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8
9 IN THE UNITED STATES BANKRUPTCY COURT
10 FOR THE DISTRICT OF ARIZONA

11 In re:
12 **GV HOSPITAL MANAGEMENT, LLC,**
13 Debtor.

Proceedings Under Chapter 11

Case No. 4:17-bk-03351-SHG
Case No. 4:17-bk-03353-SHG
Case No. 4:17-bk-03354-SHG

(Jointly Administered)

14
15 In re:
16 **GREEN VALLEY HOSPITAL, LLC,**
17 Debtor.

18 In re:
19 **GV II HOLDINGS, LLC,**
Debtor.

20 THIS FILING APPLIES TO:

- 21 ALL DEBTORS
22 GREEN VALLEY HOSPITAL, LLC
23 GV HOSPITAL MANAGEMENT, LLC
24 GVII HOLDINGS, LLC

25 **DISCLOSURE STATEMENT IN SUPPORT OF DEBTORS' AND GVMII'S**
26 **FIRST AMENDED JOINT PLAN OF LIQUIDATION DATED JULY 31, 2017**

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1 **I. INTRODUCTION**

2 Unless otherwise indicated, capitalized terms used in this Disclosure Statement have the
3 meanings attributed to them in the Debtors' and GVMI's First Amended Joint Plan of Liquidation
4 dated July 31, 2017 (the "**Plan**"). The Plan is proposed by Debtors GV Hospital Management, LLC
5 ("**Management**"), Green Valley Hospital, LLC ("**GVH**"), and GV II Holdings, LLC ("**GVII**")
6 (collectively, the "**Debtors**"), and Green Valley Medical Investments, LLLP ("**GVMI**") (together,
7 the "**Plan Proponents**" or "**Proponents**"). A true and correct copy of the Plan is attached hereto
8 as Exhibit "1". Terms defined in this Disclosure Statement which are also defined in the Plan are
9 solely for convenience. If there is any inconsistency between the Plan and this Disclosure
10 Statement, the Plan is, and will be, controlling.

11 **A. Purpose of Disclosure Statement**

12 The Plan Proponents are furnishing this Disclosure Statement to all impaired Creditors of
13 Debtors who are entitled to vote to accept or reject the Plan. The Disclosure Statement is to be used
14 by each such Creditor solely in connection with determining how to vote on the Plan. Use of the
15 Disclosure Statement for any other purpose is not authorized by the Plan Proponents or the
16 Bankruptcy Court. The purpose of this Disclosure Statement is to provide "adequate information,"
17 as that term is defined in § 1125 of the Bankruptcy Code, to enable Creditors who are impaired
18 under the Plan to make an informed decision regarding whether to accept or reject it. Therefore,
19 this Disclosure Statement provides relevant information about the Debtors, their property, and the
20 Plan.

21 -----
22 **THE PLAN PROPONENTS BELIEVE THE PLAN IS IN THE BEST INTERESTS**
23 **OF DEBTORS' CREDITORS AND THEIR RESPECTIVE ESTATES. ACCORDINGLY,**
24 **CREDITORS ENTITLED TO VOTE ON THE PLAN ARE URGED TO VOTE IN FAVOR**
25 **OF THE PLAN. (VOTING INSTRUCTIONS ARE SET FORTH IN SECTION III OF THIS**
26 **DISCLOSURE STATEMENT.) TO BE COUNTED, YOUR BALLOT MUST BE DULY**

1 COMPLETED, EXECUTED, AND ACTUALLY RECEIVED NO LATER THAN 5:00 P.M.
2 M.S.T. (ARIZONA TIME), ON _____.

3 EACH CREDITOR ENTITLED TO VOTE SHOULD READ THIS DISCLOSURE
4 STATEMENT, THE PLAN, AND THE EXHIBITS TO THIS DISCLOSURE STATEMENT
5 AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

6 ALL EXHIBITS OR SCHEDULES TO THIS DISCLOSURE STATEMENT ARE
7 ANNEXED HERETO AND SUPPLEMENTED WITH CERTAIN ADDITIONAL
8 MATERIALS. ALL EXHIBITS OR SCHEDULES TO THIS DISCLOSURE STATEMENT
9 OR THE PLAN MAY BE OBTAINED, ONCE FILED, THROUGH THE BANKRUPTCY
10 COURT'S WEBSITE: <http://ecf.azb.uscourts.gov> WITH A VALID PASSWORD, OR
11 UPON WRITTEN REQUEST (PREFERABLY BY EMAIL) TO THE FOLLOWING
12 ADDRESS:

13 S. CARY FORRESTER
14 FORRESTER & WORTH, PLLC
15 3636 NORTH CENTRAL AVENUE
16 SUITE 700
17 PHOENIX, AZ 85012
18 602-271-4250
19 scf@forresterandworth.com

20 PLAN PROVISION SUMMARIES AND ALL OTHER STATEMENTS MADE IN
21 THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY
22 REFERENCE TO THE PLAN, THE OTHER EXHIBITS AND SCHEDULES HERETO
23 AND THERETO, AND ANY OTHER DOCUMENTS REFERENCED HEREIN OR
24 THEREIN.

25 IN MAKING A DECISION TO VOTE, CREDITORS MUST RELY ON THEIR
26 OWN EXAMINATION OF THE PLAN, INCLUDING THE MERITS AND RISKS
INVOLVED.

NO PARTY SHOULD CONSTRUE THE CONTENTS OF THIS DISCLOSURE
STATEMENT AS PROVIDING OR RENDERING ANY LEGAL, BUSINESS,

1 **FINANCIAL, OR TAX ADVICE. EACH PERSON OR ENTITY SHOULD CONSULT**
2 **WITH ITS, HIS, OR HER OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS**
3 **WITH RESPECT TO ANY SUCH MATTERS CONTEMPLATED THEREBY.**

4 -----
5 No representation concerning the Debtors, the value of their property, or the value of any
6 benefits offered to Creditors in connection with the Plan are authorized by the Plan Proponents
7 other than as set forth in this Disclosure Statement. Any representations or inducements made to
8 secure your acceptance or rejection of the Plan that are contrary to information contained in this
9 Disclosure Statement should not be relied upon by you in arriving at your decision, and any such
10 representations and inducements should be reported to the following counsel:

11 S. CARY FORRESTER
12 FORRESTER & WORTH, PLLC
13 3636 NORTH CENTRAL AVENUE
14 SUITE 700
15 PHOENIX, AZ 85012
16 602-271-4250
17 scf@forresterandworth.com

18 and

19 STEVEN D. JEROME
20 SNELL & WILMER L.L.P.
21 400 E. VAN BUREN ST., STE. 1900
22 PHOENIX, AZ 85004-2202
23 602-382-6000
24 sjerome@swlaw.com

25 **B. Limitations on Information Contained in Disclosure Statement**

26 The statements contained in this Disclosure Statement are made as of the date hereof, unless
another time is specified, and the delivery of this Disclosure Statement will not, under any
circumstance, create any implication that the information contained herein is correct at any time
subsequent to the date hereof.

Any estimates of Claims set forth in this Disclosure Statement may vary from the amounts
of Claims ultimately allowed by the Bankruptcy Court. The information contained in this

1 Disclosure Statement, including, but not limited to, the information regarding the history, business,
2 and operations of the Debtors and the historical financial information of the Debtors, is included
3 herein for purposes of soliciting acceptances of the Plan. AS TO CONTESTED MATTERS,
4 HOWEVER, THE INFORMATION IN THE DISCLOSURE STATEMENT IS NOT TO BE
5 CONSTRUED AS AN ADMISSION OR A STIPULATION BUT RATHER AS A STATEMENT
6 MADE IN SETTLEMENT NEGOTIATIONS.

7 The representations contained herein have been assembled from multiple sources, including
8 the Debtors' books and records, and from information provided by officers, agents, directors,
9 shareholders, employees and consultants of the Plan Proponents. The Plan Proponents have taken
10 reasonable steps to ensure that the statements contained in this Disclosure Statement are accurate.
11 Nevertheless, the Plan Proponents cannot and do not warrant or represent that the information
12 contained in this Disclosure Statement is without inaccuracy. John Matuska was retained on
13 October 1, 2016 as an independent contractor to act as Management's chief executive officer. Much
14 of the information contained herein was obtained from the Debtors' business records, conversations
15 with agents, directors, and employees, and through inquiries and investigations conducted by Mr.
16 Matuska, Healthcare Management Partners, LLC and others. By executing the Disclosure
17 Statement, neither undersigned counsel nor Mr. Matuska are in any way affirming the accuracy of,
18 or representing that they have knowledge as to, any particular fact contained in the Disclosure
19 Statement. Counsels' signatures below indicate only that they are authorized to file the Disclosure
20 Statement on behalf of the Plan Proponents.

21 The approval by the Bankruptcy Court of the Disclosure Statement does not constitute an
22 endorsement by the Bankruptcy Court of the Plan or a guaranty of the accuracy and completeness
23 of the information contained herein.

24 **C. Order Governing Plan Confirmation Process and Objections to the Plan**

25 On _____, 2017, the Bankruptcy Court entered its order (i) approving this
26 Disclosure Statement as containing "adequate information" pursuant to § 1125 of the Bankruptcy

1 Code, (ii) fixing _____, 2017, at __:00 __.m. M.S.T. (Arizona Time), as the deadline for
2 filing and serving any objections to Confirmation of the Plan, (iii) fixing _____, 2017, at
3 __:00 __.m. M.S.T. (Arizona Time), as the deadline for voting to accept or reject the Plan, and (iv)
4 setting _____, 2017, at __:00 __. m. M.S.T. (Arizona Time), as the date and time for a
5 preliminary hearing on the confirmation of the Plan. The final hearing, if necessary, will be set by
6 the Bankruptcy Court at the preliminary hearing. No separate notice of the final hearing date, if
7 any, will be served.

8 Bankruptcy Code § 1128(b) provides that any party in interest may object to confirmation
9 of a plan. Any objection(s) to confirmation of the Plan must be in writing, must state with
10 specificity the grounds for any such objections, and must be filed with the Bankruptcy Court and
11 served upon the following parties so as to be received on or before the time fixed by the Bankruptcy
12 Court:

13 Office of the U.S. Trustee
14 230 N. First Ave., Ste. 204
15 Phoenix, AZ 85003-1706
Larry.Watson@usdoj.gov

Forrester & Worth, PLLC
3636 N. Central Ave., Ste. 700
Phoenix, AZ 85012
scf@forresterandworth.com

Snell & Wilmer L.L.P.
400 E Van Buren St, Ste. 1900
Phoenix, AZ 85004-2202
sjerome@swlaw.com

16 **II. INFORMATION REGARDING THE PLAN AND DISCLOSURE STATEMENT**

17 The objective of a Chapter 11 case is the confirmation (*i.e.*, approval by the Bankruptcy
18 Court) of a plan of liquidation. A plan describes in detail (and in language appropriate for a legal
19 contract) the means for satisfying the claims against and interests in a debtor. After a plan has been
20 filed, the holders of such claims and interests are permitted to vote to accept or reject the plan.
21 Before a debtor and/or any creditor can solicit acceptances of a plan, Bankruptcy Code § 1125
22 requires the debtor and/or a creditor to prepare a disclosure statement containing adequate
23 information of a kind, and in sufficient detail, to enable those parties entitled to vote on the plan to
24 make an informed judgment about the plan and whether they should accept or reject the plan.

25 This Disclosure Statement will be used to solicit acceptances of the Plan only after the
26 Bankruptcy Court has entered an order approving this Disclosure Statement. Bankruptcy Court

1 approval of this Disclosure Statement means only that the Bankruptcy Court has found that this
2 Disclosure Statement meets the statutory requirement of Bankruptcy Code § 1125 to provide
3 adequate information. Such approval by the Bankruptcy Court is not an opinion or ruling on any
4 other merits of this Disclosure Statement; and it does not mean that the Plan has been approved, or
5 will be approved, by the Bankruptcy Court.

6 After this Disclosure Statement has been approved by the Bankruptcy Court and there has
7 been voting on the Plan, there will be a hearing on the Plan to determine whether it should be
8 confirmed. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the various
9 requirements of the Bankruptcy Code. The Bankruptcy Court also will receive and consider a ballot
10 report prepared by the Plan Proponents, which will present a tally of the votes accepting or rejecting
11 the Plan cast by those entitled to vote. Accordingly, all votes are important because they can
12 determine whether the Plan will be confirmed. Once confirmed, the Plan is treated as a contract
13 and is binding on all Creditors and other parties in interest in the Debtors' reorganization case.

14 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE**
15 **CONVENIENCE OF CREDITORS, THE PLAN IS SUMMARIZED IN THIS**
16 **DISCLOSURE STATEMENT. ALL SUMMARIES ARE QUALIFIED IN THEIR**
17 **ENTIRETY BY THE PLAN ITSELF. IN THE EVENT OF ANY INCONSISTENCY**
18 **BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN WILL**
19 **CONTROL.**

20 **III. VOTING PROCEDURES AND REQUIREMENTS**

21 **A. Who is Entitled to Vote**

22 If you are a Creditor of Debtors who is "impaired" under the Plan, you are entitled to vote
23 to accept or reject the Plan. Accordingly, to be entitled to vote, your interests must be both
24 "allowed" and "impaired."

25 **1. Allowed Claims and Interests**

26 You have an Allowed Claim if: (a)(i) as to which a proof of such Claim has been filed

1 within the time fixed by the Bankruptcy Court or, if such Claim arises from the rejection of an
2 Executory Contract, on or before the first Business Day which is the earlier of thirty (30) days after
3 the entry of the order rejecting the Executory Contract or thirty (30) days after the Confirmation
4 Date, or (ii) which the Debtors have scheduled as liquidated in amount and undisputed; and in either
5 event: and (b)(i) as to which no objection to the allowance of such Claim has been filed within any
6 applicable time period fixed by the Bankruptcy Court, or (ii) as to which the order allowing such
7 Claim has become a Final Order. If any Claim or the Creditor holding such Claim is subject to any
8 defense, set off, counterclaim, recoupment, or other adverse claim of any kind of the Debtor, that
9 Claim will be deemed a Disputed Claim; and it will not become an Allowed Claim unless and until
10 all such matters are resolved or adjudicated fully and finally pursuant to a Final Order, with all
11 appellate rights and remedies having been exhausted.

12 If your Claim is not an Allowed Claim, it is a Disputed Claim; and you will not be entitled
13 to vote on the Plan unless the Bankruptcy Court temporarily or provisionally allows or estimates
14 your Claim for voting purposes pursuant to Bankruptcy Rule 3018. **IF YOU ARE UNCERTAIN
15 REGARDING THE STATUS OF YOUR CLAIM, YOU SHOULD CHECK THE
16 BANKRUPTCY COURT RECORD CAREFULLY, INCLUDING THE DEBTORS'
17 SCHEDULES OF ASSETS AND LIABILITIES; AND YOU SHOULD SEEK
18 APPROPRIATE LEGAL ADVICE IF YOU HAVE ANY DISPUTE WITH THE DEBTORS.
19 THE DEBTORS AND THEIR PROFESSIONALS CANNOT ADVISE YOU ABOUT SUCH
20 MATTERS.**

21 **2. Impaired Claims and Interests**

22 Claims are “impaired” when the full amounts of the Allowed Claims will not be paid under
23 the Plan, or when the holders’ legal, equitable, or contractual rights are otherwise altered by the
24 Plan. 11 U.S.C. § 1124. Creditors who are not “impaired” under the Plan are deemed to have
25 accepted the Plan pursuant to Bankruptcy Code § 1126(f), and their acceptance of the Plan need not
26 be solicited.

1 **B. Procedures for Voting**

2 **1. Submission of Ballots**

3 All Creditors whose votes are solicited will be sent a Ballot, together with instructions for
4 voting, with a copy of this Disclosure Statement as approved by the Bankruptcy Court and a copy
5 of the Plan. You should read the Ballot carefully and follow the instructions contained therein.
6 Please use only the Ballot which was sent with this Disclosure Statement. You should complete
7 your Ballot and return it to:

8 Forrester & Worth, PLLC
9 3636 N. Central Ave., Ste. 700
Phoenix, AZ 85012
10 Facsimile Number: (602) 271-4300
scf@forresterandworth.com

11 **TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED,
12 EXECUTED, AND RECEIVED AT THE ADDRESS LISTED ABOVE NOT LATER THAN
13 ___:00 P.M., M.S.T. TIME (ARIZONA TIME), ON _____, 200__.**

14 A properly addressed return envelope will be included with your Ballot. However, if the
15 need arises, the facsimile number and email address where your Ballot must be returned is also
16 given above.

17 **2. Incomplete Ballots**

18 Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated, and timely
19 received, but on which a vote to accept or reject the Plan has not been indicated, will not be counted.

20 **3. Withdrawal of Ballots**

21 A Ballot may not be withdrawn or changed after it is cast unless the Bankruptcy Court
22 permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit
23 the change.

24 **4. Questions and Lost or Damaged Ballots**

25 If you have any questions concerning voting procedures, if your Ballot is damaged or lost,
26 or if you believe you should have received a Ballot but did not receive one, you may contact S.

1 Cary Forrester, Esq., at the address, telephone or facsimile numbers, or email address listed above.

2 **C. Summary of Voting Requirements**

3 For the Plan to be confirmed, the Plan must be accepted by at least one impaired class of
4 Claims. For a class of Claims to have accepted the Plan, votes representing at least two-thirds (2/3)
5 in amount and a majority in number of the Claims voted in that class must be cast for acceptance
6 of the Plan. As more fully described elsewhere in this Disclosure Statement, the Debtors are
7 seeking acceptances from holders of Allowed Claims in the following classes, which are, or may
8 be, “impaired” under the Plan; provided, however that the Debtors will have the right to supplement
9 this Disclosure Statement as to any other impaired classes, if any:

10 **Class Description**

11 **Class 1: GVMi Secured Claim.** The Class 1 Claim will be the GVMi Claim. Class
12 1 is Impaired.

13 **Class 2: SQN Claim.** The Class 2 Claim will be the SQN Claim. Class 2 is Impaired.

14 **Class 3: MedOne Claim.** The Class 3 Claim will be the MedOne Claim. Class 3 is
15 Impaired.

16 **Class 4: Priority Unsecured Claims.**

17 **Class 4A: IRS Claim.** The Class 4A Claim will be the IRS Claim. The
18 Class 4A Claim is Unimpaired.

19 **Class 4B: ADOR Claim.** The Class 4B Claim will be the ADOR Claim.
20 The Class 4B Claim is Unimpaired.

21 **Class 4C: All Other Priority Claims.** The Class 4C Claims will be all
22 claims entitled to priority under Section 507(a)(3) through (a)(10) of the
23 Bankruptcy Code that are not the IRS Claim or the ADOR Claim. The Plan
24 Proponents have reviewed the schedules and filed proofs of claim and are
25 unaware of any allowable Class 4C claims.

26 **Class 5: Assumed Unsecured Claims.**

Class 5A: PTO/CMS. The Class 5A Claims will be the Assumed
Unsecured Claims of CMS and the employee PTO claims. The Class 5A
Claims are Unimpaired.

Class 5B: Remaining Assumed Unsecured Claims. The Class 5B Claims
will be all of the Assumed Unsecured Claims except the 5A Claims. The
Class 5B Claims are Impaired.

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Class 6: General Unsecured Claims.

Class 6A: GVH Unsecured Claims. The Class 6A Claims will consist of the Unsecured Claims against GVH that are not Assumed Unsecured Claims or Administrative Convenience Claims. The Class 6A Claims are Impaired.

Class 6B: Management Unsecured Claims. The Class 6A Claims will consist of the Unsecured Claims against Management that are not Assumed Unsecured Claims or Administrative Convenience Claims. The Class 6B Claims are Impaired.

Class 6C: GVII Unsecured Claims. The Class 6C Claims will consist of the Unsecured Claims against GVII that are not Assumed Unsecured Claims or Administrative Convenience Claims. The Class 6C Claims are Impaired.

Class 7: Administrative Convenience Claims.

Class 7A: GVH Administrative Convenience Claims. The Class 7A Claims will consist of the Administrative Convenience Claims against GVH. The GVH Administrative Convenience Claims are Impaired.

Class 7B: Management Administrative Convenience Claims. The Class 7B Claims will consist of the Administrative Convenience Claims against Management. The Management Administrative Convenience Claims are Impaired.

Class 7C: GVII Administrative Convenience Claims. The Class 7C Claims will consist of the Administrative Convenience Claims against GVII. The GVII Administrative Convenience Claims are Impaired.

Class 8: Equity Interests in Debtors.

Class 8A: Equity Interests in GVH. The Class 8A Interests will consist of the equity interests in GVH, all of which are canceled and voided pursuant to the Plan. Class 8A is Impaired. For purposes of the Plan, the equity interests in GVH shall not be entitled to vote and are deemed to have rejected the Plan.

Class 8B: Equity Interests in GVII and Management. The Class 8B Interests will consist of the equity interests in Management and GVII, all of which are owned by GVH. Class 8B is Unimpaired. For purposes of the Plan, the equity interests in Management and GVII shall not be entitled to vote and are deemed to have accepted the Plan.

IT IS IMPORTANT THAT CREDITORS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN.

The specific treatment of each Class under the Plan is described in the Plan and is summarized in this Disclosure Statement.

1 A VOTE FOR ACCEPTANCE OF THE PLAN BY THOSE CREDITORS WHO ARE
2 ENTITLED TO VOTE IS MOST IMPORTANT. DEBTORS ASSERT THAT THE
3 TREATMENT OF CREDITORS UNDER THE PLAN IS THE BEST ALTERNATIVE FOR
4 CREDITORS AND RECOMMENDS THAT CREDITORS VOTE IN FAVOR OF THE PLAN.

5 **IV. DESCRIPTION OF THE DEBTORS**

6 **A. General Description of Debtors**

7 Management is an Arizona limited liability company with its principal operations in Green
8 Valley, Arizona. Management owns and operates Green Valley Hospital (“**Hospital**”), a licensed
9 and general acute care hospital open 24 hours a day, seven days a week. The Hospital cost over \$75
10 million to construct and equip, and opened in May 2015. It is the only hospital in its local market,
11 serving a community of approximately 100,000 people (including the city and surrounding region),
12 with the next closest hospital facility located 26 miles to the north, or a 45-minute drive away. The
13 Hospital is a 49-bed general acute care hospital with a 12-bed emergency department. It currently
14 has approximately 337 employees and has credentialed over 232 physicians on its medical staff.
15 The Employees include approximately: (i) 227 full-time employees; (ii) 102 part-time employees;
16 and (iii) 8 contract employees. The Hospital includes a surgical suite with four operating rooms,
17 two procedure rooms and a 13 bed PACU, a cardiac catheterization laboratory, a full service
18 laboratory and blood bank, diagnostic radiology services and emergency care. Its mission is to
19 deliver the highest quality of healthcare to surrounding communities, and to become the finest
20 community-based regional hospital in Southern Arizona. It was awarded the 2015 “New Business
21 of the Year” award at Green Valley’s Annual Chamber Business Dinner, and averages 4.3 out of 5
22 stars from patients in online ratings.

23 **B. Debtors’ Corporate Structure**

24 GVH is a holding company and the sole Member and owner of Management. Management
25 is one of six subsidiaries of GVH. GVH’s other subsidiaries are GVH MOB I, LLC (“**MOB1**”),
26 GVH MOB II, LLC (“**MOB2**”), GVH MOB III, LLC (“**MOB3**”, collectively with MOB1 and

1 MOB2, the “MOBs”), Green Valley Hospital Campus Owners Association, LLC (“GVHCOA”),
2 and GVII. The MOBs each own medical office buildings located adjacent to the Hospital on the
3 Hospital campus. GVHCOA owns the common areas located in and around the Hospital, which
4 include parking and storm drainage areas. GVII is a holding company that owns and manages
5 approximately 4.26 acres of undeveloped land located adjacent and to the east of the Hospital
6 campus. A diagram of the current corporate structure of GVH and its affiliates is attached hereto
7 as Exhibit “2”. A plat of the Hospital, the MOBs and the adjacent campus is attached hereto as
8 Exhibit “3”.

9 From 2012 to late 2016, GVH was managed exclusively by McDowell Enterprises or an
10 affiliate.

11 **C. Padmon LLC’s Relationship to the GVH.**

12 Padmon LLC (“Padmon”) is an Arizona limited liability company. In or about September
13 2014 Padmon acquired 5% of the equity interests in GVH. To acquire its equity interest, Padmon
14 executed a written subscription agreement and received a private placement memorandum. The
15 GVH private placement memorandum explicitly disclosed the GVMI loan transaction and stated
16 that the Hospital project would be funded significantly from a loan from GVMI.

17 In or about April 2015, GVH formed its initial board of directors. Padmon appointed Don
18 Jose Padilla as its designated director. While he did not attend all of the board meetings, Mr. Padilla
19 served as a director from April 2015 to November 2016, when the board of directors was replaced
20 by the Board of Managers (as described below). After November 2016, Padmon was and is the
21 single largest Class A or B equity holder and helped to select Salim E. Dahdah as a member of the
22 Board of Managers to represent the Class A and B equity interest. Mr. Dahdah is currently on the
23 Board of Managers.

24 In May 2015 (approximately one month after putting Mr. Padilla on the GVH board of
25 directors), Padmon made an unsecured one year loan to GVH in the principal amount of \$5 million.
26 When GVH was unable to repay the loan in 2016, Padmon agreed to a one year extension in

1 exchange for an additional 1% equity interest in GVH.

2 Padmon is currently the Chair of the Unsecured Creditors Committee.

3 **D. General Explanation of GVMI's Loan to Hospital.**

4 As set forth in more detail below, the transaction between GVMI and GVH (and its debtor
5 and non-debtor subsidiaries) was at all times a secured loan. GVMI is owned 100% by 110 foreign
6 investors. Those investors invested in GVMI, which in turn loaned the invested funds to GVH (and
7 its debtor and non-debtor subsidiaries to). The loan was used for, among other things, the
8 construction of the Hospital. At all times, GVMI has stated, recorded, documented, accounted for,
9 and treated the transaction between itself and GVH (and its debtor and non-debtor subsidiaries) as
10 a secured loan. Similarly, to the best of Plan Proponents' knowledge, GVH and its debtor and non-
11 debtor subsidiaries have stated, recorded, documented, accounted for, and treated the transaction as
12 a secured loan.

13 **1. General Explanation of EB-5 Financing.**

14 Primary financing for construction of the Hospital was secured through the EB-5
15 (employment-based fifth preference category) Immigrant Investor Visa Program. The EB-5 visa
16 provides a method for eligible immigrant investors to become lawful permanent residents —
17 informally known as "green card" holders — by investing at least \$1,000,000 to finance a business
18 in the United States that will employ at least 10 American workers. Most immigrant investors who
19 use the EB-5 program invest in a targeted employment area — a rural area or area with high
20 unemployment — which lowers the individual investment threshold to \$500,000. The EB-5
21 program is intended to encourage both foreign investments and economic growth. Applicants have
22 the choice of investing individually or working through a larger investor pool via a “regional
23 center”, which is a federally approved third-party intermediary that connects foreign investors with
24 developers in need of funding. Regional centers are usually private, for-profit businesses that are
25 approved by the U. S. Citizenship and Immigration Services (“USCIS”) which is part of the
26 Department of Homeland Security. If an EB-5 investment is made through a regional center, the

1 jobs may be created indirectly through economic activity (i.e. a loan), as opposed to a direct equity
2 investment, where the investment vehicle must directly employ 10 U.S. workers.

3 To receive regional center designation an organization must submit a detailed plan to the
4 USCIS that focuses on how it will promote economic growth in a defined geographical area, within
5 specified industries, and how it will operate the regional center. Once approved as a regional center,
6 the organization can begin soliciting investors for the EB-5 program. Each investor must include
7 detailed project documentation with his or her petition to receive their immigration benefit. The
8 project documents include, but are not limited to a business plan, economic study, PPM, limited
9 partnership agreement, loan documentation, entity formation documents, market studies, appraisals,
10 and contracts with third party service providers. Under the EB-5 program, the USCIS focuses on
11 two distinct entities: the New Commercial Enterprise (NCE) and the Job Creating Enterprise (JCE).

12 Each investor's petition is then reviewed and approved based on the investor's background,
13 proof and source of funds, and investment in a qualified project. Upon receiving the initial approval
14 (I-526 application), the investor then waits for a visa to become available with the State Department
15 and then files an adjustment of status or participates in a consular interview. Upon completion of
16 this step, the investor is then permitted to enter the United States as a conditional resident. The
17 conditional residency lasts for two years after first entering the United States. At the end of that
18 two-year period, the investor must file a petition to remove conditions from their permanent
19 residency (I-829 petition). In the I-829 petition the investor must file documentation confirming
20 his or her investment in the applicable business, that the investment was sustained during the
21 conditional residency period, and that the project created the requisite number of jobs.

22 **2. Construction of the Hospital is Funded Through EB-5**

23 The Hospital and its campus were originally conceived and developed by James
24 McDowell¹, certain family members, and related and/or affiliated businesses including McDowell

25 _____
26 ¹ Previously, James McDowell, through various entities, also participated in the development and
construction of Gilbert Hospital in Gilbert, Arizona.

1 Enterprises, LLC (collectively the “**McDowells**”) and certain affiliates. The McDowells explored
2 both traditional and non-traditional funding sources for construction of the Hospital—including,
3 eventually, EB-5. In 2012, while at a conference in China where the EB-5 program was being
4 promoted, the McDowells explained their concept for the Hospital to Girish Patel (“**Patel**”) and
5 Kyle Walker (“**Walker**”), who were also in attendance at the conference. The McDowells, on the
6 one hand, and Patel and Walker, through their company NewGen International, LLC (“**NewGen**”),
7 on the other hand, agreed to work jointly to pursue EB-5 financing for the Hospital project.

8 The parties formed Green Card Fund, LLC (“**Green Card Fund**”) to pursue opportunities
9 in the EB-5 arena. Green Card Fund was initially owned 100% by Global Business Ventures, LLC,
10 which in turn was owned: 1/3 by Walker and Patel through their company NewGen, 1/3 by the
11 McDowells, and 1/3 by an individual named Greg Wing. In 2014, Andy Peng² (a Chinese-born,
12 U.S. National with ties in China and access to potential foreign investors) acquired 10% of Green
13 Card Fund. The McDowells never had a controlling interest in Green Card Fund, and Patel and
14 Walker, through NewGen managed its day-to-day activities.

15 From 2012 through 2014, the McDowells and NewGen (Patel and Walker) were business
16 associates in Green Card Fund and shared office space. The McDowells had worked for some time
17 preparing the Hospital project and had already formed several different entities as they pursued
18 other forms of financing outside of EB-5. As such, it was determined that to move forward with
19 the EB-5 financing it was necessary to create two new legal entities to satisfy the USCIS’s EB-5
20 NCE and JCE requirements: GVMI was created as the NCE, *i.e.*, the investment vehicle that made
21 the offering to the foreign investors. GVH and its debtor and non-debtor subsidiaries is the JCE,
22 *i.e.*, the project entity that created jobs. Walker and Patel, through Newgen, prepared or supervised
23 the preparation of all of the other required documents necessary for GVMI to solicit foreign
24

25 ² At one time, Andy Peng also owned 1% of the McDowell’s entity, Green Valley Medical Center
26 Holdings, LLC. Plan Proponents do not know whether Andy Peng maintains this interest in
Green Valley Medical Center Holdings, LLC.

1 investors, including the business plan, entity formation documents, economic study, PPM, limited
2 partnership agreement, and in particular, the loan documentation executed by GVH in 2012 prior
3 to solicitation of foreign investors. While never a member, manager, or direct or indirect equity
4 holder in GVH, Walker, acting on behalf of Green Card Fund, helped the McDowells form GVH
5 as a legal entity for purposes of the EB-5 offering.

6 From 2012 to 2014, Walker and Patel, working with Andy Peng for Green Card Fund
7 secured \$500,000 investments from 110 foreigners for investment in GVMI. In 2014, GVMI loaned
8 GVH \$56,000,000 in order to finance GVH's acquisition of the land and construction of the
9 Hospital.³ In exchange for the financing, GVH granted GVMI a first position deed of trust in all
10 of the real estate and a first position blanket security interest in all assets.

11 Each of the foreign investors is a limited partner in GVMI, and 100% of the equity in GVMI
12 is owned by the foreign investors. The general partner of GVMI is Green Card Fund-Green Valley
13 Hospital, LLC, which is 100% owned by Green Card Fund. However neither Green Card Fund-
14 Green Valley Hospital nor Green Card Fund ever owned any equity interest in GVMI.⁴

15 **3. Documentation of GVMI Loan**

16 As noted above, the GVMI transaction was always documented between the parties as a
17 secured loan. Prior to September 2016, the secured loan from GVMI to GVH was primarily
18 documented by the following loan documents: (i) that certain Loan and Security Agreement dated
19

20 ³ The GVMI investor offering authorized GVMI to raise up to \$56 million, which it did. After
21 each investor or group of investors received their I-526, funds were released to GVH. 2 investors
22 in GVMI withdrew before their respective I-526s were approved due to concerns about the
viability of the Hospital. Accordingly, GVMI is comprised of 110 investors who each invested
\$500,000 in GVMI and GVMI lent their \$55 million to GVH.

23 ⁴ In December 2014, following the initial funding, the McDowells and NewGen (Walker and Patel)
24 separated their business affairs. NewGen secured separate office space. Between November 2012
25 and December 2014, McDowell Family Properties and Scarlet & Gray, LLC were the members in
26 GV II Holdings LLC. McDowell Enterprises LLC was the manager. At various times between
November 2012 and December 2014, Rama Family Trust, Walker and Patel were members of
Scarlet & Gray, LLC. As part of the December 2014 separation from the McDowells, Scarlet &
Gray, LLC "surrendered" its membership interest in GV II Holdings LLC back to GVII Holdings
LLC. At no time was GVII a borrower under the GVMI loan.

1 January 10, 2012, by and between GVH and GVMI⁵; (ii) those certain Secured Promissory Notes
2 in the original aggregate principal amount of \$55,500,000.00; (iii) that certain Loan Modification
3 Term Sheet dated December 11, 2015; (iv) that certain Second Loan Modification Agreement dated
4 June 29, 2016; (v) that certain Deed of Trust (With Assignment of Rents and Security Agreement),
5 executed by GVH, as trustor, for the benefit of GVMI, as beneficiary, dated December 11, 2015,
6 and recorded on December 31, 2015, as Sequence No. 20153650620, Official Records of Pima
7 County, Arizona; (vi) that certain Deed of Trust (With Assignment of Rents and Security
8 Agreement), executed by Green Valley Hospital Campus Owners Association, an Arizona
9 nonprofit corporation, as trustor, for the benefit of GVMI, as beneficiary, dated December 11, 2015,
10 and recorded on December 31, 2015, as Sequence No. 20153650621, Official Records of Pima
11 County, Arizona; (vii) that certain Deed of Trust (With Assignment of Rents and Security
12 Agreement), executed by GVH MOB 1, LLC, an Arizona limited liability company, as trustor, for
13 the benefit of GVMI, as beneficiary, dated December 11, 2015, and recorded on December 31,
14 2015, as Sequence No. 20153650616, Official Records of Pima County, Arizona; (viii) that certain
15 Deed of Trust (With Assignment of Rents and Security Agreement), executed by GVH MOB 2,
16 LLC, an Arizona limited liability company, as trustor, for the benefit of GVMI, as beneficiary,
17 dated December 11, 2015, and recorded on December 31, 2015, as Sequence No. 20153650617,
18 Official Records of Pima County, Arizona, and (ix) that certain Deed of Trust (With Assignment
19 of Rents and Security Agreement), executed by GVH MOB 3, LLC, an Arizona limited liability
20 company, as trustor, for the benefit of GVMI, as beneficiary, dated December 11, 2015, and
21 recorded on December 31, 2015, as Sequence No. 20153650618, Official Records of Pima County,
22 Arizona

23 _____
24 ⁵ The Loan and Security Agreement was originally signed in January 2012. As noted above, due
25 to EB-5 issues, it was necessary to have executed loan documents prior to GVMI raising the funds
26 from foreign investors to actually fund the loan. Once GVMI had raised sufficient funds from its
investors to fund the loan, GVMI and GVH re-executed the Loan and Security Agreement on or
about September 25, 2014, which was then recorded on September 29, 2014, as Sequence No.
20142720117, Official Records of Pima County, Arizona.

1 **4. GVH Also Raises Equity Capital**

2 In addition to the funding obtained by GVH from the GVMI secured loan, GVH raised
3 equity investments from a variety of “Class B” investors, including Padmon, as noted above. Upon
4 information and belief, all the “Class B” investors in GVH, including Padmon, received a private
5 placement memorandum from GVH prior to making their equity investment in GVH. Upon further
6 information and belief, the GVH private placement memorandum explicitly disclosed the GVMI
7 loan transaction and provided that the Hospital project would be funded primarily from a loan from
8 GVMI.

9 **E. The Hospital Experiences Immediate Business Problems**

10 Following completion of the funding, McDowell enterprises commenced construction of
11 the Hospital, which was completed in 2015. The Hospital was under-capitalized, poorly governed
12 and poorly managed from its inception. As a result, it suffered cumulative net losses from operations
13 of approximately \$35 million through its first 18 months of operations.

14 Problems arose immediately following the initial funding. McDowell Enterprises failed to
15 consult with proper medical and technical personal in designing, building and outfitting the
16 Hospital. Despite being located well outside of the Tucson metropolitan area, the Hospital was
17 built on a tract of land that is not classified as “rural”, and therefore is not eligible to receive
18 augmented reimbursement rates from Medicare, despite the fact that tracts of land designated
19 “rural” are located just a short distance away from the Hospital. The layout of the Hospital is not
20 ideal for its intended use— it has two stories when one would have sufficed, undersized nursing
21 stations, oversized foyer, grand staircase and cafeteria. Construction of the Hospital grossly
22 exceeded the budget; too much was spent on earthwork and construction of a parking garage when
23 land for surface parking was abundant. Finally, James McDowell chose to build out and equip 49
24 hospital beds instead of the originally-planned 32 beds.

25 James McDowell engaged David Wanger to act as Chief Executive Officer for the Hospital
26 and manage operations at the Hospital. Wanger had also been involved in the development and

1 management of Gilbert Hospital and Florence Hospital at Anthem, both of which filed for Chapter
2 11 bankruptcy in 2013 – 2014. On the advice of Wanger and a consultant, Bruce Mogul, GVH
3 financed the purchase of medical equipment with the proceeds of a \$13 million loan from SQN
4 Asset Finance (Guernsey) Limited (“SQN”), which continues to hold a first-priority lien on most
5 of the Hospital’s equipment. As a condition of this financing, SQN required GVMI to subordinate
6 its blanket lien in GVH’s assets to SQN’s first position lien in the equipment, as well as in the 9.36
7 acres of excess land owned by GVII and GVHCOA. Both the equipment purchase and the financing
8 were overpriced.

9 Wanger and McDowell elected to open the Hospital in 2015 despite the fact that none of the
10 medical office buildings had yet been completed, and no physicians or medical providers who could
11 provide patients to the Hospital had leased any space. Wanger entered into overpriced contracts
12 with physician specialty groups to entice them to service the Hospital. Wanger further elected to
13 “fully staff” the Hospital at all times despite the fact that, upon opening, the hospital had fewer
14 patients than anticipated. On the revenue side, Wanger was slow in reaching agreements with
15 insurance providers and took nearly six months to obtain a CMS number so that the Hospital could
16 receive reimbursement from Medicare. The result: upon opening for business in 2015, GVH
17 experienced higher-than-expected costs and expenses, vastly lower-than-expected revenue, and
18 significant monthly net operating losses.

19 **F. The Hospital’s Problems Intensify**

20 Wanger and James McDowell attempted to address the Hospital’s financial challenges in
21 several ways. The Hospital secured an accounts receivable loan from SCM Special Finance
22 Opportunities (“SCM”) in the amount of \$2.4 million, in exchange for which Management granted
23 SCM a first-priority lien on the Hospital’s accounts receivable. The Hospital also obtained in
24 excess of \$7 million of unsecured loans from several of its investors, including a \$5 million loan
25 from Padmon, LLC. In 2015, James McDowell further arranged for secured financing in the
26 approximate amount of \$4.5 million to complete construction of the tenant improvements in the

1 medical office buildings in two separate loan transactions: one from YAM Capital, LLC and the
2 other from Western State Bank. As part of the financing, GVMI again forced to subordinate its
3 first position lien in the medical office buildings first to the liens of YAM and second to the liens
4 of Western State Bank.

5 These measures proved inadequate and the Hospital continued to operate at a significant
6 loss. In 2016, James McDowell terminated David Wanger as CEO and hired PRG and David
7 Covert to manage Hospital operations. The Hospital's financial status continued to deteriorate as
8 payables increased and it continued to borrow working capital. During this period Hospital
9 management failed to pay approximately \$1.8 million in trust fund taxes due to the IRS and ADOR.
10 Eventually the Hospital lost orthopedic coverage, and several other physician groups and medical
11 providers threatened to reduce or discontinue services, and some supply vendors were declining to
12 do business with the Hospital and others required cash on delivery or other more expensive terms.

13 In August 2016, McDowell engaged Dr. Jacque Sokolov ("**Sokolov**") and his company SSB
14 Solutions, Inc., a California corporation ("**SSB**"), and MCA Financial Group, Ltd., an Arizona
15 corporation ("**MCA**"), to act as turnaround consultants to the Hospital (collectively, the
16 "**Consultants**"). In September 2016, the Consultants informed GVMI that the Hospital would soon
17 run out of cash to fund operations and requested that GVMI loan sufficient funds to cover the
18 shortfall until other financing could be secured. The Consultants informed GVMI that it would
19 recommend that the Hospital be closed unless GVMI agreed to provide funding. To keep the
20 Hospital operating, GVMI agreed to lend an additional \$490,000 to fund the shortfall, which was
21 added to the amount of its secured loan. As part of the pre-Artemis additional advances by GVMI
22 to GVH, on or about September 16, 2016, GVMI, GVH, MOB1, MOB2, MOB3 and GVHCOA
23 entered into a forbearance agreement⁶, which, among other things: (i) reaffirmed the loan to GVMI;
24 (ii) reaffirmed the loan documents; (iii) represented and warranted that GVH, MOB1, MOB2,

25 _____
26 ⁶ From September 2016 through February 2017, GVH, Management, MOB1, MOB2, MOB3 and
GVHCOA were represented by counsel, Quarles & Brady LLP.

1 MOB3 and GVHCOA had no claims or defenses to the GVMI loan; (iv) GVH, MOB1, MOB2,
2 MOB3 and GVHCOA released any and all claims against GVMI, if any; and (v) reaffirmed the
3 relationship between GVMI and GVH, MOB1, MOB2, MOB3 and GVHCOA was only a debtor
4 creditor relationship.

5 **G. The Hospital Secures Short Term Funding from Artemis**

6 On the advice of the Consultants, in September 2016, the Hospital secured a one-year \$9
7 million loan from Artemis Realty Capital Advisors, LLC (“**Artemis**”), with an initial funding
8 amount of \$6,750,000. According to the Consultants, the loan would provide sufficient working
9 capital for the Hospital to stabilize operations and reach a cash neutral, break-even, point in
10 operations, which the Consultants projected would occur within six months. As a condition of the
11 loan, Artemis required and was eventually granted (under the circumstances outlined below) a first-
12 priority lien on the Hospital’s land and building and on the equity ownership interests in
13 Management, GVH, MOB1, MOB2, and MOB3.

14 Pursuant to the terms of the Artemis Loan, GVH was required to retain SSB and MCA as
15 co-Chief Restructuring Officers, and the Consultants were granted significant control over the day
16 to day operations of the Debtors and MOBs. In conjunction with the Artemis Loan, the Debtors
17 and Consultants prepared a one-year operating budget (“**Operating Budget**”), which was presented
18 to and approved by Artemis. As part of the Operating Budget, the Consultants projected that the
19 Hospital would incur as much as \$900,000 in professional fees over the six-month period of
20 turnaround operations. GVMI did not propose the Operating Budget or the terms of the Artemis
21 Loan; rather, the Debtors and the Consultants selected Artemis as the lender and the Debtors and
22 the Consultants proceeded to negotiate the material terms of the Artemis Loan. As a condition to
23 loan the Hospital the needed funds, Artemis required a first position lien in the Hospital’s building
24 and land as security, which in turn required GVMI to subordinate its first position lien in those
25 assets. As they did earlier, the Consultants threatened that, if GVMI refused to approve the terms
26 of the Artemis Loan and the Operating Budget, including the request to subordinate, they would

1 recommend that the Hospital be immediately shut down.

2 GVM I consented to the subordination of its lien to Artemis. As part of the Artemis loan
3 closing, GVM I and GVH entered into that Second Modification Agreement dated September 29,
4 2016, which provided, among other things that GVM I would receive a promissory note for \$50,000
5 which would be convertible to equity in eighty (80%) of the equity in GVH. Upon execution of the
6 conversion option within the convertible note, GVM I (or an affiliate assignee) would own eighty
7 percent (80%) of the equity in GVH. It was GVM I's hope that it would be able to sell the eighty
8 percent (80%) equity interest in an amount sufficient to retire the Artemis debt.⁷

9 Following the closing of the Artemis Loan, the Consultants continued to manage the
10 Hospital's day-to-day operations and finances. GVM I did not control or direct day-to-day
11 expenditures; rather, the Consultants reported directly to the Debtors and Artemis. On the
12 Consultants' recommendation, GVH engaged John Matuska to act as CEO of the Hospital. Mr.
13 Matuska was identified by the Consultants based on reputation and prior business dealings.
14 Initially, Mr. Matuska was engaged as a sub-consultant to SSB on a standard one-year independent
15 contractor agreement with salary paid monthly. His compensation was not and is not contingent
16 upon either the financial performance of the Hospital, the direction, success or outcome of this
17 Liquidating Plan or the proposed sale contemplated herein. Upon assuming control of operations
18 Matuska informed the Consultants of his opinion that it might take substantially longer than the
19 estimated 6 months for operations to improve and for the Hospital to reach a break-even point. In
20 the sixty days following the Artemis financing, the Hospital's financial performance did not
21 materially improve but in fact got worse. During that same period, the Consultants and Quarles &
22 Brady, LLP (a law firm engaged to represent GVH) incurred approximately \$1 million in
23 professional fees. By late October 2016, it became apparent that the initial Artemis loan proceeds
24

25 ⁷ The budget and projections prepared by the Consultants indicated that the Debtors would not be
26 able to pay off the Artemis loan at maturity without refinancing the loan with replacement and/or
additional debt or equity contributions.

1 would be insufficient to sustain operations through the one year term of the loan.

2 **H. GVH's Corporate Restructure and Bankruptcy Filing**

3 In November 2016, GVMi assigned the Convertible Note to a newly formed and wholly
4 owned entity, 2017 GVH, LLC (“**2017 GVH**”). 2017 GVH elected to convert its note and exercise
5 its option to acquire 80% of the membership interests in GVH. 2017 GVH and the other GVH
6 equity members (the Class A and B Members) then removed McDowell Enterprises as manager of
7 GVH, and appointed a Board of Managers to manage the Hospital’s continuing business.

8 2017 GVH identified and hired Grant Lyon to be one of the independent managers for the
9 GVH Board of Managers. 2017 GVH selected Mr. Lyon based on his professional reputation as a
10 qualified, honest and independent manager. Based on Mr. Lyon’s recommendation, 2017 GVH
11 hired two additional independent managers for GVH Board of Managers: E. Bruce McIff, and Mark
12 Howard. 2017 GVH pays each of the managers it selected a flat monthly fee of \$5,000 each, which
13 compensation has not been and is not contingent upon any decision, action, direction, the success
14 or outcome of this Bankruptcy Case, the success or outcome of this Liquidating Plan and/or the
15 proposed sale contemplated herein.

16 Also in November 2016, the other GVH equity members (the Class A and B Members),
17 including Padmon, selected Salim E. Dahdah as one the managers on the GVH Board of Managers.

18 As of the Petition Date, Grant Lyon, E. Bruce McIff, Salim E. Dahdah, and Mark Howard
19 were the directors on the Board of Managers (“**GVH Board**”). Notwithstanding the appointment
20 of GVH’s new Board, the Consultants continued to operate as the co-chief restructuring officers,
21 with guidance from CEO John Matuska, and continued to manage the day-to-day operations and
22 finances of the Hospital in accordance with the Artemis Operating Budget. Neither 2017 GVH,
23 GVMi nor the newly appointed GVH Board managed the Hospital’s day-to-day finances or
24 operations. Indeed, pursuant to the terms of the Artemis Loan, which remained outstanding, MCA
25 and SSB were required to be, and remained, as co-chief restructuring officers.

26 In February 2017, due to insufficient funds to maintain operations, Management requested

1 that Artemis advance the additional \$2,250,000 that was available under the loan facility. As a
2 condition of making the additional advance, Artemis required that all of the real property be
3 transferred from GVH to Management.⁸ Artemis further required that Management assume all of
4 GVH's obligations under the Artemis Loan documents and grant Artemis liens on its property.
5 Similarly, GVMI, as a condition to its consent to the transfer and the additional indebtedness to
6 which it would be subordinated, required Management to assume the GVMI loan and grant liens
7 on its property⁹. The GVH Board unanimously approved the expansion of the Artemis facility, the
8 transfer of the Hospital to Management, and Management's assumption of the Artemis and GVMI
9 loans.

10 Also, the February 2017 Artemis loan agreements required that either the Artemis loan
11 would to be paid in full by June 1, 2017 or the Hospital would be producing an operating profit as
12 verified by MCA. If either of the foregoing requirements were not met, GVH and Management
13 would be required to immediately market and sell the Hospital for an amount sufficient to pay
14 Artemis in full.

15 Thereafter, under the continued leadership of John Matuska, Hospital operations began to
16 improve. For example, as of November 1, 2016, the Hospital owed \$10,547,073 in accounts
17 payable to in excess of 313 third party vendors. By April 3, 2017, the Hospital owed only
18 \$9,095,048.31 in accounts payable to third party vendors— a reduction of almost \$1.5 million, and
19 had reduced the number of outside vendors to approximately 250. (By contrast, during that same
20 time frame, no payments were made to GVMI on account of its secured debt, which continued to
21 accrue interest and other charges, and GVMI's debt increased by approximately \$3,877,235.)

22 Despite the management restructuring and additional Artemis funds, the Hospital in or about

23 _____
24 ⁸ Until that time the real Hospital building and underlying real property, and substantially all of
the equipment used by the Hospital, had been owned by GVH. The equipment still is.

25 ⁹ In February 2017, GVH and Management executed that certain Assumption Agreement
26 (Without Release). The Assumption Agreement (Without Release) signed in February 2017 is
currently missing and, in an abundance of caution, GVH and Management re-signed the
Assumption Agreement (Without Release) in April prior to the Petition Date.

1 March 2017 again experienced cash demands that it was unable to meet, and GVMI was forced to
2 make additional advances. Faced with the prospect of continuing operational deficits and a default
3 under the Artemis Loan documents, the GVH Board unanimously authorized the filing of the
4 Chapter 11 Bankruptcy petitions for GVH, Management and GVII.

5 **I. Post-Petition Developments**

6 On April 3, 2017, Debtors filed voluntary petitions for relief under Chapter 11 of the
7 Bankruptcy Code. Pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code, Debtors are managing
8 their assets and properties as debtors-in-possession. On April 10, 2017, the Bankruptcy Court
9 entered orders directing that the Debtors' cases be jointly administered, approving Debtors'
10 payment of employees' pre-petition wage and benefit claims, and appointing Forrester & Worth
11 PLLC as counsel for the Debtors. John Matuska continues to serve as the Hospital's acting CEO.
12 Debtors elected not to seek retention of either MCA or SSB as a restructuring professional following
13 the petition date.¹⁰ On April 14, 2017, the Court entered an Order appointing Susan Goodman as
14 Patient Care Ombudsperson ("PCO") pursuant to 11 U.S.C. § 333. The PCO filed her initial report
15 on May 23, 2017, in which she indicated that she "did not observe care compromise or decline" in
16 patient healthcare.

17 On May 1, 2017, the Court entered a final Order ("**Final DIP Order**") authorizing Debtors
18 to obtain a post-petition Debtor-in-possession loan from Lateral GV, LLC ("**Lateral**") in the
19 amount of \$20,000,000 ("**DIP Loan**") and use cash collateral consistent with the terms of the order.
20 As a condition of funding, Lateral was granted a first position lien in most of the Debtors' pre- and
21 post-petition assets, including the Hospital's real estate, buildings and accounts receivable, but
22 excepting the 4.26 acres of excess land owned by GVII (in which Lateral was granted a second lien
23 subordinate only to SQN's pre-petition senior lien). Also excepted from Lateral's lien are any
24 avoidance action claims under §§ 544 - 551 ("**Bankruptcy Avoidance Claims**"). Debtors expect

25 _____
26 ¹⁰ Neither MCA nor SSB were ever terminated by the Debtors or the GVH Board prior to the
bankruptcy filing.

1 the proceeds of the DIP Loan to be sufficient to fund post-petition obligations through confirmation
2 of the Plan. Debtors have and will use the proceeds of the DIP Loan to, among other things,
3 establish a carve-out for payment of professional fees to be incurred by the Debtors, the PCO and
4 the Official Committee of Unsecured Creditors. The proceeds have already been used to pay off the
5 pre-petition claims of Artemis, SCM and Cardinal Health, all of which were requirements of the
6 DIP Loan.

7 In exchange for, among other things, subordinating its liens to the DIP Loan, the Court in
8 the Final DIP Order granted GVMI valid and perfected post-petition Adequate Protection Liens (as
9 defined in the Final DIP Order) and Adequate Protection Super Priority Claims (as defined in the
10 Final DIP Order) to compensate it for the diminution in the value of its collateral resulting from,
11 among other things, subordinating to the DIP Loan. The diminution in the value of GVMI's
12 collateral due to subordinating to the DIP Loan is no less than \$11.3 million, which represents the
13 difference between the Artemis loan (approximately \$8.7 million) and the Lateral loan (\$20
14 million). In addition, the Final DIP Order authorized Debtors to pay GVMI a subordination fee in
15 the amount of up to \$400,000, to be paid in installments of \$100,000 per month.

16 On May 2, 2017 and June 2, 2017, the Court entered orders approving payments to certain
17 critical vendors on pre-petition claims, including Pima Heart Physicians, PC; Southern Arizona
18 Gastroenterology; Noridian Healthcare Solutions/Centers as agent for Medicare & Medicaid
19 Services; AFCO Premium Credit LLC; Hospitalists Drs. Shaikh, Taggarse, and Shah; Joe Fote,
20 Director of Revenue Cycle Management; Top Echelon Contracting; NRC; Dr. Prasad, Laboratory
21 Director; Johnson & Johnson Healthcare Systems; Masimo Corporation; C. R. Bard; Stryker
22 Endoscopy; Stryker Medical; and miscellaneous small vendors.

23 On May 11, 2017, Debtors' representatives participated in a first meeting of creditors
24 conducted by the United States Trustee pursuant to 11 U.S.C. § 341. Thereafter, on May 17, 2017
25 an Official Committee of Unsecured Creditors (the "**Committee**") was appointed by the United
26 States Trustee, and Padmon was selected as Chair of the Committee.

1 **J. Debtors' Current Assets**

2 Management continues to own the real property where the Hospital is located and its
3 accounts receivable. It owns some of the equipment used by the Hospital, but most of it is owned
4 by GVH, other than leased equipment. It also holds the Hospital license, employs staff, governs
5 clinical operations, including medical staff credentialing, and contracts with third party payors
6 including Medicare and Medicaid. As of March 3, 2017, Management's land and building have an
7 "as is" value of approximately \$59.2 million and a liquidation value of \$47.4 million, as reflected
8 in the appraisal report prepared by CBRE, Inc., which may be accessed at the following link:
9 <https://forresterandworth.sharefile.com/f/fo8c394c-678c-4c44-911c-cb6a4cf53947> (the
10 "**Link**").¹¹ As of June 28, 2017, the equipment owned by GVH had a liquidation value of not more
11 than \$2.169 million and a fair market value of \$6.502 million, as reflected in the appraisal prepared
12 by Partners Healthcare Group, which may also be accessed at the Link.¹² GVII presently owns
13 4.26 acres of excess land located to the East of the Hospital. As of July 3, 2017, it had an "as is"
14 value of not more than \$880,000, as reflected in the appraisal report prepared by CBRE which may
15 also be accessed at the Link.

16 GVH also continues to be the holder of the 100% membership interest in MOB1, MOB2
17 and MOB3, which in turn own the medical office buildings located on the Hospital Campus. As of
18 March 3, 2017, the combined "as is" value of the medical office buildings was \$5.9 million, as
19 reflected in the CBRE appraisal referred to above, while YAM and Western State Bank hold first
20 position liens on the medical office buildings in the approximate amounts of \$3.3 million and \$1.5
21 million, respectively. The YAM loan was recently extended through January 1, 2018 (GVMI is
22 advancing the extension fee due to YAM since the MOBs do not presently generate sufficient
23 income to pay the YAM extension fee), while the Western State Bank loan is in covenant default

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25 ¹¹ Those unable to access the link may obtain a copy by written request (by mail, fax, or email to
26 Debtors' counsel at the address set forth in the upper left hand corner of the first page of this
Disclosure Statement.

¹² Not all of the equipment owned by the Debtors is encumbered by SQN's lien.

1 and is approaching maturity. GVMI holds a second position lien in the land and buildings owned
 2 by the MOBs, as such the MOBs have no equity. Even without considering GVMI's second
 3 position lien, it would be difficult to sell the MOBs independent of the Hospital as they are not
 4 presently self-sufficient (*i.e.*, they do not generate sufficient revenue through third-party leases to
 5 pay the YAM and Western State Bank loans and other costs) and are entirely dependent upon their
 6 tenants' business relationship with the Hospital.

7 GVH is also the sole owner of GVII. The ownership interest has no value apart from the
 8 value of the real estate, which is discussed above, as GVII has no other assets.

9 **K. Post-Petition Financial Performance**

10 The Hospital has, for the most part, performed as expected during the bankruptcy period.
 11 As with any healthcare entity, there have been wins and losses. From April 3rd, 2017 thru June 30,
 12 2017, volumes have materially lagged behind the Budget primarily due to inaccurate prior year stat
 13 coding & slower physician integration than anticipated. Admissions and observation visits are now
 14 being coded appropriately, whereas admissions were overstated in prior years. Furthermore, the
 15 Budget assumed an earlier and more invasive physician integration.

	Apr 17 - Jun 17			
Green Valley Hospital	ACTUAL	ACTUAL AVERAGE	BUDGET	BUD AVERAGE
Acute Admissions	396	132	585	195
OP Surgeries	186	62	295	98
Emergency Room Visits	3,691	1,230	4,653	1,551

20 From April 3, 2017 through June 30, 2017, net revenue totaled \$6.9 million, averaging \$2.3
 21 million per month, which is a noticeable improvement (+\$300,000 per month) over the pre-petition
 22 monthly average, despite volume challenges. The net revenue improvement is due to better
 23 conversion of gross charges to net revenue. The primary reason for this improvement is more
 24 accurate AR reserve calculations – financial estimates on uncollectable revenue have improved as
 25 more historical data is available. There has also been a slight increase in acuity over the last three
 26 months.

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Green Valley Hospital (000's) Post BK Performance	POST BK		PRE BK
	Apr 17 - Jun 17 TOTAL	Monthly AVERAGE	May 16 -Mar 17 AVERAGE
Net Revenue (after bad debts)	6,917	2,306	2,010
SWB Cost	(4,686)	(1,562)	(1,515)
Non-SWB	(4,780)	(1,593)	(1,339)
EBITDA	\$ (2,550)	(850)	\$ (845)
SWB Cost as % of Net Revenue	68%	68%	75%

Operating Expenses have ticked up slightly since filing for bankruptcy due to purchased service and other expense (non-income tax). However, from an operating cash outflow perspective, the Hospital is performing better than Budget during the 3-month post-petition period. Overall, the Hospital lost \$2.5 million in EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) during the post-petition period. EBITDA performance is comparable to pre-petition financial performance.

Cash Flow from Operations through the first 90 days were better than as Budgeted and beat expectations by \$137,000. However, Cash collections lagged behind expectations by \$543,000 primarily due to low volume. The Hospital successfully reduced cash outflows (reduced labor cost) to offset the lower collections through the first 90 days, beating the Budget by \$680k. Furthermore, the Hospital's overall ending cash balance beat expectations by \$840k through June 30, 2017.

1 Notwithstanding the current cash performance, Debtors' believe that there is a real danger of
2 running out of cash by the end of September if exit financing is not in place by then.

3 **L. Debtors' Current Debt Structure**

4 Presently, Debtors have combined secured and unsecured debt totaling approximately
5 \$118.34 million. Details on Debtors' primary creditors or creditor groups are as follows:

6 a. Lateral is owed approximately \$20 million on the DIP Loan. It holds a first-priority
7 lien on substantially all of the Debtors' assets including, without limitation, the Hospital land and
8 building, GVH's equity ownership interests in Management and GVII, Management's accounts
9 receivable, Management's commercial tort claims, and second priority liens on Management and
10 GVH's equipment and GVII's excess land.

11 b. GVMI. As set forth in more detail above, GVMI was GVH's original senior secured
12 lender, having funded the construction of the Hospital through a \$56 million loan. As of the
13 Petition Date, GVMI is owed approximately \$64.8 million in principal and accrued interest, fees
14 and costs. GVMI agreed to subordinate its debt to Lateral as a condition of the DIP Loan and, in
15 return, received a super-priority administrative claim and an adequate protection lien on all of the
16 Debtors' assets to secure any diminution in value of its collateral as a result of, among other things,
17 the subordination of its debt to Lateral, and a corresponding super administrative priority claim
18 junior only to that of the DIP Lender. As such, GVMI presently holds, among other things: (i) a
19 second-priority lien on the Hospital's land and building; (ii) a second-priority lien on the equity
20 interests in Management, MOB1, MOB2, and MOB3; (iii) a second-priority lien on the land and
21 buildings owned by MOB1, MOB2, and MOB3; (iv) a second-priority lien on accounts receivable;
22 and (v) a third-priority lien on GVH's equipment.

23 c. SQN loaned GVH approximately \$13.8 million for the purchase of equipment. SQN
24 holds a first-priority lien on GVH's equipment and on GVII's land.

25 d. The IRS has filed a proof of claim in Management's bankruptcy case for
26 approximately \$1.85 million, of which approximately \$1.45 million is asserted to constitute a

1 priority claim.

2 e. Unsecured debt. The Debtors have unsecured debts totaling approximately \$19.284
3 million, attributable to two unsecured insider notes at the GVH level and trade and vendor payables.

4 **V. DESCRIPTION OF THE PLAN**

5 **A. Classification of Claims and Interests and Their Treatment under the Plan**

6 This Section summarizes the classification and treatment of Claims under the Plan. The
7 Plan divides Claims into Classes and sets forth the treatment afforded to each Class. The
8 classification of Claims, and the distributions to be made under such classification, takes into
9 account the relative priorities of Claims. The Proponents believe they have classified all Claims in
10 compliance with the provisions of § 1122 of the Bankruptcy Code.

11 Upon the Plan being confirmed by the Bankruptcy Court, each holder of an Allowed Claim
12 will receive the same treatment as all holders of other Allowed Claims in the same Class, regardless
13 of whether a particular holder voted to accept the Plan. Moreover, upon confirmation, the Plan will
14 be binding on all Creditors regardless of whether such individuals or entities voted to accept the
15 Plan.

16 The following sets forth the specific classification and treatment under the Plan of each of
17 the Classes:

18 **1. Administrative Claims**

19 Unclassified Claims are all Allowed Claims entitled to priority under § 507(a)(2) of the
20 Bankruptcy Code. The Allowed Unclassified Claims will be paid in full by Newco upon the later
21 to occur of (a) the Effective Date, or as soon thereafter as practicable; (b) the tenth (10th) Business
22 Day after such claim is Allowed, or as soon thereafter as practicable; or (c) when such claim comes
23 due. Notwithstanding the foregoing, the DIP Loan shall be paid in full by Newco in Cash upon the
24 Effective Date unless validly extended with the consent of the DIP Lender.

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1 **2. Treatment of Class 1 - GVMI Secured Claim**

2 Substantially all of the Debtors assets will be sold to a newly-formed entity, generically
3 referred to herein as “**Newco**”. Newco is presently in the process of finalizing its legal formation
4 documents and obtaining financing, but is expected to be wholly owned subsidiary of and controlled
5 by GVMI. On the Effective Date, immediately after the sale to Newco, GVMI will be deemed to
6 have foreclosed its liens and security interests in and on all of the Acquired Assets for a credit bid
7 or bids equal to GVMI’s Claim, minus \$6,000,000, and the Acquired Assets shall be deemed to
8 have been immediately thereafter contributed to Newco as GVMI’s capital contribution to Newco.
9 Notwithstanding the forgoing deemed foreclosure, the real and personal property owned by each of
10 the MOBs will continue to secure the remaining \$6,000,000 of GVMI’s Claim, and such liens will
11 continue to be valid and perfected.

12 **3. Treatment of Class 2 - SQN Claim**

13 SQN’s Allowed Claim is secured by two distinct types of collateral: Personal property
14 (“**FF&E Collateral**”) owned by GVH, and real estate owned by GVII (the “**Real Property**
15 **Collateral**”). The Court will conduct valuation hearings on both types of collateral in August of
16 2017 according to the schedule agreed upon by SQN and Debtors. Under § 506(a) of the Code, the
17 Court’s findings as to value will determine the allowed amount of SQN’s secured claim. If the Court
18 determines that the value of the FF&E Collateral is \$4,625,000 or less and the value of the Real
19 Property Collateral is \$880,000 or less, or if the Court otherwise determines that the combined value
20 of the FF&E Collateral and Real Property Collateral is equal to or less than \$5,505,000, then SQN
21 will receive the treatment specified in the following paragraph entitled “Primary Treatment”. If
22 these conditions are not satisfied, or if SQN makes a valid election under §1111(b) of the Code, it
23 will receive the treatment specified below in the paragraph entitled “Alternative Treatment”.

24 Primary Treatment. Payments by Newco to SQN will in the form of two payment streams:
25 First, monthly payments determined by amortizing the principal amount equal to the Court-
26 determined value of the FF&E Collateral over a period of seven (7) years with interest at the rate

1 of 5.5% per annum (the “FF&E Payment Stream”); second, monthly payments determined by
2 amortizing the principal amount equal to the Court-determined value of the Real Property Collateral
3 over a period of fifteen (15) years with interest at the rate of 5.5% per annum (the “Real Property
4 Payment Stream”), with a balloon payment of all outstanding principal and interest due seven (7)
5 years after payments begin. Payments will begin sixty (60) days after the Effective Date and
6 continue on the same day each month until SQN’s Allowed Secured Claim is fully satisfied. In the
7 event of a change in control of Newco or a sale of all or substantially all of the Acquired Assets,
8 the obligation to SQN under the Plan shall be assumable and/or transferable and any such change
9 in control of Newco or a sale of all or substantially all of the Acquired Assets shall not result in a
10 default or acceleration of the amounts due SQN under the Plan.

11 Alternative Treatment. Unless otherwise agreed by the Plan Proponents and SQN, if the
12 conditions specified above are not satisfied, or if SQN elects for its Claim to be treated pursuant to
13 1111(b) of the Bankruptcy Code, in whole or in part, and the Bankruptcy Court accepts such
14 election, then SQN’s Allowed Secured Claim shall be treated as follows: (a) the FF&E Collateral
15 shall be surrendered to SQN pursuant to the provisions set forth below; and (b) SQN may foreclose
16 on the Real Property Collateral at any time after the Effective Date.

17 Surrender of FF&E. Newco will have twelve months following the Effective Date within
18 which to surrender the FF&E Collateral to SQN. As Newco arranges for the replacement of
19 individual items of FF&E, it will so advise SQN by email and specify the date upon which those
20 items are to be removed from the Hospital, provided, however, that, unless otherwise agreed by
21 SQN, SQN must be given at least 10-days’ notice of the requirement to remove any readily
22 removable item of FF&E Collateral and at least 30-days’ notice of the requirement to remove any
23 larger or less readily removable item of FF&E Collateral. Pending the surrender of all items of
24 FF&E Collateral, SQN will receive monthly adequate protection payments equal to 1/84 of the
25 Court-determined value of the FF&E Collateral, as reduced by the Court-determined value of any
26 items of FF&E that have then been surrendered to SQN. For example, if the Court determines that

1 the value of the FF&E Collateral is \$4.5 million, the amount of the monthly adequate protection
2 payment will be \$53,571.43. If Newco has already surrendered \$2 million worth of FF&E
3 Collateral, the adequate protection payment will be reduced to \$29,761.90. Any dispute as to value
4 of surrendered FF&E Collateral will be resolved by the Court, which will retain jurisdiction for that
5 purpose. SQN will remove the FF&E Collateral from the Hospital at its own cost, without disrupting
6 Hospital operations or unnecessarily inconveniencing patients or staff, and shall promptly
7 reimburse Newco for any damage caused by the removal of any FF&E Collateral.

8 General Provisions Applicable to SQN's Allowed Secured Claim. SQN will retain its lien
9 and security interest in the Real Property Collateral and FF&E Collateral until its Allowed Secured
10 Claim is paid in full in accordance with the terms of the Plan or, if the alternative treatment applies,
11 it has completed its foreclosure of the Real Property Collateral and has repossessed and disposed
12 of the FF&E Collateral. Its lien and security interest will continue to be controlled by the terms of
13 its Security Agreement and Deed of Trust, as modified by this Plan, with the following additional
14 exceptions: (a) all covenants relating to Debtors' or Newco's financial condition or any minimum
15 debt coverage ratio will be deemed to be deleted; and (b) for so long as Newco is not in default
16 under this Plan, it will be deemed to be current and not delinquent for all purposes. Any sale by
17 Newco of the Real Property Collateral or the FF&E Collateral will be made free and clear of all
18 liens, claims, interests, and encumbrances, provided that the amounts owing to SQN are paid at the
19 close of escrow. To the extent necessary to facilitate the issuance of a title insurance policy or to
20 satisfy escrow closing requirements, SQN will execute a release of its Deed of Trust, in recordable
21 form, and deliver it to the title insurer or escrow agent promptly upon request, and will file a release
22 of its UCC-1 financing statement promptly upon receipt of payment. All payments to SQN will be
23 applied first to post-Effective Date interest that is accrued and unpaid as of the date of the payment,
24 and then to principal. SQN will be entitled to foreclose upon or otherwise enforce its rights in the
25 FF&E Collateral and Real Property Collateral only for a breach of an obligation under this Plan
26 that is owing to it under this Article 6.2. If it does not receive any of the payments described above

1 in a timely manner, and if Newco does not remedy such default(s) within 30 days after the provision
2 of written notice to Newco and its counsel, SQN may foreclose upon and otherwise enforce its
3 rights in and to the FF&E Collateral and Real Property Collateral without further order of the Court
4 or notice to Newco, except as may be required by applicable non-bankruptcy law.

5 SQN Unsecured Claim. Unless otherwise agreed by the Plan Proponents and SQN, the SQN
6 Unsecured Claim shall be treated as a Class 6 Claim, shall be paid pro rata with the Class 6 Claims
7 and will be paid by and pursuant to the GVH Liquidating Trust Agreement.

8 Class 2 is impaired under the Plan.

9 **4. Treatment of Class 3 - MedOne Claim**

10 Unless otherwise agreed by the Plan Proponents and Med One, Med One shall be paid
11 \$141,000, plus any applicable sales tax, by Newco in cash, certified funds or wire transfer on the
12 Effective Date, or as soon thereafter as practical, in full and complete satisfaction of the Allowed
13 Med One Claim. Med One shall cooperate with Plan Proponents and Newco and execute any
14 document reasonably necessary to acknowledge, record or effectuate the treatment afforded Med
15 One under the Plan, including the release of its security interest upon payment. Class 3 is impaired
16 under the Plan.

17
18 **5. Treatment of Class 4 – Priority Unsecured Claims**

19 **a. Treatment of Class 4A - IRS Claim**

20 Unless otherwise agreed by the Plan Proponents and IRS, the IRS shall be paid the full
21 Allowed amount of the portion of the IRS Claim that is entitled to priority under § 507(a)(8) of the
22 Code (the “IRS Priority Tax Claim”), together with interest at the applicable Tax Claim Rate, as
23 follows: On the Effective Date, or as soon thereafter as practical, GVMI will contribute the sum of
24 \$450,000 to the GVH Liquidating Trust for the benefit of the IRS (the “IRS Contribution”). The
25 IRS Contribution will be used by the Liquidating Agent to make monthly interest-only payments
26

1 to the IRS on the IRS Priority Tax Claim, beginning on the first day of the second full calendar
2 month after the Effective Date. The IRS Contribution will be held in trust for the IRS and will be
3 used only to make payments to the IRS as provided in this Article 6.4.1. As set forth in the GVH
4 Liquidating Trust Agreement, the IRS will have priority in distributions from the GVH Liquidating
5 Trust on par with the ADOR Priority Tax Claim and junior only to the administrative expenses of
6 the GVH Liquidating Trust (including its professional fees). All distributions to the IRS on account
7 of the IRS Priority Tax Claim, other than the interest-only payments described above, will be
8 applied first to any accrued but unpaid interest on the IRS Priority Tax Claim and then to principal.
9 On the fifth (5th) anniversary of the Petition Date, any remaining balance owing on the Allowed
10 IRS Priority Claim will be paid: First, from any available funds held by the GVH Liquidating Trust
11 (including any balance of the IRS Contribution) and, second, by Newco. That portion of the
12 Allowed IRS Claim that is not entitled to priority treatment will be treated as a Class 6B General
13 Unsecured Claim. Class 4A is unimpaired under the Plan. Treatment of Class 4B - ADOR Claim

14 **b. Treatment of Class 4A - IRS Claim**

15 Unless otherwise agreed by the Plan Proponents and ADOR, the ADOR shall be paid the
16 full Allowed amount of the portion of the ADOR Claim that is entitled to priority under § 507(a)(8)
17 of the Code (the “**ADOR Priority Tax Claim**”), together with interest at the applicable Tax Claim
18 Rate, as follows: On the Effective Date, or as soon thereafter as practical, GVMI will contribute
19 the sum of \$50,000 to the GVH Liquidating Trust for the benefit of the ADOR (the “**ADOR**
20 **Contribution**”). The ADOR Contribution will be used by the Liquidating Agent to make monthly
21 interest-only payments to the ADOR on the ADOR Priority Tax Claim, beginning on the first day
22 of the second full calendar month after the Effective Date. The ADOR Contribution will be held in
23 trust for the ADOR and will be used only to make payments to the ADOR as provided in this Article
24 6.4.2. As set forth in the GVH Liquidating Trust Agreement, the ADOR will have priority in
25 distributions from the GVH Liquidating Trust on par with the IRS Priority Tax Claim and junior
26 only to the administrative expenses of the GVH Liquidating Trust (including its professional fees).

1 All distributions to the ADOR on account of the ADOR Priority Tax Claim, other than the interest-
2 only payments described above, will be applied first to any accrued but unpaid interest on the
3 ADOR Priority Tax Claim and then to principal. On the fifth (5th) anniversary of the Petition Date,
4 any remaining balance owing on the Allowed ADOR Priority Claim will be paid: First, from any
5 available funds held by the GVH Liquidating Trust (including any balance of the ADOR
6 Contribution) and, second, by Newco. That portion of the Allowed ADOR Claim that is not entitled
7 to priority treatment will be treated as a Class 6B General Unsecured Claim. Class 4B is unimpaired
8 under the Plan.

9 **c. Treatment of Class 4C - All Other Priority Claims**

10 Unless otherwise agreed by the Plan Proponents and the holder of such Priority Claim, each
11 Allowed Priority Claim shall be paid by and pursuant to the GVH Liquidating Trust Agreement.
12 Class 4C is impaired under the Plan. After reviewing the schedules and filed proofs of claim, the
13 Proponents are aware of no allowable Class 4C claims.

14 **6. Treatment of Class 5 - Assumed Unsecured Claims**

15 Class 5A. Unless otherwise agreed by the Plan Proponents, Newco, and the holder of an
16 Assumed Unsecured Claim in Class 5A, on the Effective Date, the Assumed Unsecured Claims
17 shall be assumed and paid by Newco on the terms set forth in Schedule 2.4 to the Plan. Class 5A
18 is Unimpaired under the Plan.

19 Class 5B. Unless otherwise agreed by the Plan Proponents, Newco, and the holder of an
20 Assumed Unsecured Claim in Class 5B, on the Effective Date, the Assumed Unsecured Claims
21 shall be assumed and paid by Newco on the terms set forth in Schedule 2.4 to the Plan. Class 5B
22 is Impaired under the Plan.

23 **7. Treatment of Class 6 - General Unsecured Claims**

24 Class 6A. Unless otherwise agreed by the Plan Proponents and the holder of a Class 6A
25 Claim, each GVH General Unsecured Claim, which is an Allowed Claim by a Final Order of the
26 Bankruptcy Court, will be paid *pro rata* pursuant to the GVH Liquidating Trust Agreement. Class

1 6A is impaired under the Plan. The percentage of the claim, if any, that will be paid is unknown at
2 this time.

3 Class 6B. Unless otherwise agreed by the Plan Proponents and the holder of a Class 6B
4 Claim, each Management General Unsecured Claim, which is an Allowed Claim by a Final Order
5 of the Bankruptcy Court, will be paid *pro rata* pursuant to the GVH Liquidating Trust Agreement.
6 Class 6B is impaired under the Plan. The percentage of the claim, if any, that will be paid is
7 unknown at this time.

8 Class 6C. Unless otherwise agreed by the Plan Proponents and the holder of a Class 6C
9 Claim, each GVII General Unsecured Claim, which is an Allowed Claim by a Final Order of the
10 Bankruptcy Court, will be paid *pro rata* pursuant to the GVH Liquidating Trust Agreement. Class
11 6C is impaired under the Plan. The percentage of the claim, if any, that will be paid is unknown at
12 this time.

13 Treatment Applicable to all Class 6 Claims. As is set forth in the GVH Liquidating Trust
14 Agreement, in the absence of substantive consolidation each holder of an Allowed General
15 Unsecured Claim will be paid *pro rata* with the other holders of Allowed General Unsecured Claims
16 in its subclass from the assets available for distribution to members of that subclass. In the event of
17 substantive consolidation, the holders of all Allowed General Unsecured Claims in Classes 6A, 6B,
18 and 6C will be paid *pro rata* with all other holders of Allowed General Unsecured Claims in such
19 subclasses.

20 **8. Treatment of Class 7 - Administrative Convenience Claims**

21 Class 7A. Unless otherwise agreed by the Plan Proponents and the holder of a GVH
22 Administrative Convenience Claim, and unless the holder of such Claim elects to be treated under
23 Class 6A, each holder of an Administrative Convenience Claim in Class 7A, which is an Allowed
24 Claim by a Final Order of the Bankruptcy Court, shall be paid, by Newco, fifty percent (50%) of
25 the Allowed Amount of the Administrative Convenience Claim upon the later to occur of (a) the
26 thirtieth (30th) Business Day after Effective Date, or as soon thereafter as practicable; or (b) the

1 tenth (10th) Business Day after such claim is Allowed, by a Final Order or as soon thereafter as
2 practicable. Class 7A is Impaired under the Plan.

3 Class 7B. Unless otherwise agreed by the Plan Proponents and the holder of a Management
4 Administrative Convenience Claim, and unless the holder of such Claim elects to be treated under
5 Class 6B, each holder of an Administrative Convenience Claim in Class 7B, which is an Allowed
6 Claim by a Final Order of the Bankruptcy Court, shall be paid, by Newco, fifty percent (50%) of
7 the Allowed Amount of the Administrative Convenience Claim upon the later to occur of (a) the
8 thirtieth (30th) Business Day after Effective Date, or as soon thereafter as practicable; or (b) the
9 tenth (10th) Business Day after such claim is Allowed, by a Final Order or as soon thereafter as
10 practicable. Class 7B is Impaired under the Plan.

11 Class 7C. Unless otherwise agreed by the Plan Proponents and the holder of a GVII
12 Administrative Convenience Claim, and unless the holder of such Claim elects to be treated under
13 Class 6C, each holder of an Administrative Convenience Claim in Class 7C, which is an Allowed
14 Claim by a Final Order of the Bankruptcy Court, shall be paid, by Newco, fifty percent (50%) of
15 the Allowed Amount of the Administrative Convenience Claim upon the later to occur of (a) the
16 thirtieth (30th) Business Day after Effective Date, or as soon thereafter as practicable; or (b) the
17 tenth (10th) Business Day after such claim is Allowed, by a Final Order or as soon thereafter as
18 practicable. Class 7C is Impaired under the Plan.

19 **9. Treatment of Class 8 - Equity Interests in Debtors**

20 Unless otherwise agreed by the Plan Proponents and the holder of a GVH equity interest,
21 on the Effective Date, each equity interest in GVH shall be canceled and void. Class 8A is impaired
22 under the Plan.

23 Unless otherwise agreed by the Plan Proponents and the holder of an equity interest in GVII
24 and Management, on the Effective Date, each equity interest in GVII and Management shall be
25 unaffected by the Plan. Class 8B is Unimpaired under the Plan.

26

1 **B. Overview of Plan Implementation**

2 The means for execution of the Plan are and will be as follows:

3 **1. Sale of Acquired Assets to Newco**

4 Unless otherwise agreed by the Plan Proponents, GVMI and Newco, and except as
5 otherwise provided in the Plan, including but not limited to Article 7.2 of the Plan, on the Effective
6 Date, all of the Debtors' right, title and interest in the Acquired Assets¹³ shall be sold and transferred
7 to Newco free and clear of all liens, claims, encumbrances and interests pursuant to 11 U.S.C. §§
8 105(a), 363(f), 363(m), and 1123(a)(5) in consideration for the Purchase Price, except, as provided
9 in the Plan, for the liens of DIP Lender, GVMI and SQN.

10 **a. The Value of the Assets to be Acquired by Newco.**

11 Pursuant to the Sale, Newco will purchase substantially all of Debtors' assets. The extreme
12 upper range of the possible value of those assets is not more than \$71,992,550. The assets include,
13 without limitation: (i) GVH's real estate with a fair market value of \$59.2 million; (ii) the equipment
14 used in Hospital operations with a fair market value of not more than \$6.502 million; (iii) the 4.26
15 acres of excess land located to the East of the Hospital, with an "as is" value of not more than
16 \$880,000; (iv) the 100% membership interests in the MOBs,¹⁴ (v) all of the Hospital's current
17 inventory, which is necessary for use in continuing Hospital operations, with a book value of
18 \$1,035,247 as of June 30, 2017; (vi) cash in the approximate amount of \$1,775,262 as of July 22,

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21 ¹³ Pursuant to the Plan, the Acquired Assets are: "all of the Debtors' assets, including without
22 limitation, (i) all of the Estate Assets; (ii) all assets listed in the Debtors' Schedules; (iii) all business
23 licenses; (iv) all intellectual property, including trademarks, trade names, copyrights, and service
24 marks; (v) all personal property located on or at the Hospital; (v) all of the Debtors' Cash; (vii) all
25 of the Debtors' rights, title and interest in real property and fixtures; (viii) the Debtors' operations
26 at the Hospital; (ix) Acquired Avoidance Actions and Acquired Litigation Claims; (x) all
intercompany claims by and between GVH and its debtor and non-debtor subsidiaries; and (xi) the
specific assets listed on Schedule 1 attached to the Plan. Acquired Assets specifically excludes all
of the Excluded Assets.

¹⁴ As set forth in Section IV(I) herein, the 100% membership interests in the MOBs do not have
any value. The MOBs own only the medical office buildings located on the Hospital Campus,
which are fully encumbered and entirely reliant upon the Hospital to make debt service.

1 2017; and (vii) collectible accounts receivable in the approximate amount of \$2.6 million;¹⁵ (viii)
2 all of the Hospital's licenses, rights under ongoing service contracts, all intellectual property,
3 including trademarks, trade names, copyrights, and service marks, federal payee numbers and other
4 general intangibles;¹⁶ and (ix) certain potential litigation claims including the Acquired Avoidance
5 Actions and Acquired Litigation Claims, and any intercompany claims by and between GVH and
6 its debtor and non-debtor subsidiaries.¹⁷

7 Newco will not purchase, and Debtors will retain: all rights under D&O Insurance policies,
8 certain Retained Avoidance Actions, and certain Retained Litigation Claims. The Debtors have not
9 had sufficient time or resources to undertake an investigation into whether the Debtors maintain
10 actionable or viable claims against third parties, including against former officers, directors,
11 employees or the Consultants, lawyers, accountants or any other person or whether any D&O
12 Insurance may cover said claims. This includes claims against David Wanger, the McDowells and
13 any of their affiliates. Therefore the Debtors ascribe no significant value to Retained Litigation
14 Claims or D&O Insurance at this time.

15 The Debtors identified in excess of \$5.3 million of payments made to third parties within
16 the ninety days preceding bankruptcy.¹⁸ The Debtors have not had sufficient time or resources to

17 _____
18 ¹⁵ Absent Debtors' access to the DIP Loan reserves, it is anticipated that amount of cash on the
19 Effective Date will be negligible. As the amount of accounts receivable vary, it is impossible to
20 predict the amount of the accounts receivable on the Effective Date, which may be higher or
21 lower than the amount included herein.

22 ¹⁶ The Hospital's licenses or other intellectual property are reflected in the "going-concern"
23 appraised value of the real estate. For this and other reasons the Debtors have not attributed an
24 independent value to these assets.

25 ¹⁷ Acquired Avoidance Actions and Acquired Litigation Claims include claims against the
26 MOBs, GVHCOA, GVMI, GVMI's Affiliates, GVH Board, Newco and/or Debtor's
Professionals,. Debtors are not aware of any actionable claims against these entities and therefore
ascribe no value to these assets at this time, with one exception: GVMI's security interest in the
accounts receivable and other personal property of Management was perfected in the preference
period and may be avoidable. However, those assets are covered by Lateral's lien and GVMI's
adequate protection lien, and GVMI and/or Newco will contribute more than their realizable value
to fund the Plan.

¹⁸ As noted above, GVMI received no payments from the Debtors within 90 days of the Petition
Date and no payments after 2017 GVH exercised the option to acquire eighty percent of the
equity in GVH.

1 undertake an investigation into the nature of said payments, or whether or not any may be avoided
2 as a preference within the meaning of 11 U.S.C. § 547, and/or whether any potential defenses or
3 collectability issues exist.

4 **b. The Total Value of the Purchase Price to be paid by Newco.**

5 The Purchase Price consists of both cash and assumption of debt, as provided under the
6 Plan. The combined value of the Purchase Price, including cash and assumption of liabilities, totals
7 approximately \$97,655,489.

8 Cash. The cash portion of the Purchase Price is currently estimated at \$21,476,821, and
9 will be paid by Newco as follows: (1) the amount necessary to satisfy in full the DIP Loan (the
10 “**DIP Payoff Amount**”), which is currently estimated at \$20 million; (2) the amount necessary to
11 pay the Allowed MedOne Claim, which is currently estimated at \$141,000; (3) the amount
12 necessary to pay the Allowed Administrative Claims of all Estate Professionals as of the
13 Confirmation Date, which is currently estimated at \$400,000 (the unpaid value as of the Effective
14 Date); (4) the amount necessary to cure Assumed Executory Contracts and Assumed Unexpired
15 Real & Personal Property Leases, which is currently estimated at \$185,821, (5) the sum of \$500,000
16 toward payment of the IRS and ADOR priority unsecured claims, and (6) the sum of \$250,000 for
17 the administration of the Liquidating Trust.¹⁹

18 Assumption of Liabilities. Newco will further assume certain of the Debtors’ liabilities
19 under the Plan totaling approximately \$76,178,668, including all responsibility to pay: (i) GVMI,
20 for its Secured Claim, of approximately \$65 million; (ii) SQN on its Class 2 Secured Claim, in the
21 amount of approximately \$6,502,432; (iii) Medicare Overpayment Liability (CMS), currently
22 estimated at \$1,524,703; (iv) Accrued Payroll Liability (including paid time off) of approximately
23 \$973,483; (v) post-petition trade payables, charges and taxes, estimated at \$352,753; (vi) the
24

25 ¹⁹ If the Allowed Administrative Claims of all Estate Professionals exceeds \$800,000 then the
26 \$250,000 amount payable to the Liquidating Trust will be reduced by the amount the Allowed
Administrative Claims of all Estate Professionals exceeds \$800,000.

1 amount necessary to pay the remaining balance of the IRS and ADOR priority tax claims not to
2 exceed \$1.7 million on the fifth anniversary of the Effective Date; and (vii) any remaining
3 outstanding Critical Vendor Payments, currently estimated at \$125,297.²⁰ When combined with
4 the estimated cash payment of \$21,476,821, the value of the Purchase Price to be paid by Newco
5 in cash and assumed debt totals \$96,658,057.

6 **2. Conversion of GVMI Claim**

7 Immediately following the Effective Date, GVMI will be deemed to have foreclosed its
8 liens and security interests in and on all of the Acquired Assets for a credit bid or bids equal to
9 GVMI's Claim, minus \$6,000,000, and the Acquired Assets shall be deemed to have been
10 immediately thereafter contributed to Newco as GVMI's capital contribution to Newco.
11 Notwithstanding the forgoing deemed foreclosure, the real and personal property owned by each of
12 the MOB's will continue to secure the remaining \$6,000,000 of GVMI's Claim, and such liens will
13 continue to be valid and perfected.

14 **3. Substantive Consolidation**

15 The Plan does NOT provide for substantive consolidation of the estates of Management,
16 GVH and GVII prior to the Effective Date. Rather, the GVH Liquidating Trust Agreement
17 authorizes the Liquidating Agent of the GVH Liquidating Trust to seek substantive consolidation
18 if he/she deems it appropriate under the facts and circumstances. As set forth in the GVH
19 Liquidating Trust Agreement, if the Liquidating Agent of the GVH Liquidating Trust believes that
20 substantive consolidation is appropriate, the Liquidating Agent will file an appropriate motion with

21 _____
22 ²⁰ The amount of assumed debt to SQN is based on the Primary Treatment of SQN's Secured Class
23 2 Claim provided for under the Plan. Pursuant to the Plan, SQN may elect Alternative treatment
24 whereby its collateral valued at approximately \$5,505,000 will be surrendered and neither the
25 Debtors nor Newco will be liable to pay SQN. Therefore, both the Acquired Assets and Assumed
26 Liabilities would decrease by equal amounts. Newco, of course, would have to replace the
surrendered equipment for a comparable price. Also, as set forth previously, Debtors and Newco
expect that Lateral's secured debt under the DIP Loan will be retired through a cash payment on
the Effective Date. If that does not occur, and if the DIP Lender consents, Newco will also assume
all liability to pay the Lateral secured debt in accordance with the terms of the DIP Loan Documents,
and that debt will increase dramatically with higher interest rates and significant fees.

1 the Bankruptcy Court and provide notice and an opportunity to object to all creditors potentially
2 impacted by substantive consolidation.

3 **4. Creation of Liquidating Trust and Transfer of the Excluded Assets to**
4 **Liquidating Agent**

5 The Plan provides that on the Effective Date or as soon thereafter as practicable: (i) all of
6 the Purchase Price payable to the Liquidating Trust; (ii) all Excluded Assets, including but not
7 limited to the Retained Litigation Claims and the Retained Avoidance Actions;²¹ and (iii) any and
8 all other assets, rights and property of the Estates not transferred to Newco, shall be transferred and
9 assigned to the Liquidating Trust for the benefit of all remaining unpaid Allowed Claims. In
10 accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Agent shall become
11 vested with, in its capacity as the representative of the Debtors' Estates under section 1123(b)(3)(B)
12 of the Bankruptcy Code, and may enforce, sue on, settle or compromise (or decline to do any of the
13 foregoing) any of the Retained Litigation Claims and Retained Avoidance Actions.

14 Pursuant to the Liquidating Trust, the Liquidating Agent will, among other things, collect,
15 administer and distribute in accordance with the terms of the Plan and the Liquidating Trust: (1)
16 the Purchase Price, (2) the proceeds from the Retained Litigation Claims and the Retained
17 Avoidance Actions, and (3) the proceeds related to the sale or transfer of Excluded Assets. The
18 terms of the Liquidating Trust will be controlled by the Liquidating Trust Agreement. The
19 Liquidating Trust shall be the successor to the Debtors. Whenever the Plan requires or permits
20 notice to any of the Debtors after the Effective Date, such notice shall be effective only when given
21 to the Liquidating Agent and the Liquidating Agent shall have the right to take all actions that the
22 Debtors would have had the right to take if they had not been reorganized on the Effective Date.

23 Upon the distribution of all assets vested in the Liquidating Trust and the preparation and
24 filing of any tax returns required by the Liquidating Trust, the Liquidating Trust shall be terminated

25 ²¹ Such claims and causes of action include potential claims against James McDowell and/or his
26 entities, the Consultants and GVH's former counsel. The Debtors have not analyzed such claims,
but to the extent such claims exist, the Debtors hereby preserve any and all rights as to those claims.

1 and the Liquidating Agent shall have no further responsibilities or duties. The terms of the
2 Liquidating Trust will be controlled by the Liquidating Trust Agreement, a copy of which is
3 attached to the Plan as Exhibit “3”.

4 **5. Appointment of Liquidating Agent**

5 On the Effective Date, Fred Petersen shall be immediately appointed Liquidating Agent
6 under the Liquidating Trust and shall be authorized to liquidate any and all of the Debtor’s assets
7 for distribution in accordance with the Plan. Fred Petersen has had no prior business dealings with
8 any of the Debtor’s officers, directors or Shareholders. As compensation for his services as
9 Liquidating Agent, and all fees of any affiliate of the Liquidating Agent, the Liquidating Agent
10 shall be entitled to be compensated for his time at his normal hourly rate of \$450 per hour. In
11 addition to any fees payable, Fred Petersen shall also be entitled to reimbursement for his travel and
12 other reasonable out-of-pocket expenses incurred in connection with, or arising out of his
13 engagement as Liquidating Agent. A copy of Fred Petersen’s *Curriculum Vitae* is attached hereto
14 as Exhibit “6”.

15 **6. Post-Confirmation Management and Control**

16 Upon confirmation of the Plan, the Liquidating Agent will succeed to management and
17 control of the Liquidating Trust. Debtors’ officers and directors immediately preceding the
18 Effective Date will be terminated and will cease to perform any duties for the Debtors.

19 **7. Funding on the Effective Date**

20 All payments under the Plan which are due on the Effective Date pursuant to the terms of
21 the Plan will be funded from the Purchase Price, and/or any proceeds of the Excluded Assets.

22 **8. Payments Effective on Tender**

23 Whenever the Plan requires a payment to be made, such payment will be deemed made and
24 effective upon tender thereof by the Debtors or the Liquidating Agent to the Creditor to whom
25 payment is due. Such tender will be effective when and if made in Cash. If any Creditor refuses a
26 tender, the amount tendered and refused will be held by the Debtors or the Liquidating Agent for

1 the benefit of that Creditor pending final adjudication of the dispute. However, when and if the
2 dispute is finally adjudicated and the Creditor receives the funds previously tendered and refused,
3 the Creditor will be obliged to apply the funds in accordance with the Plan as of the date of the
4 tender; and while a dispute is pending and after adjudication thereof, the Creditor will not have the
5 right to claim interest or other charges or to exercise any other right which would be enforceable
6 by the Creditor if the Debtors or the Liquidating Agent failed to pay the tendered payment.

7 **9. Operative Documents**

8 The Plan Proponents and/or the Liquidating Agent may prepare any and all documents,
9 including, but not limited to, modification documents, which are necessary or appropriate to execute
10 the Plan. If there is any dispute regarding the reasonableness or propriety of any such documents
11 after reasonable and good faith efforts by the Plan Proponents to negotiate and obtain approval of
12 the documents by the other affected Person(s), any such dispute will be presented to the Bankruptcy
13 Court for determination at or in conjunction with the Confirmation Hearing.

14 **10. Retention of Jurisdiction**

15 As set forth in Article X, the Plan provides for the Bankruptcy Court to retain jurisdiction
16 over a broad range of matters, including, without limitation, entry of further orders to facilitate
17 consummation of the Plan, resolution of disputed claims, enforcement issues, the adjudication of
18 “core proceedings.” Creditors should refer to Article X of the Plan for particulars.

19 **VI. TAX CONSEQUENCES OF PLAN**

20 THE PLAN PROPONENTS DO NOT EXPECT THAT THEIR LIQUIDATION UNDER
21 THE PLAN WILL RESULT IN ANY SIGNIFICANT TAX CONSEQUENCES BECAUSE OF
22 THEIR DEEP INSOLVENCY. NONE OF THE DEBTORS ARE TAX PAYING ENTITIES—
23 AS SUCH ANY TAX CONSEQUENCES SHALL PASS THROUGH TO THE DEBTORS’
24 EQUITY HOLDERS. SUBSTANTIAL UNCERTAINTY EXISTS HOWEVER WITH RESPECT
25 TO THE TAX CONSEQUENCES ASSOCIATED WITH THE PLAN TO CREDITORS AND
26 EQUITY HOLDERS.

1 HOLDERS OF CLAIMS IN ALL CLASSES THAT ARE IMPAIRED, AND HOLDERS
2 OF ALL NON-CLASSIFIED CLAIMS WILL BE PAID IN FULL THE ALLOWED AMOUNTS
3 OF THEIR CLAIMS. EACH HOLDER OF A CLAIM IS URGED TO CONSULT WITH ITS
4 OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND OTHER TAX
5 CONSEQUENCES OF THE PLAN. NO RULINGS HAVE BEEN REQUESTED FROM THE
6 INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE
7 PLAN.

8 **VII. TREATMENT OF EXECUTORY CONTRACTS AND REJECTION CLAIMS BAR**
9 **DATE**

10 **A. Assumption and Assignment of Executory Contracts**

11 The Plan provides that on the Effective Date, all of the Assumed Executory Contracts will
12 be assumed and assigned to Newco or such entity designated by Newco. Newco will be a newly
13 formed entity wholly owned by GVM, or its nominee. To the extent that a cure payment is
14 necessary, the Plan Proponents calculation of the amount of the cure payment is set forth on
15 Schedule 2.1 to the Plan. Absent any objection by any non-debtor party to an Assumed Executory
16 Contract, the cure amount, if any, set forth on Schedule 2.1 shall be dispositive, binding and
17 controlling on the non-debtor party to an Assumed Executory Contract. In the event any non-debtor
18 party to an Assumed Executory Contract objects to the proposed cure amount, the Bankruptcy Court
19 shall determine the amount necessary to cure the Assumed Executory Contract. If the Bankruptcy
20 Court determines that amount necessary to cure the Assumed Executory Contract exceeds the
21 amount set forth on Schedule 2.1 to the Plan, Newco may elect to reject the specific executory
22 contract and remove that specific executory contract from Schedule 2.1 of Assumed Executory
23 Contracts.

24 **B. Assumption and Assignment of Real and Personal Property Leases**

25 The Plan provides that on the Effective Date, all of the Assumed Unexpired Real & Personal
26 Property Leases will be assumed and assigned to Newco or such entity designated by Newco. To

1 the extent that a cure payment is necessary, the Plan Proponents calculation of the amount of the
2 cure payment is set forth on Schedule 2.3 to the Plan. Absent any objection by any non-debtor
3 party to an Assumed Unexpired Real & Personal Property Leases, the cure amount, if any, set forth
4 on Schedule 2.3 to the Plan shall be dispositive, binding and controlling on the non-debtor party to
5 an Assumed Unexpired Real & Personal Property Leases. In the event any non-debtor party to an
6 Assumed Unexpired Real & Personal Property Leases objects to the proposed cure amount, the
7 Bankruptcy Court shall determine the amount necessary to cure the Assumed Unexpired Real &
8 Personal Property Lease. If the Bankruptcy Court determines that amount necessary to cure the
9 Assumed Unexpired Real & Personal Property Leases exceeds the amount set forth on Schedule
10 2.3 to the Plan, Newco may elect to reject the specific unexpired real or personal property lease and
11 remove that specific unexpired real or personal property lease from Schedule 2.3 of Assumed
12 Unexpired Real & Personal Property Leases.

13 **C. Rejection of Executory Contracts and Leases**

14 On the Effective Date, all executory contracts and leases that are not Assumed Executory
15 Contracts or Assumed Unexpired Real & Personal Property Leases shall be automatically rejected
16 by the Debtors.

17 **D. Rejection Claims Bar Date**

18 Every Claim asserted by a Creditor arising from the rejection of a Executory Contract or
19 Lease must be filed with the Bankruptcy Court no later than the first Business Day that is thirty
20 (30) days after the Effective Date. Every such Claim which is timely filed, as and when it becomes
21 an Allowed Claim, will be treated under Class 6 of the Plan. Every such Claim which is not timely
22 filed by the deadline stated above will be forever barred and discharged and the Creditor holding
23 the Claim will not receive or be entitled to any distribution under the Plan on account of such Claim.

24 **VIII. AUTOMATIC STAY, INJUNCTION, AND EXCULPATION**

25 **A. Automatic Stay and Post-Confirmation Injunction**

26 The automatic stay will not terminate on the Effective Date as the Debtors are not receiving

1 a discharge. In addition, all holders of Claims and Equity Interests dealt with by the Plan, and all
2 creditors who received notice of the Chapter 11 Cases, shall be enjoined from pursuing collection
3 of their Claims from the assets of Debtors, their Bankruptcy Estates, the Liquidating Trust, and
4 Newco regardless of whether or not (i) a proof of Claim or Equity Interest has been filed, (ii) such
5 Claim or Equity Interest has been Allowed, or (iii) the holder of such Claim or Equity Interest has
6 voted to accept or reject the Plan.

7 **B. Exculpations**

8 The Plan Proponents and their respective members, managers, officers, directors,
9 employees, agents, attorneys, affiliates, subsidiaries, financial advisors, consultants, and
10 professionals shall be deemed to have acted in good faith with regard to the solicitation of
11 acceptances or rejections of the Plan and shall be entitled to the protections afforded by section
12 1125(e) of the Bankruptcy Code. Entry of the Confirmation Order shall act as a comprehensive
13 release of and injunction against the bringing of any claim or cause of action with respect to any
14 such liability. Such release and injunction shall specifically include, but not be limited to, any
15 claims with respect to rights under any prior unconfirmed plan of reorganization or agreements
16 relating thereto and any claims with respect to Claims or Equity Interests, or transfers thereof.

17 The Proponents and their respective members, managers, officers, directors, employees,
18 agents, attorneys, affiliates, subsidiaries, financial advisors, consultants, and professionals (the
19 “**Exculpated Parties**”) will neither have nor incur any liability to any holder of a Claim or Equity
20 Security, or any other party in interest, or any of their respective shareholders, former shareholders,
21 members, former members, agents, employees, representatives, financial advisors, attorneys,
22 consultants, affiliates, successors, or assigns (the “**Exculpating Parties**”), for any post-petition acts
23 or omissions relating to or arising out of these Chapter 11 Cases, the preparation for and
24 administration of these Chapter 11 Cases, or the negotiation, execution, confirmation,
25 consummation, or administration of the Plan (the “**Exculpated Acts**”), other than (i) as expressly
26 provided in the Plan, or (ii) acts of gross negligence, fraud, breach of fiduciary duty, or willful

1 misconduct. The Exculpating Parties will have no right of action against any of the Exculpated
2 Parties for any of the Exculpated Acts, and the Exculpated Parties are released of and from all
3 claims or liabilities, known or unknown, arising out of or related to the Exculpated Acts. The
4 provisions of this Article will not be deemed to limit any existing protections or immunities afforded
5 to the Exculpated Parties under existing law. The provisions of this Article will not apply to any
6 claim, action or cause of action by the SEC, and the SEC will not be included in the definition of
7 “Exculpating Parties

8 **C. Injunction against Interference with Plan**

9 Upon the entry of the Confirmation Order, all holders of Claims and Equity Interests and
10 other parties-in-interest, along with their respective present or former employees, agents, officers,
11 directors or principals, shall be enjoined from taking any actions to: (i) interfere with the
12 implementation or consummation of this Plan; and/or (ii) except as expressly provided for in the
13 Plan, to assert a claim against Newco or seek recovery from the Acquired Assets.

14 **IX. BAR DATES FOR ALL CLAIMS**

15 The Plan provides that Claimants holding Administrative Claims against the Estate must
16 submit proofs of Claim on or before the Administrative Claims Bar Date. The Plan provides that
17 Claimants holding Claims (other than Administrative Claims and Professional Fees) against the
18 Estate must have submitted Proofs of Claim on or before the Claims Bar Date, which was June 19,
19 2017.

20 **X. LIMITATION OF LIABILITY**

21 The Plan provides that on the Effective Date, neither Plan Proponents or any of its post-
22 Effective Date officers, directors, attorneys or professionals shall have or incur any liability to any
23 holder of any Claim or Equity Interest for any act or omission arising out of or in connection with
24 the Chapter 11 Case, the administration of assets of the Debtors’ Estates, the confirmation of the
25 Plan, the consummation of the Plan, or the administration of the Plan, or property to be distributed
26 under the Plan, except for willful misconduct or gross negligence.

1 **XI. SOURCES OF INFORMATION**

2 The financial information contained in this Disclosure Statement is derived from a number
3 of sources, including but not limited to John Matuska, the GVH Board, financial books and records
4 of the Debtors, financial books and records of GVMI, and the statements and schedules on file in
5 the Chapter 11 Cases. Financial information was analyzed and prepared by, among others,
6 Healthcare Management Partners, LLC.

7 The information contained in this Disclosure Statement represents the Debtors' best
8 estimate in light of current market conditions and past experience. All the information provided is
9 subject to change and represents the best information available at the time. The actual results may
10 differ.

11 **XII. CONFIRMATION OF THE PLAN**

12 **A. Requirements for Confirmation of the Plan**

13 For a Plan to be confirmed, the Plan must satisfy the requirements stated in Bankruptcy
14 Code § 1129. In this regard, the Plan must satisfy, among other things, the following requirements:

15 **1. Best Interests of Creditors and Liquidation Analysis**

16 Even if the Plan is accepted by each Class of Holders of Impaired Claims, the Bankruptcy
17 Court must find that the Plan is in the best interests of all holders of Claims that are impaired by the
18 Plan and that have not accepted the Plan. The "best interests" test, as set forth in § 1129(a)(7) of
19 the Bankruptcy Code, requires the Bankruptcy Court to find either that all members of an impaired
20 Class of Claims have accepted the Plan or that the Plan will provide a member who has not accepted
21 the Plan with property of a value, as of the Effective Date of the Plan, that is not less than the
22 amount that such holder would receive if the debtor were liquidated under Chapter 7 of the
23 Bankruptcy Code on that date.

24 To calculate the probable distribution to members of each impaired Class of Claims if a
25 debtor were liquidated under Chapter 7, the Bankruptcy Court must first determine the aggregate
26 dollar amount that would be generated from the sale of Debtors' assets if their Chapter 11 cases

1 were converted to Chapter 7 under the Bankruptcy Code. This “liquidation value” would consist
2 primarily of the proceeds from a required sale of Debtors’ unencumbered assets by a Chapter 7
3 trustee. This liquidation value would be distributed based on statutory priorities (*i.e.*, no junior
4 Class of Claims may be paid anything unless all Classes of Claims senior to such junior Class are
5 paid in full). Therefore, no Class of Claims that is contractually subordinated to another Class
6 would receive any payment on account of its Claims, unless all senior Classes are paid in full.
7 Chapter 7 typically substantially reduces the proceeds available for distribution to Creditors, for
8 among other reasons, (a) the increased costs and expenses of a liquidation under Chapter 7 arising
9 from fees payable to a Chapter 7 trustee and professional advisors to the trustee, (b) the potential
10 lack of funds available to a Chapter 7 trustee to pursue any of the Claims and Causes of Action, (c)
11 the erosion in value of assets in a Chapter 7 case in the context of the rapid liquidation required
12 under Chapter 7 and the “forced sale” atmosphere that may prevail, (d) the substantial delay
13 generally attendant to a Chapter 7 liquidation; and, most importantly, as is the case here, (e) the
14 Chapter 7 trustee generally will not administer or sell Debtors’ assets that are encumbered by valid
15 and perfected liens unless there is material equity beyond the value of the liens; rather secured
16 creditors are typically given permission to foreclose on encumbered assets and no value is conferred
17 upon the estate following foreclosure.

18 In this case, other than certain Avoidance Actions, all of Debtors assets are fully
19 encumbered by secured claims. Thus if these cases were converted to Chapter 7 the Plan
20 Proponents and Debtors expect that general unsecured creditors would get little or no distribution
21 due to, among other things, GVMI’s deficiency claim and priority tax claims. To illustrate, in the
22 event that these cases were converted to Chapter 7, GVMI would retain a large deficiency claim
23 following foreclosure of its lien that would be entitled to the same priority and *pro rata* payment as
24 other general unsecured claims, thus reducing any prospective recovery for other unsecured Claims
25 in Chapter 7 liquidation. In contrast, under the Plan, Unsecured Creditors will receive, at minimum,
26 \$100,000. As illustrated in the Liquidation Analysis, attached hereto as Exhibit “7”, the Plan

1 Proponents and Debtors believe that the distribution under the Plan will meet or exceed the
2 recoveries that Creditors would receive in a Chapter 7 liquidation of the Debtors.

3 **2. Feasibility of the Plan**

4 Bankruptcy Code § 1129(a)(11) includes what is commonly described as the “feasibility”
5 standard. When the feasibility standard applies, it requires that confirmation of a plan will not be
6 followed by liquidation or the need for further financial reorganization unless the plan provides for
7 that alternative. The Plan Proponents and Debtors believe that the Plan satisfies the feasibility
8 requirements of Bankruptcy Code § 1129(a)(11) because the Plan calls for: (i) a sale of all Debtors’
9 assets (save those specifically excluded in the Plan) to a ready, willing and able buyer; and (ii) the
10 transfer and liquidation of Debtors’ remaining assets by a court-appointed Liquidating Agent.
11 Based upon the foregoing, the Plan is feasible.

12 **3. Accepting Impaired Class**

13 For the Plan to be confirmed, the Plan must be accepted by at least one impaired Class of
14 Claims. For an impaired Class of Claims to accept the Plan, votes representing at least two-thirds
15 (2/3) in amount and a majority in number of the Allowed Claims voted in that Class must be cast
16 for acceptance of the Plan (not including the votes of Debtors’ insiders).

17 **4. Confirmation over Dissenting Class (Cram Down)**

18 Even if an impaired Class of Claims does not accept the Plan, the Bankruptcy Court
19 nevertheless may confirm the Plan over the objection of such Class at Debtors’ request. Bankruptcy
20 Code § 1129(b) provides that if all other requirements of Bankruptcy Code § 1129(a) are satisfied
21 and if the Bankruptcy Court finds that: (i) the Plan does not discriminate unfairly; and (ii) the Plan
22 is fair and equitable with respect to the rejecting Class(es) of Claims impaired under the Plan, the
23 Bankruptcy Court may confirm the Plan despite the rejection of the Plan by a dissenting impaired
24 Class.

25 **a. No Unfair Discrimination**

26 A plan of reorganization “does not discriminate unfairly” if: (i) the legal rights of a non-

1 accepting class are treated in a manner that is consistent with the treatment of other classes whose
2 legal rights are related to those of the non-accepting class; and (ii) no class receives payments in
3 excess of those that it is legally entitled to receive on account of its Claims. The Plan Proponents
4 and Debtors assert that under the Plan: (a) all Classes of impaired Claims are being treated in a
5 manner which is consistent with the treatment of other similar Classes of Claims; and (b) no Class
6 of Claims will receive payments or property with an aggregate value greater than the sum of the
7 Allowed Claims in the Class. The Plan Proponents believe that the Plan does not discriminate
8 unfairly as to any impaired Class of Claims.

9 **b. Fair and Equitable**

10 The Bankruptcy Code establishes different “fair and equitable” tests for creditors as follows:

11 **i. Secured Creditors**

12 Either: (i) each impaired Secured Creditor retains its lien and receives deferred cash
13 payments having a present value equal to the amount of its Allowed Secured Claim; (ii) each
14 impaired secured Creditor realizes the “indubitable equivalent” of its Allowed secured Claim; or
15 (iii) the property securing the Claim is sold free and clear of liens (subject to Bankruptcy Code
16 § 363(k) credit bidding rights) with such liens attaching to the sale proceeds, and those liens are
17 treated in accordance with clause (i) or (ii) of this subsection.

18 **ii. Unsecured Creditors**

19 Either: (i) each impaired Unsecured Creditor receives or gains under the Plan property of a
20 value equal to the amount of its Allowed Claim as of the Effective Date; or (ii) the holders of Claims
21 which are junior to the Claims of the non-accepting Class do not receive any property under the
22 Plan on account of such Claims (except as may be permitted by the new value corollary to the
23 absolute priority rule).

24 The Plan Proponents believe that the Plan satisfies the “fair and equitable” test with respect
25 to all impaired classes. The Plan Proponents believe that each Secured and Unsecured Creditor is
26 afforded “fair and equitable” treatment under the Plan as that term is defined under the Bankruptcy

1 Code and applicable law. With respect to Unsecured Creditors, the Plan provides that each Creditor
2 holding an unsecured claim must be paid in full prior to the payment of any junior claims.

3 The Plan Proponents have requested, if necessary, confirmation of the Plan pursuant to
4 Bankruptcy Code § 1129(b) with respect to any impaired Class of Claims which does not vote to
5 accept the Plan. The Plan Proponents and Debtors believe that the Plan satisfies all of the statutory
6 requirements for confirmation as discussed above; that Debtors have complied or will have
7 complied with all the statutory requirements for confirmation of the Plan; and that the Plan is
8 proposed in good faith. At the hearing on confirmation of the Plan, the Bankruptcy Court will
9 determine whether the Plan satisfies the statutory requirements for confirmation of the Plan.

10 **XIII. ALTERNATIVES TO THE PLAN**

11 The Plan Proponents believe that there are no viable alternatives to the Plan. Presently the
12 Hospital is not profitable and requires access to additional funds not generated by its operations
13 (*i.e.* the DIP Loan and the exit financing). It is hoped that the Hospital will be operating on a break
14 even basis in 2018. However, even if the Debtors were able to fill every hospital bed every day of
15 the year (an extremely unlikely scenario) the Debtors would generate insufficient revenue to pay
16 all of the secured claims, let alone pay any of the accrued priority unsecured claims and the general
17 unsecured claims.

18 In addition, Plan Proponents believe that Plan will enable Debtors to maximize the recovery
19 to all of its creditors. In the event that Plan is not confirmed the Acquired Assets would likely be
20 sold pursuant to a 363 sale and the cases would likely convert to Chapter 7. The Plan Proponents
21 and Debtors believe that the Plan provides the greatest possible recovery to unsecured creditors.

22 **XIV. RECOMMENDATION AND CONCLUSION**

23 The Plan Proponents recommend that all Creditors who are entitled to vote on the Plan
24 should vote to accept the Plan.

25 **XV. EXHIBITS TO THE DISCLOSURE STATEMENT**

26 The following exhibits are attached to this Disclosure Statement, and are incorporated in the

1 Disclosure Statement and the Plan:

2 Exhibit 1 Debtor's and GVMI's First Amended Joint Plan of Liquidation Dated July
3 31, 2017

4 Exhibit 2 Corporate Structure Diagram

5 Exhibit 3 Plat of Hospital, MOBs and Camps

6 Exhibit 4 Financial Statement for the Postpetition Period

7 Exhibit 5 Liquidating Trust Agreement

8 Exhibit 6 Curriculum Vitae of Fred Petersen

9 Exhibit 7 Liquidation Analysis

10 DATED this 31st day of July, 2017.

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--SIGNATURE PAGE FOLLOWS--

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On behalf of the Debtors

EXHIBIT “1”

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9 IN THE UNITED STATES BANKRUPTCY COURT
10 FOR THE DISTRICT OF ARIZONA

11 In re:
12 **GV HOSPITAL MANAGEMENT, LLC,**
Debtor.

13 In re:
14 **GREEN VALLEY HOSPITAL, LLC,**
15 Debtor.

16 In re:
17 **GV II HOLDINGS, LLC,**
Debtor.

18 THIS FILING APPLIES TO:
19 ALL DEBTORS
20 GREEN VALLEY HOSPITAL, LLC
21 GV HOSPITAL MANAGEMENT, LLC
22 GVII HOLDINGS, LLC

Proceedings Under Chapter 11
Case No. 4:17-bk-03351-SHG
Case No. 4:17-bk-03353-SHG
Case No. 4:17-bk-03354-SHG
(Jointly Administered)
**DEBTORS' AND GVMI'S FIRST
AMENDED JOINT PLAN OF
LIQUIDATION DATED JULY 31, 2017**

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ARTICLE 1

INTRODUCTION

ALL CREDITORS ARE ENCOURAGED TO CONSULT THE ACCOMPANYING DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. AMONG OTHER THINGS, THE DISCLOSURE STATEMENT CONTAINS DISCUSSIONS OF THE DEBTORS, THE HISTORICAL BACKGROUND OF THE CHAPTER 11 CASES AND THE PRE-PETITION PERIOD, THE PROJECTIONS GERMANE TO THE PLAN, AND A SUMMARY AND ANALYSIS OF THE PLAN. NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH, HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT OR BY THE BANKRUPTCY CODE FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

ARTICLE 2

DEFINITIONS

For purposes of the Plan, and except as expressly provided otherwise herein or unless the context otherwise requires, all of the capitalized terms not otherwise defined will have the meanings hereinafter stated. For purposes of the Plan and such defined terms, the singular and plural uses of such defined terms and the conjunctive and disjunctive uses thereof will be fungible and interchangeable (unless the context otherwise requires); and the defined terms will include masculine, feminine, and neuter genders. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. The defined terms stated in Article 2 also are substantive terms of the Plan; and Article 2 will be deemed incorporated throughout the rest of the Plan to apply the substantive provisions included in the defined terms. A capitalized term not defined in this Plan shall have the meaning set forth in the Disclosure Statement. Accordingly, the defined terms are as follows:

2.1 Acquired Assets. This term will refer to and mean all of the Debtors' assets, including without limitation, (i) all of the Estate Assets; (ii) all assets listed in the Debtors' Schedules; (iii) all business licenses; (iv) all intellectual property, including trademarks, trade names, copyrights, and service marks; (v) all personal property located on or at the Hospital; (v) all of the Debtors' Cash; (vii) all of the Debtors' rights, title and interest in real property and fixtures; (viii) the Debtors' operations at the Hospital; (ix) Acquired Avoidance Actions and Acquired Litigation Claims; (x) all intercompany claims by and between GVH and its debtor and non-debtor subsidiaries; and (xi) the specific assets listed on Schedule 1 attached to the Plan. This term specifically excludes all of the Excluded Assets.

2.2 Acquired Avoidance Actions. This term will refer to and mean all statutory causes of actions under Bankruptcy Code, including but not limited to §§ 506, 510, 542, 543, 544, 547, 548, 549, 550 and 1123(b) of the Bankruptcy Code, that the Debtors and their Estates may have against Debtors, MOBs, GVHCOA, GVMI, GVMI's Affiliates, GVH Board, Newco and/or Debtor's Professionals.

1 **2.3 Acquired Litigation Claims.** This term will refer to and mean all rights,
2 claims, liens, liabilities, obligations, actions, causes of action, avoiding powers,
3 proceedings, debts, contracts, judgments, offsets, damages and demands whatsoever in law
4 or in equity, whether known or unknown, contingent or otherwise, that the Debtors and their
5 Estates may have against GVH, GVII, Management, MOBs, GVHCOA, GVMI, GVMI's
6 Affiliates, GVH Board, Newco and/or Debtor's Professionals.

7 **2.4 Administrative Claim.** This term will refer to and mean a Claim for any cost
8 or expense of administration of the Chapter 11 Cases allowed and entitled to priority under
9 § 507(a)(2) of the Bankruptcy Code, including but not limited to: (a) all actual and
10 necessary post-petition expenses of maintaining and preserving the Estates; (b) all actual
11 and necessary post-petition expenses of operating the Debtors; (c) all fees and costs of
12 Estate Professionals approved by the Bankruptcy Court pursuant to a Final Order; and (e)
13 all fees and charges assessed against the Estates under Chapter 123 of Title 28, United States
14 Code.

15 **2.5 Administrative Claim Bar Date.** This term will refer to and mean (a) the
16 Bar Date for any and all Administrative Claims that arise prior to the Bar Date, or (b) for
17 any and all Administrative Claims that arise after the Bar Date, twenty (20) days following
18 the Effective Date.

19 **2.6 Administrative Convenience Claims.** The Class 7 Claims will consist of all
20 Allowed Unsecured Claims of \$500 or less which are not Assumed Unsecured Claims and
21 which do not elect to be treated under Class 6, but not including any Priority Unsecured
22 Claims. _____

23 **2.7 ADOR.** This term will refer to and mean the Arizona Department of
24 Revenue.

25 **2.8 ADOR Claim.** This term shall refer to and mean any and all liabilities,
26 obligations, claims, demands, causes of action, offsets, damages, costs, expenses or losses,
including attorneys' fees and costs, whether known or unknown, which ADOR now has,
may have or will have against the Debtors, including but not limited to any proof of claim
filed by the ADOR.

2.9 Allowed Claim. This term will refer to and mean every Claim against the
Debtors: (a)(i) as to which a proof of such Claim has been filed within the time fixed by
the Bankruptcy Court or, if such Claim arises from the rejection of an Executory Contract,
on or before the first Business Day which is the earlier of thirty (30) days after the entry of
the order rejecting the Executory Contract or thirty (30) days after the Confirmation Date,
or (ii) which the Debtors have scheduled as liquidated in amount and undisputed; and in
either event: and (b)(i) as to which no objection to the allowance of such Claim has been
filed within any applicable time period fixed by the Bankruptcy Court, or (ii) as to which
the order allowing such Claim has become a Final Order. If any Claim or the Creditor
holding such Claim is subject to any defense, set off, counterclaim, recoupment, or other
adverse claim of any kind of the Debtors, that Claim will be deemed a Disputed Claim; and
it will not become an Allowed Claim unless and until all such matters are resolved or
adjudicated fully and finally pursuant to a Final Order, with all appellate rights and remedies
having been exhausted. The term "Allowed," when used to modify a reference in the Plan
to any Claim or Class of Claims shall mean a Claim (or any Claim in such Class) that is
allowed, pursuant to the requirements of this definition. The term Allowed Claim may be

1 used throughout this Plan with each of the various creditor's claims or classes of those
2 claims (e.g., "Allowed Class 1 Claims") to signify that such claims must be, unless
3 otherwise indicated, Allowed Claims in order to qualify for the specified treatment under
4 the Plan.

5 **2.10 Assumed Executory Contract or Contracts.** This term will refer to and
6 mean every unexpired executory contract that is being assumed and assigned to Newco
7 under 11 U.S.C. § 365 pursuant to this Plan that are identified on Schedule 2.1 to this Plan.

8 **2.11 Assumed Unexpired Real & Personal Property Leases.** This term will
9 refer to the unexpired real and personal property leases that are specifically identified in
10 Schedule 2.3 to this Plan that are being assumed and assigned to Newco pursuant to this
11 Plan.

12 **2.12 Assumed Unsecured Claims.** This term will refer to the Unsecured Claims
13 that are being assumed by Newco pursuant to this Plan and which are specifically identified
14 in Schedule 2.4 to this Plan.

15 **2.13 Avoidance Actions.** All statutory causes of actions preserved for the
16 Debtor's Estate under §§ 506, 510, 542, 543, 544, 547, 548, 549, 550 and 1123(b) of the
17 Bankruptcy Code. Failure to list an Avoidance Action in the Plan or the Disclosure
18 Statement does not constitute a waiver or release by GVH Liquidating Trust of such
19 Avoidance Action.

20 **2.14 Ballot.** This term will refer to and mean the ballot for accepting or rejecting
21 the Plan which will be distributed to Creditors entitled to vote on the Plan.

22 **2.15 Bankruptcy Code.** This term will refer to and mean Title 11 of the United
23 States Code, 11 U.S.C. §§ 101, et seq., as it may be amended from time to time during the
24 Chapter 11 Cases, and applicable portions of Title 18 and 28 of the United States Code, as
25 amended.

26 **2.16 Bankruptcy Court or Court.** These terms are completely synonymous and
interchangeable, and will refer to and mean the United States Bankruptcy Court for the
District of Arizona, or such other court which exercises jurisdiction over part or all of the
Estate, including the United States District Court for the District of Arizona to the extent
that the reference of part or all of the Chapter 11 Case is withdrawn.

2.17 Bankruptcy Estates or Estates. This term will refer to and mean the Estate
created pursuant to 11 U.S.C. § 541 when the Debtors filed their Chapter 11 petitions on
March 31, 2017.

2.18 Bankruptcy Rules. This term will refer to and mean the Federal Rules of
Bankruptcy Procedure.

2.19 Bar Date. This term will refer to and mean the last day for filing proofs of
claims, which shall be the date set by the Bankruptcy Court. The Bankruptcy Court set the
last day for filing proofs of claim as June 19, 2017. [See, DEs 63, 103]. All Creditors
(except Creditors with Administrative Claims that arise after the Administrative Claim Bar
Date, and Creditors holding Claims from the rejection of unexpired leases or Executory

1 Contracts) must have filed proofs of claim by the Bar Date, or their Claim shall be forever
2 barred and discharged.

3 **2.20 Business Day.** This term will refer to and mean every day except Saturdays,
4 Sundays, and legal holidays, as defined in Federal Rule of Bankruptcy Procedure 9006.

5 **2.21 Cash.** This term will refer to and mean cash, cash equivalents, bank deposits,
6 and negotiable instruments payable on demand.

7 **2.22 Chapter 11 Cases.** This term will refer to and mean the above captioned
8 Chapter 11 cases commenced by the Debtors by filing voluntary petitions on the Petition
9 Date.

10 **2.23 Claim.** This term will refer to and mean “claim” as defined in Bankruptcy
11 Code §101(5).

12 **2.24 Class.** This term will refer to and mean each of the classifications of Claims
13 and Equity Interests as described in Article III of the Plan.

14 **2.25 Confirmation Date.** This term will refer to and mean the date on which the
15 Bankruptcy Court enters the Confirmation Order.

16 **2.26 Confirmation Hearing.** This term will refer to and mean the hearing
17 regarding confirmation of the Plan conducted pursuant to Bankruptcy Code §1128, as
18 adjourned or continued from time to time.

19 **2.27 Confirmation Order.** This term will refer to and mean the order entered by
20 the Bankruptcy Court which confirms the Plan pursuant to Bankruptcy Code §1129.

21 **2.28 Creditor.** This term will refer to and mean “creditor” as defined in
22 Bankruptcy Code §101(10).

23 **2.29 Creditors’ Committee.** This term will refer to and mean the Official
24 Committee of Unsecured Creditors appointed by the United States Trustee and initially
25 consisting of AB Staffing Solutions, LLC, David M. Joseph MD, Empire Southwest, LLC
26 and Padmon, LLC.

2.30 Creditors’ Committee’s Professionals. This term will refer to and mean the
law firm of Perkins Coie L.L.P in its capacity as the Creditors’ Committee’s bankruptcy
counsel, and any and all other similar professionals which the Creditors’ Committee has
employed or may employ to assist in the conduct of the Chapter 11 Cases or to provide
professional services for a specified purpose, all in accordance with Bankruptcy Code §§
327(a), 327(e) and/or 328.

2.31 Debtors. This term will refer to and mean GVH, Management, and GVII, in
all of their capacities, including, but not limited to: (a) their ordinary business capacity as
Arizona limited liability companies; and (b) their capacities as the Debtors-In-Possession.

2.32 Debtors’ Professionals. This term will refer to and mean the law firm of
Forrester & Worth, PLLC in its capacity as the Debtors’ bankruptcy counsel, and any and
all other similar professionals which the Debtors have employed or may employ to assist in

1 the conduct of the Chapter 11 Cases or to provide professional services for a specified
2 purpose, all in accordance with Bankruptcy Code §§ 327(a), 327(e) and/or 328.

3 **2.33 Debtors' Schedules.** This term will refer to the Debtors' Schedules of Assets
4 and Liabilities that Debtors filed in each of the Chapter 11 Cases.

5 **2.34 DIP Lender.** This term will refer to and mean Lateral GV, LLC.

6 **2.35 DIP Loan.** This term will refer to and mean the Loan approved by the Court
7 by final Order entered on May 1, 2017, at Docket Entry 115.

8 **2.36 DIP Loan Administrative Claim.** This term shall have the meaning
9 provided in Article 4.2.1.2 below.

10 **2.37 DIP Loan Agreement** means that Senior Secured Super Priority Debtor in
11 Possession Credit Agreement dated as of April 10, 2017.

12 **2.38 DIP Order.** This term will refer to that *Final Order (1) Authorizing Debtors*
13 *to Obtain Post-Petition Financing Pursuant to 11 U.S.C. § 364; (2) Granting Liens and*
14 *Superpriority Claims Pursuant to 11 U.S.C. § 364; (3) Authorizing the Use of Cash*
15 *Collateral Pursuant to 11 U.S.C. § 363 and (4) Granting Related Relief*, entered by the
16 Bankruptcy Court on May 1, 2017 [DE 115].

17 **2.39 Disclosure Statement.** This term will refer to and mean the Disclosure
18 Statement prepared by Debtor with respect to the Plan, and approved by the Bankruptcy
19 Court, including, but not limited to, any modification(s) and additional disclosure(s) (if any)
20 provided by the Debtors to comply with Bankruptcy Code § 1127(c).

21 **2.40 Disputed Claim.** This term will refer to and mean every Claim which is not
22 an Allowed Claim.

23 **2.41 D&O Insurance.** This term will refer to and mean that certain policy of
24 insurance issued by Wesco Insurance Company in favor of Green Valley Hospital, LLC,
25 with an inception date of November 2, 2016 and an expiration date of November 2, 2017,
26 Policy No. EUW1418988 00, which includes \$5,000,000 of private company liability
coverage, \$5,000,000 of employment practices liability coverage, and \$1,000,000 of
fiduciary liability coverage, with an aggregate limit of liability of \$6,000,000.

2.42 Effective Date. This term will refer to and mean the first Business Day after
the Confirmation Order has become a Final Order; provided, however, that the Proponent
will have the right, but not the obligation, to waive this condition (encompassing any kind
of appeal, review, or other challenge to the Confirmation Order) at any time from and after
the Confirmation Date. In that event, the Proponent will be entitled to render any or all of
its performance under the Plan prior to what otherwise would be the Effective Date if the
Confirmation Order has not become a Final Order, including, but not limited to, the right to
perform under any circumstances which would moot any appeal, review, or other challenge
of any kind to the Confirmation Order if the Confirmation Order is not stayed pending such
appeal, review, or other challenge. When and if the condition of a Final Order is waived
and performance under the Plan is being rendered, the Proponent will render all of its
performance under the Plan which is due on the Effective Date (if such performance has
not been rendered already). Except where performance earlier than the Effective Date is

1 expressly required by the Plan or where it is lawful and expressly permitted by the Plan to
2 perform after the Effective Date, performance under the Plan will be due on the Effective
Date.

3 **2.43 Equity Interests.** This term will refer to and mean all membership interests
4 in GVH that existed on the Petition Date.

5 **2.44 Estate Assets.** This term will refer to and mean the property of the
Bankruptcy Estates as that term is defined in Bankruptcy Code § 541.

6 **2.45 Estate Professionals.** This term will refer to and mean the Debtors'
7 Professionals, Creditors' Committee's Professionals and any other professional employed
pursuant to Sections 327, 328 and/or 330 of the Bankruptcy Code.

8 **2.46 Excluded Assets.** This term will refer to (i) the D&O Insurance, (ii) Retained
9 Avoidance Actions, and (iii) Retained Litigation Claims.

10 **2.47 Executory Contract.** This term will refer to and mean every unexpired lease
and other contract which is subject to being assumed or rejected under the Bankruptcy Code,
11 including Section 365.

12 **2.48 Final Order.** This term will refer to and mean an order of judgment of the
13 Bankruptcy Court which shall not have been reversed, stayed, modified, or amended and
the time to appeal from, or to seek review or rehearing of, shall have expired and as to which
14 no appeal or petition for review or rehearing is pending, or if appealed from, shall have been
affirmed and no further hearing, appeal, or petition for review can be taken or granted, or
as to which no stay has been entered to affect the operative provisions of such order of
15 judgment.

16 **2.49 GVHCOA.** This term shall refer to and mean Green Valley Hospital Campus
17 Owners Association, LLC, an Arizona limited liability company, which is 100% owned by
GVH.

18 **2.50 GVH.** This term shall refer to and mean Green Valley Hospital LLC, an
Arizona limited liability company.

19 **2.51 GVH Board.** This term shall refer to and mean the board of managers of
20 GVH which were appointed on or after November 1, 2016 and, as of the petition date, were
Grant Lyon, E. Bruce McIff, Salim E. Dahdah, and Mark Howard.

21 **2.52 GVII.** This term shall refer to and mean GV II Holdings, LLC, an Arizona
22 limited liability company.

23 **2.53 GVH Liquidating Trust.** This term will refer to and mean the liquidating
trust that is created and governed by the GVH Liquidating Trust Agreement.

24 **2.54 GVH Liquidating Trust Agreement.** This term will refer to and mean the
25 Liquidating Trust Agreement that is identified in Schedule 3 to this Plan

26 **2.55 GVMI.** This term shall refer to and mean Green Valley Medical Investments
LLLP.

1 **2.56 GVMI's Affiliates.** This term shall refer to and mean any and all of GVMI's
2 officers, directors, managers, employees, general partners, limited partners, attorneys,
agents, affiliates and subsidiaries.

3 **2.57 GVMI Claim.** This term shall refer to and mean any and all liabilities,
4 obligations, claims, demands, causes of action, offsets, damages, costs, expenses or losses,
5 including attorneys' fees and costs, whether known or unknown, which GVMI now has,
may have or will have against the Debtors, including but not limited to the GVMI POC.

6 **2.58 GVMI POC.** This term shall refer to and mean collectively the proofs of
claim filed by GVMI in the Chapter 11 Cases as amended from time to time.

7 **2.59 Hospital.** This term shall refer to the Green Valley Hospital located at 4455
8 S. I-19 Frontage Road, Green Valley, Arizona 85622.

9 **2.60 IRS.** This term shall refer to and mean the Internal Revenue Service of the
United States of America.

10 **2.61 IRS Claim.** This term shall refer to and mean any and all liabilities,
11 obligations, claims, demands, causes of action, offsets, damages, costs, expenses or losses,
including attorneys' fees and costs, whether known or unknown, which IRS now has, may
12 have or will have against the Debtors, including but not limited to any proof of claim filed
by the IRS.

13 **2.62 Management.** This term shall refer to and mean GV Hospital Management
14 LLC, an Arizona limited liability company.

15 **2.63 Med One.** This term will refer to and mean Med One Capital Funding, LLC.

16 **2.64 Med One Claim.** This term will refer to and mean any and all liabilities,
17 obligations, claims, demands, causes of action, offsets, damages, costs, expenses or losses,
including attorneys' fees and costs, whether known or unknown, which Med One now has,
18 may have or will have against the Debtors, including but not limited to any proofs of claim
filed by Med One.

19 **2.65 MOBs.** This term will refer to and mean "MOB1", "MOB2", and "MOB3",
as defined below.

20 **2.66 MOB1.** This term will refer to and mean GVH MOB 1, LLC, an Arizona
21 limited liability company, which is 100% owned by GVH.

22 **2.67 MOB2.** This term will refer to and mean GVH MOB 2, LLC, an Arizona
limited liability company, which is 100% owned by GVH.

23 **2.68 MOB3.** This term will refer to and mean GVH MOB 3, LLC, an Arizona
24 limited liability company, which is 100% owned by GVH.

25 **2.69 Newco.** This term will refer to and mean a newly formed entity, wholly
26 owned by GVMI, or its nominee, that will acquire the Acquired Assets on the Effective
Date.

1 **2.70 Person.** This term will refer to and mean “person” as defined in Bankruptcy
Code § 101(41).

2 **2.71 Petition Date.** This term will refer to and mean April 3, 2017, the date the
3 Debtors’ voluntary Chapter 11 petitions were filed.

4 **2.72 Plan.** This term will refer to and mean the “Debtors’ and GVMI’s First
5 Amended Joint Plan of Liquidation Dated July 31, 2017” and every modification thereof, if
any, filed by the Plan Proponents.

6 **2.73 Plan Proponents.** This term will refer to and mean Debtors and GVMI.

7 **2.74 Post-Confirmation Litigation.** This term will refer to and mean the
8 prosecution of any of the Retained Avoidance Actions, the Retained Litigation Claims, or
an objection to a Claim by the GVH Liquidating Trust or a party in interest.

9 **2.75 Priority Unsecured Claim.** This term will refer to and mean every
10 Unsecured Claim or portion thereof which is not an Administrative Claim, and which is
entitled to priority under an applicable provision(s) of Bankruptcy Code § 507.

11 **2.76 Professional Fees.** This term will refer to and mean any of the interim and
12 final professional fees and expenses charged by the Debtors’ Professionals, the Creditors’
Committee’s Professionals or any Estate Professionals.

13 **2.77 Proponents and Plan Proponents.** These terms will refer to and mean the
14 Debtors and GVMI.

15 **2.78 Pro Rata.** Except as otherwise defined in this Plan, this term will refer to and
16 mean the proportion that an Allowed Claim in a particular Class bears to the total amount
of all Allowed Claims in that Class.

17 **2.79 Rejected Executory Contract.** This term will refer to and mean every
unexpired lease and other contract which is not an Assumed Executory Contract.

18 **2.80 Rejected Leases.** This term will refer to and mean every unexpired lease and
19 other contract which is not an Assumed Unexpired Real & Personal Property Leases.

20 **2.81 Remaining Professional Fee Carve Out.** This term will refer to and mean
the unspent portion of the professional fee Carve Out in the DIP Order.

21 **2.82 Retained Avoidance Actions.** All statutory causes of actions preserved for
22 the Debtors’ Estates under §§ 506, 510, 542, 543, 544, 547, 548, 549, 550 and 1123(b) of
the Bankruptcy Code, except for the Acquired Avoidance Actions. Failure to list a Retained
23 Avoidance Action in the Plan or the Disclosure Statement does not constitute a waiver or
release by the Plan Proponents or GVH Liquidating Trust of such Retained Avoidance
24 Action.

25 **2.83 Retained Litigation Claims.** This term will refer to and mean all rights,
26 claims, torts, liens, liabilities, obligations, actions, causes of action, avoiding powers,
proceedings, debts, contracts, judgments, offsets, damages and demands whatsoever in law
or in equity, whether known or unknown, contingent or otherwise, including, without

1 limitations, any legal malpractice claims or breach of fiduciary duty claims, that the Debtors
2 and their Estates may have against any Person. Retained Litigation Claims shall not include
3 Avoidance Actions, Acquired Avoidance Actions or Acquired Litigation Claims. Failure
4 to list a Retained Litigation Claim in the Plan or the Disclosure Statement does not
constitute a waiver or release by the Plan Proponents or GVH Liquidating Trust of such
Retained Litigation Claim.

5 **2.84 Rules of Construction.** Wherever from the context it appears appropriate,
6 each term stated in either the singular or the plural shall include the singular and the plural,
7 and pronouns stated in the masculine, feminine, or neuter gender shall include the
8 masculine, the feminine, and the neuter. The words “herein,” “hereof,” “hereto,”
9 “hereunder,” and others of similar import refer to the Plan as a whole and not to any
10 particular section, subsection, or clause contained in the Plan. Unless otherwise specified,
11 all section, schedule, or exhibit references in the Plan are to the respective section in,
12 schedule to, or exhibit to the Plan. The headings in the Plan are for convenience of reference
13 only and shall not limit or otherwise affect the provisions of the Plan. The Rules of
14 Construction contained in § 102 of the Bankruptcy Code shall apply to the construction of
15 the Plan.

16 **2.85 Secured Creditor.** This term will refer to and mean every Creditor who holds
17 a Secured Claim against the Debtor.

18 **2.86 Secured Claim.** This term will refer to and mean every Claim or portion
19 thereof which is secured by a lien, security interest, or assignment encumbering property
20 (including all types of real property, personal property, and cash collateral) in which the
21 Debtor has an interest, to the extent of the validity, perfection, and enforceability of the
22 claimed lien, security interest, or assignment and the value of the interest of the Creditor
23 holding the Secured Claim against the property.

24 **2.87 Secured Tax Claim.** This term will refer to and mean every Claim of any
25 state or local governmental unit which is secured by property of the Estate by operation of
26 applicable non-bankruptcy laws, including, but not limited to, every such Claim for unpaid
real property taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes,
and further including, but not limited to, any and all pre-petition date secured tax claims
and the post-effective date secured tax claims.

2.88 SQN. This term will refer to and mean SQN Asset Finance (Guernsey)
Limited.

2.89 SQN Claim. This term will refer to and mean any and all liabilities,
obligations, claims, demands, causes of action, offsets, damages, costs, expenses or losses,
including attorneys’ fees and costs, whether known or unknown, which SQN now has, may
have or will have against the Debtors, including but not limited to any proof of claim filed
by SQN.

2.90 SQN Collateral Value. This term will refer to and mean the value of the
property, as determined by the Bankruptcy Court or agreement of the parties, against which
SQN holds a valid, perfected and enforceable lien, security interest or assignment.

2.91 SQN Secured Claim. This term will refer to and mean the portion of the
SQN Claim which is a Secured Claim.

1 **4.2.1.1 Estate Professionals' Claims.** The Estate Professionals'
2 Claims will consist of all sums due and owing to Estate Professionals, as and when allowed
3 by the Court.

4 **4.2.1.2 DIP Loan Administrative Claim.** The DIP Loan
5 Administrative Claim will consist of all sums then outstanding pursuant to the DIP Loan
6 and the DIP Loan Documents (as that term is defined in the DIP Order).

7 **4.2.1.3 Ordinary Course Administrative Claims.** This unclassified
8 subclass will include all Allowed Claims entitled to priority under § 507(a)(2) of the
9 Bankruptcy Code that are not claims held Estate Professionals or the DIP Loan.

10 **4.2.2 Class 1: GVM Secured Claim.** The Class 1 Claim will be the GVM
11 Claim.

12 **4.2.3 Class 2: SQN Claim.** The Class 2 Claim will be the SQN Claim.

13 **4.2.4 Class 3: Med One.** The Class 3 Claim will be the Med One Claim.

14 **4.2.5 Class 4: Priority Unsecured Claims.**

15 **4.2.5.1 Class 4A-IRS Claim.** The Class 4A Claim will be the IRS
16 Claim.

17 **4.2.5.2 Class 4B-ADOR Claim.** The Class 4B Claim will be the
18 ADOR Claim.

19 **4.2.5.3 Class 4C-All Other Priority Claims.** The Class 4C Claims
20 will be all claims entitled to priority under Section 507(a)(3) through (a)(10) of the
21 Bankruptcy Code that are not the IRS Claim or the ADOR Claim. The Plan Proponents are
22 unaware of any allowable Class 4C claims.

23 **4.2.6 Class 5: Assumed Unsecured Claims.** The Class 5 Claims will
24 consist of the Assumed Unsecured Claims, divided into two subclasses as follows:

25 **4.2.6.1: Class 5A: PTO/CMS.** The Class 5A Claims will be the
26 Assumed Unsecured Claims of CMS and the employee PTO claims.

4.2.6.2: Class 5B: Remaining Assumed Unsecured Claims. The
Class 5B Claims will be all of the Assumed Unsecured Claims except the Class 5A Claims.

4.2.7 Class 6: General Unsecured Claims. The Class 6 Claims will consist
of the Unsecured Claims that are not Assumed Unsecured Claims or Administrative
Convenience Claims, divided into three subclasses as follows:

Class 6A: GVH Unsecured Claims. The Class 6A Claims will
consist of the Unsecured Claims against GVH that are not Assumed Unsecured Claims or
Administrative Convenience Claims.

1 **Class 6B: Management Unsecured Claims.** The Class 6A Claims
2 will consist of the Unsecured Claims against Management that are not Assumed Unsecured
3 Claims or Administrative Convenience Claims.

4 **Class 6C: GVII Unsecured Claims.** The Class 6C Claims will
5 consist of the Unsecured Claims against GVII that are not Assumed Unsecured Claims or
6 Administrative Convenience Claims.

7 **4.2.8 Class 7: Administrative Convenience Claims:** The Class 7 Claims
8 will consist of all Allowed Unsecured Claims of \$500 or less which are not Assumed
9 Unsecured Claims and which do not elect to be treated under Class 6, but not including any
10 Priority Unsecured Claims, divided into subclasses as follows:

11 **Class 7A: GVH Administrative Convenience Claims.** The Class 7A
12 Claims will consist of the Administrative Convenience Claims against GVH.

13 **Class 7B: Management Administrative Convenience Claims.** The
14 Class 7B Claims will consist of the Administrative Convenience Claims against
15 Management.

16 **Class 7C: GVII Administrative Convenience Claims.** The Class 7C
17 Claims will consist of the Administrative Convenience Claims against GVII.

18 **4.2.9 Class 8: Equity Interests.** The Class 8 Claims will consist of the
19 Equity Interests, divided into subclasses as follows:

20 **Class 8A: Equity Interests in GVH.** The Class 8A Interests will
21 consist of the equity interests in GVH, all of which are canceled and voided pursuant to the
22 Plan.

23 **Class 8B: Equity Interests in GVII and Management.** The Class
24 8B Interests will consist of the equity interests in Management and GVII, all of which are
25 owned by GVH. Class 8B is Unimpaired. For purposes of the Plan, the equity interests in
26 Management and GVII shall not be entitled to vote and are deemed to have accepted the
Plan.

ARTICLE 5

TREATMENT OF UNCLASSIFIED CLAIMS

21 **5.1 General.** As provided in Section 1123(a)(1) of the Bankruptcy Code,
22 Administrative Claims are not classified for purposes of voting on, or receiving distributions
23 under, the Plan. Holders of such Claims are not entitled to vote on the Plan. All such
24 Claims are instead treated in accordance with the requirements set forth in section
25 1129(a)(9)(A) of the Bankruptcy Code.

5.2 Treatment of Administrative Claims.

26 **5.2.1 Estate Professionals.** Unless otherwise agreed by the Plan
Proponents and the holder of such Claim, each Allowed Administrative Claim of an Estate

1 Professional shall be paid in full in Cash upon the later to occur of (a) the Effective Date,
2 or as soon thereafter as practicable; or (b) the tenth (10th) Business Day after such claim is
3 Allowed, by a Final Order, or as soon thereafter as practicable. Payment will be made by
4 the GVH Liquidating Trust.

5 **5.2.2 DIP Loan.** Unless validly extended pursuant to its terms, or unless
6 otherwise agreed by the Plan Proponents and the DIP Lender, the DIP Loan Administrative
7 Claim shall be paid in full in Cash upon the Effective Date in accordance with its terms. If
8 the DIP Loan has been validly extended pursuant to its terms (including, without limitation,
9 Section 2.21 of the DIP Loan Agreement), the DIP Loan Administrative Claim shall be paid
10 in full in Cash on or before the Maturity Date (as such term is defined in the DIP Loan
11 Agreement).

12 **5.2.3 Ordinary Course Administrative Claims.** Unless otherwise agreed
13 by the Plan Proponents and the holder of such Claim, each Allowed Administrative Claim
14 shall be paid in full in Cash upon the later to occur of (a) the Effective Date, or as soon
15 thereafter as practicable; (b) the tenth (10th) Business Day after such claim is Allowed, by
16 a Final Order, or as soon thereafter as practicable; or (c) when the claim is due according to
17 the ordinary business terms between the Debtors and the holder of an Allowed
18 Administrative Claim.

19 **ARTICLE 6**

20 **TREATMENT OF CLAIMS AND EQUITY INTERESTS**

21 **6.1 Treatment of Class 1-GVMI Secured Claim.** Unless otherwise agreed by
22 the Plan Proponents, GVMI and Newco, on the Effective Date, the GVMI Claim shall be
23 treated as set forth in Article 7.4 of the Plan.

24 Class 1 is impaired under the Plan.

25 **6.2 Treatment of Class 2-SQN Claim.**

26 **6.2.1 SQN Secured Claim.** SQN's Allowed Claim is secured by two
distinct types of collateral: Personal property ("**FF&E Collateral**") owned by GVH, and
real estate owned by GVII (the "**Real Property Collateral**"). The Court will conduct
valuation hearings on both types of collateral in late August and early September of 2017.
Under § 506(a) of the Code, the Court's findings as to value will determine the allowed
amount of SQN's secured claim. If the Court determines that the value of the FF&E
Collateral is \$4,625,000 or less and the value of the Real Property Collateral is \$880,000 or
less, or if the Court otherwise determines that the combined value of the FF&E Collateral
and Real Property Collateral is equal to or less than \$5,505,000, then SQN will receive the
treatment specified in Article 6.2.2 below. If these conditions are not satisfied, or if SQN
makes a valid election under §1111(b) of the Code, SQN will receive the treatment specified
in Article 6.2.4 below.

6.2.2 Payments by Newco on SQN's Allowed Secured Claim will in the
form of two payment streams: First, monthly payments determined by amortizing the
principal amount equal to the Court-determined value of the FF&E Collateral over a period
of seven (7) years with interest at the rate of 5.5% per annum (the "**FF&E Payment
Stream**"); second, monthly payments determined by amortizing the principal amount equal

1 to the Court-determined value of the Real Property Collateral over a period of fifteen (15)
2 years with interest at the rate of 5.5% per annum (the “**Real Property Payment Stream**”),
3 with a balloon payment of all outstanding principal and interest due seven (7) years after
4 payments begin. Payments will begin sixty (60) days after the Effective Date and continue
5 on the same day each month until the Class 2 Allowed Secured Claim is fully satisfied. In
the event of a change in control of Newco or a sale of all or substantially all of the Acquired
Assets, the obligation to SQN under the Plan shall be assumable and/or transferable and any
such change in control of Newco or a sale of all or substantially all of the Acquired Assets
shall not result in a default or acceleration of the amounts due SQN under the Plan.

6 **6.2.3 SQN Unsecured Claim.** Unless otherwise agreed by the Plan
7 Proponents and SQN, the SQN Unsecured Claim shall be treated as a Class 6 Claim, shall
8 be paid pro rata with the Class 6 Claims and will be paid by and pursuant to the GVH
Liquidating Trust Agreement.

9 **6.2.4 Alternative Treatment-SQN §1111(b).** Unless otherwise agreed by
10 the Plan Proponents and SQN, if the conditions specified in Article 6.2.1 above are not
11 satisfied, or if SQN elects for the SQN Claim to be treated pursuant to 1111(b) of the
12 Bankruptcy Code and the Bankruptcy Court accepts such election, then SQN’s Allowed
13 Secured Claim shall be treated as follows: (a) the FF&E Collateral shall be surrendered to
14 SQN pursuant to the provisions of Article 6.2.5 below; and (b) SQN may foreclose on the
15 Real Property Collateral at any time after the Effective Date. **Surrender of FF&E.** Newco
16 will have twelve months following the Effective Date within which to surrender the FF&E
17 Collateral to SQN. As Newco arranges for the replacement of individual items of FF&E, it
18 will so advise SQN by email and specify the date upon which those items are to be removed
19 from the Hospital, provided, however, that, unless otherwise agreed by SQN, SQN must be
20 given at least 10-days’ notice of the requirement to remove any readily removable item of
FF&E Collateral and at least 30-days’ notice of the requirement to remove any larger or
less readily removable item of FF&E Collateral. Pending the surrender of all items of FF&E
Collateral, SQN will receive monthly adequate protection payments equal to 1/84 of the
Court-determined value of the FF&E Collateral, as reduced by the Court-determined value
of any items of FF&E that have then been surrendered to SQN. For example, if the Court
determines that the value of the FF&E Collateral is \$4.5 million, the amount of the monthly
adequate protection payment will be \$53,571.43. If Newco has already surrendered \$2
million worth of FF&E Collateral, the adequate protection payment will be reduced to
\$29,761.90. Any dispute as to value of surrendered FF&E Collateral will be resolved by the
Court, which will retain jurisdiction for that purpose. SQN will remove the FF&E Collateral
from the Hospital at its own cost, without disrupting Hospital operations or unnecessarily
inconveniencing patients or staff, and shall promptly reimburse Newco for any damage
caused by the removal of any FF&E Collateral.

21 **6.2.6 General Provisions Applicable to SQN’s Allowed Secured Claim.** SQN
22 will retain its lien and security interest in the Real Property Collateral and FF&E Collateral
23 until its Allowed Secured Claim is paid in full in accordance with the terms of this Plan or,
24 if the provisions of Article 6.2.4 apply, it has completed its foreclosure of the Real Property
Collateral and has repossessed and disposed of the FF&E Collateral. Its lien and security
interest will continue to be controlled by the terms of its Security Agreement and Deed of
Trust, as modified by this Plan, with the following additional exceptions: (a) all covenants
relating to Debtors’ or Newco’s financial condition or any minimum debt coverage ratio
will be deemed to be deleted; and (b) for so long as Newco is not in default under this Plan,
26 it will be deemed to be current and not delinquent for all purposes. Any sale by Newco of

1 the Real Property Collateral or the FF&E Collateral will be made free and clear of all liens,
2 claims, interests, and encumbrances, provided that the amounts owing to SQN are paid at
3 the close of escrow. To the extent necessary to facilitate the issuance of a title insurance
4 policy or to satisfy escrow closing requirements, SQN will execute a release of its Deed of
5 Trust, in recordable form, and deliver it to the title insurer or escrow agent promptly upon
6 request, and will file a release of its UCC-1 financing statement promptly upon receipt of
7 payment. All payments to SQN will be applied first to post-Effective Date interest that is
8 accrued and unpaid as of the date of the payment, and then to principal. SQN will be entitled
9 to foreclose upon or otherwise enforce its rights in the FF&E Collateral and Real Property
10 Collateral only for a breach of an obligation under this Plan that is owing to it under this
11 Article 6.2. If it does not receive any of the payments described above in a timely manner,
12 and if Newco does not remedy such default(s) within 30 days after the provision of written
13 notice to Newco and its counsel, SQN may foreclose upon and otherwise enforce its rights
14 in and to the FF&E Collateral and Real Property Collateral without further order of the
15 Court or notice to Newco, except as may be required by applicable non-bankruptcy law.
16 SQN shall cooperate with Plan Proponents and Newco and execute any document
17 reasonably necessary to acknowledge, record or effectuate the treatment afforded SQN
18 under the Plan.

19 Class 2 is impaired under the Plan.

20 **6.3 Treatment of Class 3-Med One Secured Claim.** Unless otherwise agreed
21 by the Plan Proponents and Med One, Med One shall be paid \$141,000, plus any applicable
22 sales tax, by Newco in cash, certified funds or wire transfer on the Effective Date, or as
23 soon thereafter as practical, in full and complete satisfaction of the Allowed Med One
24 Claim. Med One shall cooperate with Plan Proponents and Newco and execute any
25 document reasonably necessary to acknowledge, record or effectuate the treatment afforded
26 Med One under the Plan, including the release of its security interest upon payment.

Class 3 is impaired under the Plan.

6.4 Treatment of Class 4.

6.4.1 **Treatment of Class 4A-IRS Priority Claim.** Unless otherwise
agreed by the Plan Proponents and IRS, the IRS shall be paid the full Allowed amount of
the portion of the IRS Claim that is entitled to priority under § 507(a)(8) of the Code (the
“**IRS Priority Tax Claim**”), together with interest at the applicable Tax Claim Rate, as
follows: On the Effective Date, or as soon thereafter as practical, GVMI will contribute the
sum of \$450,000 to the GVH Liquidating Trust for the benefit of the IRS (the “**IRS
Contribution**”). The IRS Contribution will be used by the Liquidating Agent to make
monthly interest-only payments to the IRS on the IRS Priority Tax Claim, beginning on the
first day of the second full calendar month after the Effective Date. The IRS Contribution
will be held in trust for the IRS and will be used only to make payments to the IRS as
provided in this Article 6.4.1. As set forth in the GVH Liquidating Trust Agreement, the
IRS will have priority in distributions from the GVH Liquidating Trust on par with the
ADOR Priority Tax Claim and junior only to the administrative expenses of the GVH
Liquidating Trust (including its professional fees). All distributions to the IRS on account
of the IRS Priority Tax Claim, other than the interest-only payments described above, will
be applied first to any accrued but unpaid interest on the IRS Priority Tax Claim and then
to principal. On the fifth (5th) anniversary of the Petition Date, any remaining balance owing
on the Allowed IRS Priority Claim will be paid: First, from any available funds held by the

1 GVH Liquidating Trust (including any balance of the IRS Contribution) and, second, by
2 Newco. That portion of the Allowed IRS Claim that is not entitled to priority treatment will
be treated as a Class 6B General Unsecured Claim.

3 Class 4A is unimpaired under the Plan.

4 **6.4.2 Treatment of Class 4B-ADOR Priority Claim.** Unless otherwise
5 agreed by the Plan Proponents and ADOR, the ADOR shall be paid the full Allowed amount
6 of the portion of the ADOR Claim that is entitled to priority under § 507(a)(8) of the Code
7 (the “**ADOR Priority Tax Claim**”), together with interest at the applicable Tax Claim Rate,
8 as follows: On the Effective Date, or as soon thereafter as practical, GVMI will contribute
9 the sum of \$50,000 to the GVH Liquidating Trust for the benefit of the ADOR (the “**ADOR**
10 **Contribution**”). The ADOR Contribution will be used by the Liquidating Agent to make
11 monthly interest-only payments to the ADOR on the ADOR Priority Tax Claim, beginning
12 on the first day of the second full calendar month after the Effective Date. The ADOR
13 Contribution will be held in trust for the ADOR and will be used only to make payments to
14 the ADOR as provided in this Article 6.4.2. As set forth in the GVH Liquidating Trust
15 Agreement, the ADOR will have priority in distributions from the GVH Liquidating Trust
16 on par with the IRS Priority Tax Claim and junior only to the administrative expenses of
17 the GVH Liquidating Trust (including its professional fees). All distributions to the ADOR
18 on account of the ADOR Priority Tax Claim, other than the interest-only payments
19 described above, will be applied first to any accrued but unpaid interest on the ADOR
20 Priority Tax Claim and then to principal. On the fifth (5th) anniversary of the Petition Date,
21 any remaining balance owing on the Allowed ADOR Priority Claim will be paid: First,
22 from any available funds held by the GVH Liquidating Trust (including any balance of the
23 ADOR Contribution) and, second, by Newco. That portion of the Allowed ADOR Claim
24 that is not entitled to priority treatment will be treated as a Class 6B General Unsecured
25 Claim.

15 Class 4B is unimpaired under the Plan.

16 **6.4.3 Treatment of Class 4C-All Other Priority Claims.** Unless
17 otherwise agreed by the Plan Proponents and the holder of such Priority Claim, each
18 Allowed Priority Claim shall be paid in full on the Effective Date, or as soon as practical
19 thereafter, by and pursuant to the GVH Liquidating Trust Agreement.

19 Class 4C is unimpaired under the Plan.

20 **6.5 Treatment of Classes 5A and 5B-Assumed Unsecured Claims.** Unless
21 otherwise agreed by the Plan Proponents, Newco, and the holder of an Assumed Unsecured
22 Claim, on the Effective Date, the Assumed Unsecured Claims in Classes 5A and 5B shall
23 be assumed and paid by Newco on the terms set forth in Schedule 2.4, which reflects the
24 ordinary business terms for post-petition payables and the previously agreed upon terms for
25 the other Assumed Unsecured Claims.

23 Classes 5A and 5B are impaired under the Plan.

24 **6.6 Treatment of Classes 6A, 6B and 6C – General Unsecured Claims.** Unless
25 otherwise agreed by the Plan Proponents and the holder of such Claim, each General
26 Unsecured Claim in Classes 6A, 6B, and 6C, which is an Allowed Claim, will be paid
pursuant to the GVH Liquidating Trust Agreement. As is set forth in the GVH Liquidating

1 Trust Agreement, in the absence of substantive consolidation each holder of an Allowed
2 General Unsecured Claim will be paid *pro rata* with the other holders of Allowed General
3 Unsecured Claims in its subclass from the assets available for distribution to members of
4 that subclass. In the event of substantive consolidation, the holders of all Allowed General
5 Unsecured Claims in Classes 6A, 6B, and 6C will be paid *pro rata* with all other holders of
6 Allowed General Unsecured Claims in such subclasses.

7 Classes 6A, 6B and 6C are impaired under the Plan.

8 **6.7 Treatment of Classes 7A, 7B, and 7C – Administrative Convenience**
9 **Claims.** Unless otherwise agreed by the Plan Proponents and the holder of such Claim, and
10 unless the holder of such Claim elects to be treated under Class 6A, 6B, or 6C, each holder
11 of an Administrative Convenience Claim in Classes 7A, 7B, and 7C, which is an Allowed
12 Claim, shall be paid, by Newco, fifty percent (50%) of the Allowed Amount of its
13 Administrative Convenience Claim upon the later to occur of (a) the sixtieth (60th) day after
14 Effective Date, or as soon thereafter as practicable; or (b) the tenth (10th) Business Day
15 after such claim is Allowed by a Final Order or as soon thereafter as practicable.

16 Classes 7A, 7B and 7C are impaired under the Plan.

17 **6.8 Treatment of Class 8.** Unless otherwise agreed by the Plan Proponents and
18 the holder of a GVH Equity Interest, on the Effective Date, each Equity Interest in GVH
19 shall be canceled and voided. Unless otherwise agreed by the Plan Proponents and the
20 holder of an Equity Interest in GVII and Management, on the Effective Date, each equity
21 interest in GVII and Management shall be unaffected by the Plan.

22 Class 8A is impaired under the Plan and is deemed to have rejected it, and Classes
23 8B and 8C are unimpaired.

24 **ARTICLE 7**

25 **MEANS FOR EXECUTION OF THE PLAN**

26 The means for execution of the Plan are and will be as follows:

1 **7.1 Sale of Acquired Assets to Newco.** On the Effective Date, and except as
2 otherwise provided herein, including but not limited to as provided in Article 7.2 below, all
3 of the Debtors' right, title and interest in the Acquired Assets shall be sold and transferred
4 to Newco free and clear of all liens, claims, encumbrances and interests pursuant to 11
5 U.S.C. §§ 105(a), 363(f), 363(m), and 1123(a)(5) in consideration for the Purchase Price.
6 Without limiting the generality of the foregoing, the Acquired Assets will not be sold and
7 transferred to Newco free and clear of the liens held by the DIP Lender (unless and until it
8 receives the DIP Payoff Amount), GVMI, and SQN.

9 **7.2 Purchase Price.** The Purchase Price consists of both cash and assumption of
10 debt, as provided under the Plan. The cash portion of the Purchase Price shall be paid by
11 Newco as follows: (1) the amount necessary to satisfy in full the DIP Loan (the "**DIP**
12 **Payoff Amount**") in cash, certified funds or wire transfer on the Effective Date, or as soon
13 thereafter as practical, shall be transferred to the bank account(s) designated by the DIP
14 Lender; (2) the amount necessary to pay the Allowed MedOne Claim; (3) the amount
15 necessary to pay the Allowed Administrative Claims of all Estate Professionals as of the

1 Effective Date, shall be paid to the GVH Liquidating Trust in cash, certified funds or wire
2 transfer on (a) the Effective Date, or as soon thereafter as practicable; or (b) the tenth (10th)
3 Business Day after such claim is Allowed, by a Final Order, or as soon thereafter as
4 practicable, to the bank account(s) designated by the Liquidating Agent for the benefit of
5 the holders of Allowed Administrative Claims of Estate Professionals, (4) the sum of
6 \$500,000.00 shall be paid to the GVH Liquidating Trust in cash, certified funds or wire
7 transfer on the Effective Date, or as soon thereafter as practical, to the bank account(s)
8 designated by the Liquidating Agent for the benefit of the IRS Claim and the ADOR Claim;
9 (5) the amount necessary to cure Assumed Executory Contracts and Assumed Unexpired
10 Real and Personal Property Leases, and (6) the sum of \$250,000.00 minus, if a positive
11 number, the difference between the amount necessary to pay the Allowed Administrative
12 Claims of all Estate Professionals as of the Effective Date in full and the \$800,000
13 professional fee Carve Out in the DIP Order, shall be paid to the GVH Liquidating Trust in
14 cash, certified funds or wire transfer on the Effective Date, or as soon thereafter as practical,
15 to the bank account(s) designated by the Liquidating Agent for the benefit of the General
16 Unsecured Claims. For example, if the amount necessary to pay the Allowed
17 Administrative Claims of all Estate Professionals is \$825,000, then the amount payable to
18 the GVH Liquidating Trust for the benefit of the General Unsecured Claims would equal
19 \$225,000. For another example, if the amount necessary to pay the Allowed Administrative
20 Claims of all Estate Professionals is \$725,000, then the amount payable to the GVH
21 Liquidating Trust for the benefit of the General Unsecured Claims would equal \$250,000.

12 The portion of the Purchase Price that will be used to pay the DIP Payoff Amount
13 will be paid from the proceeds of exit financing to be obtained by, or on behalf of,
14 Newco (the “**Exit Financing**”). If the Exit Financing has not been obtained by the
15 Effective Date, and if the maturity of the DIP Loan has been validly extended
16 pursuant to its terms beyond the Effective Date, or if the Plan Proponents and the
17 DIP Lender have otherwise agreed to extend the maturity of the DIP Loan beyond
18 the Effective Date, then the DIP Loan shall be assumed by Newco and paid by
19 Newco on or before its maturity. Notwithstanding anything to the contrary herein,
20 pending payment in full of the DIP Payoff Amount to the DIP Lender, the DIP
21 Lender shall retain all of its liens as provided for in the DIP Order, including all liens
22 in the Acquired Assets and Excluded Assets.

18 **7.3 Assumed Liabilities.** On the Effective Date Newco shall assume the
19 obligations to the DIP Lender under the Plan (to the extent such obligations have been
20 validly extended past the Effective Date as provided for in the Loan Documents), the
21 obligations to SQN as modified by the Plan, the obligations to GVMI for its secured claim,
22 the obligation to pay the remaining balance of the IRS Claim and the ADOR Claim, and the
23 Assumed Unsecured Claims (collectively the “**Assumed Liabilities**”). Except for the
24 Assumed Liabilities or as otherwise expressly set forth herein, Newco shall assume no
25 Claims or liabilities whatsoever, of any kind, nature or description. Notwithstanding
26 anything herein to the contrary, Newco shall have the right to object to any Claim that forms
a part of the Assumed Liabilities (other than any obligation, if any, to the DIP Lender), to
prosecute such objection to its conclusion, and to settle any such objection without seeking
or obtaining Court approval. Notwithstanding anything herein to the contrary, and solely in
accordance with the DIP Loan Documents, the maturity of the DIP Loan shall only be
extended beyond the Effective Date with the express written consent of DIP Lender.

26 **7.4 Conversion of GVMI Claim.** Immediately following the Effective Date,
GVMI will be deemed to have foreclosed its liens and security interests in and on all of its

1 real and personal property collateral, except that owned by the MOBs, for a credit bid or
2 bids equal to GVMI's Claim, minus \$6,000,000, and all of GVMI's real and personal
3 property collateral shall be deemed to have been immediately thereafter contributed to
4 Newco as GVMI's capital contribution to Newco. Notwithstanding the forgoing deemed
foreclosure, the real and personal property owned by each of the MOBs will continue to
secure the remaining \$6,000,000 of GVMI's Claim, and such liens will continue to be valid
and perfected.

5 **7.5 Transfer of Excluded Assets and Creation of Liquidating Trust.** On the
6 Effective Date or as soon thereafter as practicable: (i) all of the Purchase Price payable to
7 the Liquidating Trust; (ii) all Excluded Assets, including but not limited to the Retained
8 Litigation Claims and the Retained Avoidance Actions; and (iii) any and all other assets,
9 rights and property of the Estates not transferred to Newco, shall be transferred and assigned
10 to the Liquidating Trust for the benefit of all remaining unpaid Allowed Claims. In
accordance with section 1123(b) of the Bankruptcy Code, the trustee of the Liquidating
Trust (the "**Liquidating Agent**") shall become vested with, in its capacity as the
representative of the Debtors' Estates under section 1123(b)(3)(B) of the Bankruptcy Code,
and may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any
of the Retained Litigation Claims and Retained Avoidance Actions.

11 Pursuant to the terms of the Liquidating Trust, the Liquidating Agent will, among
12 other things, collect, administer and distribute in accordance with the terms of the Plan and
13 the Liquidating Trust: (1) the Purchase Price, (2) the proceeds from the Excluded Assets,
14 and (3) the proceeds related to the sale or transfer of Excluded Assets. The terms of the
15 Liquidating Trust will be controlled by the Liquidating Trust Agreement. The Liquidating
16 Trust shall be the successor to the Debtors. Whenever the Plan requires or permits notice
to any of the Debtors after the Effective Date, such notice shall be effective only when given
to the Liquidating Agent and the Liquidating Agent shall have the right to take all actions
that the Debtors would have had the right to take if they had not been reorganized on the
Effective Date.

17 Upon the distribution of all assets vested in the Liquidating Trust and the preparation
18 and filing of any tax returns required by the Liquidating Trust, the Liquidating Trust shall
be terminated and the Liquidating Agent shall have no further responsibilities or duties.

19 **7.6 Funding on the Effective Date.** All payments under the Plan which are due
20 on the Effective Date pursuant to the terms of the Plan will be funded from the Purchase
Price, and/or any proceeds of the Excluded Assets.

21 **7.7 Payments Effective on Tender.** Whenever the Plan requires a payment to
22 be made, such payment will be deemed made and effective upon tender thereof by the
23 Debtors or the Liquidating Agent to the Creditor to whom payment is due. Such tender will
24 be effective when and if made in Cash. If any Creditor refuses a tender, the amount tendered
25 and refused will be held by the Debtors or the Liquidating Agent for the benefit of that
26 Creditor pending final adjudication of the dispute. However, when and if the dispute is
finally adjudicated and the Creditor receives the funds previously tendered and refused, the
Creditor will be obliged to apply the funds in accordance with the Plan as of the date of the
tender; and while a dispute is pending and after adjudication thereof, the Creditor will not
have the right to claim interest or other charges or to exercise any other right which would
be enforceable by the Creditor if the Debtors or the Liquidating Agent failed to pay the
tendered payment.

1 above will be forever barred and discharged and the Creditor holding the Claim will not
2 receive or be entitled to any distribution under the Plan on account of such Claim.

3 **ARTICLE 9**

4 **AUTOMATIC STAY, INJUNCTION AND EXCULPATION**

5 **9.1 Automatic Stay and Post-Confirmation Injunction.** The automatic stay
6 will not terminate on the Effective Date as the Debtors are not receiving a discharge. In
7 addition, all holders of Claims and Equity Interests dealt with by the Plan, and all creditors
8 who received notice of the Chapter 11 Cases, shall be enjoined from pursuing collection of
9 their Claims from the assets of Debtors, their Bankruptcy Estates, the Liquidating Trust,
10 and Newco regardless of whether or not (i) a proof of Claim or Equity Interest has been
11 filed, (ii) such Claim or Equity Interest has been Allowed, or (iii) the holder of such Claim
12 or Equity Interest has voted to accept or reject this Plan.

13 **9.2 Exculpations.** The Plan Proponents and their respective members, managers,
14 officers, directors, employees, agents, attorneys, affiliates, subsidiaries, financial advisors,
15 consultants, and professionals shall be deemed to have acted in good faith with regard to
16 the solicitation of acceptances or rejections of this Plan and shall be entitled to the
17 protections afforded by section 1125(e) of the Bankruptcy Code. Entry of the Confirmation
18 Order shall act as a comprehensive release of and injunction against the bringing of any
19 claim or cause of action with respect to any such liability. Such release and injunction shall
20 specifically include, but not be limited to, any claims with respect to rights under any prior
21 unconfirmed plan of reorganization or agreements relating thereto and any claims with
22 respect to Claims or Equity Interests, or transfers thereof.

23 The Plan Proponents and their respective members, managers, officers, directors,
24 employees, agents, attorneys, affiliates, subsidiaries, financial advisors, consultants, and
25 professionals (the "**Exculpated Parties**") will neither have nor incur any liability to any
26 holder of a Claim or Equity Security, or any other party in interest, or any of their respective
shareholders, former shareholders, members, former members, agents, employees,
representatives, financial advisors, attorneys, consultants, affiliates, successors, or assigns
(the "**Exculpating Parties**"), for any post-petition acts or omissions relating to or arising
out of these Chapter 11 Cases, the preparation for and administration of these Chapter 11
Cases, or the negotiation, execution, confirmation, consummation, or administration of the
Plan (the "**Exculpated Acts**"), other than (i) as expressly provided herein, or (ii) acts of
gross negligence, fraud, breach of fiduciary duty, or willful misconduct. The Exculpating
Parties will have no right of action against any of the Exculpated Parties for any of the
Exculpated Acts, and the Exculpated Parties are released of and from all claims or liabilities,
known or unknown, arising out of or related to the Exculpated Acts. The provisions of this
Article will not be deemed to limit any existing protections or immunities afforded to the
Exculpated Parties under existing law. The provisions of this Article will not apply to any
claim, action or cause of action by the SEC, and the SEC will not be included in the
definition of "Exculpating Parties."

24 **9.3 Injunction against Interference with Plan.** Upon the entry of the
25 Confirmation Order, all holders of Claims and Equity Interests and other parties-in-interest,
26 along with their respective present or former employees, agents, officers, directors or
principals, shall be enjoined from taking any actions to: (i) interfere with the

1 implementation or consummation of this Plan; and/or (ii) except as expressly provided
2 herein, to assert a claim against Newco or seek recovery from the Acquired Assets.

3 **ARTICLE 10**

4 **RETENTION OF JURISDICTION**

5 Notwithstanding confirmation of the Plan, the Bankruptcy Court will retain
6 jurisdiction for the following purposes:

7 **10.1 In General.** The Bankruptcy Court will retain jurisdiction to determine the
8 allowance, settlement and payment of any Claim(s) upon any objection(s) thereto (or other
9 appropriate proceedings) by Plan Proponents or GVH Liquidating Trust or by any other
10 party-in-interest entitled to proceed in that manner. As part of such retained jurisdiction,
11 the Bankruptcy Court will continue to determine the allowance of Administrative Claims
12 and any request(s) for payment(s) thereof, including Administrative Claims for Professional
13 Fees.

14 **10.2 Plan Disputes and Enforcement.** The Bankruptcy Court will retain
15 jurisdiction to determine any dispute(s) which may arise regarding the interpretation of any
16 provision(s) of the Plan. The Court also will retain jurisdiction to enforce any provisions
17 of the Plan and any and all documents relating to the Plan. The Bankruptcy Court will also
18 retain jurisdiction to determine any dispute(s) which may arise regarding any application to
19 modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any
20 defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement or
21 any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as
22 may be necessary to carry out the purposes and effects thereof.

23 **10.3 Further Orders.** The Bankruptcy Court will retain jurisdiction to facilitate
24 the performance of and under the Plan by entering any further necessary or appropriate
25 order(s) regarding enforcement of the Plan and any provision(s) thereof. In addition, the
26 Bankruptcy Court will retain jurisdiction to facilitate or implement the discharge of any
Claim or Equity Interest, or any portion thereof, pursuant to the Plan.

10.4 Claims against Estate. The Bankruptcy Court will retain jurisdiction to
adjudicate all Claims to a security or ownership interest in any property of the Debtor's
Estate or in any proceeds thereof.

10.5 Other Claims. The Bankruptcy Court will retain jurisdiction to adjudicate
any cause(s) of action or other proceeding(s) presently pending or otherwise referenced here
or elsewhere in the Plan, including but not limited to, the adjudication of any and all
Litigation Claims, Avoidance Actions, and "core proceedings" under 28 U.S.C. §157(b)
which may be pertinent to the case, and which GVH Liquidating Trust may deem
appropriate to initiate and prosecute before the Court. This provision will not restrict the
rights of GVH Liquidating Trust to proceed in any other court of competent jurisdiction.

10.6 Final Decree(s). The Bankruptcy Court will retain jurisdiction to enter an
appropriate final decree(s) in the Bankruptcy Case.

10.7 Appeals. In the event of an appeal of the Confirmation Order or any other
kind of review or challenge to the Confirmation Order, and provided that no stay of the

1 effectiveness of the Confirmation Order has been entered, the Bankruptcy Court will retain
2 jurisdiction to implement and enforce the Confirmation Order and the Plan according to
3 their terms, including, but not limited to, jurisdiction to enter such orders regarding the Plan
or the performance thereof as may be necessary to effectuate the reorganization of the
Debtors.

4 **10.8 Executory Contracts.** The Bankruptcy Court will retain jurisdiction to
5 determine any and all motions regarding assumption or rejection of Executory Contracts
and any and all Claims arising therefrom.

6 **10.9 Pending Matters.** The Bankruptcy Court will retain jurisdiction to hear and
7 determine any motion, application, adversary proceeding, contested matter and other
litigated matter pending on the Confirmation Date.

8 **10.10 Distributions.** The Bankruptcy Court will retain jurisdiction to ensure that
9 distributions to holders of Claims are accomplished as provided in this Plan.

10 **10.11 Tax Claims.** The Bankruptcy Court will retain jurisdiction to hear and
11 determine matters concerning state, local and federal taxes in accordance with sections 346,
505, and 1146 of the Bankruptcy Code (including any requested expedited determination
of tax under section 505(b) of the Bankruptcy Code).

12 **10.12 General Reservation.** The Bankruptcy Court will retain jurisdiction to hear
13 and determine any other matters related hereto and not inconsistent with the Bankruptcy
Code and title 28 of the United States Code.

14 **ARTICLE 11**

15 **LIMITATION OF LIABILITY**

16 **11.1 Post-Effective Date Limitation of Liability.** Upon the Effective Date,
17 neither Plan Proponents nor any of their pre-Effective Date or post-Effective Date officers,
18 directors, attorneys or professionals shall have or incur any liability to any holder of any
19 Claim or Equity Interest for any act or omission arising out of or in connection with the
Chapter 11 Case, the administration of assets of the Debtors' Estates, the confirmation of
this Plan, the consummation of this Plan, or the administration of this Plan, or property to
be distributed under the Plan, except for willful misconduct, fraud, breach of fiduciary duty,
or gross negligence.

20 **ARTICLE 12**

21 **GENERAL PROVISIONS**

22 **12.1 Modification, Amendment, and Withdrawal of Plan.** The Plan may be
23 modified by the Plan Proponents upon a motion filed with the Court, subject to and in
24 accordance with the provisions and requirements of Bankruptcy Code § 1127. After the
25 Confirmation Date and prior to substantial consummation of the Plan as defined in
§ 1101(2) of the Bankruptcy Code, the Proponent may, under § 1127(b) of the Bankruptcy
26 Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or
reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation
Order, and such matters as may be necessary to carry out the purposes and effects of the

1 Plan so long as such proceedings do not materially adversely affect the treatment of holders
2 of Claims or Equity Interests under the Plan.

3 **12.2 Revocation or Withdrawal of the Plan.** The Plan Proponents reserve the
4 right to revoke or withdraw this Plan at any time prior to the Confirmation Date. If the Plan
5 is withdrawn or revoked, then the Plan shall be deemed null and void and nothing contained
6 herein shall be deemed to constitute a waiver of any Claims by or against the Debtor or any
other Person in any further proceedings involving the Debtor. In the event this Plan is
withdrawn or revoked, nothing set forth herein shall be deemed an admission of any sort,
and this Plan and any transaction contemplated thereby shall not be admitted into evidence
in any proceeding.

7 **12.3 Binding Effect.** The Plan shall be binding upon, and shall inure to the benefit
8 of, Newco, the Plan Proponents, the holders of all Claims and Equity Interests, all parties
9 in interest, and their respective successors and assigns with respect to their respective
Claims against the Estates' Assets or Equity Interests in the Debtor.

10 **12.4 Extension of Payment Dates.** If any payment date falls due on any day
11 which is not a Business Day, then such payment date will be extended to the next Business
Day.

12 **12.5 Additional Assurances.** The Plan Proponents, GVH Liquidating Trust, and
13 the Creditors holding Claims herein will execute such other and further documents as are
necessary to implement any of the provisions of the Plan.

14 **12.6 Confirmation by Non-Acceptance Method.** The Proponent hereby
15 requests, if necessary, confirmation of the Plan pursuant to 11 U.S.C. §1129(b), with respect
to any impaired Class of Claims or Equity Interests which does not vote to accept the Plan.

16 **12.7 Vesting.** As of the Effective Date, and except as expressly provided
17 otherwise in this Plan, all Acquired Assets will vest in Newco, free and clear of all Claims,
18 liens, security interests, assignments, encumbrances, charges, and other interests of
19 Creditors (except those Creditors whose Claims have been modified and restructured and
survive as provided in the Plan). As of the Effective Date, and except as expressly provided
20 otherwise in this Plan, all Excluded Assets will vest in the GVH Liquidating Trust, as
provided in this Plan, free and clear of all Claims, liens, security interests, assignments,
encumbrances, charges, and other interests of Creditors (except those Creditors whose
Claims have been modified and restructured and survive as provided in the Plan).

21 **12.8 Captions.** Section captions used in the Plan are for convenience only, and
will not affect the construction of the Plan.

22 **12.9 Prohibition Against Prepayment Penalties.** If Newco chooses, in its sole
23 and absolute discretion, to prepay any obligation on which deferred payments are provided
24 for under the Plan, Newco will not be liable or subject to the assessment of any prepayment
penalty thereon except as expressly specified herein or as provided by the Confirmation
Order. Newco will not have any obligation to pay any such prepayment penalty.

25 **12.10 No Attorneys' Fees and Interest.** Other than the fees for the Debtors
26 Professionals and Committee Professionals, no attorneys' fees shall be paid by the Debtors,
Newco or the GVH Liquidating Trust with respect to any Claim or Equity Interest except

1 as expressly specified herein or as provided by the Confirmation Order or the DIP Order.
2 No interest, late fees or any penalty shall accrue or be payable in respect of any Claim or
3 Equity Interest whether Disputed or otherwise or whether payable by Newco or the GVH
Liquidating Trust, except as expressly provided for herein or in the DIP Order.

4 **12.11 Payment of Statutory Fees.** All fees payable pursuant to Section 1930 of
5 Title 28 of the United States Code, as determined by the Bankruptcy Court at or in
6 conjunction with the Confirmation Hearing, will be paid on or before the Confirmation
7 Date.

8 **12.12 Successors and Assigns.** The rights and obligations of any Creditor or any
9 holder of an Equity Interest referred to in the Plan will be binding upon, and will inure to
10 the benefit of, the successors, assigns, heirs, devisees, executors, and personal
11 representatives of such Creditor or such holder of an Equity Interest.

12 **12.13 Severability and Reformation.** It is the Plan Proponent's intention to
13 comply fully with the Bankruptcy Code and applicable non-bankruptcy law in proposing
14 the Plan. Therefore, if any provision(s) of the Plan is determined by the Bankruptcy Court
15 to be contrary to the Bankruptcy Code or applicable non-bankruptcy law, that provision(s)
16 will be deemed severed and automatically deleted from the Plan, if it cannot be reformed;
17 or the provision(s) or its interpretation will be deemed reformed to ensure compliance.
18 Pursuant to any ruling(s) by the Bankruptcy Court regarding the subject matter of this
19 Section, any such severance or reformation will be stated specifically in the Confirmation
20 Order, which then will control notwithstanding any contrary or inconsistent provision(s) of
21 the Plan.

22 **12.14 Exemption from Transfer Taxes.** Pursuant to section 1146(a) of the
23 Bankruptcy Code (i) the creation of any Lien or other security interest, or (ii) the making or
24 assignment of any lease or sublease, or (iii) the making or delivery of any deed or other
25 instrument of transfer under, in furtherance of, or in connection with, this Plan, including,
26 without limitation, any restructuring, disposition, liquidation, or dissolution, deeds, bills of
sale, or transfers of tangible property will not be subject to any stamp tax or other similar
tax. Unless the Bankruptcy Court orders otherwise, all sales, transfers and assignments of
owned and leased real and personal property, approved by the Bankruptcy Court on or prior
to the Effective Date shall be deemed to have been in furtherance of, or in connection with,
this Plan.

19 **12.15 Governing Law.** Except to the extent the Bankruptcy Code or Bankruptcy
20 Rules are applicable, this Plan, and any agreements, documents, and instruments executed
21 in connection therewith, shall be governed by, and construed and enforced in accordance
22 with the laws of the State of Arizona, without giving effect to the principles of conflicts of
23 law thereof, except as may otherwise be provided in such agreements, documents, and
24 instruments. Notwithstanding the foregoing, and in accordance with the DIP Order, the DIP
25 Loan and the DIP Loan Agreement shall be construed in accordance with and governed by
26 the laws of the State of New York.

24 **12.16 Time Bar to Payments.** Checks issued by GVH Liquidating Trust with
25 respect to Allowed Claims shall be null and void if not negotiated within three (3) months
26 after the date of issuance thereof. Requests for reissuance of any check shall be made
directly to GVH Liquidating Trust by the holder of the Allowed Claim with respect to whom
such check originally was issued. Any Claim in respect of such voided check must be made

1 within four (4) months of the date of issuance of the voided check. After such time, all
2 Claims in respect of void checks shall be discharged and forever barred.

3 **12.17 Disclosure Statement.** All Creditors, the holders of all Equity Interests, and
4 all other interested parties (if any) are referred to in the Disclosure Statement, which will
5 accompany the Plan in conjunction with any solicitation by the Proponent of acceptances
6 of the Plan.

7 **ARTICLE 13**

8 **CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS PLAN**

9 **13.1 Conditions to Effective Date.** The Effective Date of this Plan shall not
10 occur unless and until each of the following conditions have been satisfied, or in the case
11 of i) or (ii), waived by the Proponents: (i) the Bankruptcy Court shall have entered the
12 Confirmation Order, in a form acceptable to Plan Proponents and Newco; (ii) the
13 effectiveness of the Confirmation Order shall not have been stayed; and (iii) unless
14 otherwise provided in the DIP Loan Agreement or agreed to in writing by the DIP Lender,
15 the DIP Lender will receive the DIP Payoff Amount promptly following the Effective Date.

16 **13.2 Waiver of Conditions.** Any of the foregoing conditions may be waived by
17 the Plan Proponents, in whole or in part, without notice, at any time, without an order of the
18 Bankruptcy Court and without any formal action other than proceeding to consummate this
19 Plan. The failure to satisfy or waive any condition may be asserted by the Plan Proponents
20 regardless of the circumstances giving rise to the failure of such condition to be satisfied
21 (including any action or inaction by the Plan Proponents). The failure of the Plan
22 Proponents to exercise any of the foregoing rights shall not be deemed a waiver of any other
23 rights and each such right will be deemed an ongoing right that may be asserted at any time.

24 **ARTICLE 14**

25 **CLAIMS BAR DATE**

26 Claimants holding Administrative Claims against the Estate (other than the
Professional Fees Claim of professionals of the Debtors, and those professionals retained
by GVH Liquidating Trust) must submit proofs of Claim on or before the Administrative
Claim Bar Date. Claimants holding Claims (other than Administrative Claims and
Professional Fees) against the Estate must submit proofs of Claim on or before the Bar Date.
Notwithstanding anything herein to the contrary, the DIP Lender shall not be required to
submit a proof of Claim on account of the DIP Loan Administrative Claim.

27 **ARTICLE 15**

28 **UNITED STATES TRUSTEE'S FEES**

29 GVH Liquidating Trust, shall pay all quarterly fees payable to the Office of the
30 United States Trustee for the Debtors that accrue or become payable after Confirmation,
31 consistent with applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and 28
32 U.S.C. § 1930(a)(6).

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RESPECTFULLY SUBMITTED this 31st day of July, 2017.

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SNELL & WILMER L.L.P.

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By: /s/ Grant Lyon
Grant Lyon, Chairman of the Board
On behalf of the Debtors

EXHIBIT “2”

Green Valley Hospital Corporate Structure – Feb 2017

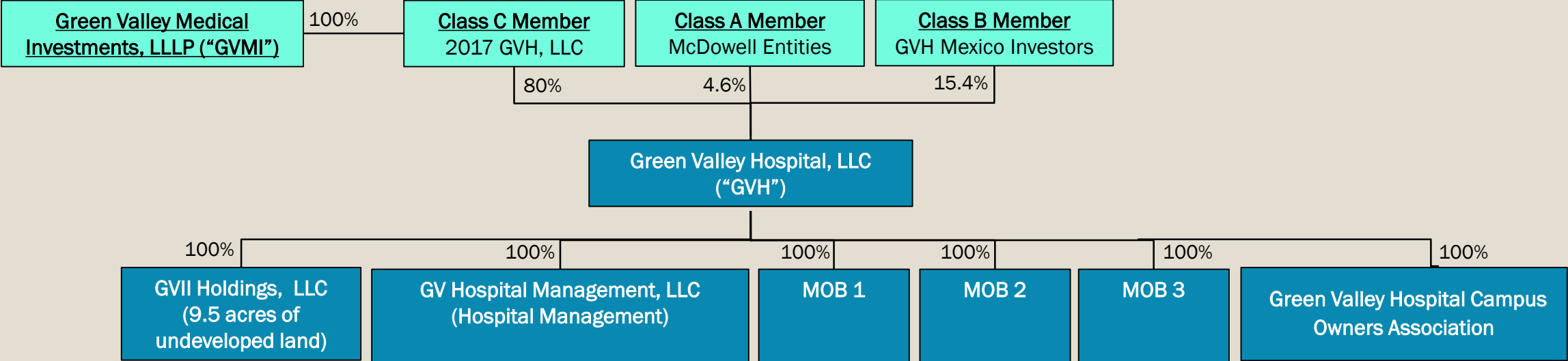
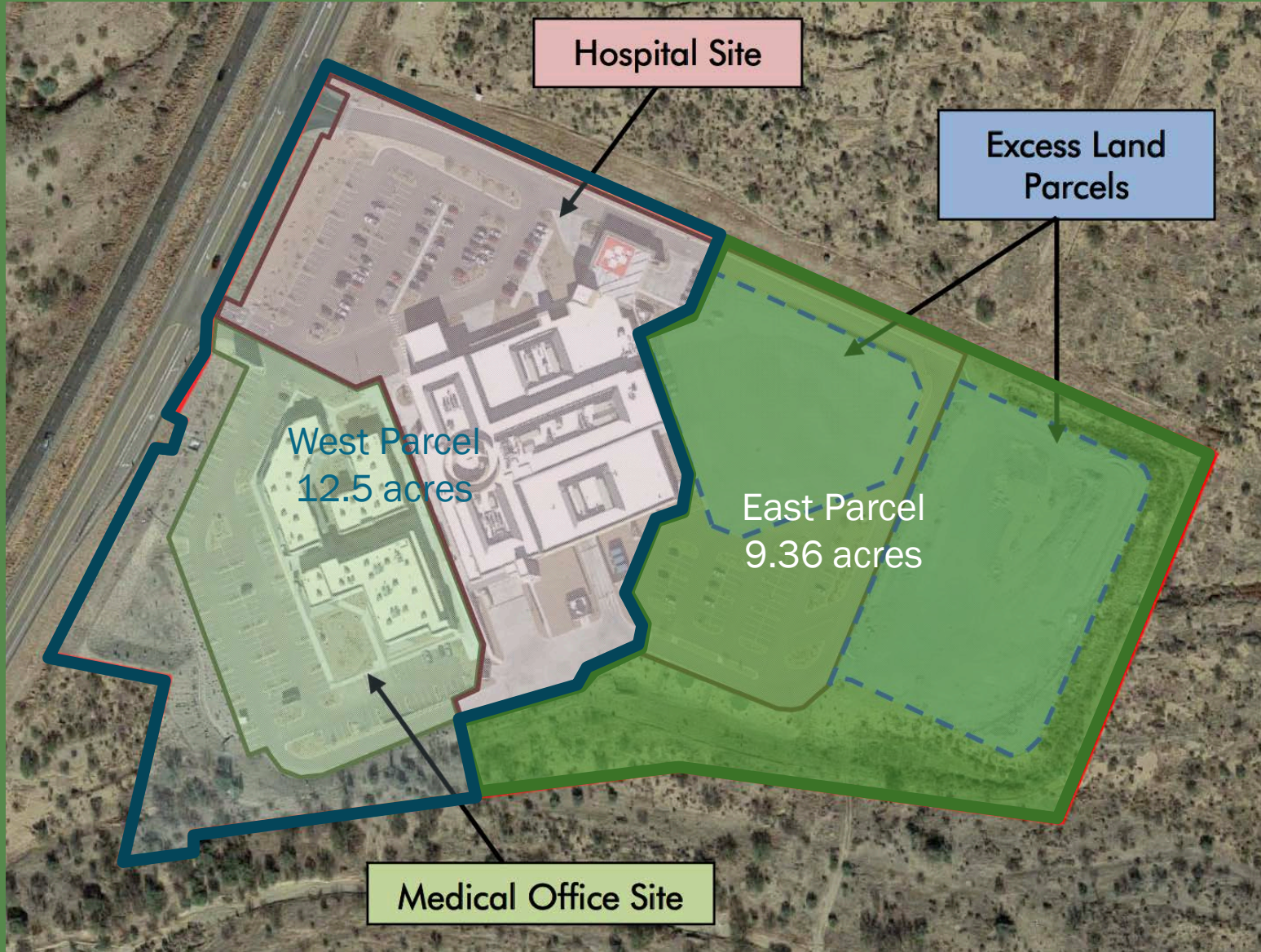


EXHIBIT “3”



Property Plat Map

- West Parcel – 12.5 acres
 - Hospital = 3.665 acres
 - MOBs = 1.572 acres
 - Combined parking and driveways of Hospital and MOBs = 4.349 acres
 - 2.359 acres of vacant perimeter land
 - Approximately .555 acres of frontage/access
- East Parcel – 9.36 acres
 - Consists of 2 excess land parcels, parking in the rear of the facility and a portion of vacant perimeter land

EXHIBIT “4”

GVH P&L Monthly Comparison
April-June 2017

	April	May	June	Apr-June
Patient Charges				
Inpatient Charges	\$3,127,662	\$2,867,519	\$2,956,329	\$8,951,510
Outpatient Charges	4,044,502	4,098,619	4,110,815	12,253,936
Total Charges	7,172,164	6,966,138	7,067,144	21,205,446
Other Operating Revenue	52,066	43,843	39,011	134,920
Contractuals	(4,938,758)	(4,689,986)	(4,794,288)	(14,423,032)
Net Revenue	2,285,472	2,319,995	2,311,867	6,917,334
Expenses				
Labor	1,262,939	1,466,574	1,182,413	3,911,926
Benefits	259,996	261,852	252,707	774,555
Professional Fees	984,762	423,183	418,775	1,826,720
Supplies	353,154	376,174	384,199	1,113,527
Purchase Service	377,028	473,971	498,759	1,349,758
Other	111,676	370,345	185,882	667,903
Property Taxes	24,166	24,166	24,166	72,498
Total Operating Expense	3,373,721	3,396,265	2,946,901	9,716,887
EBITDA	(1,088,249)	(1,076,270)	(635,034)	(2,799,553)
Depreciation	546,819	547,024	547,028	1,640,871
Interest	73,557	1,933,604	837,912	2,845,073
Restructuring Expense	523,804	1,366,933	100,000	1,990,737
Total Expense	4,517,901	7,243,826	4,431,841	16,193,568
Operating Income (Loss)	(2,232,429)	(4,923,831)	(2,119,974)	(9,276,234)

EXHIBIT “5”

GVH LIQUIDATING TRUST AGREEMENT

This GVH Liquidating Trust Agreement (the “Liquidating Trust Agreement”) is made as of this ____ day of _____, 2017 by and among GV Hospital Management, LLC, and each of its debtor affiliates (each a “Debtor” and, collectively, the “Debtors”), and Frederick J. Petersen of Mesch Clark Rothschild, as trustee (the “Liquidating Trustee”) and executed in connection with *Debtors’ and GVM’s Amended Joint Plan of Liquidation Dated July 31, 2017* (Docket No. ____) (the “Plan”)¹ filed in the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Court”).

RECITALS

WHEREAS, on April 3, 2017 (the “Petition Date”), each of the Debtors filed a petition with the Bankruptcy Court under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”);

WHEREAS, since the Petition Date, the Debtors have consummated the sale of certain of their assets to a going-concern purchaser (the “Sale”);

WHEREAS, on June 15, 2017, the Debtors and Green Valley Medical Investments, LLLP (“GVM”) filed a plan of liquidation (Docket No. 201), which was amended by the Plan;

WHEREAS, on _____, the Bankruptcy Court entered an order confirming the Plan (the “Confirmation Order”) (Docket No. _____);

WHEREAS, the Effective Date of the Plan occurred on _____ (which is the effective date of this Liquidating Trust Agreement);

WHEREAS, the Plan contemplates, on the Effective Date, or as soon thereafter as practicable, (a) the creation of the GVH Liquidating Trust (the “Liquidating Trust”) and the creation of the beneficial interests in the Liquidating Trust solely for the benefit of holders of Allowed Claims entitled to receive distributions under the Plan (collectively, the “Beneficiaries” and, each individually, a “Beneficiary”), and (b) the Liquidating Trust will be vested with (i) all of the Purchase Price payable to the Liquidating Trust; (ii) all Excluded Assets, including but not limited to the Retained Litigation Claims and the Retained Avoidance Actions (together, the “Retained Causes of Action”); and (iii) any and all other assets, rights and property of the Estates not transferred to Newco (the “Liquidating Trust Assets”), as set forth in the Plan;

WHEREAS, the Plan contemplates that, pursuant to Treasury Regulation Section 301.7701-4(d), the Liquidating Trust shall be created for the purpose of: (a) administering the Liquidating Trust Assets; (b) resolving all Disputed Claims (with the exception of Claims assumed, or to be paid, by Newco); (c) pursuing the Retained Causes of Action, and (d) making all distributions to the Beneficiaries provided for under the Plan (the “Distributions”), with no objective to continue or engage in the conduct of a trade or business, except to the extent

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

reasonably necessary to and consistent with the liquidating purpose of the Liquidating Trust under the Plan; and

WHEREAS, the Liquidating Trust is intended to qualify as a “grantor trust” for U.S. federal income tax purposes, pursuant to Sections 671-677 of the Internal Revenue Code of 1986, as amended (the “IRC”), with the Beneficiaries to be treated as the grantors of the Liquidating Trust and deemed to be the owners of the Liquidating Trust Assets (subject to the rights of creditors of the Liquidating Trust), and consequently, the transfer of the Liquidating Trust Assets to the Liquidating Trust shall be treated as a deemed transfer of those assets from the Debtors and the Estates to the Beneficiaries followed by a deemed transfer by such Beneficiaries to the Liquidating Trust for federal income tax purposes, provided, however, that the Liquidating Trust Assets will be subject to any obligations incurred after the Effective Date by the Liquidating Trust relating to the preservation or pursuit of Liquidating Trust Assets. Accordingly, the Trust Beneficiaries shall be treated for United States federal income tax purposes as the grantors and owners of their respective share of the Liquidating Trust Assets. The foregoing treatment shall also apply, to the extent permitted by applicable law, for state and local income tax purposes.

NOW, THEREFORE, pursuant to the Plan and the Confirmation Order, in consideration of the premises, the mutual agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

ARTICLE I DECLARATION OF TRUST

1.1 Creation and Purpose of the Liquidating Trust. The Debtors and the Liquidating Trustee hereby create the Liquidating Trust for the primary purpose of liquidating and distributing the Liquidating Trust Assets to the Beneficiaries in accordance with the Plan, the Confirmation Order, and applicable tax statutes, rules, and regulations, in an expeditious but orderly manner, with no objective to continue or engage in the conduct of a trade or business. In particular, the Liquidating Trustee shall (a) make continuing efforts to collect and reduce the Liquidating Trust Assets to Cash, and (b) make timely Distributions and not unduly prolong the duration of the Liquidating Trust.

1.2 Declaration of Trust. In order to declare the terms and conditions hereof, and in consideration of the confirmation of the Plan, the Debtors and the Liquidating Trustee have executed this Liquidating Trust Agreement and, effective as of the Effective Date, the Debtors hereby irrevocably transfer to the Liquidating Trust, all of the right, title, and interests of the Debtors in and to the Liquidating Trust Assets, to have and to hold unto the Liquidating Trust and its successors and assigns forever, under and subject to the terms of the Plan and the Confirmation Order for the benefit of the Beneficiaries and their successors and assigns as provided for in this Liquidating Trust Agreement and in the Plan and Confirmation Order.

1.3 Vesting of Estate Assets. On the Effective Date, pursuant to the terms of the Plan, the Liquidating Trust Assets (not otherwise abandoned pursuant to the terms of the Plan), including all such assets held or controlled by third parties, shall be vested in the Liquidating Trust, which also shall own and be authorized to obtain, liquidate, and collect all of the Liquidating Trust Assets

in the possession of third parties and pursue all of the Retained Causes of Action. Subject to the provisions of the Plan, all such Liquidating Trust Assets shall be transferred and delivered to the Liquidating Trust free and clear of interests, Claims, liens, or other encumbrances of any kind. The Liquidating Trustee shall have no duty to arrange for any of the transfers contemplated hereunder or by the Plan or to ensure their compliance with the terms of the Plan and the Confirmation Order, and shall be conclusively entitled to rely on the legality and validity of such transfers. Moreover, on the Effective Date, all privileges with respect to any Liquidating Trust Assets, including the attorney/client privilege with respect to acts or events during time periods prior to the Petition Date, to which the Debtors are entitled shall be automatically vested in, and available for assertion by or waiver by the Liquidating Trustee on behalf of the Liquidating Trust. To the extent any of the foregoing does not automatically occur on the Effective Date or is not effectuated through the Confirmation Order or this Agreement, the Debtors shall, on the Effective Date, execute such other and further documents as are reasonably necessary to effectuate all of the foregoing and shall reasonably cooperate with the Liquidating Trustee in transitioning the administration of the Liquidating Trust Assets to the Liquidating Trust.

1.4 Funding of the Trust. The Liquidating Trust shall be funded, on the Effective Date, or as soon thereafter as practicable, with the Liquidating Trust Assets, as provided for in the Plan and in the Confirmation Order.

1.5 Acceptance by Liquidating Trustee. The Liquidating Trustee hereby accepts the trust imposed upon it by this Liquidating Trust Agreement and agrees to observe and perform that trust on and subject to the terms and conditions set forth in this Liquidating Trust Agreement, the Plan, and the Confirmation Order. In connection with and in furtherance of the purposes of the Liquidating Trust, the Liquidating Trustee hereby accepts the transfer of the Liquidating Trust Assets.

1.6 Name of the Liquidating Trust. The trust created by this Liquidating Trust Agreement shall be known as the “GVH Liquidating Trust” or sometimes herein as the “Liquidating Trust.”

1.7 Capacity of Trust. Notwithstanding any state or federal law to the contrary or anything herein, the Liquidating Trust shall itself have the capacity to act or refrain from acting, on its own behalf, including the capacity to sue and be sued. The Liquidating Trust may alone be the named movant, respondent, party plaintiff or defendant, or the like in all adversary proceedings, contested matters, and other federal proceedings brought by or against it, and may settle and compromise all such matters in its own name.

ARTICLE II THE LIQUIDATING TRUSTEE

2.1 Appointment. The Liquidating Trustee has been selected by the Debtors and GVMI pursuant to the provisions of the Plan and has been appointed as of the Effective Date. The Liquidating Trustee’s appointment shall continue until the earlier of (a) the termination of the Liquidating Trust or (b) the Liquidating Trustee’s resignation, death, dissolution, removal or liquidation.

2.2 General Powers. Except as otherwise provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, the Liquidating Trustee may control and exercise authority over the Liquidating Trust Assets, over the acquisition, management, and disposition thereof, and over the management and conduct of the business of the Liquidating Trust. No person dealing with the Liquidating Trust shall be obligated to inquire into the Liquidating Trustee's authority in connection with the acquisition, management, or disposition of Liquidating Trust Assets. Without limiting the foregoing, but subject to the Plan, the Confirmation Order, and other provisions of this Liquidating Trust Agreement, the Liquidating Trustee shall be expressly authorized to, with respect to the Liquidating Trust and the Liquidating Trust Assets, and may cause the Liquidating Trust to:

(a) Exercise all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced, and take all actions that may be or could have been taken with respect to the Liquidating Trust Assets by any officer, director, shareholder or other party acting in the name of the Debtors or their Estates with like effect as if duly authorized, exercised, and taken by action of such officers, directors, shareholders or other party;

(b) Open and maintain bank accounts on behalf of or in the name of the Liquidating Trust, calculate and make Distributions, and take other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment, and maintenance of appropriate reserves, in the name of the Liquidating Trust, provided that the Liquidating Trustee need not maintain the Liquidating Trust's reserves in segregated bank accounts and may pool funds in the reserves with each other and other funds of the Liquidating Trust; provided, however, that the Liquidating Trust shall treat all such reserved funds as being held in segregated accounts in its books and records;

(c) Receive, manage, invest, supervise, and protect the Liquidating Trust Assets, subject to the limitations provided herein;

(d) Hold legal title to any and all Liquidating Trust Assets;

(e) Subject to the applicable provisions of the Plan, the Confirmation Order and this Liquidating Trust Agreement, collect and liquidate all Liquidating Trust Assets pursuant to the Plan;

(f) Review and, where appropriate, object to Claims (with the exception of Claims assumed, or to be paid, by Newco), and supervise and administer the commencement, prosecution, settlement, compromise, withdrawal or resolution in any manner of all such Disputed Claims and the Distributions to the Beneficiaries and creditors of the Liquidating Trust, in accordance with this Liquidating Trust Agreement, the Plan, and the Confirmation Order;

(g) Subject to Article III of this Liquidating Trust Agreement, investigate, commence, prosecute, compromise, settle, withdraw, abandon, or resolve all Retained Causes of Action in any manner;

(h) If appropriate under applicable law and the facts of the Chapter 11 Cases, and in the best interests of the Estates, in the Liquidating Trustee's sole and absolute discretion,

file a motion with the Bankruptcy Court seeking to substantively consolidate Claims and assets of each of the Debtors' Estates;

(i) (1) Seek a determination of tax liability or refund under Section 505 of the Bankruptcy Code; (2) file, if necessary, any and all tax and information returns required with respect to the Liquidating Trust; (3) make tax elections for and on behalf of the Liquidating Trust; (4) pay taxes, if any, payable for and on behalf of the Liquidating Trust; and (5) file and prosecute claims for tax refunds to which the Debtors or the Liquidating Trust may be entitled; provided, however, that notwithstanding any other provision of this Liquidating Trust Agreement, the Liquidating Trustee shall have no personal responsibility for the signing or accuracy of the Debtors' income tax returns that are due to be filed after the Effective Date or for any tax liability related thereto;

(j) Pay all lawful expenses, debts, charges, taxes and liabilities of the Liquidating Trust;

(k) Take all other actions consistent with the provisions of the Plan which the Liquidating Trustee deems reasonably necessary or desirable to administer the Plan;

(l) Make Distributions to the Beneficiaries, and to creditors of the Liquidating Trust as provided for, or contemplated by, the Plan, the Confirmation Order, and this Liquidating Trust Agreement;

(m) Withhold from the amount distributable to any person or entity such amount as may be sufficient to pay any tax or other charge which the Liquidating Trustee has determined, based upon the advice of its agents and/or professionals, may be required to be withheld therefrom under the income tax laws of the United States or of any state or political subdivision thereof;

(n) Enter into any agreement or execute any document or instrument required by or consistent with the Plan, the Confirmation Order or this Liquidating Trust Agreement and perform all obligations thereunder;

(o) If any of the Liquidating Trust Assets are situated in any state or other jurisdiction in which the Liquidating Trustee is not qualified to act as trustee, nominate and appoint a person duly qualified to act as trustee in such state or jurisdiction and require from each such trustee such security as may be designated by the Liquidating Trustee in its discretion; confer upon such trustee all the rights, powers, privileges, and duties of the Liquidating Trustee hereunder, subject to the conditions and limitations of this Liquidating Trust Agreement, except as modified or limited by the Liquidating Trustee and except where the conditions and limitations may be modified by the laws of such state or other jurisdiction (in which case, the laws of the state or other jurisdiction in which such trustee is acting shall prevail to the extent necessary); require such trustee to be answerable to the Liquidating Trustee for all monies, assets and other property that may be received in connection with the administration of all property; remove such trustee, with or without cause; appoint a successor trustee at any time by the execution by the Liquidating Trustee of a written instrument declaring such trustee removed from office; and specifying the effective date and time of removal;

(p) Subject to Section 4.6 of this Liquidating Trust Agreement, purchase and carry all insurance policies and pay all insurance premiums and costs it deems reasonably necessary or advisable;

(q) Implement, enforce, or discharge all of the terms, conditions, and all other provisions of, and all duties and obligations under, the Plan, the Confirmation Order, and this Liquidating Trust Agreement;

(r) Employ and compensate professionals and other agents without further need for documentation or Bankruptcy Court approval, including, without limitation, existing Creditors' Committee's Professionals, Debtors' Professionals, and/or Estate Professionals (the "Professionals"); provided that, for the avoidance of doubt, and without limitation of applicable law, nothing in this Liquidating Trust Agreement shall limit the Liquidating Trustee from employing Professionals, including the Liquidating Trustee itself, and/or the Liquidating Trustee's firm and its affiliates;

(s) Pay all fees and expenses incurred after the Effective Date by the Professionals, or dispute such fees and expenses, in which case the dispute shall be presented to the Bankruptcy Court for resolution;

(t) Undertake all administrative functions remaining in the Chapter 11 Cases, including the ultimate closing of the Chapter 11 Cases;

(u) Invest in demand and time deposits in banks or savings institutions, or temporary investments such as short term certificates of deposit or Treasury bills or other investments that a "liquidating trust" within the meaning of Treasury Regulation Section 301.7701-4(d) may be permitted to hold, pursuant to the Treasury Regulations or any modification in the Internal Revenue Services ("IRS") guidelines, whether set forth in IRS rulings, revenue procedures, other IRS pronouncements or otherwise; and

(v) Hire former officers and employees of the Debtors to assist in the wind down of the Estates.

2.3 Limitations on the Liquidating Trustee. Notwithstanding anything under applicable law, this Liquidating Trust Agreement or the Plan to the contrary, the Liquidating Trustee shall not do or undertake any of the following:

(a) Take, or fail to take, any action that would jeopardize treatment of the Liquidating Trust as a "liquidating trust" for federal income tax purposes.

(b) Receive transfers of any listed stocks or securities, any readily-marketable assets or any operating assets of a going business, except as is absolutely necessary or required under the Plan and the Confirmation Order; provided, however, that in no event shall the Liquidating Trustee receive any such investment that would jeopardize treatment of the Liquidating Trust as a "liquidating trust" for federal income tax purposes.

(c) Exercise any investment power other than the power to invest in demand and time deposits in banks or savings institutions, or temporary investments such as short term

certificates of deposit or Treasury bills or other investments that a “liquidating trust” within the meaning of Treasury Regulation Section 301.7701-4(d) may be permitted to hold, pursuant to the Treasury Regulations or any modification in the IRS guidelines, whether set forth in IRS rulings, revenue procedures, other IRS pronouncements or otherwise.

(d) Receive or retain any operating assets of a going business, a partnership interest in a partnership that holds operating assets, or fifty percent (50%) or more of the stock of a corporation with operating assets, except as is absolutely necessary or required under the Plan and the Confirmation Order; provided, however, that in no event shall the Liquidating Trustee receive or retain any such asset or interest that would jeopardize treatment of the Liquidating Trust as a “liquidating trust” for federal income tax purposes.

(e) Notwithstanding any of the foregoing, the Liquidating Trustee shall not be prohibited from engaging in any trade or business on its own account, provided that such activity does not interfere with the Liquidating Trustee’s administration of the Liquidating Trust.

(f) Notwithstanding any of the foregoing, nothing in this Liquidating Trust Agreement shall be deemed to prevent the Liquidating Trustee from taking, or failing to take, any action that, based upon the advice of counsel or other Professionals, it is obligated to take (or fail to take) in the performance of any fiduciary or similar duty which the Liquidating Trustee owes to the Beneficiaries or any other person.

2.4 Compensation of Liquidating Trustee and its Agents and Professionals.

(a) The Liquidating Trustee shall be entitled to receive reasonable compensation for the performance of its duties after the Effective Date as set forth on Exhibit A. Any successor to the Liquidating Trustee shall also be entitled to reasonable compensation in connection with the performance of its duties, which compensation may be different from the terms provided herein, plus the reimbursement of reasonable out-of-pocket expenses.

(b) Each of the Liquidating Trustee’s agents and Professionals seeking compensation or reimbursement shall serve a statement on the Liquidating Trustee. The Liquidating Trustee will have fifteen (15) days from the date such statement is received to review the statement and object to such statement by serving an objection on the party seeking compensation setting forth the precise nature of the objection and the amount at issue. At the expiration of the fifteen (15) day period, and without further order of the Bankruptcy Court (except as provided herein), the Liquidating Trustee shall pay from the Liquidating Trust Assets, or the proceeds or income thereof, 100% of the amounts requested, except for the portion of such fees and expenses to which any objection has been made. The parties shall attempt to consensually resolve objections, if any, to any statement. If the parties are unable to reach a consensual resolution of any such objection, the party who received an objection to its fees and expenses may seek payment of such fees and expenses by filing a motion with and obtaining an order from the Bankruptcy Court and providing notice to the Liquidating Trustee. If any agent or Professional fails to submit a statement, it shall be ineligible to receive payment of fees and expenses therefore as provided in this Liquidating Trust Agreement until the statement is submitted.

2.5 General Duties, Obligations, Rights, and Benefits of the Liquidating Trustee.

The Liquidating Trustee shall have all duties, obligations, rights, and benefits assumed by, assigned to or vested in the Liquidating Trust under the Plan, the Confirmation Order, this Liquidating Trust Agreement and any other agreement entered into pursuant to or in connection with the Plan. Such duties, obligations, rights and benefits include, without limitation, all duties, obligations, rights and benefits relating to the collection and liquidation of the Liquidating Trust Assets, administration of Claims, satisfaction of Claims of creditors, the pursuit of Retained Causes of Action, Distributions to Beneficiaries, administration of the Liquidating Trust, maximization of the Liquidating Trust Assets for the benefit of holders of Allowed Claims and Newco, and any other duties, obligations, rights, and benefits reasonably necessary to accomplish the purpose of the Liquidating Trust under the Plan, the Confirmation Order, this Liquidating Trust Agreement, and any other agreement entered into pursuant to or in connection with the Plan. Without limiting the duties, obligations, rights, and benefits of the Liquidating Trustee under this Section or any other provision of this Liquidating Trust Agreement, the Liquidating Trustee shall have all duties, obligations, rights, and benefits assigned to the Liquidating Trustee under the Plan and Confirmation Order.

2.6 No Implied Obligations. The Liquidating Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations shall be read into this Liquidating Trust Agreement against the Liquidating Trustee.

2.7 Allowed Administrative Claims Reserve. The Liquidating Trustee may establish, from time to time, fund and administer a reserve (the “Allowed Administrative Claims Reserve”), that shall consist of Cash in an amount reasonably believed by the Liquidating Trustee to be necessary to satisfy the Allowed Claims payable out of the Liquidating Trust Assets to holders of Allowed Administrative Claims. The Liquidating Trustee shall be authorized to make Distributions from the Allowed Administrative Claims Reserve in satisfaction of such Allowed Claims in accordance with this Liquidating Trust Agreement, the Plan, and the Confirmation Order.

2.8 Replacement of the Liquidating Trustee. The Liquidating Trustee may resign at any time upon thirty (30) days’ written notice filed with the Bankruptcy Court and served upon the Beneficiaries and Newco, provided that such resignation shall only become effective upon the appointment of a permanent or interim successor Liquidating Trustee. Any Beneficiary or Newco may file a motion with the Bankruptcy Court to remove the Liquidating Trustee for cause. In the event of the resignation, or removal of the Liquidating Trustee, the Bankruptcy Court shall designate a person to serve as permanent or interim successor Liquidating Trustee. Upon its appointment, the successor Liquidating Trustee, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of its predecessor, except as provided in Section 2.4(a) above, and all responsibilities of the predecessor Liquidating Trustee relating to the Liquidating Trust shall be terminated. In the event the Liquidating Trustee’s appointment terminates by reason of death, dissolution, liquidation, resignation, or removal, such Liquidating Trustee shall be immediately compensated for all reasonable fees and expenses accrued through the effective date of termination, whether or not previously invoiced. The provisions of Article IV of this Liquidating Trust Agreement shall survive the resignation or removal of any Liquidating Trustee.

2.9 Liquidating Trust Continuance. The death, dissolution, liquidation, resignation, or removal of the Liquidating Trustee shall not terminate the Liquidating Trust or revoke any existing agency created by the Liquidating Trustee pursuant to this Liquidating Trust Agreement or invalidate any action theretofore taken by the Liquidating Trustee, and the provisions of this Liquidating Trust Agreement shall be binding upon and inure to the benefit of the successor Liquidating Trustee and all its successors or assigns.

2.10 Bond. Notwithstanding any state or other applicable law to the contrary, the Liquidating Trustee (including any successor Trustee) shall be exempt from giving any bond or other security in any jurisdiction, provided, however, Bankruptcy Court, after consideration of an appropriate motion, may, at its discretion, require a fidelity bond from the Liquidating Trustee in a reasonable amount, but any costs associated with any such fidelity bond shall be payable exclusively from the Liquidating Trust Assets.

2.11 Liquidating Trustee's Conflict of Interest. The Liquidating Trustee shall disclose to the Bankruptcy Court any conflicts of interest that the Liquidating Trustee has with respect to any matter arising during administration of the Liquidating Trust. In the event that the Liquidating Trustee cannot take any action, including without limitation the prosecution of any Retained Causes of Action or the objection to any Claim, by reason of an actual or potential conflict of interest, the Liquidating Trustee shall appoint a sub-Trustee, who will be authorized to take any such action(s) in the Liquidating Trustee's place and stead, including without limitation the retention of Professionals (which may include Professionals retained by the Liquidating Trustee) for the purpose of taking such actions.

ARTICLE III PROSECUTION AND RESOLUTION OF CAUSES OF ACTION

3.1 The Liquidating Trust's Exclusive Authority to Pursue, Settle, or Abandon Causes of Action. Pursuant to Article 7.5 of the Plan, the Liquidating Trust shall have the exclusive right, power, and interest to pursue, settle, or abandon all Retained Causes of Action as the sole representative of the Estates pursuant to Section 1123(b)(3) of the Bankruptcy Code.

3.2 Conclusion of Causes of Action. The Liquidating Trustee shall use its best efforts to conclude or otherwise resolve and recover all proceeds from all litigation related to the Retained Causes of Action within five (5) years of the Effective Date.

3.3 Settlement of Causes of Action. Settlement by the Liquidating Trust of any Retained Cause of Action shall require: (i) approval only of the Liquidating Trustee, if the amount sought to be recovered in the complaint or other document initiating such Retained Cause of Action does not exceed \$750,000; and (ii) approval of the Liquidating Trustee and Bankruptcy Court, upon consideration of an appropriate motion, if the amount sought to be recovered in the complaint or other document initiating such Retained Cause of Action is \$750,001 or more.

ARTICLE IV LIABILITY OF LIQUIDATING TRUSTEE

4.1 Standard of Care; Exculpation. Neither the Liquidating Trustee, nor any director, officer, member, affiliate, employee, employer, Professional, successor, assign, agent, or representative of the Liquidating Trustee (each, an “Exculpated Party” and collectively, the “Exculpated Parties”), shall be liable for any losses, claims, damages, liabilities, obligations, settlements, proceedings, suits, judgments, causes of action, litigation, actions, or investigations (whether civil or administrative and whether sounding in tort, contract or otherwise), penalties, costs, and expenses, including reasonable fees and disbursements (collectively referred to herein as “Losses”), whether or not in connection with litigation in which any Exculpated Party is a party, or enforcing this Liquidating Trust Agreement (including these exculpation provisions), as and when imposed on the Liquidating Trustee, incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Liquidating Trustee’s execution, delivery, and acceptance of or the performance or nonperformance of its powers, duties and obligations under this Liquidating Trust Agreement, the Plan, or the Confirmation Order or as may arise by reason of any action, omission or error of an Exculpated Party; provided, however, that the foregoing limitation shall not apply to any Losses suffered or incurred by any holder of a Claim or interest or Beneficiary that are found in a final judgment by a court of competent jurisdiction (not subject to further appeal or review) to have resulted primarily and directly from the fraud, gross negligence or willful misconduct of such Exculpated Party. Every act taken or omitted, power exercised or obligation assumed by the Liquidating Trust or any Exculpated Party pursuant to the provisions of this Liquidating Trust Agreement shall be held to be taken or omitted, exercised, or assumed, as the case may be, by the Liquidating Trust or any Exculpated Party acting for and on behalf of the Liquidating Trust and not otherwise; provided, however, that none of the foregoing entities or persons are deemed to be responsible for any other such entities’ or persons’ actions or inactions. Except as provided in the first proviso of the first sentence of this Section 4.1, every person, firm, corporation, or other entity contracting or otherwise dealing with or having any relationship with the Liquidating Trust or any Exculpated Party shall have recourse only to the Liquidating Trust Assets for payment of any liabilities or other obligations arising in connection with such contracts, dealings or relationships, and the Liquidating Trust and the Exculpated Parties shall not be individually liable therefore. In no event shall the Liquidating Trustee be liable for indirect, punitive, special, incidental, or consequential damage or loss (including but not limited to lost profits) whatsoever, even if the Liquidating Trustee has been informed of the likelihood of such loss or damages and regardless of the form of action. Any liability of the Liquidating Trustee under this Liquidating Trust Agreement will be limited to the amount of fees paid to the Liquidating Trustee.

4.2 Indemnification.

(a) The Liquidating Trustee, and any director, officer, member, affiliate, employee, employer, Professional, successor, assign, agent, or representative of the Liquidating Trustee (each, an “Indemnified Party” and collectively, the “Indemnified Parties”), shall be defended, held harmless, and indemnified from time to time by the Liquidating Trust against any and all Losses, including, without limitation, the costs for counsel or others in investigating, preparing, defending, or settling any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing this Liquidating Trust Agreement (including these indemnity provisions), as and when imposed on the Liquidating Trustee, incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Liquidating Trustee’s execution, delivery, and acceptance of or the performance or nonperformance of its powers, duties,

and obligations under this Liquidating Trust Agreement, the Plan, or the Confirmation Order or as may arise by reason of any action, omission, or error of an Indemnified Party; provided, however, such indemnity shall not apply to any such Losses to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal or review) to have resulted primarily and directly from the fraud, gross negligence, or willful misconduct of such Indemnified Party. Satisfaction of any obligation of the Liquidating Trust arising pursuant to the terms of this Section shall be payable only from the Liquidating Trust Assets, shall be advanced prior to the conclusion of such matter and such right to payment shall be prior and superior to any other rights to receive a Distribution of the Liquidating Trust Assets (other than distributions on account of Allowed Administrative Claims and Allowed Priority Tax Claims).

(b) The Liquidating Trust shall promptly pay to the Indemnified Party the expenses set forth in subparagraph (a) above upon submission of invoices therefore on a current basis. Each Indemnified Party hereby undertakes, and the Liquidating Trust hereby accepts its undertaking, to repay any and all such amounts so paid by the Liquidating Trust if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefore under this Liquidating Trust Agreement.

4.3 No Liability for Acts of Successor/Predecessor Liquidating Trustees. Upon the appointment of a successor Liquidating Trustee and the delivery of the Liquidating Trust Assets to the successor Liquidating Trustee, the predecessor Liquidating Trustee and any director, officer, affiliate, employee, employer, Professional, agent, or representative of the predecessor Liquidating Trustee shall have no further liability or responsibility with respect thereto. A successor Liquidating Trustee shall have no duty to examine or inquire into the acts or omissions of its immediate or remote predecessor and no successor Liquidating Trustee shall be in any way liable for the acts or omissions of any predecessor Liquidating Trustee unless a successor Liquidating Trustee expressly assumes such responsibility. A predecessor Liquidating Trustee shall have no liability for the acts or omissions of any immediate or subsequent successor Liquidating Trustee for any events or occurrences subsequent to the cessation of its role as Liquidating Trustee.

4.4 Reliance by Liquidating Trustee on Documents or Advice of Counsel or Other Professionals. Except as otherwise provided in this Liquidating Trust Agreement, the Liquidating Trustee, and any director, officer, member, affiliate, employee, employer, Professional, agent, or representative of the Liquidating Trustee, may rely, and shall be protected from liability for acting or failing to act, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document reasonably believed by the Liquidating Trustee to be genuine and to have been presented by an authorized party. The Liquidating Trustee shall not be liable for any action taken or omitted or suffered by the Liquidating Trustee, as applicable, in reasonable reliance upon the advice of counsel or other Professionals engaged by the Liquidating Trustee, as applicable, in accordance with this Liquidating Trust Agreement. The Liquidating Trustee shall be fully indemnified by the Liquidating Trust for or in respect of any action taken, suffered or omitted by it and in accordance with such advice or opinion.

4.5 Conflicts of Interest. Conflicts of interest of the Liquidating Trustee will be addressed as set forth above in Article II. The Liquidating Trustee will appoint a disinterested person to handle any matter where the Liquidating Trustee has identified a conflict of interest or the Bankruptcy Court, on motion of a party in interest, determines one exists. In the event the

Liquidating Trustee is unwilling or unable to appoint a disinterested person to handle any such matter, the Bankruptcy Court, on notice and hearing, may do so.

4.6 Insurance. The Liquidating Trustee may purchase, using the Liquidating Trust Assets, and carry all insurance policies and pay all insurance premiums and the Liquidating Trustee deems reasonably necessary or advisable, including, without limitation, purchasing any errors and omissions insurance with regard to any Losses it may incur, arising out of or due to its actions or omissions, or consequences of such actions or omissions, other than as a result of its fraud or willful misconduct, with respect to the implementation and administration of the Plan or this Liquidating Trust Agreement.

4.7 No Liability for Good Faith Error of Judgment. The Liquidating Trustee shall not be liable for any error of judgment made in good faith, unless it shall be finally determined by a final judgment of a court of competent jurisdiction (not subject to further appeal or review) that the Liquidating Trustee was grossly negligent in ascertaining the pertinent facts.

4.8 Survival. The provisions of this Article IV shall survive the termination of this Liquidating Trust Agreement and the death, resignation, removal, liquidation, dissolution, or replacement of the Liquidating Trustee.

ARTICLE V GENERAL PROVISIONS CONCERNING ADMINISTRATION OF THE LIQUIDATING TRUST

5.1 Liquidating Trust Reserve. The Liquidating Trustee may, at its discretion, establish the Liquidating Trust Reserve as set forth in Section 8.2 of this Liquidating Trust Agreement.

5.2 Register of Beneficiaries. The Liquidating Trustee shall maintain at all times a register of the names, distribution addresses, amounts of Allowed Claims, and the ratable interests in the Liquidating Trust of the Beneficiaries (the “Register”). The initial Register shall be based on the list of holders of Claims maintained by the Clerk of the Bankruptcy Court as of the Effective Date and prepared in accordance with the provisions of the Plan and the Confirmation Order. The Liquidating Trustee may retain a claims agent to update and maintain such list throughout the administration of the Liquidating Trust Assets and the Claims required to be administered by the Liquidating Trustee, and such list may serve as the Register. All references in this Liquidating Trust Agreement to holders of beneficial interests in the Liquidating Trust shall be read to mean holders of record as set forth in the Register maintained by the Liquidating Trustee and shall exclude any beneficial owner not recorded on such Register. The Liquidating Trustee shall cause the Register to be kept at its office or at such other place or places as may be designated by the Liquidating Trustee from time to time.

5.3 Books and Records.

(a) On the Effective Date, the Debtors shall transfer and assign to the Newco full title to, and Newco shall be authorized to take possession of, all of the books and records of the Debtors. Newco will cooperate with the Liquidating Trust and provide the Liquidating Trust reasonable access and/or information reasonably necessary to prosecute the Retained Litigation

Claims. The Liquidating Trust is authorized to pay to Newco its reasonable expenses and/or costs incurred in compliance with the Liquidating Trust's information and/or document requests.

(b) The Liquidating Trustee also shall maintain in respect of the Liquidating Trust and the Beneficiaries books and records relating to the Liquidating Trust Assets and any income or proceeds realized therefrom and the payment of expenses of and claims against or assumed by the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to make full and proper reports in respect thereof. Except as expressly provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, or as may be required by applicable law (including securities law), nothing in this Liquidating Trust Agreement is intended to require the Liquidating Trust to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for making any payment or Distribution out of the Liquidating Trust Assets. Newco or its designated agent or professional shall have the right to inspect the books and records of the Liquidating Trust at any time upon reasonable notice to the Liquidating Trustee. Beneficiaries shall have the right upon thirty (30) days' prior written notice delivered to the Liquidating Trustee to inspect the Liquidating Trust's books and records, including the Register, provided such Beneficiary shall have entered into a confidentiality agreement in form and substance reasonably satisfactory to the Liquidating Trustee. Satisfaction of the foregoing condition notwithstanding, if (a) the Liquidating Trustee determines in good faith that the inspection of the Liquidating Trust's books and records, including the Register, by any Beneficiary would be detrimental to the Liquidating Trust or (b) such Beneficiary is a defendant (or potential defendant) in a pending (or potential) action brought by the Liquidating Trust, the Liquidating Trust may deny such request for inspection. The Bankruptcy Court shall resolve any dispute between any Beneficiary and the Liquidating Trustee under this Section 5.3.

5.4 Filing of Interim Reports. The Liquidating Trust shall file with the Bankruptcy Court semi-annual reports regarding the liquidation or other administration of the Liquidating Trust Assets. (Beneficiaries may request copies of the semi-annual reports from the Liquidating Trustee.) The first such report will be due on the fifteenth day of the first full calendar month following the six-month anniversary of the Effective Date.

5.5 Filing of Accounting. The final accounting shall be filed with the Bankruptcy Court and all Beneficiaries shall have notice that the final accounting has been filed and an opportunity to object and have a hearing on the approval of the accounting and the discharge and release of the Liquidating Trustee.

ARTICLE VI BENEFICIAL INTERESTS AND BENEFICIARIES

6.1 Trust Beneficial Interests. Each holder of an Allowed Claim shall be entitled to receive beneficial interests in accordance with the treatment of such Claim under the Plan, and shall be entitled to Distributions as set forth in the Plan.

6.2 Interest Beneficial Only. Ownership of a beneficial interest in the Liquidating Trust shall not entitle any Beneficiary to any title in or to the Liquidating Trust Assets or to any right to call for a partition or division of the Liquidating Trust Assets or to require an accounting.

6.3 Evidence of Beneficial Interest. Ownership of a beneficial interest in the Liquidating Trust shall not be evidenced by any certificate, security, or receipt or in any other form or manner whatsoever, except as maintained on the books and records of the Liquidating Trust by the Liquidating Trustee, which may be the Register.

6.4 Exemption from Registration. The parties hereto intend that the rights of the holders of the beneficial interests arising under this Liquidating Trust Agreement shall not be “securities” under applicable laws, but none of the parties hereto represents or warrants that such rights shall not be securities or shall be entitled to exemption from registration under applicable securities laws. If such rights constitute securities, the parties hereto intend for the exemption from registration provided by Section 1145 of the Bankruptcy Code and by other applicable law to apply to their issuance under the Plan.

6.5 Transfers of Beneficial Interests. Beneficial interests in the Liquidating Trust shall be nontransferable except upon death of the interest holder or by operation of law. The Liquidating Trust shall not have any obligation to recognize any transfer of Claims occurring after the Effective Date. Only those holders of Claims of record stated on the transfer ledgers as of the close of business on the Effective Date, to the extent applicable, shall be entitled to be recognized for all purposes hereunder.

6.6 Absolute Owners. The Liquidating Trustee may deem and treat the Beneficiary reflected as the owner of a beneficial interest on the Register as the absolute owner thereof for the purposes of receiving Distributions and payments on account thereof for federal and state income tax purposes and for all other purposes whatsoever.

6.7 Change of Address. A Beneficiary may, after the Effective Date, select an alternative distribution address by filing a notice with the Bankruptcy Court (copy served on the Liquidating Trustee) identifying such alternative distribution address. Absent such notice, the Liquidating Trustee shall not recognize any such change of distribution address. Such notification shall be effective only upon receipt by the Liquidating Trustee.

6.8 Effect of Death, Dissolution, Incapacity, or Bankruptcy of Beneficiary. The death, dissolution, incapacity, or bankruptcy of a Beneficiary during the term of the Liquidating Trust shall not operate to terminate the Liquidating Trust during the term of the Liquidating Trust nor shall it entitle the representative or creditors of the deceased, incapacitated or bankrupt Beneficiary to an accounting or to take any action in any court or elsewhere for the Distribution of the Liquidating Trust Assets or for a partition thereof nor shall it otherwise affect the rights and obligations of the Beneficiary under this Liquidating Trust Agreement or in the Liquidating Trust.

6.9 Standing. Except as expressly provided in this Liquidating Trust Agreement, the Plan or the Confirmation Order, a Beneficiary does not have standing to direct the Liquidating Trustee to do or not to do any act or to institute any action or proceeding at law or in equity against any party upon or with respect to the Liquidating Trust Assets.

6.10 Standing of Newco. Newco may raise and may appear and be heard on any issue with respect to the Liquidating Trust, the Liquidating Trustee and/or any issue that may directly

or indirectly impact the Liquidating Trust or Liquidating Trustee, including but not limited to objecting to the Allowance of any Claim.

ARTICLE VII PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

7.1 Incorporation of Plan Provisions. As of the Effective Date, the Liquidating Trust shall assume responsibility for all Claims matters established by the Plan. In accordance with the Plan, the Liquidating Trust shall establish appropriate reserves (the “Disputed Reserves”) pending resolution, as set forth in the Plan, of all contested matters and adversary proceedings concerning Disputed Claims.

7.2 Disputed Claims Reserve.

(a) **Establishment of Disputed Reserves.** On the first date of a Distribution under this Liquidating Trust Agreement (the “Initial Distribution Date”), or on any other date on which Distributions are made by the Liquidating Trustee, and in connection with making all Distributions required to be made on any such date under the Plan, the Liquidating Trustee shall establish a separate Disputed Reserve on account of Distributions of Cash or other property as necessary pursuant to the Plan.

(b) **Amounts to Be Reserved.** The Liquidating Trustee shall reserve the full amount of the Distribution that would have been made with respect to such Disputed Claim if it was then an Allowed Claim (or with respect to such lesser amount as may be estimated by the Bankruptcy Court). All Cash or other property allocable to Disputed Claims hereunder shall be distributed by the Liquidating Trustee to the relevant Disputed Reserve on the Initial Distribution Date (or such other date on which Distributions are made pursuant to the Plan and this Liquidating Trust Agreement). To the extent that the property placed in a Disputed Reserve consists of Cash, that Cash shall be deposited in an interest-bearing account at a qualified institution, consistent with the terms and limitations of this Liquidating Trust Agreement.

(c) **Distribution.** Payments on any Disputed Claim that becomes an Allowed Claim shall be distributed by the Liquidating Trustee from the Disputed Reserve on the first Business Day of the first financial quarter (a “Quarterly Distribution Date”) commencing after the Claim is Allowed. Distributions shall be made only to the extent of the aggregate Distributions that the holder of any such Allowed Claim would have received had such Claim been Allowed as of the Effective Date (less any taxes paid with respect to amounts held in the Disputed Reserve). Distributions to each holder of a Disputed Claim that has become an Allowed Claim (and to the extent that the holder of the Disputed Claim has not received prior Distributions on account of that Claim) shall be made in accordance with the provisions of the Plan.

(d) **Termination of Disputed Reserves.** Each Disputed Reserve shall be closed and extinguished by the Liquidating Trustee when all Distributions and other dispositions of Cash or other property required to be made therefrom under the Plan and this Liquidating Trust Agreement have been made. Upon closure of a Disputed Reserve, all Cash and other property held in that Disputed Reserve shall revert in and become unrestricted property of the Liquidating Trust.

(e) **Limitation of Liability for Funding the Disputed Claims Reserve.** The Liquidating Trustee shall have no duty to fund any Disputed Reserve.

(f) **Transmittal of Distributions and Notices.** Any property or notice which a Person is or becomes entitled to receive pursuant to the Plan and this Liquidating Trust Agreement may be delivered by regular mail, postage prepaid, in an envelope addressed to that Person's address listed in the Register. Property distributed in accordance with this subsection shall be deemed delivered to such person regardless of whether such property is actually received by that Person. Notice given in accordance with this subsection shall be effective only upon receipt.

ARTICLE VIII DISTRIBUTIONS

8.1 Distributions to Beneficiaries from Liquidating Trust Assets. All payments to be made by the Liquidating Trust to any Beneficiary shall be made only in accordance with the Plan, the Confirmation Order and this Liquidating Trust Agreement and from the Liquidating Trust Assets (or from the income and proceeds realized from the Liquidating Trust Assets) net of the Liquidating Trust Reserve (defined below), Allowed Administrative Claims Reserve, Disputed Reserves, and other reserves established by the Liquidating Trustee, if any, and only to the extent that the Liquidating Trust has sufficient Liquidating Trust Assets (or income and proceeds realized from the Liquidating Trust Assets) to make such payments in accordance with and to the extent provided for in the Plan, the Confirmation Order, and this Liquidating Trust Agreement.

8.2 Distributions; Withholding. On the Initial Distribution Date, the Liquidating Trustee shall make the initial Distribution to holders of Allowed Claims and, following the initial Distribution required under the Plan, the Liquidating Trustee may, in its sole discretion, make a full or partial pro rata Distribution to holders of Class 4 Priority Unsecured Claims and, if the Class 4 Priority Claims have been paid in full, then to the Class 6 General Unsecured Claims (including Distributions of all net Cash (including net Cash proceeds)) on Quarterly Distribution Dates. The Liquidating Trust may retain and supplement from time to time a reserve (the "Liquidating Trust Reserve") in such amount as is reasonably necessary to meet contingent liabilities and to maintain the value of the Liquidating Trust Assets during the term of the Liquidating Trust:

(a) to pay reasonable administrative expenses including, without limitation, the compensation and the reimbursement of reasonable, actual and necessary costs, fees, and expenses (including attorneys' fees and expenses, financial advisor fees and expenses, and disbursing agent fees and expenses) of the Liquidating Trustee in connection with the performance of its duties in connection with this Liquidating Trust Agreement; and

(b) to satisfy all other liabilities and claims of creditors of the Liquidating Trust incurred or assumed in respect of the Liquidating Trust (or to which the Liquidating Trust Assets are otherwise subject) in accordance with the Plan, the Confirmation Order and this Liquidating Trust Agreement. All such Distributions shall be made as provided in the Plan, the Confirmation Order or this Liquidating Trust Agreement. Additionally, the Liquidating Trustee may withhold from amounts distributable to any Beneficiary any and all amounts, determined in the Liquidating Trustee's sole discretion, to be required by any law, regulation, rule, ruling, directive, or other

governmental requirement. In addition, all Distributions under this Liquidating Trust Agreement shall be net of the actual and reasonable costs of making such Distributions. Prior to the making of any Distributions contemplated hereunder to holders of Allowed Claims, the Liquidating Trustee shall provide Newco with five business day's written notice of any such Distribution, which notice shall include a summary of the aggregate amounts to be distributed. Within three business days of receipt of the notice of Distribution, any member of Newco, or its agents or professionals, may request additional information regarding the calculation of the aggregate Distribution amounts for each Class of Allowed Claims.

8.3 No Distribution Pending Allowance. No payment or Distribution shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, except for distributions into a Disputed Claims Reserve in accordance with the Plan, Confirmation Order, and this Liquidating Trust Agreement. Notwithstanding the foregoing, nothing herein or in the Plan shall preclude the Liquidating Trustee from making Distributions on account of the undisputed portions of Disputed Claims.

8.4 Distributions after Allowance. Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan, Confirmation Order, and this Liquidating Trust Agreement.

8.5 Non-Cash Property. Any non-Cash property of the Liquidating Trust may be sold, transferred or abandoned by the Liquidating Trustee. Notice of such sale, transfer, or abandonment shall be provided to the holders, if any, of Secured Claims holding liens on such non-Cash property. If, in the Liquidating Trustee's reasonable judgment, such property cannot be sold in a commercially reasonable manner, or the Liquidating Trustee believes, in good faith, such property has no value to the Liquidating Trust, the Liquidating Trustee shall have the right to abandon or otherwise dispose of such property, including by donation of such property to a charity designated by the Liquidating Trustee. Except in the case of fraud, willful misconduct, or gross negligence, no party in interest shall have a cause of action against the Liquidating Trustee or any director, officer, employee, consultant, or Professional of the Liquidating Trustee, arising from or related to the disposition of non-Cash property in accordance with this Section.

8.6 Undeliverable Distributions. If any Distribution is returned as undeliverable, the Liquidating Trustee may, in its discretion, make reasonable efforts to determine the current address of the holder of the Claim with respect to which the Distribution was made as the Liquidating Trustee deems appropriate, but no Distribution to any holder shall be made unless and until the Liquidating Trustee has determined the then-current address of the holder, at which time the Distribution to such holder shall be made to the holder without interest. Amounts in respect of any undeliverable Distributions made by the Liquidating Trustee shall be returned to, and held in trust by, the Liquidating Trustee until the Distributions are claimed or are deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code ("Unclaimed Property"). While the Liquidating Trustee may, in its sole discretion, attempt to determine a Beneficiary's current address or otherwise locate a Beneficiary, nothing in this Liquidating Trust Agreement or the Plan shall require the Liquidating Trustee to do so.

8.7 Unclaimed Property. Except with respect to property not Distributed because it is being held in a Disputed Reserve, Distributions that are not claimed by the later of the expiration

of six (6) months from the Effective Date or ninety (90) days after the date of a Distribution shall be deemed to be Unclaimed Property and shall vest or revert in the Liquidating Trust, and the Claims with respect to which those Distributions are made shall be automatically canceled. After the expiration of that six-month period, the claim of any person or entity to those Distributions shall be discharged and forever barred. Nothing contained in the Plan or this Liquidating Trust Agreement shall require the Liquidating Trust to attempt to locate any holder of an Allowed Claim. All funds or other property that vests or reverts in the Liquidating Trust pursuant to this Section 8.7 shall be distributed by the Liquidating Trustee to the other holders of Allowed Claims in accordance with the provisions of the Plan and this Liquidating Trust Agreement. A Claim, and the Unclaimed Property distributed on account of such Claim, shall not escheat to any federal, state, or local government or other entity by reason of the failure of its holder to claim a Distribution in respect of such Claim.

8.8 Withholding Taxes and Expenses of Distribution. Any federal, state, or local withholding taxes or other amounts required to be withheld under applicable law shall be deducted from Distributions hereunder. All holders of Claims shall be required to provide the Liquidating Trustee with any information necessary to effect the withholding of such taxes. In addition, all Distributions under the Plan shall be net of the actual and reasonable costs of making such Distributions. Unless and until (but only if) such information is timely provided, all Distributions to which such holders may be or become entitled shall be treated as Unclaimed Property under Section 8.7 of the Liquidating Trust Agreement.

8.9 Conflicting Claims. If any conflicting claims or demands are made or asserted with respect to the beneficial interest of a Beneficiary under this Liquidating Trust Agreement, or if there is any disagreement between the assignees, transferees, heirs, representatives or legatees succeeding to all or a part of such an interest resulting in adverse claims or demands being made in connection with such interest, then, in any of such events, the Liquidating Trustee shall be entitled, in its sole discretion, to refuse to comply with any such conflicting claims or demands.

(a) In so refusing, the Liquidating Trustee may elect to cause the Liquidating Trust to make no payment or Distribution with respect to the beneficial interest subject to the conflicting claims or demand, or any part thereof, and to refer such conflicting claims or demands to the Bankruptcy Court, which shall have exclusive jurisdiction over resolution of such conflicting claims or demands. In so doing, neither the Liquidating Trust nor the Liquidating Trustee shall be or become liable to any of such parties for their refusal to comply with any such conflicting claims or demands, nor shall the Liquidating Trust or Liquidating Trustee be liable for interest on any funds which may be so withheld.

(b) The Liquidating Trustee shall be entitled to refuse to act until either (i) the rights of the adverse claimants have been adjudicated by a final order of the Bankruptcy Court or (ii) all differences have been resolved by a valid written agreement among all such parties to the satisfaction of the Liquidating Trustee, which agreement shall include a complete release of the Liquidating Trust and Liquidating Trustee. Until the Liquidating Trustee receives written notice that one of the conditions of the preceding sentence is met, the Liquidating Trustee may deem and treat as the absolute owner under this Liquidating Trust Agreement of the beneficial interest in the Liquidating Trust the Beneficiary identified as the owner of that interest in the books and records maintained by the Liquidating Trustee. The Liquidating Trustee may deem and treat such

Beneficiary as the absolute owner for purposes of receiving Distributions and any payments on account thereof for federal and state income tax purposes, and for all other purposes whatsoever.

(c) In acting or refraining from acting under and in accordance with this Section 8.9 of the Liquidating Trust Agreement, the Liquidating Trustee shall be fully protected and incur no liability to any purported claimant or any other person pursuant to Article IV of this Agreement.

8.10 Distributions on Non-Business Days. Any payment or Distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day.

8.11 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed amount of such Claim.

8.12 Setoff and Recoupment. The Liquidating Trust may, but shall not be required to, setoff against, or recoup from, any Claim and the Distribution to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtors, the Estates or the Liquidating Trust may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors, the Estates or the Liquidating Trust of any claim, defense, right of setoff, or recoupment that any of them may have against the holder of any Claim.

8.13 Minimum Distributions. Notwithstanding anything to the contrary in this Agreement or the Plan, if a Distribution to be made to a holder of an Allowed Claim on the Initial Distribution Date or any subsequent date for Distributions would be \$50 or less in the aggregate, no such Distribution will be made to that holder unless a request therefor is made in writing to the Liquidating Trustee no later than twenty (20) days after the Effective Date.

ARTICLE IX TAXES

9.1 Income Tax Status. Consistent with Revenue Procedure 94-45, 1994-2 C.B. 684, the Liquidating Trust shall be treated as a liquidating trust pursuant to Treasury Regulation Section 301.7701-4(d) and as a grantor trust pursuant to IRC Sections 671-677. The Beneficiaries shall be treated as the grantors of the Liquidating Trust and deemed to be the owners of the Liquidating Trust Assets (subject to the rights of creditors of the Liquidating Trust), and consequently, the transfer of the Liquidating Trust Assets to the Liquidating Trust shall be treated as a deemed transfer of those assets from the Debtors and the Estates to the Beneficiaries followed by a deemed transfer by such Beneficiaries to the Liquidating Trust for federal income tax purposes; provided, however, that the Liquidating Trust Assets will be subject to any obligations incurred after the Effective Date by the Liquidating Trust relating to the preservation or pursuit of the Liquidating Trust Assets. As such, the Beneficiaries will be treated as both the grantors and the deemed owners of the Liquidating Trust. Any items of income, deduction, credit, and loss of the Liquidating Trust shall be allocated for federal income tax purposes to the Beneficiaries.

9.2 Tax Returns. In accordance with IRC Section 6012 and Treasury Regulation Section 1.671-4(a), the Liquidating Trust shall file with the IRS annual tax returns on Form 1041. In addition, the Liquidating Trust shall file in a timely manner such other tax returns, including

any state and local tax returns, as are required by applicable law and pay any taxes shown as due thereon out of the Liquidating Trust Assets (or the income or proceeds thereof). The Liquidating Trustee shall, in its sole discretion, determine the best way to report with respect to any reserve for Disputed Claims, including electing to report as, without limitation, a disputed ownership fund under IRS Treasury Regulation Section 1.468B-9 or otherwise as a separate trust or other entity. Within a reasonable time following the end of the taxable year, the Liquidating Trust shall send to each Beneficiary a separate statement setting forth the Beneficiary's share of items of income, gain, loss, deduction or credit and will instruct each such Beneficiary to report such items on their federal income tax returns. The Liquidating Trust may provide each Beneficiary with a copy of the Form 1041 for the Liquidating Trust (without attaching any other Beneficiary's Schedule K-1 or other applicable information form) along with such Beneficiary's Schedule K-1 or other applicable information form in order to satisfy the foregoing requirement. The Liquidating Trust shall allocate the taxable income, gain, loss, deduction, or credit of the Liquidating Trust with respect to each Beneficiary.

9.3 Withholding of Taxes and Reporting Related to Liquidating Trust Operations.

The Liquidating Trust shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all Distributions made by the Liquidating Trust shall be subject to any such withholding and reporting requirements. To the extent that the operation of the Liquidating Trust or the liquidation of the Liquidating Trust Assets creates a tax liability, the Liquidating Trust shall promptly pay such tax liability out of the Liquidating Trust Assets (or the income or proceeds thereof) and any such payment shall be considered a cost and expense of the operation of the Liquidating Trust payable without Bankruptcy Court order. The Liquidating Trust may reserve a sum, the amount of which shall be determined by the Liquidating Trustee, sufficient to pay the accrued or potential tax liability arising out of the operations of the Liquidating Trust or the operation of the Liquidating Trust Assets. The Liquidating Trustee, on behalf of the Liquidating Trust, may enter into agreements with taxing authorities or other governmental units for the payment of such amounts as may be withheld. Any federal, state, or local withholding taxes or other amounts required to be withheld under applicable law shall be deducted from Distributions hereunder. All Beneficiaries shall be required to provide any information necessary to effect the withholding of such taxes.

9.4 Valuations. Except to the extent definitive guidance from the IRS or a court of competent jurisdiction (including the issuance of applicable Treasury Regulations, or the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one) indicates that consistent valuation is not necessary to maintain the treatment of the Liquidating Trust as a liquidating trust for purposes of the Internal Revenue Code and applicable Treasury Regulations, as soon as possible after the Effective Date, but in no event later than sixty (60) days thereafter, (i) the Liquidating Trustee shall make a good faith valuation of the Liquidating Trust Assets, and (ii) the Liquidating Trustee shall establish appropriate means to apprise the Beneficiaries of such valuation. The valuation shall be used consistently by all parties (including, without limitation, the Debtors, the Liquidating Trust, and the Beneficiaries) for all federal income tax purposes. The Liquidating Trustee also shall file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any governmental unit.

9.5 Treatment of Disputed Reserves. Notwithstanding any other provision of this Liquidating Trust Agreement to the contrary, subject to definitive guidance from the IRS or a court

of competent jurisdiction to the contrary, the Liquidating Trust may, in its reasonable discretion, determine the best way to report income with respect to any Disputed Reserve on a current basis. Accordingly, the Liquidating Trustee may, in its discretion, elect to (i) treat any Liquidating Trust Assets allocable to, or retained on account of, a Disputed Claims Reserve in accordance with Section 7.2 of this Liquidating Trust Agreement as held by one or more discrete trusts for federal income tax purposes, consisting of separate and independent shares to be established in respect of each Disputed Claim, in accordance with the trust provisions of the IRC (Sections 641 et seq.), (ii) treat as taxable income or loss of each Disputed Claims Reserve, with respect to any given taxable year, the portion of the taxable income or loss of the Liquidating Trust that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved), (iii) treat as a distribution from the Disputed Claims Reserve any increased amounts distributed by the Liquidating Trust as a result of any Disputed Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the Disputed Claims Reserve determined in accordance with the provisions hereof, and (iv) to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes. The Liquidating Trustee may otherwise elect to report with respect to any Disputed Claims Reserve as a disputed ownership fund under IRS Treasury Regulation Section 1.468B-9. All Beneficiaries shall report, for income tax purposes, consistent with the election of the Liquidating Trustee. In the event, and to the extent, any Cash retained on account of Disputed Claims in the Disputed Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed Claims, such taxes shall be (i) reimbursed from any subsequent Cash amounts retained on account of Disputed Claims, or (ii) to the extent such Disputed Claims have subsequently been resolved, deducted from any amounts distributable by the Liquidating Trustee as a result of the resolutions of such Disputed Claims.

9.6 Expedited Determination of Taxes. The Liquidating Trust may request an expedited determination of taxes or tax refund rights of the Liquidating Trust, including the Disputed Reserves, under Section 505(b) of the Bankruptcy Code for all returns or claims filed for the Liquidating Trust for all taxable periods through the termination of the Liquidating Trust.

ARTICLE X TERMINATION OF LIQUIDATING TRUST

10.1 Termination of Liquidating Trust. The Liquidating Trustee shall be discharged and the Liquidating Trust shall be terminated, at such time as (a) all Disputed Claims have been resolved, (b) all of the Liquidating Trust Assets have been liquidated, (c) all duties and obligations of the Liquidating Trustee hereunder have been fulfilled, (d) all Distributions required to be made by the Liquidating Trustee under the Plan and this Liquidating Trust Agreement have been made, and (e) all of the Chapter 11 Cases have been closed; provided, however, that in no event shall the Liquidating Trust be terminated later than the term of the Liquidating Trust under Section 10.2 of this Liquidating Trust Agreement, as such term may be extended pursuant to Section 10.2.

10.2 Maximum Term. The term of the Liquidating Trust shall end no later than the fifth (5th) anniversary of the Effective Date (the “Initial Liquidating Trust Term”); provided, however, that the Liquidating Trustee may, subject to the further provisions of this Section 10.2, extend the term of the Liquidating Trust for such additional period of time as is necessary to

facilitate or complete the recovery and liquidation of the Liquidating Trust Assets as follows: within the six (6) month period prior to the termination of the Initial Liquidating Trust Term, the Liquidating Trustee may file a notice of intent to extend the term of the Liquidating Trust with the Bankruptcy Court and, upon approval of the Bankruptcy Court of such extension request following notice and a hearing, the term of the Liquidating Trust shall be so extended. The Liquidating Trust may file one or more such extension notices, each notice to be filed within the six (6) month period prior to the termination of the extended term of the Liquidating Trust (all such extensions, collectively, are referred to herein as the “Supplemental Liquidating Trust Term”). Notwithstanding anything to the contrary in this Section 10.2, however, the Supplemental Liquidation Term may not exceed three (3) years without a favorable letter ruling from the IRS that any further extension would not adversely affect the status of the Liquidating Trust as a liquidating trust for federal income tax purposes. In addition, the provisions of this Section 10.2 shall be without prejudice to the right of any party in interest under Section 1109 of the Bankruptcy Code to petition the Bankruptcy Court, for cause shown, to shorten the Supplemental Liquidating Trust Term.

10.3 Events Upon Termination. At the conclusion of the term of the Liquidating Trust, the Liquidating Trustee shall distribute the remaining Liquidating Trust Assets (subject to a reserve for expenses incurred in winding up the affairs of the Liquidating Trust), if any, to the Beneficiaries, in accordance with the Plan, the Confirmation Order, and this Liquidating Trust Agreement. On or about the time that the final Distribution is made, the Liquidating Trustee may make a charitable donation with undistributed funds if, in the reasonable judgment of the Liquidating Trustee, the cost of calculating and making the final Distribution of the remaining funds is excessive in relation to the benefits to the holders of Claims who would otherwise be entitled to such Distributions, and such charitable donation is provided to an entity not otherwise related to the Debtors or the Liquidating Trustee.

10.4 Winding Up, Discharge, and Release of the Liquidating Trustee. For the purposes of winding up the affairs of the Liquidating Trust at the conclusion of its term, the Liquidating Trustee shall continue to act as Liquidating Trustee until its duties under this Liquidating Trust Agreement have been fully discharged or its role as Liquidating Trustee is otherwise terminated under this Liquidating Trust Agreement and the Plan. Upon a motion by the Liquidating Trustee, the Bankruptcy Court may enter an order relieving the Liquidating Trustee, its agents and employees of any further duties, discharging, and releasing the Liquidating Trustee and releasing its bond, if any.

ARTICLE XI MISCELLANEOUS PROVISIONS

11.1 Amendments. The Liquidating Trustee may, with the approval of Newco and with Bankruptcy Court approval, upon consideration of an appropriate motion, modify, supplement, or amend this Agreement in any way that is not inconsistent with the Plan or the Confirmation Order.

11.2 Waiver. No failure by the Liquidating Trust or the Liquidating Trustee to exercise or delay in exercising any right, power, or privilege hereunder shall operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any further exercise thereof, or of any other right, power, or privilege.

11.3 Cumulative Rights and Remedies. The rights and remedies provided in this Liquidating Trust Agreement are cumulative and are not exclusive of any rights under law or in equity.

11.4 Irrevocability. This Liquidating Trust Agreement and the Liquidating Trust created hereunder shall be irrevocable, except as otherwise expressly provided in this Liquidating Trust Agreement.

11.5 Tax Identification Numbers. The Liquidating Trustee may require any Beneficiary to furnish to the Liquidating Trustee its social security number or employer or taxpayer identification number as assigned by the IRS and the Liquidating Trustee may condition any Distribution to any Beneficiary upon the receipt of such identification number.

11.6 Relationship to the Plan. The principal purpose of this Liquidating Trust Agreement is to aid in the implementation of the Plan and, therefore, this Liquidating Trust Agreement incorporates and is subject to the provisions of the Plan and the Confirmation Order. In the event that any provision of this Liquidating Trust Agreement is found to be inconsistent with a provision of the Plan or the Confirmation Order, the provisions of the Plan or the Confirmation Order, as applicable, shall control. In the event that any provision of the Plan is found to be inconsistent with a provision of the Confirmation Order, the Confirmation Order shall control.

11.7 Division of Liquidating Trust. Under no circumstances shall the Liquidating Trustee have the right or power to divide the Liquidating Trust unless authorized to do so by the Bankruptcy Court.

11.8 Applicable Law. This Liquidating Trust shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to rules governing the conflict of laws.

11.9 Retention of Jurisdiction. Notwithstanding the Effective Date, and to the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the Liquidating Trust after the Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits and issues that may arise in connection therewith, including, without limitation, this Liquidating Trust Agreement, or any entity's obligations incurred in connection herewith, including without limitation, any action against the Liquidating Trustee or any Professional retained by the Liquidating Trustee, in each case in its capacity as such. Each party to this Liquidating Trust Agreement hereby irrevocably consents to the exclusive jurisdiction and venue of the Bankruptcy Court in any action to enforce, interpret or construe any provision of this Liquidating Trust Agreement or of any other agreement or document delivered in connection with this Liquidating Trust Agreement, and also hereby irrevocably waives any defense of improper venue, *forum non conveniens* or lack of personal jurisdiction to any such action brought in the Bankruptcy Court. Each party further irrevocably agrees that any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement will be brought only in the Bankruptcy Court. Each party hereby irrevocably consents to the service by certified or registered mail, return receipt requested, of any process in any action to enforce, interpret or construe any provision of this Liquidating Trust Agreement.

11.10 Severability. In the event that any provision of this Liquidating Trust Agreement or the application thereof to any person or circumstance shall be determined by the Bankruptcy Court to be invalid or unenforceable to any extent, the remainder of this Liquidating Trust Agreement, or the application of such provision to persons or circumstance, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Liquidating Trust Agreement shall be valid and enforced to the fullest extent permitted by law.

11.11 Limitation of Benefits. Except as otherwise specifically provided in this Liquidating Trust Agreement, the Plan or the Confirmation Order, nothing herein is intended or shall be construed to confer upon or to give any person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Liquidating Trust Agreement.

11.12 Notices. Except as otherwise provided in this Liquidating Trust Agreement, all notices, requests, demands, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given to a person, if delivered in person or by facsimile with an electromagnetic report of delivery or if sent by overnight mail, registered mail, certified mail, or regular mail, with postage prepaid, to the following addresses:

If to the Liquidating Trustee:

Frederick J. Petersen
Mesch Clark Rothschild
259 N. Meyer Ave.
Tucson, AZ 85701
Tel: (520) 624-8886
Email: fpetersen@mcazlaw.com

If to the Debtors:

Forrester & Worth, PLLC
3636 North Central Avenue, Suite 700
Phoenix, Arizona 85012
Attn: S. Cary Forrester
Tel: (602) 271-4250
Email: scf@forresterandworth.com

If to Newco:

Snell & Wilmer LLP
One Arizona Center
400 E. Van Buren St., Ste. 1900
Phoenix, Arizona 85004
Attn: Steven D. Jerome
Tel: (602) 382-6000
Email: sjerome@swlaw.com

If to a Beneficiary:

To the name and distribution address set forth in the Register with respect to such Beneficiary.

The parties may designate in writing from time to time other and additional places to which notices may be sent.

11.13 Further Assurances. From and after the Effective Date, the parties hereto covenant and agree to execute and deliver all such documents and notices and to take all such further actions as may reasonably be required from time to time to carry out the intent and purposes of this Liquidating Trust Agreement, and to consummate the transactions contemplated hereby.

11.14 Integration. This Liquidating Trust Agreement, the Plan, and the Confirmation Order constitute the entire agreement with, by and among the parties thereto, and there are no representations, warranties, covenants, or obligations except as set forth herein, in the Plan and in the Confirmation Order. This Liquidating Trust Agreement, together with the Plan and the Confirmation Order, supersede all prior and contemporaneous agreements, understandings, negotiations, and discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder. Except as otherwise provided in this Liquidating Trust Agreement, the Plan or Confirmation Order, nothing herein is intended or shall be construed to confer upon or give any person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Liquidating Trust Agreement.

11.15 Interpretation. The enumeration and Section headings contained in this Liquidating Trust Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Liquidating Trust Agreement or of any term or provision hereof. Unless context otherwise requires, whenever used in this Liquidating Trust Agreement the singular shall include the plural and the plural shall include the singular, and words importing the masculine gender shall include the feminine and the neuter, if appropriate, and vice versa, and words importing persons shall include partnerships, associations, and corporations. The words herein, hereby, and hereunder and words with similar import, refer to this Liquidating Trust Agreement as a whole and not to any particular section or subsection hereof unless the context requires otherwise. Any reference to the "Liquidating Trustee" shall be deemed to include a reference to the "Liquidating Trust" and any reference to the "Liquidating Trust" shall be deemed to include a reference to the "Liquidating Trustee" except for the references in Sections 4.1 and 4.2, and such other provisions in which the context otherwise requires.

11.16 Counterparts. This Liquidating Trust Agreement may be signed by the parties hereto in counterparts, which, when taken together, shall constitute one and the same document. Delivery of an executed counterpart of this Liquidating Trust Agreement by facsimile or email in pdf format shall be equally effective as delivery of a manually executed counterpart.

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Liquidating Trust Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers or representatives, all as of the date first above written.

GV HOSPITAL MANAGEMENT, LLC; GREEN VALLEY HOSPITAL, LLC; GV II HOLDINGS, LLC

By: _____
Name: _____
Title: _____

FREDERICK J. PETERSEN OF MESCH CLARK ROTHSCHILD, LIQUIDATING TRUSTEE OF GVH LIQUIDATING TRUST

EXHIBIT A

Terms of Compensation of Liquidating Trustee

- 1) **Compensation.** Beginning at the Effective Date (as defined in the Plan), the Liquidating Trustee shall be employed and compensated on an hourly basis at the rate of \$450 per hour.
- 2) **Payment of Monthly Fee, Expenses, and Start-Up Costs; Full Fee for Initial Month.** The Liquidating Trustee's monthly fees, together with payment of any start-up costs and expenses under the above paragraph, shall be payable out of the Liquidating Trust Assets beginning on the Effective Date and continuing thereafter until the Liquidating Trustee is discharged.
- 3) **Means and Timing of Payment.** The Liquidating Trustee's monthly fees shall be paid on the fifth (5th) business day of each month for the immediately preceding month, including the month in which the Liquidating Trustee is discharged.

EXHIBIT “6”

FREDERICK J. PETERSEN
Mesch, Clark & Rothschild, P.C.
259 N. Meyer, Tucson, Arizona 85701
(520) 624-8886 Fax: (520) 798-1037
E-mail: fpetersen@mcrazlaw.com

PROFESSIONAL EXPERIENCE:

October 1999 to Present - MESCH, CLARK & ROTHSCHILD, P.C.

Managing Shareholder of firm. A business lawyer specializing in corporate restructuring, commercial bankruptcy representation, commercial litigation, and real estate matters. Bankruptcy representation includes counsel to debtors, official committees of unsecured creditors, Chapter 11 trustees, and creditors.

- Debtor representations include: In re Epicenter Partners (5 jointly administered cases); In re Stone Canyon Golf, LLC; Pro's Ranch Markets, Inc. (8 jointly administered cases); Sierra Industrial Park Delaware, LLC (2 jointly administered cases); Eurofresh, Inc.; In re Ventana 20/20 L.P.; In re Fluoresco Lighting-Sign Maintenance, Inc. (2 jointly administered cases); In re Bashas, Inc. (3 jointly administered cases); In re Mariposa Road Self Storage, LLC, et. al. (9 jointly administered cases); In re Beaudry RV Company (7 consolidated cases); In re CardSystems Solutions, Inc.; In re David J. Baird Design and Building, Inc. (3 consolidated cases); In re J. Herndon, Inc.; In re White Mountain Communities Hospital, Inc.
- Trustee representations include: Lowell E. Rothschild as Trustee for Community Healthcare of Douglas, Inc.; Brenda Moody Winery, as Trustee of Fort Defiance Housing Corporation; Louie A. Mukai, as Trustee of TRP, Inc.; Louie A. Mukai as Trustee of Raven Rock Construction; Lowell E. Rothschild as Trustee for Pashard, Inc. and of Pashard Needles, Inc.; Lowell E. Rothschild as Trustee for Athletes International Ministries, Inc.
- Committee representations include: the Official Committee of Unsecured Creditors for Crown Pacific Limited Partnership (6 jointly administered cases); the Official Committee of Unsecured Creditors for United Development, Inc.; the Official Committee of Tort Creditors for Marine Military Academy, Inc.
- Creditor representations include: Conix Equity Holders (In re Variant Holding Co.); Towers Investment Trust (In re Kimble); Porta Bella Lender, Inc. (In re RFI Holdings, et. al.); Shamrock Foods Company

EDUCATION:

UNIVERSITY OF ARIZONA, JAMES E. ROGERS COLLEGE OF LAW, Tucson, Arizona

- J.D. received May 1999
- Arizona Journal of International and Comparative Law, Note Editor
- Author: "The Facade of Humanitarian Intervention for Human Rights in a Community of Sovereign Nations" 15 Ariz. J. Int'l & Comp. L. 871 (1998)

GONZAGA UNIVERSITY, Spokane, Washington

- B.A., Magna Cum Laude, Major in History and Political Science, May 1996
- Academic All American Debate Team, 1996

BAR ADMISSIONS:

- State Bar of Arizona (1999)
- United States District Court in Arizona (1999)
- United States Court of Appeals, Ninth Circuit (1999)

PROFESSIONAL AND CIVIC APPOINTMENTS/AFFILIATIONS:

- Lawyer Representative to the Ninth Circuit Judicial Conference, term lasts through 2018
- American Bankruptcy Institute – Current Member
- American Bar Association, Law Practice Management Section—Current Member
- Southern Arizona Legal Aid – Board of Directors, Vice-President – 2011-Present
- Bankruptcy Bar Advisory Commission – 2011-Present
- Local Bankruptcy Rules Commission—2013-2016
- Arizona Bankruptcy American Inn of Court—Master—2011-2016
- Breakfast Club of Tucson, Membership Chair, Board of Directors
- Southern Arizona Legal Aid – Volunteer Lawyers Program – Volunteer—1999-Present
- Step Up to Justice—Volunteer Lawyer—2017-Present
- Financial Executives and Affiliates of Tucson—2011-2014
- Greater Tucson Leadership, Inc. - Board of Directors – 2004-2007
- Handidogs, Inc. – Board of Directors 2001-2005, Board President 2003-2005
- 2004 Greater Tucson Leadership – Adult Leadership Class
- Chairman of Arizona State Bar Convention – Bankruptcy Program – 2004 and 2005
- 2003 Volunteer Lawyer’s Program “Bankruptcy Attorney of the Year” Award Winner
- Tucson Volunteer Center – Community Connection Crew – 2000-2003
- Lawyers for Literacy – Volunteer—1999-2003
- Martindale AV Rated
- Southwest Super Lawyers “Rising Star” 2012, 2013,2014
- Southwest Super Lawyer 2015, 2016, 2017
- Listed in Best Lawyers in American in area of Bankruptcy and Creditor/Debtor Rights/Insolvency and Reorganization Law
- 2012 “Up and Comer”- Inside Tucson Business
- 2006 Tucson Business Edge “40 Under 40” Award Winner
- 2004 Arizona Foundation for Legal Services and Education “Top Pro Bono Attorneys of Arizona Award”

347017

EXHIBIT “7”

LIQUIDATION ANALYSIS

	<u>Chapter 7</u>		<u>Chapter 11</u>	
	\$	%	\$	%
ASSETS				
Avoidance Actions	unknown		unknown	
Litigation Claims	unknown		unknown	
Operating Cash as of 7/22/17	\$1,775,262		\$1,775,262	
Value of Real Property	\$48,000,000		\$60,080,000	
Value of Personal Property	\$2,043,252	*	\$5,125,000	**
Collectible Accounts Receivable	\$2,600,000		\$2,600,000	
Other Current Assets (Inventory)	\$500,000		\$1,000,000	
Cash Contribution from Purchase Price	N/A		\$750,000	
Total Assets	\$54,918,514		\$71,330,262	
CLAIMS				
<u>Administrative Claims:</u>				
Estate Professionals' Claims	400,000		400,000	
Post-Petition Payables (payroll and trade)	\$1,326,236		\$1,326,236	
Liquidation Expenses @ 5% of real and personal property assets	\$2,657,000		0	
Chapter 7 Trustee's Fee ¹	\$1,670,805		0	
Super administrative priority claim of GVMI per final DIP Order	11,200,000		0	
Total Administrative Claims	\$17,254,041		\$1,726,236	

¹ Assumes that all of the Trustee's fees are found to be reasonable under 11 U.S.C. § 330, that he or she receives the maximum amount allowed under 11 U.S.C. § 326(a) and that the fees are allowed as a surcharge. Also assumes that the Chapter 7 Trustee does not hire professionals, including legal counsel.

<u>Secured Claims:</u>				
DIP Loan	\$20,000,000		\$20,000,000	
SQN Claim (secured portion only)	\$2,143,252	***	\$5,505,000	****
Med One Claim (secured portion only)	\$180,000		\$180,000	
GVMI Claim (secured portion only)	\$32,595,262		0	
Total Secured Claims	\$54,918,514		\$25,685,000	
<u>Unsecured Claims:</u>				
Priority Unsecured Claims (IRS and ADOR)	\$2,000,000		\$2,000,000	
Administrative Convenience Claims	0		\$90,000	
Unsecured Claims (not including GVMI deficiency claim)	\$19,500,000		\$19,500,000	
Total Unsecured Claims	\$21,500,000		\$21,590,000	
DISTRIBUTIONS				
Administrative Claims	\$400,000	100%	\$1,726,236	100%
Chapter 7 Trustee's Fee *****	\$1,677,675	100%	0	0
Liquidation Expenses *****	\$2,627,000	100%	0	0
Secured Claims	\$50,212,339	91%	\$25,685,000	100%
Priority Unsecured Claims	0	0	\$500,000	25%
Administrative Convenience Claims	0	0	\$45,000	50%
Assumed Claims *****	0	0	2,976,236	100%
General Unsecured Claims *****	0	0	\$250,000	.5%
Equity	0	0	0	0
Total Distributions	\$54,917,014		\$31,182,472	

* Appraised liquidation value of SQN equipment collateral (\$1,543,252) plus approx. \$500,000 in other items

** Appraised FMV of SQN equipment collateral (approx. \$4,625,000) plus approx. \$500,000 in other items

*** Appraised liquidation value of SQN collateral (\$1,543,252) plus approx. \$600,000 in value for excess land

**** Appraised FMV of SQN collateral (approx. \$4,625,000) plus approx. \$880,000 in value for excess land

***** Assumes for purposes of this analysis only that the trustee's fees and liquidation expenses would be allowed as a surcharge

***** Assumed liabilities include the following:

Post-Petition Trade		352,753
Critical Vendors	J&J Healthcare	64,370
	Masimo Corporation	11,092
	CR Bard	24,553
	Stryker	25,282
Payroll Related Liabilities	Accrued Payroll/ PTO	973,483
3rd Party Liability	Medicare Overpayment Payback	1,524,703
	TOTAL	2,976,236

***** Doesn't include recoveries from avoidance actions and litigation claims