thereto which, if the applicable bid is for Lot 1 or Lot 3, contains substantially the same terms as the Meridian APA (together with such additional terms as are required herein), or terms more favorable to the Debtor than the terms set forth in the Meridian APA for the Offered Assets proposed to be acquired (a "Modified Purchase Agreement") and a marked Modified Purchase Agreement reflecting the variations from the Meridian APA and each exhibit and schedule thereto, as applicable (with it being understood that the Modified Purchase Agreement for each bidder for Lot 1 or Lot 3 must show with precision any changes to the assets, contracts, leases, and liabilities to be assumed or purchased by such bidder relative to the Meridian APA);
- (iii) (A) to the extent that the bidder proposes to pay for the Offered Assets in whole or in part, from cash on hand (as reflected on such bidder's balance sheet), recent financial information, satisfactory to

the Debtor after consultation with the Creditors' Committee showing such bidder's ability to pay the cash portion of the purchase price, (B) to the extent that such bidder is proposing to pay for the Offered Assets with funds from any third-party financing source (whether such source is providing debt or equity financing), evidence of the bidder's ability to consummate the transaction, satisfactory to the Debtor after consultation with the Creditors' Committee and containing no material conditions to the closing and funding of such financing other than entry of a sale order and receipt of required government consents or approvals, and (C) a combination of the materials and information described in (A) and (B) of this clause (iii) above, satisfactory to the Debtor, after consultation with the Creditors' Committee, evidencing a capitalization for such bidder in such amount as the Debtor, after consultation with the Committee, may require.

- (iv) the Modified Purchase Agreement, if for Lot 1 or Lot 3, or the asset purchase agreement, if for Lot 2, must expressly exclude from assets being acquired any and all cash and cash equivalents owned by the Debtor in any form; and
- (v) a cash deposit in the amount equal to (i) \$250,000, if the bid is for Lot 1 or Lot 3, or (ii) \$175,000, if the bid is for Lot 2.
- (vi) For all purposes of the Bidding Procedures, (i) Meridian will be deemed a Qualified Bidder and the transactions proposed in the Meridian APA will be deemed a Qualified Bid and (ii) each of Gemino and The Bank of New York Mellon Trust Company, N.A. ("BNYM") will in all events be deemed a Qualified Bidders and may include a credit bid with respect to any Offered Assets in accordance with Bankruptcy Code Section 363(k) and applicable law.
- (vii) The Qualified Bid and Qualified Bidder requirements stated herein (other than with respect to BNYM or Gemino, unless otherwise agreed by such parties), to the extent relating to bids for Lot 1, may be modified by the Debtor, in consultation with the Creditors Committee, but only with the consent of Meridian, which consent Meridian may refuse to provide for any reason or no reason. The Qualified Bid and Qualified Bidder requirements stated herein for Lot 2 and Lot 3 may not be modified. Nothing herein shall be construed as disqualifying bidders that are otherwise deemed Qualified Bidders pursuant to this Order.

- (c) **No Competing Qualified Bids.** If no Qualified Bids for Lot 1 or Lot 3 are submitted by the Bid Deadline, the Debtor shall cancel the Auction as it relates to the Meridian Acquired Assets and Meridian shall be deemed to be the Successful Bidder (as defined below) for the Meridian Acquired Assets. If no Qualified Bids for Lot 2 or Lot 3 are submitted by the Bid

Deadline, the Debtor shall cancel the Auction as to the Lower Parking Lot. In the event only one Qualified Bid is received by the Bid Deadline for Lot 2 and no Qualified Bids are received by the Bid Deadline for Lot 3, the Debtor shall cancel the Auction as it relates to Lot 2 and the bidder who submitted the Qualified Bid for Lot 2 will be deemed to be the Successful Bidder for Lot 2.

- (d) **Auction.** If, by the Bid Deadline, the Debtor has received (a) at least one Qualified Bid for Lot 1 (in addition to the Qualified Bid from Meridian), (b) more than one Qualified Bid for Lot 2, or (c) at least one Qualified Bid for Lot 3, the Debtor will conduct an Auction with respect to the Offered Assets subject to more than one Qualified Bid, including the Qualified Bid from Meridian for Lot 1. The Debtor shall provide BNYM a copy of each submitted Bid (including each of the Qualified Bid Required Documents) by no later than noon on August 9, 2017. The Auction will take place on **August 11, 2017** starting at **9:00 a.m. (prevailing Eastern Time)** at the offices of Dilworth Paxson, LLP 1500 Market Street, 3500E, Philadelphia, PA 19102, or at such other place, date, and time as the Debtor may designate in writing in consultation with the Creditors' Committee. If the place, date, or time of the Auction changes, or if the Auction is cancelled, then the Debtor will file a notice with the Court of any such change or cancellation. Other than the Debtor and the Creditors' Committee, only parties and their advisors that have been advised that they have submitted or been deemed to have submitted a Qualified Bid will be permitted to participate as or with a bidder at the Auction. Hunt Mortgage (as servicer to BNYM, as mortgagee), BNYM, Gemino Healthcare Finance, LLC and Community Behavioral Health, The City of Philadelphia and the Commonwealth of Pennsylvania and their respective professionals and advisors shall be entitled to have a representative attend the Auction. In the event the Auction is to take place on a date other than August 11, 2017, the Debtor shall provide written notice to Meridian, BNYM, Gemino, Hunt Mortgage, the Creditors Committee, counsel to Project Home and all other all other parties who have entered an appearance at least three (3) business days prior to August 11, 2017. In the event the Debtor elects not to proceed with the Auction of Lot 2 Assets, the Debtor shall provide written notice of such election to Meridian, BNYM, Gemino, Hunt Mortgage, the Creditors Committee, counsel to Project HOME and all other all other parties who have entered an appearance by 7:00 p.m. on August 9, 2017.

The Auction shall be governed by the following procedures:

- (i) only Qualified Bidders shall be entitled to make any subsequent bids at the Auction;

(ii) each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding, the sale, or the bidding process;

(iii) the Qualified Bidders shall appear at the Auction in person or through a duly authorized representative unless the Debtor otherwise agrees in consultation with the Creditors' Committee;

(iv) prior to the Auction, the Debtor shall designate and provide copies of the highest and best Qualified Bid(s) for the Offered Assets which are subject to the Auction (the "Starting Bid(s)") to all Qualified Bidders that have informed the Debtor of their intent to participate in the Auction;

(v) if one or more Qualified Bids are received by the Bid Deadline for Lot 3, a single Starting Bid shall be designated as the Starting Bid for all of the Offered Assets, which Starting Bid shall be the highest and best Qualified Bid for Lot 3;

(vi) if no Qualified Bids for Lot 3 are received by the Bid Deadline, then the Starting Bid for Lot 1 and the Starting Bid for Lot 2, to the extent such Offered Assets are subject to the Auction, shall be separately determined and announced;

(vii) Qualified Bidders may then submit successive bids by Lot, with the value to the Debtor, as determined by the Debtor in its reasonable business judgment after consultation with the Creditors' Committee of at least the applicable Starting Bid plus \$100,000 and then continue in minimum increments of at least \$100,000 higher than the value to the Debtor of the previous bid; provided, that the Debtor will retain the right to modify the bid increment requirements (other than the initial bid increment of \$100,000) at the Auction after consultation with the Creditors' Committee;

(viii) should Meridian elect to submit additional bids for Lot 1 or submit a bid for Lot 3, for purposes of comparing the value to the Debtor of any bid by Meridian to the value to the Debtor of any other Qualified Bid(s) for such Offered Assets, \$250,000 plus (A) if the other Qualified Bid is for Lot 1, 1.5% of the amount of any such other Qualified Bid(s), and (B) if the other Qualified Bid is for Lot 3, 1.5% of the amount of such other Qualified Bid times .85 will be deducted from the value of such other Qualified Bid(s) to account for the Debtor's obligation to pay the Meridian Bid Protections to Meridian;

(ix) in the event of bidding at the Auction for Lot 1, Lot 2 and Lot 3, (A) for the purposes of determining the highest and best bids, the highest bid for Lot 1 shall be added to the highest bid for Lot 2 and such sum shall be compared to the highest bid for Lot 3, and (B) any bidder for Lot 1 (and not any other Lot) and any bidder for Lot 2 (and not any other Lot) may coordinate their bids prior to submission;

(x) except as expressly stated herein, the Auction will be conducted in a manner as determined by the Debtor in consultation the Creditors' Committee;

(xi) all Qualified Bidders shall have the right to submit additional bids and make additional modifications to their respective Qualified Bids at the Auction; provided, that any such modifications, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtor than any prior bid by such party or the preceding bid, as determined by the Debtor in consultation with the Creditors' Committee; provided, further, that such additional bids must comply with all of the conditions for a Qualified Bid set forth above;

(xii) the Debtor shall have the right to request any additional financial information that will allow the Debtor to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transactions contemplated by any Qualified Bid, as amended during the Auction process, and any further information that Debtor believes is reasonably necessary to clarify and evaluate the terms of a Qualified Bidder's bid; and

(xiii) the Debtor shall announce the material terms of each Qualified Bidder's bid and the basis for calculating, and the total consideration offered in, each such bid.

(e) **Successful Bid; Back-Up Bid.** Upon completion of the foregoing steps in the Auction, if not cancelled, or as soon thereafter as practicable, the Debtor, in consultation with the Creditors' Committee, will: (i) review each Qualified Bid, and consider each Qualified Bid, in each case as updated through the conclusion of the Auction, on the basis of, among other considerations, the same considerations used by the Debtor in determining the highest and best offer(s) during the Auction, and (ii) identify the highest or otherwise best Qualified Bid(s) for the Offered Assets received at the Auction (the "Successful Bid") and the party making

such bid(s), the "Successful Bidder"), as well as identifying the Back-up Bidder(s) if any. The Auction will be deemed concluded upon the determination of the Successful Bid(s), the Successful Bidder(s) and the Back-up Bidder(s). The concluding date and time of the Auction, if held, shall be stated on the record. Within one (1) business day of determining the Successful Bid(s), the Debtor shall file on the Court's public docket the Successful Bidder Notice disclosing the identity of the Successful Bidder(s) and the identity of the Back-Up Bidder(s), if any. Upon designation as such, the Successful Bidder(s) shall have such rights and responsibilities as set forth in the applicable asset purchase agreement for such Successful Bidder(s) as agreed at the Auction. Within two (2) calendar days following the conclusion of the Auction, if not cancelled, or the Bid Deadline, if the Auction is cancelled, the Successful Bidder(s) shall complete and execute all agreements, contracts, instruments, or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made. The results at the close of the Auction shall be final and no additional bids will be accepted after the close of the Auction. The foregoing notwithstanding, Meridian has not agreed to serve as Back-up Bidder and will not be required to serve as a Back-up Bidder. Notwithstanding the foregoing, Project HOME will not be a back-up bidder unless closing of Lot 2 Assets will definitely occur by end of August, 2017.

Notwithstanding anything in this Order to the contrary, the Debtor, in consultation with the Creditors' Committee, shall have the right to reject any offer and decline to sell any assets, other than the offer reflected in the Meridian APA (as may be adjusted at the Auction, but only to the extent such adjustment results in an increase to such bid), in the event Meridian is the Successful Bidder for Lot 1.

- (f) **Return of Deposits.** Except as otherwise provided in the Bidding Procedures and under any asset purchase agreement relating to a Qualified Bid(s) accepted by the Debtor in accordance with these Bidding Procedures, all deposits shall be returned to each bidder not selected by the Debtor in accordance with the above procedures as the Successful Bidder(s) or the Back-up Bidder(s) by no later than the fifth business day after the conclusion of the Auction; provided, however, that the interest, if any, on such deposit may not be returned until the second business day of the month following such conclusion; and further provided, however, the Deposit paid by Meridian shall be returned to Meridian pursuant to the terms of the Meridian APA. The deposit of the Back-up Bidder(s) shall be held by the Debtor until 24 hours after the earlier of the applicable outside closing date or the date on which the sale is consummated with the Back-up Bidder(s) upon its designation as the new Successful Bidder.

- (g) **The Sale Hearing and Objection Deadline.** A hearing to confirm the results of the Auction, if any, and to approve the sale of the Acquired Assets (the "Sale Hearing") will be held before The Honorable Magdeline D. Coleman, United States Bankruptcy Judge, at 900 Market Street, Philadelphia, Pennsylvania 19103, Courtroom 2, on **Tuesday, August 15, 2017 at 11:00 a.m. (prevailing Eastern time)**. Objections, if any, to approval of the Sale must be in writing, state with specificity the nature of such objection, and be filed with the Court on or before **August 14, 2017 at 4:00 p.m. (prevailing Eastern time)** and be served so as to be actually received on or before the Sale Objection Deadline by counsel for the Debtor, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102; Attn: Martin J. Weis, Esquire, (ii) counsel for the Creditors' Committee, Obermayer Rebmann Maxwell & Hippell LLC, Centre Square West, 1500 Market Street, Suite 3400, Philadelphia, PA 19102, Attention: Edmond George, Esquire, and (iii) counsel to Meridian, Stevens & Lee, P.C., 620 Freedom Business Center, Suite 200, King of Prussia, PA 19406, Attention: Robert Lapowsky, Esquire (the "Objection Notice Parties"). The Sale Hearing may be adjourned or rescheduled after consultation with the Creditors' Committee, without notice other than by an announcement of the adjourned date in open court.

4. The following procedures for the assumption and assignment of Executory Contracts and Unexpired Leases are approved:

- (a) **Notice of Potential Assumption and Assignment.** As soon as practicable, but in any event no later than five (5) business days following entry of this Order, the Debtor shall serve each counterparty with an Assumption and Assignment Notice substantially in the form attached to this Order as Exhibit 1 (an "Assumption and Assignment Notice"), by first class mail. The Assumption and Assignment Notice will inform each recipient that the respective Executory Contract and Unexpired Lease may be either: (i) assumed and assigned or (ii) rejected. The Assumption and Assignment Notice will state the amounts (the "Cure Amounts") that the Debtor asserts are due to cure any non-monetary defaults in the event that the applicable Executory Contract and Unexpired Lease is assumed and assigned.
- (b) **Objection Period.** Any objections to the assumption and/or assignment of any Executory Contracts and Unexpired Leases identified on an Assumption and Assignment Notice, including to the Cure Amount set forth in such notice and the ability of Meridian to provide adequate assurance of future performance, must be in writing, filed with the Court, and be actually received by the Objection Notice Parties (defined below)

no later than **August 7, 2017 at 4:00 p.m. (prevailing Eastern Time)** (the "Cure Amount/Assignment Objection Deadline").

- (c) **Assigned Contracts.** No later than two (2) days prior to the Sale Hearing, Meridian and/or any other Successful Bidder shall designate, by written notice to the Debtor, which of the Executory Contracts and Unexpired Leases are to be assumed by the Debtor and assigned to Meridian and/or any other Successful Bidder (each an "Assigned Contract") provided, however, Meridian and/or any other Successful Bidder may remove any executory contract or unexpired lease from the Assigned Contracts list at any time prior to the applicable closing(s). Only Executory Contracts and Unexpired Leases that are designated as Assigned Contracts prior to the Sale Hearing and not removed from the Assigned Contracts list prior to applicable closing(s) shall be assumed by the Debtor and assigned to Meridian or any other Successful Bidder.
- (d) **Excluded Contracts.** The Debtor shall notify the non-Debtor party or parties to any Executory Contract and Unexpired Lease not assumed and assigned (each an "Excluded Contract") by written notice as soon as practicable after the applicable closing(s). Each Excluded Contract may be rejected or otherwise terminated by the Debtor in its discretion.

5. The form of Sale Notice attached to this Order as Exhibit 2 is hereby approved as sufficient.

6. Within two (2) business days after entry of this Order, the Debtor shall serve a copy of the Motion, the Sale Notice and this Order on (i) the Office of the United States Trustee; (ii) those parties requesting notice under Bankruptcy Rule 2002; (iii) counsel to the Official Committee of Unsecured Creditors; (iv) counsel to The Bank of New York Mellon Trust Company, N.A; (v) counsel to Hunt Mortgage Group, LLC; (vi) counsel to the United States of America Department of Housing and Urban Development; (vii) all creditors listed on the matrix filed by the Debtor with the Court; (viii) all parties known by the Debtor to hold or assert liens against any of the Acquired Assets (as defined in the Agreement); (ix) the Local District Director for the United States of America Internal Revenue Service, (x) the United States Attorney for the Eastern District of Pennsylvania; (xi) the United States Environmental

Protection Agency; (xii) the Pension Benefit Guaranty Corporation; (xiii) the Commonwealth of Pennsylvania Department of Revenue; (xiv) the Commonwealth of Pennsylvania Department of Environmental Protection; (xv) the Office of the Attorney General for the Commonwealth of Pennsylvania; (xvi) the Commonwealth of Pennsylvania Department of Labor and Industry; (xvii) the City Solicitor of the City of Philadelphia, (xviii) all counterparties to contracts with the Debtor; (xix) all parties that have filed an entry of appearance in this case, (xx) all parties that expressed an interest in acquiring the Acquired Assets and any additional persons that the Debtor believed may have had an interest in acquiring the Acquired Assets.

7. Within 5 business days of the date of entry of this Order, the Debtor shall cause a notice of the sale, in form and content acceptable to Meridian and the Committee, to be published in the Philadelphia Inquirer and either the New York Times or the Wall Street Journal.

8. Nothing herein or in the Motion shall be or shall be deemed to be a determination of the amount of BNYM's secured claims against the Debtor, and BNYM reserves all rights with respect thereto and with respect to any proposed distribution of proceeds in connection with the sale of the Offered Assets or any portion thereof.

9. Within one (1) business day after the conclusion of the Auction, the Debtor shall cause its counsel to file with the Court a supplement outlining the identity of the Successful Bidder of the Purchased Assets and the purchase price received therefor.

10. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

11. Notwithstanding the possible applicability of Bankruptcy Rules 6004, 6006, 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable.

12. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

13. This Court shall retain jurisdiction to resolve any dispute relating to the interpretation of the Bid Procedures and this Order. To the extent any provisions of this Order are inconsistent with the Motion, the terms of this Order shall control.

Dated: *July 13, 2017*

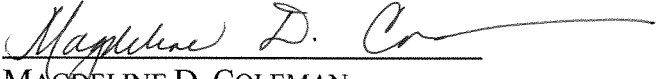

MAGDELINE D. COLEMAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1 TO BID PROCEDURES ORDER
[ASSUMPTION AND ASSIGNMENT NOTICE]

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA

In re:

North Philadelphia Health System,

Debtor.

Chapter 11

Case No. 16-18931 (MDC)

**NOTICE OF POSSIBLE ASSUMPTION AND ASSIGNMENT
OF EXECUTORY CONTRACTS AND OF CURE AMOUNTS**

PLEASE TAKE NOTICE THAT:

A. Pursuant to the Order entered by the United States Bankruptcy Court for the Eastern District of Pennsylvania on July __, 2017 which, among other things, approved the procedures for the sale by the Debtor of substantially all of its assets and possible assumption and assignment of executory contracts and unexpired leases (the "Sale Procedures Order"),¹ the above captioned debtor and debtor in possession (the "Debtor") hereby provides notice that it is potentially seeking to assume and assign the executory contracts or unexpired leases (each, a "Contract or Lease") listed on Exhibit A attached hereto to MBH of Pennsylvania, LLC ("Meridian") and/or any other Successful Bidder.²

B. If the Debtor assumes a Contract or Lease to which you are a party and if, as of the date of such assumption, there has been a default by the Debtor, then pursuant to Section 365(b)(1), the Debtor is required to (i) promptly cure such default, except if such default relates to any failure to perform a nonmonetary obligation under an unexpired lease of real property and if it is impossible to cure such default by performing nonmonetary acts at and after the time of assumption, and (ii) promptly compensate you for any actual pecuniary loss resulting from such default (such requirements are hereafter referred to as the "Cure Obligations"). If the Debtor does not assume a Contract or Lease to which you are a party, that Contract or Lease may be rejected.

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bid Procedures Order.

² Inclusion of a Contract or Lease on Exhibit A is not a guarantee that such Contract or Lease will ultimately be assumed and assigned to the Successful Bidder.

C. The Debtor believes that, as to each Contract or Lease, upon payment of the amount listed opposite the name of the non-debtor counterparty (the “Debtor’s Cure Amount”) on the attached schedule, all Cure Obligations as to such Contract or Lease will be satisfied.

D. Objections, if any, to the Debtor’s Cure Amount or assumption and assignment of any Contract or Lease (other than, as to any Successful Bidder other than Meridian, on the basis of lack of adequate assurance of future performance by the Successful Bidder) must be made in writing and (a) state the basis for such objection and (b) if you disagree with the Debtor’s Cure Amount, state with specificity what amount you believe is required (in all cases with appropriate documentation in support thereof) in order to satisfy the Cure Obligation related to the Contract or Lease to which you are a counterparty.

E. All such objections must be (a) filed on or before **July 31, 2017 at 4:00 p.m. (prevailing Eastern Time)** (the “Assumption/Cure Objection Deadline”) with the Clerk of the United States Bankruptcy Court for the Eastern District of Pennsylvania, 900 Market St., Suite 400, Philadelphia, Pennsylvania, 19103, and (b) served on or before the Assumption/Cure Objection Deadline on (i) counsel for the Debtor, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102; Attn: Martin J. Weis, Esquire, (ii) counsel for the Creditors’ Committee, Obermayer Rebmann Maxwell & Hippell LLC, Centre Square West, 1500 Market Street, Suite 3400, Philadelphia, PA 19102, Attention: Edmond George, Esquire, and (iii) counsel to Meridian, Stevens & Lee, P.C., 620 Freedom Business Center, Suite 200, King of Prussia, PA 19406, Attention: Robert Lapowsky, Esquire

F. If an objection to the Debtor’s Cure Amount or assumption and assignment of a Contract or Lease is filed and served by the Assumption/Cure Objection Deadline and not resolved by the parties, a hearing with respect to the objection will take place before the Honorable Magdeline D. Coleman, United States Bankruptcy Judge, 900 Market St., Courtroom 2, Philadelphia, Pennsylvania, 19103 at the Sale Hearing to be held on **August 15, 2017 at 11:00 a.m. (prevailing Eastern Time)**, or at a later hearing, as determined by the Debtor. A hearing regarding the Cure Obligation, if any, may be continued at the sole discretion of the Debtor (but subject to approval by the court) until after the Closing.

G. If an objection to the Debtor's Cure Amount or assumption and assignment of a Contract or Lease is not filed and served by the Assumption/Cure Objection Deadline, the counterparty to such Contract or Lease will: (a) be forever barred from objecting to the Debtor's Cure Amount and from asserting any additional Cure Obligations, and (b) be forever barred and estopped from asserting or claiming against the Debtor or the assignee of such Contract or Lease that any additional Cure Obligations are due, or conditions to assumption and assignment (other than demonstration of adequate assurance of future performance) must be satisfied with respect to such Contract or Lease in order for such Contract or Lease to be assumed and assigned.

H. Promptly following conclusion of the Auction, the Debtor shall file a notice of the identity of the Successful Bidder(s) and Backup Bidder(s) and, at that same time, shall serve notice of the identity of the Successful Bidder(s) and Backup Bidder(s) by fax, email or overnight mail to all counterparties whose Contracts or Lease may be assumed and assigned.

I. If a Successful Bidder or Backup Bidder other than Meridian proposes to have the Debtor assume and assign to such Successful Bidder or Backup Bidder a Contract or Lease to which you are the counterparty, you will have the opportunity to evaluate and, if necessary, challenge the ability of such Successful Bidder or Backup Bidder to provide adequate assurance of future performance under such Contract or Lease, whether or not you file an objection, by appearing at the Sale Hearing and stating such objection on the record. **Any objections to the ability of Meridian to provide adequate assurance of future performance under any Contract or Lease must be filed by the Assumption/Cure Objection Deadline.**

J. At the Sale Hearing, the Debtor will present evidence necessary to demonstrate adequate assurance of future performance by the Successful Bidder as to any Contract or Lease as to which a timely objection to the ability of the Successful Bidder to provide such assurance has been filed.

K. WHILE THERE IS NO CERTAINTY THAT ANY PARTICULAR CONTRACT OR LEASE WILL BE DESIGNATED FOR ASSUMPTION AND ASSIGNMENT, IF YOU HAVE ANY OBJECTION TO THE ASSUMPTION AND ASSIGNMENT OF YOUR CONTRACT OR LEASE, YOU MUST FILE A TIMELY

OBJECTION AND APPEAR AT THE SALE HEARING TO PROSECUTE SUCH OBJECTION.

L. The Debtor and/or the Successful Bidder reserve all of their rights, claims and causes of action with respect to the Contracts and Leases. Notwithstanding anything to the contrary herein, in the Meridian APA or in any other asset purchase agreement, the proposed assumption and assignment of any Contract or Lease (a) shall not be an admission as to whether any such Contract or Lease was executory or unexpired as of the Petition Date or remains executory or unexpired postpetition within the meaning of Bankruptcy Code section 365; and (b) shall be subject to the Debtor's and/or the Successful Bidder's right to conduct further confirmatory diligence with respect to the related Cure Obligation and to modify the Debtor's Cure Amount accordingly. In the event that the Debtor and/or the Successful Bidder determine that your Cure Obligation should be modified, you will receive a notice, which will provide for additional time to object to such modification.

Dated: _____, 2017

DILWORTH PAXSON LLP

By: _____

Martin J. Weis
Anne Marie Aaronson
1500 Market St., Suite 3500E
Philadelphia, PA 19102
Telephone: (215) 575-7000
Facsimile: (215) 575-7200

Attorneys for North Philadelphia Health System

EXHIBIT 2 TO BID PROCEDURES ORDER

[NOTICE OF BID PROCEDURES AND SALE HEARING]

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA**

In re: : Chapter 11
: :
North Philadelphia Health System : Case No. 16-18931 (MDC)
: :
Debtor. :
:

**NOTICE OF BID DEADLINE AND AUCTION IN CONNECTION
WITH THE SALE OF CERTAIN OF THE DEBTOR'S ASSETS AND SALE HEARING**

PLEASE TAKE NOTICE that, on June 27, 2017 the above-captioned debtor and debtor in possession (the "Debtor") filed a motion (the "Motion")¹ seeking approval of, among other things (A) auction and bidding procedures (the "Bid Procedures") in connection with the sale (the "Sale") of all or substantially all of its assets (the "Assets") and (B) related relief with the United States Bankruptcy Court for the Eastern District of Pennsylvania (the "Bankruptcy Court"). By order dated July __, 2017, the Bankruptcy Court approved the Bid Procedures set forth in the Bid Procedures Order [*Docket No.* __] (the "Bid Procedures Order"). A copy of the Motion and the Bid Procedures Order are enclosed.

PLEASE TAKE FURTHER NOTICE that, all interested parties are invited to submit a Qualified Bid and to make offers to purchase the Offered Assets in accordance with the terms of the Bid Procedures set forth in the Bid Procedures Order. The deadline to submit bids (the "Bid Deadline") is **August 9, 2017 at 5:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Bid Procedures Order, the Debtor intends to conduct an auction (the "Auction") for the sale of the Assets at the offices of Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19107 on **August 11, 2016 beginning at 9:00 a.m. (prevailing Eastern Time)**, or at such other place and time as the Debtors shall notify all Qualified Bidders who have submitted Qualified Bids.

PLEASE TAKE FURTHER NOTICE that, the Debtor intends to seek the Bankruptcy Court's approval of the Sale of the Offered Assets at a hearing (the "Sale Hearing") which the Debtor will be held before The Honorable Magdeline D. Coleman, United States Bankruptcy Judge, at United States Bankruptcy Court, 900 Market St., Courtroom 2, Philadelphia, PA 19103, at **11:00 a.m. (prevailing Eastern Time) on August 15, 2017**.

PLEASE TAKE FURTHER NOTICE that objections, if any, to approval of the Motion (including the sale of the Offered Assets) must be in writing, state with specificity the nature of

¹ Capitalized terms used but not defined herein shall have the meaning stated in the Motion.

such objection, and be filed with the Court on or before **August 14, 2017 at 4:00 p.m. (prevailing Eastern time)** (the “Sale Objection Deadline”) and be served so as to be actually received on or before the Sale Objection Deadline by counsel for the Debtor, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102; Attn: Martin J. Weis, Esquire, (ii) counsel for the Creditors’ Committee, Obermayer Rebmann Maxwell & Hippell LLC, Centre Square West, 1500 Market Street, Suite 3400, Philadelphia, PA 19102, Attention: Edmond George, Esquire, and (iii) counsel to Meridian, Stevens & Lee, P.C., 620 Freedom Business Center, Suite 200, King of Prussia, PA 19406, Attention: Robert Lapowsky, Esquire.

PLEASE TAKE FURTHER NOTICE that, this Notice is subject to the complete terms and conditions of the Motion and the Bid Procedures Order, which shall control in the event of any conflict, and the Debtor encourages parties in interest to review such documents in their entirety. Copies of the Motion and the Bid Procedures Order may be obtained by written request to counsel to the Debtor, c/o Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102, Attn: Martin J. Weis and Anne M. Aaronson. In addition, copies of the aforementioned pleadings may be found on the Bankruptcy Court’s website, www.pae.uscourts.gov, and are on file with the Bankruptcy Court Clerk and available for inspection during regular business hours. The address of the Clerk’s Office is: Clerk of the United States Bankruptcy Court, Suite 400, Philadelphia, Pennsylvania 19103.

Dated: July __, 2017

/s/

DILWORTH PAXSON LLP

Martin J. Weis

Anne M. Aaronson

1500 Market St., Suite 3500E

Philadelphia, PA 19102

Telephone: (215) 575-7000

Facsimile: (215) 575-7200

Counsel to the Debtor and Debtor in Possession