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6  
7 **IN THE UNITED STATES BANKRUPTCY COURT**  
8 **FOR THE DISTRICT OF ARIZONA**

9 In re:

10 PEORIA REGIONAL MEDICAL CENTER,  
11 LLC,

12 Debtor.

13 Address: 8020 E. Palm Ln.  
Mesa, AZ 85207

14 Taxpayer ID No(s): xx-xxx0458

Chapter 11 Proceedings

Case No. 2:17-bk-11742-SHG

**DEBTOR'S FIRST DISCLOSURE  
STATEMENT**

15 **I. INTRODUCTION**

16 This document is the disclosure statement of the Debtor, Peoria Regional Medical Center,  
17 L.L.C. (the "Debtor"), in the above entitled Chapter 11 bankruptcy proceeding. This Disclosure  
18 Statement is submitted by the Debtor pursuant to 11 U.S.C. §1125.

19 11 U.S.C. §1125(b) prohibits the solicitation of acceptances or rejections of a plan of  
20 reorganization unless such plan is accompanied by a copy of the Disclosure Statement which has  
21 been approved by the Bankruptcy Court.

22 The purpose of this Disclosure Statement is to provide creditors and interested parties in this  
23 bankruptcy proceeding with such information as may reasonably be deemed sufficient to allow  
24 creditors and interested parties to make an informed decision regarding the Debtor's Plan of  
25 Reorganization ("Plan"), a copy of which is attached hereto and incorporated herein as Exhibit "A".

26 Unless otherwise noted, those portions of the Plan and this Disclosure Statement providing  
27 factual information concerning the Debtor, its assets and liabilities, have been prepared from  
28 information submitted by the Debtor and its retained professionals. The Debtor and other  
professionals employed by the Debtor have utilized all relevant, non-privileged information provided

1 by the Debtor in preparing this Disclosure Statement and the Plan.

2 This Disclosure Statement contains information that may influence your decision to accept or  
3 reject the Debtor's proposed Plan. Please read this document with care.

4 The financial information contained in this Disclosure Statement has not been subjected to an  
5 audit by an independent certified public accountant. For that reason, the Debtor is not able to warrant  
6 or represent that the information contained in this Disclosure Statement is without any inaccuracy.  
7 To the extent practicable, the information has been prepared from the Debtor's financial books and  
8 records and great effort has been made to ensure that all such information is fairly representative.

9 This Disclosure Statement and the Plan will classify all creditors into Classes. The treatment  
10 of each Class of creditors will be set forth in this Disclosure Statement and in the Plan. You should  
11 carefully examine the treatment of the Class to which your Claim will be assigned.

12 This Disclosure Statement requires approval by the Bankruptcy Court after notice and a  
13 hearing pursuant to 11 U.S.C. §1125(b). Once approved, the Disclosure Statement will be distributed  
14 with the Debtor's proposed Plan for voting. Approval of the Disclosure Statement by the Bankruptcy  
15 Court does not constitute either certification or approval of the Debtor's Plan by the Bankruptcy  
16 Court or that the Disclosure Statement is without any inaccuracy.

17 The Bankruptcy Court will confirm the Plan if the requirements of Section 1129 of the  
18 Bankruptcy Code are satisfied. The Bankruptcy Court must determine whether the Plan has been  
19 accepted by each impaired class entitled to vote on the Plan. Impaired classes entitled to vote on the  
20 Plan are those classes of claims whose legal, equitable or contractual rights are altered, as defined  
21 under §1124 of the Bankruptcy Code. An impaired class of claims is deemed to have accepted the  
22 Plan if at least two thirds in amount of those claims who vote and more than one half in number of  
23 those claims who vote have accepted the Plan. An impaired class of interests is deemed to have  
24 accepted the Plan if the Plan has been accepted by at least two thirds in amount of the allowed  
25 interests who vote on the Plan.

26 Even if each class of creditors does not accept the Plan, the Plan can be confirmed under  
27 §1129(b) of the Code, so long as one impaired class of creditors accepts the Plan. This is referred to  
28 as the "cram down" provision. The failure of each class to accept the Plan could very well result in a

1 conversion of this case to a Chapter 7 or dismissal of the Chapter 11, and the secured creditors  
2 repossessing its collateral and disposing of it in a commercially reasonable manner with no obligation  
3 to unsecured creditors.

4 Only the votes of those creditors or interested parties whose ballots are timely received will be  
5 counted in determining whether a class has accepted the Plan.

## 6 **II. DEFINITIONS**

7 The definitions set forth in Article I of the Plan apply in this Disclosure Statement except to  
8 the extent other definitions are set forth in this Disclosure Statement.

## 9 **III. THE DEBTOR AND EVENTS PRECIPITATING THE CHAPTER 11**

10 The Debtor was organized on November 5, 2007. Timothy A. Johns is the Manager of the  
11 Debtor. The Debtor was formed for the purpose of owning certain real property located at 26320 N.  
12 Lake Pleasant Parkway, Peoria, Maricopa County, Arizona 85345 (the "Property"). The Debtor is  
13 in the process of constructing an acute care hospital on the Property and has funded the building of  
14 a 3-story steel framed structure. The Debtor has no employees, though it may hire some in the  
15 future, post-confirmation. The Debtor is currently in the process of selling the Property to a buyer  
16 who is willing to finance and complete the construction of the hospital on the Property and then  
17 lease some or all of the space to the Debtor so that it can operate an acute-care hospital.

18 On August 30, 2017, the City of Peoria issued a Notice and Order to Abate Violation of  
19 Code regarding the Property. The Notice and Order established a deadline of September 27, 2017  
20 for the Debtor to obtain a demolition permit to demolish the partially constructed structure currently  
21 located on the Property. The City of Peoria also issued an order of assessment as a result of the City  
22 of Peoria installing a fence around the perimeter of the Property to secure the Property for safety  
23 reasons. On or about October 3, 2017, the City of Peoria notified the Debtor of its intent to  
24 demolish the structure on the Property. This event ultimately left the Debtor no choice but to file a  
25 Chapter 11 Bankruptcy.

## 26 **IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11**

### 27 **A. Administrative Proceedings**

28 The Debtor filed its Petition for Relief under Chapter 11 on October 4, 2017. A first meeting

1 of creditors was held on October 25, 2017.

2 B. Retention of Professionals

3 The Debtor retained Aiken Schenk Hawkins & Ricciardi P.C. ("ASHR") to act as its  
4 bankruptcy counsel. An Order approving ASHR was signed by the Court on October 5, 2017.

5 C. Appointment of Unsecured Creditors Committee

6 On October 31, 2017 the United States Trustee's Office filed a statement concerning its  
7 inability to appoint a committee of unsecured creditors.

8 D. Claims Bar Date

9 On April 19, 2018, the Debtor filed a Motion to Set Bar Date to File Claims. On April 19,  
10 2018 the Court signed an Order setting July 3, 2018 as the bar date for claims.

11 E. Motion to Approve Post-Petition Financing

12 On March 21, 2018, the Debtor filed a Motion to Approve Post-Petition Financing Under  
13 §364. By this Motion, the Debtor requested the Court enter an order the Debtor to obtain post-  
14 petition financing from Dr. Johns for the cost of the necessary insurance coverage. An Order  
15 Granting the Motion was entered on April 18, 2018.

16 F. ASHR's Fee Applications

17 ASHR will file applications for fees and costs incurred in its representation of the Debtor.  
18 Orders approving ASHR's applications for fees will be signed by the Court to reflect the fees and  
19 costs that are payable. ASHR will be filing additional fee applications from time to time during this  
20 proceeding. Because this matter is ongoing, interested parties should review the Court's docket for  
21 the current status of this matter.

22 G. Motion to Extend Plan Filing Deadlines

23 On January 26, 2018, the Debtor filed a Motion to Extend Plan Filing Deadlines. By its  
24 Motion, the Debtor seeks an Order pursuant to 11 U.S.C. §1121(d) to extend the deadline within  
25 which the Debtor has to file a Plan an additional 90 days from February 1, 2018 to May 2, 2018 and  
26 to extend the period within which the Debtor has the exclusive right to solicit acceptances of the Plan  
27 an additional 91 days from April 2, 2018 to July 2, 2018. On February 27, 2018, the Court entered an  
28 Order extending the deadline within which the Debtor has to file a Plan an additional 90 days from  
February 1, 2018 to May 2, 2018 only.

1 **V. DESCRIPTION OF ASSETS AND LIABILITIES OF THE DEBTOR**

2 The values ascribed to the assets below are based on the Debtor's best estimate and other  
3 factors such as the purchase price, comparable sales, and tax assessments, and where applicable as  
4 referenced below, on appraisals obtained.

5 A. Real Property

6 1. 26320 N. Lake Pleasant Pkwy., Peoria, AZ 85345 (APN 201-30-215)

7 The Debtor owns an approximately 7.12-acre real property located at 26320 N. Lake  
8 Pleasant Pkwy., Peoria, Maricopa County, Arizona (the "Property"). The Debtor is in the process of  
9 constructing an acute care hospital on the Property. The Property currently features a 3-story steel  
10 structure that was specifically built to support a medical facility. Fastest Lap, LLC holds a first  
11 position lien on the Property. Maricopa County, AJW Investments LLC and Gorman Pamalynn also  
12 hold significant tax liens against the Property. The City of Peoria also asserts an abatement order  
13 against the Property. When possible costs of sale are factored in, the Debtor does not believe that any  
14 equity exists in the Property for the benefit of the bankruptcy estate.

15 B. Personal Property

16 1. Bank Accounts

17 The Debtor held approximately \$25.00 in business bank accounts at the time of the  
18 filing of the petition for relief herein.

19 2. Machinery, Fixtures, Equipment and Supplies

20 The Debtor listed miscellaneous HVAC equipment valued at \$1,000.00 in its Schedule  
21 A/B.

22 C. Financial Reports

23 The Debtor's monthly operating reports are nearly current and copies can be obtained from  
24 the Court's electronic docket or from the Debtor's counsel.

25 D. Administrative Expenses

26 The Debtor anticipates its administrative expenses will consist primarily of attorneys' fees for  
27 Aiken Schenk Hawkins Ricciardi P.C. ("ASHR"). On October 4, 2017, ASHR received a check in  
28 the amount of \$25,000.00 from the Debtor. ASHR estimates its fees will be in the range of an  
additional \$50,000.00 depending on creditor activity in this case and believes that it should be paid

1 out of the Debtor's post-petition earnings.

2 There may be additional administrative expenses for related costs such as experts, accountants  
3 and appraisal fees.

4 Finally, the Debtor may also owe a small administrative expense to the City of Peoria or  
5 Susie's Custom Fence for the security barrier placed on the property. The Debtor is working to  
6 ascertain the exact amount and believes that it will be *de minimis*.

7 E. Priority Claims

8 The Debtor listed the Arizona Department of Revenue and the Internal Revenue Service as  
9 "Notice Only" in its Schedule E/F. The Debtor believes that no tax obligations are owed.

10 F. Secured Claims

11 Maricopa County Treasurer filed a secured claim in the amount of \$429,900.13 related to  
12 2012-2017 real property taxes owing on the Property.

13 The Debtor listed AJW Investments LLC (CP Buyer No. 10764) with a secured claim in the  
14 amount of \$332,067.25 related to real property taxes owing on the Property for tax years 2013-2016.

15 The Debtor listed Gorman Pamalynn (CP Buyer No. 93) with a secured claim in the amount  
16 of \$2,347.82 related to real property taxes owing on the Property for tax year 2012.

17 The Debtor listed the City of Peoria with a secured claim in the amount of \$5,388.79 related  
18 to its abatement order against the Property.

19 Gilbert Hospital, LLC had a secured related to its first position lien against the Property and  
20 unsecured claim in the total amount of \$5,132,161.81<sup>1</sup>. On January 26, 2018, Gilbert Hospital, LLC  
21 transferred its secured and unsecured claims to Fastest Lap, LLC.

22 G. Unsecured Claims

23 The Debtor anticipates the total amount of Allowed Unsecured Claims in this Class will be  
24 approximately \$5,469,632.01 owed for business-related debt.

25 H. Claims Register

26 Attached hereto as Exhibit "B" is a chart reflecting the status of claims as the Debtor is  
27  
28

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<sup>1</sup> Pursuant to that certain Agreement for Resolution of Claims, the Debtor is entitled to a further dollar for dollar reduction of the Residual Balance by the amount paid under the Peoria Carry Back Note.

1 presently aware.

2 **VI. CLASSIFICATION, IMPAIRMENT AND TREATMENT OF CLAIMS AND**  
3 **INTERESTS**

4 THE FOLLOWING STATEMENTS CONCERNING THE PLAN ARE MERELY A  
5 SUMMARY OF THE PLAN AND ARE NOT COMPLETE. THE STATEMENTS ARE  
6 QUALIFIED ENTIRELY BY EXPRESS REFERENCE TO THE PLAN. CREDITORS ARE  
7 URGED TO CONSULT WITH COUNSEL OR EACH OTHER IN ORDER TO UNDERSTAND  
8 THE PLAN FULLY. THE PLAN IS COMPLETE, INASMUCH AS IT PROPOSES A LEGALLY  
9 BINDING AGREEMENT BY THE DEBTOR. AN INTELLIGENT JUDGMENT CANNOT BE  
10 MADE WITHOUT READING IT IN FULL.

11 **VII. CLASSIFICATION OF CLAIMS AND INTERESTS**

12 **A. Class 1: Priority Claims**

13 Class 1-A consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)  
14 (Administrative Claims).

15 Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8) (Tax  
16 Claims).

17 **B. Class 2: Secured Claims**

18 Class 2-A consists of the Allowed Secured Claim of Maricopa County related to real  
19 property taxes for the Property.

20 Class 2-B consists of the Allowed Secured Claim of Gorman Pamalynn related to its  
21 real estate tax lien (Certificate of Purchase) on the Property.

22 Class 2-C consists of the Allowed Secured Claim of AJW Investments LLC related to  
23 its real estate tax lien (Certificate of Purchase) on the Property.

24 Class 2-D consists of the Allowed Secured Claim of Fastest Lap, LLC related to its  
25 first position lien on the Property.

26 Class 2-E consists of the Allowed Secured Claim of the City of Peoria related to its  
27 abatement assessment and order on the Property.

28 **C. Class 3: General Unsecured Claims**

Class 3-A consists of the Allowed Unsecured Claim of Fastest Lap, LLC.

Class 3-B consists of the Allowed Unsecured Claim of David Gottlieb, Creditor  
Trustee of the GH Unsecured Creditors Trust ("GH Creditors Trust") related to Adversary Proceeding  
2:17-ap-00013-BKM.

Class 3-C consists of the Allowed Unsecured Claims of Creditors of the Debtor.

**D. Class 4: Debtor's Interest**

Class 4-A consists of the Allowed Interest of the Debtor.

**VIII. IMPAIRMENT OF CLASSES**

Classes 1-A and 1-B are unimpaired under the Plan. All other classes are impaired, as that term is defined in 11 U.S.C. §1124.

**IX. TREATMENT OF CLASSES**

**A. Class 1: Priority Claims**

**1. Class 1-A: Administrative Claims**

This Class consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2) (Administrative Claims) related to the Debtor. The Debtor proposes to sell the Property and the obligation owing to the Allowed Claims of Class 1-A will be paid out of the sales proceeds in accordance with the provisions of Class 2-D.

Otherwise, unless they agree to an alternative form of treatment, shall be paid in full, in cash, by the earlier of the Effective Date or the date that such are allowed and ordered paid by the Court. Any Class 1-A Claim not allowed as of the Effective Date shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class.

The Allowed Administrative Claim of counsel for the Debtor that has not been paid as of the Effective Date shall be paid in monthly payments of principal and interest, with interest at 8%, until paid in full, and paid before any distributions to general unsecured creditors. The Interest Holders have guaranteed the payment of all Allowed Administrative Claims.

**2. Class 1-B: Tax Claims**

Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8)-tax claims related to the Debtor. The Debtor believes that no Claims exist in this Class. As provided in 11 U.S.C. §1129(a)(9)(C), unless they agree to an alternative form of treatment, the Allowed Priority Claims of Class 1-B shall be paid in full, in cash, in regular installment payments of a total value, as of the Effective Date of the Plan, equal to the Allowed Priority Claim, over a period ending five (5) years after the Petition Date, and in a manner that is not less favorable than the most favored non-priority unsecured claim provided for by the Plan (other than cash payments made to a class of



creditors under §1122(b)). Any Allowed Priority Claims will receive interest at the Tax Claim Rate. Any Class 1-B Claim not allowed as of the Effective Date shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class.

**B. Class 2: Secured Claims**

**1. Class 2-A: Maricopa County**

Class 2-A consists of the Allowed Secured Claim of Maricopa County as to the Property. Maricopa County filed a proof of claim with a total estimated tax liability of \$429,900.13. The Debtor proposes to sell the Property and the obligation owing to Maricopa County will be paid in full out of the sales proceeds in accordance with the provisions of Class 2-D.

**2. Class 2-B: Gorman Pamalynn**

This Class consists of the Allowed Secured Claim held by Gorman Pamalynn (CP Buyer No. 93) for a property tax lien related to the Property as of the Effective Date. Gorman Pamalynn did not file a proof of claim. The Debtor proposes to sell the Property and the obligation owing to Gorman Pamalynn will be paid in full out of the sales proceeds in accordance with the provisions of Class 2-D.

**3. Class 2-C: AJW Investments, LLC**

This Class consists of the Allowed Secured Claim held by AJW Investments LLC (CP Buyer No. 10764) for a property tax lien related to the Property as of the Effective Date. AJW Investments, LLC did not file a proof of claim. The Debtor proposes to sell the Property and the obligation owing to AJW Investments, LLC will be paid in full out of the sales proceeds in accordance with the provisions of Class 2-D.

**4. Class 2-D: Fastest Lap, LLC**

Class 2-D consists of the Allowed Secured Claim held by Fastest Lap, LLC as to its first position lien against the Property. The Debtor asserts that Fastest Lap, LLC's Claim is in first position on the Property junior only to real property taxes. The Debtor wishes to sell the Property to the highest bidder as part of its Chapter 11 reorganization. The Debtor will file a motion under 11 U.S.C. §363 shortly.

To date, the Debtor has received multiple offers to purchase the Property. Currently, the highest and best offer, and the offer with the fewest contingencies, was made by ADB

Investments, LLC (“ADB”). ADB intends to purchase the Property and finance the construction of a 3-story hospital building, some or all of which may be leased by the Debtor.

The exact terms of ADB’s offer are under negotiation, but the Debtor has received an expression of intent containing the following terms:

Purchase Price. The purchase price shall be in an amount sufficient to satisfy the following:

- (a) The first-position lienholder’s<sup>2</sup> secured claim in the approximate amount of \$2,200,000;
- (b) Property taxes due and owing on the Property in the approximate amount of \$500,000;<sup>3</sup>
- (c) City of Peoria secured claim in the approximate amount of \$5,000;
- (d) Small Claim owing and related to the fencing of the Property<sup>4</sup>; and
- (e) \$75,000 for payment towards administrative claims and unsecured claims in the PRMC Bankruptcy Case.

Earnest Money. Buyer [ADB or its Assignee] will deposit into escrow an initial earnest money deposit in the amount of \$50,000. Buyer will deposit an additional earnest money deposit of \$50,000 prior to the expiration of the Feasibility Period. All earnest money shall apply to the purchase price.

Feasibility Period. Buyer shall have thirty (30) days (“Feasibility Period”) within which to determine the suitability of the Property, during which time Buyer shall have the right to terminate the agreement and cancel escrow, in Buyer’s sole and absolute discretion. The Feasibility Period will commence from the date the Bankruptcy Court Order approving the sale to Buyer becomes a final and non-appealable order.

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<sup>2</sup> Fastest Lap, LLC

<sup>3</sup> Classes 2-A, Maricopa County; 2-B, Gorman Pamalynn; and 2-C, AJW Investments, LLC

<sup>4</sup> Susie’s Custom Fencing provided a security fence and may be owed a small sum.

1           Title. Title to the property shall be delivered to Buyer free and clear  
2 of all liens, claims and encumbrances.

3           Close of Escrow. Close of escrow shall be thirty (30) days following  
4 expiration of the Feasibility Period. There will be no financing  
5 contingency to close escrow.

6           Property Due Diligence Materials. Seller shall deliver to Buyer,  
7 within two (2) business days following the opening of escrow, copies  
8 of all written information, surveys, reports, studies, plans,  
9 construction documentation, applications and other information  
10 regarding the Property, or the development of which it is a part, which  
11 Seller has in its possession or control.

12           PRMC's Right of First Refusal. Buyer will grant PRMC a right of  
13 first refusal to lease, at prevailing market terms, space in the hospital  
14 facility to be developed on the Property.

15           Commissions. Buyer understands that neither party has dealt with  
16 any broker who would be entitled to a commission in connection with  
17 the proposed purchase and sale of the Property, and Buyer will not  
18 pay any real estate brokerage commission.

19           The foregoing is an expression of interest for the purchase of the Property by ADB and  
20 is a nonbinding summary of basic terms and conditions to be incorporated in a formal, written,  
21 mutually-acceptable purchase and sale agreement. The Debtor and ADB shall negotiate diligently  
22 and in good faith to agree upon the form of purchase agreement to be presented to the Bankruptcy  
23 Court for approval. It is also the desire of ADB to complete the construction of a hospital on the  
24 Property within 24 months after Close of Escrow.

25           The sale is subject to higher and better offers at the time of the sale hearing. Any  
26 potential higher bidder would be required to provide at the time of the hearing a \$1,000.00 non-  
27 refundable deposit, and subject to close on terms substantially similar or better than the present offer.

28           The underlying sales transaction will be free and clear of all liens, claims, and  
interests, pursuant to 11 U.S.C. §363 so that the Purchaser will take the Property free and clear of

1 liens and future disputes. Any liens, claims, and interests will attach to the net sale proceeds and will  
2 be paid as set forth above. Fastest Lap, LLC claims a first position lien on the Property in the  
3 approximate amount of \$2,200,000.00. This secured lien, in the amount that would be allowable  
4 under the Bankruptcy Code, is intended to be paid directly out of the escrow.

5 The Debtor approximated the value of the Property as \$5,314,900.00 in its Schedules.  
6 This value was based on the Maricopa County Assessor's full cash value.

7 As of the Petition Date, the Debtor owed approximately \$429,900.13 in real property  
8 taxes to the Maricopa County Treasurer and the CP Buyers. The Debtor also owes the City of Peoria  
9 approximately \$5,388.79 related to its abatement assessment. The sale proceeds will be sufficient to  
10 pay the approximately \$2.2 million secured claim held by Fastest Lap, LLC, its successors and/or  
11 assigns, the Maricopa County Treasurer, the CP Buyers, and the City of Peoria in full. There are no  
12 other, junior liens on the Property. In addition, ADB's offer sets aside a portion of the sales proceeds  
13 to pay Administrative and Unsecured Creditors. ADB's offer is indicative of the current marketplace.

14 **5. Class 2-E: City of Peoria**

15 This Class consists of the Allowed Secured Claim held by the City of Peoria for its  
16 abatement assessment related to the Property. The City of Peoria did not file a proof of claim. The  
17 Debtor proposes to sell the Property and the obligation owing to the City of Peoria will be paid in full  
18 out of the sales proceeds in accordance with the provisions of Class 2-D.

19 **C. Class 3: Unsecured Claims**

20 **1. Class 3-A: Unsecured Claim of Fastest Lap, LLC**

21 Per the treatment described in Class 2-D, this will remain an obligation of the Debtor.  
22 ADB's offer contemplates that a portion of the purchase price for the sale of the Property will be set  
23 aside to pay allowed Unsecured Claims. Fastest Lap, LLC will receive a pro-rata share from the  
24 portion of the purchase price for the sale of the Property for its allowed Unsecured Claim; however,  
25 this amount will be reduced on a dollar-per-dollar basis by any amounts paid pursuant to Class 2-D.

26 **2. Class 3-B: GH Creditors Trust**

27 On January 7, 2017, David Gottlieb, Creditor Trustee of the GH Unsecured Creditors  
28 Trust ("GH Creditors Trust") filed a fraudulent conveyance Complaint against the Debtor and several  
other parties (Adv. 17-13) arising from the bankruptcy case of Gilbert Hospital, LLC (Case No. 14-

1 1451-MCW). On January 9, 2017 and November 17, 2017, the GH Creditors Trust filed Amended  
2 Complaints. On March 10, 2017, the Debtor filed a Motion to Dismiss Complaint. On November 28,  
3 2017, the Debtor filed a Notice of Bankruptcy and Automatic Stay of Proceedings. On January 16,  
4 2018, the Debtor filed a Motion to Dismiss First Amended Complaint. A hearing on the Motion to  
5 Dismiss First Amended Complaint was scheduled for April 11, 2018; however the Court vacated the  
6 hearing and deemed the matter under advisement without further hearing.

7 Class 3-B consists of the Allowed Non-Dischargeable Claim in favor of the GH  
8 Creditors Trust that the parties may establish by agreement or the Court may determine. Any  
9 Allowed Unsecured Claim that the GH Creditors Trust may hold, shall first be treated on a pro-rata  
10 basis with the other Allowed Unsecured Claims provided for in Class 3-C. Upon the completion of  
11 the payments set forth in Class 3-C, the remaining balance of the GH Creditors Trust's Allowed Non-  
12 Dischargeable Claim shall continue to receive a pro-rata distribution of the Debtor's Excess Cash  
13 Flow until the GH Creditors Trust's Allowed Non-Dischargeable Claim along with any other Creditor  
14 that holds a Non-Dischargeable Claim, for a period of five additional years only and then shall  
15 receive no further payments. To the extent that the terms of the Plan conflict with the terms of any  
16 Stipulation that may be executed between the Debtor and the GH Creditors Trust, the terms of the  
17 Stipulation shall control and shall be integrated into the Plan.

18 **3. Class 3-C: General Unsecured Claims**

19 Class 3-C consists of the Allowed Unsecured Claims of Creditors. Class 3-C Creditors  
20 shall be paid a pro-rata share from the portion of the purchase price for the sale of the Property set  
21 aside to pay allowed unsecured claims pursuant to Class 2-D.

22 **D. Class 4: Debtor's Interest**

23 **1. Class 4-A: Debtor's Interest**

24 This Class consists of the Allowed Interests of the Interest Holders of the Debtor. In  
25 consideration for retaining their Interests, Interest Holders shall contribute to the Debtor sufficient  
26 cash to fund any shortfall owing to the Debtor's professionals as of the Effective Date. The Interest  
27 Holders shall retain their Allowed Interest in the Debtor, but unless, and until all senior Allowed  
28 Claims are paid in full in accordance with the terms of the Plan, the Interest Holders shall receive no  
distribution on account of their Allowed Interests.

1 **X. LIQUIDATION ANALYSIS**

2 The following is a Liquidation Analysis indicating what the Debtor believes creditors would  
3 receive in the event of a liquidation. The figures for "market value" and "liquidation value" are the  
4 Debtor's best estimate on what these assets are worth on a market or liquidation basis.

5

Asset	Market Value	Liquidation Value	Secured Claim	Equity
Real Property	\$5,314,900.00	\$4,783,410.00 <sup>5</sup>	\$5,132,161.81	\$0
Bank Account	\$25.00	\$25.00	\$0	\$25.00
Machinery/Equipment/Vehicles	\$1,000.00	\$900.00 <sup>6</sup>	\$0	\$900.00
Gross Equity				\$925.00
Administrative Claims:				(\$50,000.00)
Priority Claims:				(\$0)
Liquidation Equity				\$0

10

11 Creditors should note that on a liquidation basis, full market value for assets cannot be  
12 obtained. Further, there are costs associated with a liquidation of assets that must be paid out of any  
13 sale proceeds. The liquidation analysis does not contain an estimation of any tax liability which  
14 could be associated with the liquidation. This would lessen the recovery to creditors. **Creditors**  
15 **should note that after Administration Claims and Priority Claims, no Liquidation Equity**  
16 **would exist for the benefit of general Unsecured Claims. Nonetheless, the Debtor will pay in**  
17 **full all of its Administrative Claims and Priority Claims out of its Excess Cash Flow and pay a**  
18 **pro-rata distribution to its general unsecured creditors until general unsecured creditors have**  
19 **been paid in full the amount of their allowed claims so that general unsecured creditors will**  
20 **receive a distribution from the estate that is vastly greater than they would receive on**  
21 **liquidation.**

22 This analysis is provided for informational purposes only, given that the Debtor's Plan does  
23 not contemplate a liquidation. The importance of the analysis is to illustrate that even if the Debtor's  
24 estate was liquidated, values would lessen significantly and creditors would not be paid quickly and  
25 general unsecured creditors would not receive a distribution at all. The Debtor's Plan not only calls  
26 for the commencement of immediate payments to creditors, it also enhances the ability to pay  
27 creditors in a greater amount more quickly. Unsecured creditors should be mindful that all

28

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<sup>5</sup> The Debtor assumes approximately 10% of value for sales costs and commissions to sell the real property.

<sup>6</sup> Debtor assumes a 10% cost of sale at liquidation.

1 administrative claims and priority claims are paid before any distribution to general unsecured claims.

## 2 **XI. DEBTOR'S INCOME PROJECTIONS**

3 The Debtor has met its financial obligations while in bankruptcy, to a large extent due to the  
4 extensive efforts of its principals.

5 The Debtor intends to sell its real property via an 11 U.S.C. §363 sale to the highest bidder.  
6 To date, the Debtor has received multiple offers. The highest and best offer, with the fewest  
7 contingencies, was made by ADB. ADB has submitted an expression of interest which would satisfy  
8 all of the Debtor's secured creditors, most and possibly all of its administrative creditors, and leave a  
9 portion of the sales proceeds for distribution to allowed unsecured claims. *See Class 2-D, supra*, and  
10 Section XIII, *infra*, for more detail.

11 ADB intends to finance the construction of a hospital on the site. The Debtor anticipates that  
12 it will have the option to lease some or part of the hospital once it is constructed. *Id.* Through this  
13 sale and additional financing that it intends to seek, the Debtor will continue to generate sufficient  
14 revenue to service the Debtor's operating expenses and to pay the debt service called for under the  
15 Plan. Once the sale terms have been further negotiated, the Debtor will update its income projections  
16 accordingly.

## 17 **XII. EFFECT OF CONFIRMATION**

18 Except as otherwise provided in the Plan or the Court's order confirming the Plan, the  
19 Confirmation Order acts as a discharge, effective as of the Effective Date, of any and all debts of the  
20 Debtor that arose at any time before the entry of the Confirmation Order, including but not limited to,  
21 all principal and any and all interest accrued thereon, pursuant to §1141(d)(1) of the Bankruptcy Code.  
22 The discharge of the Debtor shall be effective as to each claim regardless of whether a proof of claim  
23 thereof was filed, whether the claim is an allowed claim, or whether the holder thereof votes to accept  
24 the Plan.

25 In addition, any pre-confirmation obligations of the Debtor dealt with in the Plan shall be  
26 considered New Obligations of the Debtor and these New Obligations shall not be considered in  
27 default unless and until the Reorganized Debtor defaults on the New Obligations pursuant to the  
28 terms of the Plan. The New Obligations provided for in the Plan shall be in the place of, and

1 completely substitute for, any pre-Confirmation obligations of the Debtor and, once the Plan is  
2 confirmed, the only obligations of the Debtor shall be such New Obligations as provided for under  
3 the Plan.

4 **XIII. IMPLEMENTATION AND FUNDING OF THE DEBTOR'S PLAN**

5 The Debtor's Plan will be funded by its sale of the Property to the highest bidder, pursuant  
6 to 11 U.S.C. §363. The Debtor will file a motion under 11 U.S.C. §363 shortly.

7  
8 To date, the Debtor has received multiple offers to purchase the Property. The Debtor  
9 received an expression of interest from ADB and believes ADB's offer provides the best option for  
10 the Debtor. ADB's offer is the highest and best and includes the least contingencies. The Debtor  
11 and ADB are currently negotiating the sale and purchase terms. ADB intends to purchase Debtor's  
12 Property and finance the construction of a 3-story hospital building, some or all of which may be  
13 leased by the Debtor.

14  
15 The Debtor approximated the value of the Property as \$5,314,900.00 in its Schedules. This  
16 value was based on the Maricopa County Assessor's full cash value. ADB's offer includes amounts  
17 intended to satisfy the approximately \$2.2 million secured debt held by Fastest Lap, LLC, the  
18 amounts due to Maricopa County and the property tax lien holders (approximately \$500,000), the  
19 amount due to the City of Peoria (approximately \$5,000), the small claim owing and related to the  
20 fencing of the Property, and \$75,000 for payment towards the Debtor's administrative and allowed  
21 unsecured claims. ADB's offer will satisfy Debtor's secured debts, will pay most or possibly all of  
22 its administrative claims, and will provide some recovery for unsecured creditors. In other words,  
23 the sale proceeds will be sufficient to pay Fastest Lap, LLC, its successors and/or assigns, the  
24 Maricopa County Treasurer, the CP Buyers and the City of Peoria in full, among others. The  
25 Debtor believes that this offer is indicative of the current marketplace.

26  
27 The sale is subject to higher and better offers at the time of the sale hearing. Any potential  
28 higher bidder would be required to provide at the time of the hearing a \$1,000.00 non-refundable



1 deposit, and subject to close on terms substantially similar or better than the present offer.

2 Fastest Lap, LLC claims a first position lien on the Property in the approximate amount of  
3 \$2,200,000.00. The underlying sales transaction will be free and clear of all liens, claims, and  
4 interests, pursuant to 11 U.S.C. §363 so that the Purchaser will take the Property free and clear of  
5 liens and future disputes. Any liens, claims, and interests will attach to the net sale proceeds and  
6 will be paid as set forth above. The secured lien, in the amount that would be allowable under the  
7 Bankruptcy Code, is intended to be paid directly out of the escrow.  
8

9 The Reorganized Debtor shall act as the Disbursing Agent under the Plan.

10 In the event any entity which possesses an Allowed Secured Claim, or any other lien in any of  
11 the Debtor's property for which the Plan requires the execution of any documents to incorporate the  
12 terms of the Plan, fails to provide a release of its lien or execute the necessary documents to satisfy  
13 the requirements of the Plan, the Debtor may record a copy of their Plan and the Confirmation Order  
14 with the appropriate governmental agency and such recordation shall constitute the lien release and  
15 creation of the necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable, he  
16 may obtain a further Order from the Court that may be recorded in order to implement the terms of  
17 the Plan.

18 **XIV. TAX CONSEQUENCES**

19 Pursuant to §1125(a)(1) of the Bankruptcy Code, the Debtor is to provide a discussion of the  
20 potential material federal tax consequences of the Plan to the Debtor, any successor to the Debtor,  
21 and a hypothetical investor typical of the holders of claims or interests in the case, that would enable  
22 such a hypothetical investor of the relevant class to make an informed judgment about the Plan, but  
23 adequate information need not include such information about any other possible or proposed plan  
24 and in determining whether the Disclosure Statement provides adequate information, the Court shall  
25 consider the complexity of the case, the benefit of additional information to creditors and other  
26 parties in interest, and the cost of providing additional information.

27 Neither the Debtor nor its lawyers can make any statements with regard to the tax  
28 consequences of the Plan on any of the creditors. Although they would note that to the extent the

1 creditor is not paid in full their Allowed Claim, they should consult with their tax advisor concerning  
2 the possibility of writing off for tax purposes that portion of their Allowed Claim that is not paid.  
3 Each creditor in this case, when analyzing the Plan, should consult with its own professional advisors  
4 to determine whether or not acceptance of the Plan by the creditor will result in any adverse tax  
5 consequences to the creditor.

6 The Bankruptcy Tax Act generally provides that the Debtor does not have to recognize  
7 income from the discharge of indebtedness. The Plan contemplates significant discharge of  
8 indebtedness; however, because the Debtor is in bankruptcy, it will not have to recognize the  
9 discharge of indebtedness as income for tax purposes. The Debtor does not believe the Plan will  
10 cause any adverse tax consequences.

#### 11 **XV. NON-ALLOWANCE OF PENALTIES AND FINES**

12 No distribution shall be made under this Plan on account of, and no allowed claim, whether  
13 secured, unsecured, priority, or administrative, shall include any fine, penalty, exemplary or punitive  
14 damages, late charges or other monetary charge relating to or arising from any default or breach by  
15 the Debtor, and any claim on account thereof shall be deemed disallowed whether or not an objection  
16 to it is filed.

#### 17 **XVI. EXECUTORY CONTRACTS**

18 The Debtor rejects all executory contracts and unexpired leases not otherwise assumed herein  
19 or by separate order of the Court. Claims for any executory contracts or unexpired leases rejected by  
20 the Debtor shall be filed no later than 10 days after the earlier of Confirmation or the date the  
21 executory contract or unexpired lease is specifically rejected. Any such Claims not timely filed and  
22 served shall be disallowed.

#### 23 **XVII. VOTING PROCEDURE**

24 The Plan divides the claims of creditors and of interest-holders into separate classes. All  
25 classes of claimants are encouraged to vote; however, only the vote of holders of claims that are  
26 impaired by the Plan will have a significant impact upon the confirmation process. Generally, this  
27 includes creditors who, under the Plan, will receive less than payment in full of their claims on the  
28 Effective Date of the Plan.

1 All creditors entitled to vote on the Plan must cast their vote by completing, dating and  
2 signing the ballot which has been mailed to them together with the Disclosure Statement. The ballot  
3 contains instructions concerning the deadline for submitting the ballot and to what address the ballot  
4 should be mailed.

5 This Disclosure Statement has been approved by the Bankruptcy Court in accordance with  
6 §1125 of the Bankruptcy Code, and is provided to each person whose claim or interest has been  
7 scheduled by the Debtor, or who has filed a proof of claim or interest with respect to the Debtor or its  
8 property, each known equity interest holder and other parties-in-interest known to the Debtor. The  
9 Disclosure Statement is intended to assist creditors in evaluating the Plan and in determining whether  
10 to accept the Plan. In determining acceptance of the Plan, votes of creditors will only be counted if  
11 submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent  
12 and liquidated, or who has timely filed with the Court a proof of claim or proof of interest.

13 The Bankruptcy Court will schedule a hearing to determine whether the requirements for  
14 confirmation under the Bankruptcy Code have been met and whether the Plan has been accepted by  
15 each impaired class and by the requisite number of creditors in such class. Under §1126 of the Code,  
16 an impaired class is deemed to have accepted the Plan upon a favorable vote of at least two-thirds  
17 (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of class members  
18 voting on the Plan. Further, unless there is unanimous acceptance of the Plan by an impaired class,  
19 the Court must also determine that class members will receive at least as much as they would if the  
20 Debtor was liquidated under Chapter 7 of the Code.

21 Even if each class of creditors does not accept the Plan, the Plan can be confirmed under  
22 §1129(b) of the Code, so long as one impaired class of creditors accepts the Plan. The failure of each  
23 class to accept the Plan could very well result in a conversion of this case to a Chapter 7 or dismissal  
24 of the Chapter 11, and the secured creditors repossessing their collateral and disposing of it in a  
25 commercially reasonable manner with no obligation to unsecured creditors.

## 26 **XVIII. MODIFICATION OF PLAN**

27 In addition to its modification rights under §1127 of the Bankruptcy Code, the Debtor may  
28 amend or modify its Plan at any time prior to Confirmation without leave of the Court. The Debtor or

1 the Reorganized Debtor may propose amendments and/or modifications of its Plan at any time  
2 subsequent to Confirmation with leave of the Court and upon notice to Creditors. After Confirmation  
3 of the Plan, the Debtor or the Reorganized Debtor may, with approval of the Court, as long as it does  
4 not materially or adversely affect the interests of Creditors, remedy any defect or omission or  
5 reconcile any inconsistencies of the Plan, or in the Confirmation Order, if any may be necessary to  
6 carry out the purposes and intent of his Plan.

7 **XIX. CLOSING OF THE CASE**

8 If the Court does not close this case on its own motion, the Reorganized Debtor will move the  
9 Court to close this case once the Plan is deemed substantially consummated. Until substantial  
10 consummation, the Reorganized Debtor will be responsible for filing pre- and post-confirmation  
11 reports required by the United States Trustee and paying the quarterly post-confirmation fees of the  
12 United States Trustee, in cash, pursuant to 28 U.S.C. §1930, as amended. Pursuant to 11 U.S.C.  
13 §1129(a)(12), all fees payable under section 1930 of title 28, as determined by the Court at the  
14 hearing on confirmation of the Plan, will be paid, in cash, on the Effective Date.

15 **XX. RETENTION OF JURISDICTION**

16 The Court will retain jurisdiction until the Plan has been fully consummated for, including but  
17 not limited to, the following purposes:

18 1. The classification of the Claims of any Creditors and the re-examination of any Claims  
19 which have been allowed for the purposes of voting, and for the determination of such objections as  
20 may be filed to the Creditor's Claims. The failure by the Debtor to object to or examine any Claim for  
21 the purpose of voting shall not be deemed to be a waiver of the Debtor's rights to object to or to re-  
22 examine the Claim in whole or in part.

23 2. To determine any Claims which are disputed by the Debtor, whether such objections  
24 are filed before or after Confirmation, to estimate any Un-liquidated or Contingent Claims pursuant to  
25 11 U.S.C. §502(c)(1) upon request of the Debtor or any holder of a Contingent or Un-liquidated  
26 Claim, and to make determination on any objection to such Claim.

27 3. To determine all questions and disputes regarding title to the assets of the estate, and  
28 determination of all causes of action, controversies, disputes or conflicts, whether or not subject to  
action pending as of the date of Confirmation, between the Debtor and any other party, including but

not limited to, any rights of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code.

4. The correction of any defect, the curing of any omission or any reconciliation of any inconsistencies in the Plan, or the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan.

5. The modification of the Plan after Confirmation, pursuant to the Bankruptcy Rules and the Bankruptcy Code.

6. To enforce and interpret the terms and conditions of the Plan.

7. The entry of an order, including injunctions, necessary to enforce the title, rights and powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of such title, right and power that this Court may deem necessary.

8. The entry of an order concluding and terminating this case.

#### **XXI. DISCLAIMER**

Court approval of this Disclosure Statement and the accompanying Plan of Reorganization, including exhibits, is not a certification of the accuracy of the contents thereof. Furthermore, Court approval of these documents does not constitute the Court's opinion as to whether the Plan should be approved or disapproved.

#### **XXII. RISKS**

The risk of the Plan lies essentially with the Debtor's ability to maintain its income to make plan payments.

#### **XXIII. PROPONENTS' RECOMMENDATION/ALTERNATIVES TO THE PLAN**

The Debtor recommends that all creditors entitled to vote for the Plan do so. The alternatives to confirmation of the Plan would be either conversion of this case to a case under Chapter 7 of the Bankruptcy Code or its dismissal.

Conversion will result in the appointment of a Chapter 7 trustee and, most likely, the hiring of an attorney by the trustee. Expenses incurred in administering the Chapter 7 case will take priority in the right to payment over allowed, administrative expenses incurred in the Chapter 11 case. Both Chapter 7 and Chapter 11 administrative expenses take priority over the payment of unsecured claims without priority. In other words, conversion would likely decrease the net amount available to pay

1 currently existing creditors, and it is extremely likely general unsecured creditors would not receive  
2 any distribution in a Chapter 7. Further, a Chapter 7 proceeding would not provide the Debtor with  
3 the means to pay its Administrative Claims and Priority Claims over time.

4 In addition, conversion could substantially delay any distribution to creditors beyond the time  
5 period for distribution defined in the Plan. A Chapter 7 trustee is not limited to specific deadlines for  
6 closing a case and distributing assets to creditors. It is not unusual for distributions in Chapter 7 cases  
7 to be delayed for years. Moreover, the return on the assets of the Estate a trustee is likely to obtain  
8 through a standard Chapter 7 liquidation could be less than the return the Plan will generate.

9 Dismissal of this case would leave all creditors holding unsecured claims in the position of  
10 having to institute legal proceedings to collect their debts. Moreover, outside the context of a  
11 bankruptcy case, the first creditor to collect may collect all non-exempt property, leaving nothing to  
12 be paid to remaining creditors. In addition, dismissal of this case would open the door for the Debtor  
13 to file a new bankruptcy case, which could further delay or reduce funds available to pay creditors.

14 For all these reasons, the Debtor urges you to vote to accept the Plan and to return your ballots  
15 in time to be counted.

16 DATED this 2<sup>nd</sup> day of May, 2018.

17 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

18 By Heather A. Macre  
19 Heather A. Macre  
20 Philip R. Rupprecht  
21 2390 East Camelback Road, Suite 400  
22 Phoenix, Arizona 85016-3479  
23 Attorneys for Debtor

24 PEORIA REGIONAL MEDICAL CENTER, LLC

25 By: Timothy A. Johns  
26 Its: Manager

27 COPY of the foregoing mailed, or served  
28 via electronic notification\* or fax\*\* if so marked,  
this 2<sup>nd</sup> day of May, 2018, to:

29 U.S. TRUSTEE'S OFFICE \* [ustpreion14.px.ecf@usdoj.gov](mailto:ustpreion14.px.ecf@usdoj.gov)  
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Sandra Rose

# EXHIBIT A



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10 Attorneys for Debtor

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**IN THE UNITED STATES BANKRUPTCY COURT**  
**FOR THE DISTRICT OF ARIZONA**

In re:

PEORIA REGIONAL MEDICAL CENTER,  
LLC,

Debtor.

Address: 8020 E. Palm Ln.  
Mesa, AZ 85207

Taxpayer ID No(s): xx-xxx0458

Chapter 11 Proceedings

Case No. 2:17-bk-11742-SHG

**DEBTOR'S FIRST PLAN OF  
REORGANIZATION**

Peoria Regional Medical Center, LLC (the "Debtor"), debtor-in-possession in the above-captioned bankruptcy estate, submits to the Court and creditors of the Debtor's estate the following Plan of Reorganization (the "Plan"), pursuant to §1121(a) of the Bankruptcy Code.

**I. DEFINITIONS**

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined have the meanings ascribed to them in Section I of the Plan. Any term used in the Plan that is not defined in the Plan but is defined in the Bankruptcy Code or the Bankruptcy Rules retains the meaning ascribed to such term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such terms include the plural as well as the singular, the masculine gender includes the feminine gender, and the feminine gender includes the masculine gender.

As used in this Plan, the following terms have the meanings specified below:

1       Administrative Claim: A Claim for payment of an administrative expense of a kind  
2 specified in 11 U.S.C. §§503(b) or 1114(e)(2) and entitled to priority pursuant to Code §507(a)(1),  
3 including, but not limited to, (a) the actual, necessary costs and expenses, incurred after the Petition  
4 Date, of preserving the bankruptcy estate and operating the Debtor's business, (b) all Allowed  
5 Claims of professionals appointed by the Bankruptcy Court, (c) all fees and charges assessed  
6 against the bankruptcy estate under 28 U.S.C. §1930, and (d) all Allowed Claims that are entitled to  
7 be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under Code  
8 §546(c)(2).  
9

10       ADOR: The Arizona Department of Revenue.

11       Allowed Claim: Allowed Claim shall mean a Claim:

12               (a) with respect to which a proof of claim has been filed with the Court within  
13 the applicable period of limitation fixed by Rule 3003 of the Rules of Bankruptcy Procedure and to  
14 which no objection to the allowance of the Claim has been filed by the Debtor or any other party or  
15 as to which any such objection has been determined by an order or judgment of the Court which is  
16 no longer subject to appeal and to which no appeal is pending, or  
17

18               (b) Scheduled in the list of creditors prepared and filed with the Court pursuant  
19 to Rule 1007(b), Rules of Bankruptcy Procedure, and not listed as disputed, contingent or un-  
20 liquidated as to the amount.  
21

22       An Allowed Claim shall not include un-matured or post-petition interest, penalties,  
23 fees or costs, unless specifically stated in the Plan. Notwithstanding §502(a) of the Code and Rules  
24 3001 and 3003, for the purposes of the Plan, a Claim shall not be an Allowed Claim unless it  
25 satisfies the definition of Allowed Claim under this Plan.

26       Allowed Interest: An Allowed Interest shall mean an Interest in the Debtor held by a person  
27 or entity, as of the Effective Date, and as to which Interest no objection has been made within the  
28 time allowed for the making of objections, or as to which such Interest is allowed by a final order,

1 or an Interest as to which a timely and proper proof of interest has been filed, and as to which proof  
2 of interest no objection has been made within the time allowed for making objections.

3 Allowed Priority Claim: The Allowed Claim of a Claimant that is entitled to priority in  
4 payment under 11 U.S.C. §507(a)(2) through (a)(8).

5 Allowed Secured Claim: An Allowed Claim to the extent that such Allowed Claim is  
6 secured by a lien which is unavoidable, on property in which the estate has an interest, to the extent  
7 of the value of such Creditor's interest in the estate's interest in such property as determined in light  
8 of the purpose of the valuation and of the proposed disposition and use of such property and  
9 determined as of the Petition Date.  
10

11 Allowed Unsecured Claim: An Allowed Claim to the extent that such Allowed Claim is not  
12 secured by a lien on property in which the estate has an interest.

13 Ballot: Each of the ballot forms distributed with the Disclosure Statement to holders of  
14 Impaired Claims entitled to vote as specified in this Plan in connection with the solicitation of  
15 acceptances of this Plan.  
16

17 Bankruptcy Code: 11 U.S.C. §101 et seq.

18 Bankruptcy Court: The United States Bankruptcy Court for the District of Arizona or any  
19 other court which may have jurisdiction over this case or any proceeding arising under, in, or  
20 relating to this case.  
21

22 Bankruptcy Rule: The Federal Rules of Bankruptcy Procedure as amended and the Local  
23 Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the  
24 case may be.

25 Bar Date: The date, if any, designated by the Bankruptcy Court as the last date for filing  
26 Proofs of Claim or Interest against the Debtor.

27 Chapter 11: Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §1101, et seq.  
28

Claim: (a) a right to payment, whether or not such right is reduced to judgment, liquidated,

1 un-liquidated, fixed, contingent, matured, un-matured, disputed, undisputed, legal, equitable,  
2 secured or unsecured, which right arose or accrued prior to the date of Confirmation, or; (b) a right  
3 to an equitable remedy for breach of performance if such breach gives rise to a right to payment,  
4 whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured,  
5 un-matured, disputed, undisputed, secured, or unsecured, where such right arose or accrued prior to  
6 Confirmation, or; (c) a claim arising under 11 U.S.C. §502(g).

7  
8 Claimant or Creditor: Any person or entity that asserts a Claim.

9 Class: A category of holders of Claims or Interests as described in this Plan.

10 Confirmation: The signing by the Court of the Confirmation Order.

11 Confirmation Date: The date upon which the Confirmation Order is entered upon the docket.

12 Confirmation Hearing: The hearing held by the Bankruptcy Court regarding confirmation of  
13 the Plan, as it may be continued from time to time.

14 Confirmation Order: The Order signed by the Bankruptcy Court pursuant to 11 U.S.C.  
15 §1129 confirming this Plan.

16 Contingent Claim: Any Claim for which a proof of claim has been filed with the Bankruptcy  
17 Court: (a) which was not filed in a sum certain, or which has not accrued and is dependent on a  
18 future event that has not occurred and may never occur, and (b) which has not been allowed on or  
19 before the Confirmation Date.

20 Court: The United States Bankruptcy Court for the District of Arizona, which has  
21 jurisdiction in this case.

22 Debtor: Peoria Regional Medical Center, LLC.

23 Disbursing Agent: The Reorganized Debtor shall be the Disbursing Agent and shall make  
24 distributions to holders of Allowed Claims under the Plan.

25 Disclosure Statement: The Debtor's disclosure statement and any amendments and  
26 supplements thereto as approved by an order of the Bankruptcy Court.

1        Disputed Claim: A Claim which the Debtor listed as un-liquidated, disputed or contingent in  
2 his Schedules or to which an objection has been filed which has not been resolved by a final order  
3 of the Bankruptcy Court.

4        Effective Date: 30 days after the Confirmation Date. If 30 days after the Confirmation Date  
5 falls on a weekend or a holiday, the Effective Date will be the first business day thereafter.

6        Excess Cash Flow: Cash flow of the Debtor's post-petition income after deduction from its  
7 post-petition income all operating expenses and a reserve for operating capital, a reserve for capital  
8 replacements, capital improvements, depreciation, taxes, and all payments to secured,  
9 administrative, and priority creditors.

10        Final Order: An order or judgment which has not been stayed.

11        Impaired: When used with reference to a Claim or Interest, a Claim or Interest that is  
12 impaired within the meaning of Code §1124.

13        Insider: A person or entity within the definition contained at §101(31) of the Bankruptcy  
14 Code.

15        IRS: The Internal Revenue Service.

16        Interest: Any equity interest in the Debtor as of the Effective Date.

17        Interest Holder: Any person or persons owning an Interest in the Debtor as of the Effective  
18 Date.

19        New Obligations: Those debts of the Debtor which existed pre-confirmation, but which are  
20 modified by the confirmed Plan resulting in the creation of a new note. The obligations for which  
21 the Reorganized Debtor has liability under the terms of the confirmed Plan. Said new obligations  
22 shall not be considered in default unless and until the Reorganized Debtor defaults on said  
23 obligations after the Effective Date.

24        Oversecured: The term describing the Allowed Claim of a secured Creditor when the value  
25 of the collateral securing said Allowed Claim exceeds the amount of the debt serving as the basis

1 for said Allowed Claim.

2 Person: Any individual, corporation, partnership, joint venture, association, joint stock  
3 company, trust, unincorporated association or organization, governmental agency, or associated  
4 political subdivision.

5 Petition: The original petition under Chapter 11.

6 Petition Date: The date on which the Petition was filed, October 4, 2017.

7 Plan: This Plan of Reorganization and any amendments or supplements thereto.

8 Plan Rate: The rate of interest referred to in the Plan which is the prime rate.

9 Proof of Claim: The proof of claim that must be filed by a holder of an Impaired Claim by  
10 the Bar Date.

11 Property: The Debtor's real property located at 26320 N. Lake Pleasant Pkwy., Peoria,  
12 Arizona 85345 (Parcel No. 201-30-215).

13 Pro Rata: The ratio of an Allowed Claim or Allowed Interest in a particular Class to the  
14 aggregate amount of all Allowed Claims or Allowed Interests in that Class.

15 Reorganized Debtor: The Debtor after the Effective Date.

16 Tax Claim Rate: The rate of interest, to be determined by the Bankruptcy Court at the  
17 Confirmation Hearing, that, when applied to the amount of an Allowed Priority Claim to be paid in  
18 installments will result in such installments being of an aggregate value, as of the Effective Date,  
19 equal to the Allowed amount of such Claim, consistent with the requirements of 11 U.S.C.  
20 §1129(a)(9). At the Confirmation Hearing, the Debtor will request the Court determine that the Tax  
21 Claim Rate is four percent per annum.

22 Undersecured: The term describing the Allowed Claim of a secured Creditor when the value  
23 of the collateral securing said Allowed Claim is less than the debt which serves as the basis of said  
24 Allowed Claim.

25 Voting Deadline: The voting deadline for voting to accept or reject this Plan, as determined  
26  
27  
28

1 by the Bankruptcy Court.

2 **II. CLASSIFICATION OF CLAIMS AND INTERESTS**

3 **A. Class 1: Priority Claims**

4 Class 1-A consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)  
5 (Administrative Claims).

6 Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8) (Tax  
7 Claims).

8 **B. Class 2: Secured Claims**

9 Class 2-A consists of the Allowed Secured Claim of Maricopa County related to real  
10 property taxes for the Property.

11 Class 2-B consists of the Allowed Secured Claim of Gorman Pamalynn related to its  
12 real estate tax lien (Certificate of Purchase) on the Property.

13 Class 2-C consists of the Allowed Secured Claim of AJW Investments LLC related  
14 to its real estate tax lien (Certificate of Purchase) on the Property.

15 Class 2-D consists of the Allowed Secured Claim of Fastest Lap, LLC related to its  
16 first position lien on the Property.

17 Class 2-E consists of the Allowed Secured Claim of the City of Peoria related to its  
18 abatement assessment and order on the Property.

19 **C. Class 3: General Unsecured Claims**

20 Class 3-A consists of the Allowed Unsecured Claim of Fastest Lap, LLC.

21 Class 3-B consists of the Allowed Unsecured Claim of David Gottlieb, Creditor  
22 Trustee of the GH Unsecured Creditors Trust ("GH Creditors Trust") related to Adversary  
23 Proceeding 2:17-ap-00013-BKM.

24 Class 3-C consists of the Allowed Unsecured Claims of Creditors of the Debtor.  
25  
26  
27  
28

1           **D.     Class 4: Debtor's Interest**

2                   Class 4-A consists of the Allowed Interest of the Debtor.

3           **III.   IMPAIRMENT OF CLASSES**

4                   Classes 1-A and 1-B are unimpaired under the Plan. All other classes are impaired, as that  
5 term is defined in 11 U.S.C. §1124.

6           **IV.   TREATMENT OF CLASSES**

7                   **A.     Class 1: Priority Claims**

8                           **1.     Class 1-A: Administrative Claims**

9                           This Class consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2)  
10 (Administrative Claims) related to the Debtor. The Debtor proposes to sell the Property and the  
11 obligation owing to the Allowed Claims of Class 1-A will be paid out of the sales proceeds in  
12 accordance with the provisions of Class 2-D.

13                           Otherwise, unless they agree to an alternative form of treatment, shall be paid in full,  
14 in cash, by the earlier of the Effective Date or the date that such are allowed and ordered paid by the  
15 Court. Any Class 1-A Claim not allowed as of the Effective Date shall be paid as soon thereafter as  
16 they are allowed by the Court according to the terms of this Class.

17                           The Allowed Administrative Claim of counsel for the Debtor that has not been paid  
18 as of the Effective Date shall be paid in monthly payments of principal and interest, with interest at  
19 8%, until paid in full, and paid before any distributions to general unsecured creditors. The Interest  
20 Holders have guaranteed the payment of all Allowed Administrative Claims.

21                           **2.     Class 1-B: Tax Claims**

22                           Class 1-B consists of Allowed Priority Claims under 11 U.S.C. §507(a)(8)-tax claims  
23 related to the Debtor. The Debtor believes that no Claims exist in this Class. As provided in 11  
24 U.S.C. §1129(a)(9)(C), unless they agree to an alternative form of treatment, the Allowed Priority  
25 Claims of Class 1-B shall be paid in full, in cash, in regular installment payments of a total value, as



1 of the Effective Date of the Plan, equal to the Allowed Priority Claim, over a period ending five (5)  
2 years after the Petition Date, and in a manner that is not less favorable than the most favored non-  
3 priority unsecured claim provided for by the Plan (other than cash payments made to a class of  
4 creditors under §1122(b)). Any Allowed Priority Claims will receive interest at the Tax Claim  
5 Rate. Any Class 1-B Claim not allowed as of the Effective Date shall be paid as soon thereafter as  
6 they are allowed by the Court according to the terms of this Class.  
7

8 **B. Class 2: Secured Claims**

9 **1. Class 2-A: Maricopa County**

10 Class 2-A consists of the Allowed Secured Claim of Maricopa County as to the  
11 Property. Maricopa County filed a proof of claim with a total estimated tax liability of  
12 \$429,900.13. The Debtor proposes to sell the Property and the obligation owing to Maricopa  
13 County will be paid in full out of the sales proceeds in accordance with the provisions of Class 2-D.  
14

15 **2. Class 2-B: Gorman Pamalynn**

16 This Class consists of the Allowed Secured Claim held by Gorman Pamalynn (CP  
17 Buyer No. 93) for a property tax lien related to the Property as of the Effective Date. Gorman  
18 Pamalynn did not file a proof of claim. The Debtor proposes to sell the Property and the obligation  
19 owing to Gorman Pamalynn will be paid in full out of the sales proceeds in accordance with the  
20 provisions of Class 2-D.  
21

22 **3. Class 2-C: AJW Investments LLC**

23 This Class consists of the Allowed Secured Claim held by AJW Investments LLC  
24 (CP Buyer No. 10764) for a property tax lien related to the Property as of the Effective Date. AJW  
25 Investments, LLC did not file a proof of claim. The Debtor proposes to sell the Property and the  
26 obligation owing to AJW Investments, LLC will be paid in full out of the sales proceeds in  
27 accordance with the provisions of Class 2-D.  
28

1                   **4.     Class 2-D: Fastest Lap, LLC**

2                   Class 2-D consists of the Allowed Secured Claim held by Fastest Lap, LLC as to its  
3 first position lien against the Property. The Debtor asserts that Fastest Lap, LLC's Claim is in first  
4 position on the Property junior only to real property taxes. The Debtor wishes to sell the Property to  
5 the highest bidder as part of its Chapter 11 reorganization. The Debtor will file a motion under 11  
6 U.S.C. §363 shortly.

7  
8                   To date, the Debtor has received multiple offers to purchase the Property.  
9 Currently, the highest and best offer, and the offer with the fewest contingencies, was made by  
10 ADB Investments, LLC ("ADB"). ADB intends to purchase the Property and finance the  
11 construction of a 3-story hospital building, some or all of which may be leased by the Debtor.

12                   The exact terms of ADB's offer are under negotiation, but the Debtor has received an  
13 expression of intent containing the following terms:

14                   Purchase Price. The purchase price shall be in an amount sufficient to  
15 satisfy the following:

- 16  
17                   (a) The first-position lienholder's<sup>1</sup> secured claim in the  
18 approximate amount of \$2,200,000;  
19                   (b) Property taxes due and owing on the Property in the  
20 approximate amount of \$500,000;<sup>2</sup>  
21                   (c) City of Peoria secured claim in the approximate  
22 amount of \$5,000;  
23                   (d) Small Claim owing and related to the fencing of the  
24 Property<sup>3</sup>; and  
25                   (e) \$75,000 for payment towards administrative claims  
26 and unsecured claims in the PRMC Bankruptcy Case.

27                   Earnest Money. Buyer [ADB or its Assignee] will deposit into  
28 escrow an initial earnest money deposit in the amount of \$50,000.  
Buyer will deposit an additional earnest money deposit of \$50,000

<sup>1</sup> Fastest Lap, LLC

<sup>2</sup> Classes 2-A, Maricopa County; 2-B, Gorman Pamalynn; and 2-C, AJW Investments, LLC

<sup>3</sup> Susie's Custom Fencing provided a security fence and may be owed a small sum.

1 prior to the expiration of the Feasibility Period. All earnest money  
2 shall apply to the purchase price.

3 Feasibility Period. Buyer shall have thirty (30) days ("Feasibility  
4 Period") within which to determine the suitability of the Property,  
5 during which time Buyer shall have the right to terminate the  
6 agreement and cancel escrow, in Buyer's sole and absolute discretion.  
7 The Feasibility Period will commence from the date the Bankruptcy  
8 Court Order approving the sale to Buyer becomes a final and non-  
9 appealable order.

10 Title. Title to the property shall be delivered to Buyer free and clear  
11 of all liens, claims and encumbrances.

12 Close of Escrow. Close of escrow shall be thirty (30) days following  
13 expiration of the Feasibility Period. There will be no financing  
14 contingency to close escrow.

15 Property Due Diligence Materials. Seller shall deliver to Buyer,  
16 within two (2) business days following the opening of escrow, copies  
17 of all written information, surveys, reports, studies, plans,  
18 construction documentation, applications and other information  
19 regarding the Property, or the development of which it is a part, which  
20 Seller has in its possession or control.

21 PRMC's Right of First Refusal. Buyer will grant PRMC a right of  
22 first refusal to lease, at prevailing market terms, space in the hospital  
23 facility to be developed on the Property.

24 Commissions. Buyer understands that neither party has dealt with  
25 any broker who would be entitled to a commission in connection with  
26 the proposed purchase and sale of the Property, and Buyer will not  
27 pay any real estate brokerage commission.

28 The foregoing is an expression of interest for the purchase of the Property by ADB  
and is a nonbinding summary of basic terms and conditions to be incorporated in a formal, written,

1 mutually-acceptable purchase and sale agreement. The Debtor and ADB shall negotiate diligently  
2 and in good faith to agree upon the form of purchase agreement to be presented to the Bankruptcy  
3 Court for approval. It is also the desire of ADB to complete the construction of a hospital on the  
4 Property within 24 months after Close of Escrow.

5 The sale is subject to higher and better offers at the time of the sale hearing. Any  
6 potential higher bidder would be required to provide at the time of the hearing a \$1,000.00 non-  
7 refundable deposit, and subject to close on terms substantially similar or better than the present  
8 offer.

9 The underlying sales transaction will be free and clear of all liens, claims, and  
10 interests, pursuant to 11 U.S.C. §363 so that the Purchaser will take the Property free and clear of  
11 liens and future disputes. Any liens, claims, and interests will attach to the net sale proceeds and  
12 will be paid as set forth above. Fastest Lap, LLC claims a first position lien on the Property in the  
13 approximate amount of \$2,200,000.00. This secured lien, in the amount that would be allowable  
14 under the Bankruptcy Code, is intended to be paid directly out of the escrow.

15 The Debtor approximated the value of the Property as \$5,314,900.00 in its  
16 Schedules. This value was based on the Maricopa County Assessor's full cash value.

17 As of the Petition Date, the Debtor owed approximately \$429,900.13 in real property  
18 taxes to the Maricopa County Treasurer and the CP Buyers. The Debtor also owes the City of  
19 Peoria approximately \$5,388.79 related to its abatement assessment. The sale proceeds will be  
20 sufficient to pay the approximately \$2.2 million secured claim held by Fastest Lap, LLC, its  
21 successors and/or assigns, the Maricopa County Treasurer, the CP Buyers, and the City of Peoria in  
22 full. There are no other, junior liens on the Property. In addition, ADB's offer sets aside a portion  
23 of the sales proceeds to pay Administrative and Unsecured Creditors. ADB's offer is indicative of  
24 the current marketplace.

1                   **5.     Class 2-E: City of Peoria**

2                   This Class consists of the Allowed Secured Claim held by the City of Peoria for its  
3 abatement assessment related to the Property. The City of Peoria did not file a proof of claim. The  
4 Debtor proposes to sell the Property and the obligation owing to the City of Peoria will be paid in  
5 full out of the sales proceeds in accordance with the provisions of Class 2-D.  
6

7                   **C.     Class 3: Unsecured Claims**

8                   **1.     Class 3-A: Unsecured Claim of Fastest Lap, LLC**

9                   Per the treatment described in Class 2-D, this will remain an obligation of the  
10 Debtor. ADB's offer contemplates that a portion of the purchase price for the sale of the Property  
11 will be set aside to pay allowed Unsecured Claims. Fastest Lap, LLC will receive a pro-rata share  
12 from the portion of the purchase price for the sale of the Property for its allowed Unsecured Claim;  
13 however, this amount will be reduced on a dollar-per-dollar basis by any amounts paid pursuant to  
14 Class 2-D.  
15

16                   **2.     Class 3-B: GH Creditors Trust**

17                   On January 7, 2017, David Gottlieb, Creditor Trustee of the GH Unsecured Creditors  
18 Trust ("GH Creditors Trust") filed a fraudulent conveyance Complaint against the Debtor and  
19 several other parties (Adv. 17-13) arising from the bankruptcy case of Gilbert Hospital, LLC (Case  
20 No. 14-1451-MCW). On January 9, 2017 and November 17, 2017, the GH Creditors Trust filed  
21 Amended Complaints. On March 10, 2017, the Debtor filed a Motion to Dismiss Complaint. On  
22 November 28, 2017, the Debtor filed a Notice of Bankruptcy and Automatic Stay of Proceedings.  
23 On January 16, 2018, the Debtor filed a Motion to Dismiss First Amended Complaint. A hearing  
24 on the Motion to Dismiss First Amended Complaint was scheduled for April 11, 2018; however the  
25 Court vacated the hearing and deemed the matter under advisement without further hearing.  
26

27                   Class 3-B consists of the Allowed Non-Dischargeable Claim in favor of the GH  
28 Creditors Trust that the parties may establish by agreement or the Court may determine. Any

1 Allowed Unsecured Claim that the GH Creditors Trust may hold, shall first be treated on a pro-rata  
2 basis with the other Allowed Unsecured Claims provided for in Class 3-C. Upon the completion of  
3 the payments set forth in Class 3-C, the remaining balance of the GH Creditors Trust's Allowed  
4 Non-Dischargeable Claim shall continue to receive a pro-rata distribution of the Debtor's Excess  
5 Cash Flow until the GH Creditors Trust's Allowed Non-Dischargeable Claim along with any other  
6 Creditor that holds a Non-Dischargeable Claim, for a period of five additional years only and then  
7 shall receive no further payments. To the extent that the terms of the Plan conflict with the terms of  
8 any Stipulation that may be executed between the Debtor and the GH Creditors Trust, the terms of  
9 the Stipulation shall control and shall be integrated into the Plan.  
10

11 **3. Class 3-C: General Unsecured Claims**

12 Class 3-C consists of the Allowed Unsecured Claims of Creditors. Class 3-C  
13 Creditors shall be paid a pro-rata share from the portion of the purchase price for the sale of the  
14 Property set aside to pay allowed unsecured claims pursuant to Class 2-D.  
15

16 **D. Class 4: Debtor's Interest**

17 **1. Class 4-A: Debtor's Interest**

18 This Class consists of the Allowed Interests of the Interest Holders of the Debtor. In  
19 consideration for retaining their Interests, Interest Holders shall contribute to the Debtor sufficient  
20 cash to fund any shortfall owing to the Debtor's professionals as of the Effective Date. The Interest  
21 Holders shall retain their Allowed Interest in the Debtor, but unless, and until all senior Allowed  
22 Claims are paid in full in accordance with the terms of the Plan, the Interest Holders shall receive no  
23 distribution on account of their Allowed Interests.  
24

25 **V. MEANS FOR EXECUTING THE PLAN**

26 **A. Funding**

27 Pursuant to §1123(a)(8) of the Bankruptcy Code, the Debtor shall provide for the payment to  
28 creditors under its Plan of all or such portion of the proceeds generated by the sale of the Property

1 and the profits generated by the Debtor in its normal business operations, as is necessary for the  
2 execution of the Plan. For more information on how the proceeds from the sale of the Property will  
3 be handled, please see Section IV, Class 2-D, *supra*.

4 **B. Liquidation of Estate Property**

5 The Debtor shall have the authority to retain such brokers, agents, counsel, or  
6 representatives, as they deem necessary to liquidate all assets of the bankruptcy estate. Prior to  
7 Confirmation, the Debtor may sell its property pursuant to an order of the Bankruptcy Court to the  
8 highest and best bidder. Any sales which occur post-confirmation shall not require approval of the  
9 Bankruptcy Court for the sale, although the Debtor will be free to seek such order if it deems  
10 appropriate.  
11

12 **C. Management**

13 The Reorganized Debtor will continue to operate under the same management structure  
14 utilized prior to Confirmation.  
15

16 **D. Disbursing Agent**

17 The Reorganized Debtor shall act as the Disbursing Agent under the Plan.

18 **E. Documentation of Plan Implementation**

19 In the event any entity which possesses an Allowed Secured Claim or any other lien in any  
20 of the Debtor's property for which the Plan requires the execution of any documents to incorporate  
21 the terms of the Plan, fails to provide a release of its lien or execute the necessary documents to  
22 satisfy the requirements of the Plan, the Debtor may record a copy of this Plan or the Confirmation  
23 Order with the appropriate governmental agency and such recordation shall constitute the lien  
24 release and creation of any necessary new liens to satisfy the terms of the Plan. If the Debtor deems  
25 advisable, he may obtain a further Order from the Court that may be recorded in order to implement  
26 the terms of the Plan.  
27  
28

1 **VI. EFFECT OF CONFIRMATION**

2 Except as otherwise provided in the Plan or the Confirmation Order, Confirmation acts as a  
3 discharge, effective as of Confirmation, of any and all debts of the Debtor, that arose any time  
4 before the entry of the Confirmation Order including, but not limited to, all principal and all interest  
5 accrued thereon, pursuant to §1141(d)(1) of the Bankruptcy Code. The discharge shall be effective  
6 as to each Claim, regardless of whether a proof of claim thereon was filed, whether the Claim is an  
7 Allowed Claim, or whether the holder thereof votes to accept the Plan.  
8

9 In addition, any pre-confirmation obligations of the Debtor dealt with in this Plan shall be  
10 considered New Obligations of the Debtor, and these New Obligations shall not be considered in  
11 default unless and until the Reorganized Debtor defaults on the New Obligations pursuant to the  
12 terms of the Plan. The New Obligations provided for in the Plan shall be in the place of, and  
13 completely substitute for, any pre-confirmation obligations of the Debtor and, once the Plan is  
14 confirmed, the only obligations of the Debtor shall be such New Obligations as provided for under  
15 the Plan.  
16

17 Pursuant to the terms of the Plan, all creditors are to be paid in full. As a result, the  
18 confirmation of the Plan shall act as a stay of any litigation and the Debtor will seek an injunction  
19 against any creditor against taking any action or continuing any action against any guarantor. Any  
20 guaranty of the Debtor's obligations shall remain effective to the Debtor's performance under the  
21 Plan, and only recoverable if the Debtor fails to make its payments under the terms of the Plan.  
22

23 **VII. OBJECTIONS TO AND ESTIMATIONS OF CLAIMS**

24 **A. Objections and Bar Date for Filing Objections**

25 As soon as practicable, but in no event later than 120 days after the Effective Date,  
26 objections to Claims shall be filed with the Bankruptcy Court and served upon the Debtor and the  
27 holders of each of the Claims to which objections are made pursuant to the Bankruptcy Code and  
28 the Bankruptcy Rules. Objections filed after such date will be barred.



1           **B. Settlement of Claims**

2           Settlement of any objection to a Claim not exceeding \$10,000.00 shall be permitted on the  
3           eleventh (11<sup>th</sup>) day after notice of the settlement has been provided to the Debtor, the Creditors, the  
4           settling party, and other persons specifically requesting such notice, and if on such date there is no  
5           written objection filed, such settlement shall be deemed approved. In the event of a written  
6           objection to the settlement, the settlement must be approved by the Court on notice to the objecting  
7           party.  
8

9           **C. Estimation of Claims**

10           For purposes of making distributions provided for under the Plan, all Claims objected to  
11           shall be estimated by the Disbursing Agent at an amount equal to (i) the amount, if any, determined  
12           by the Court pursuant to §502(c) of the Bankruptcy Code as an estimate for distribution purposes;  
13           (ii) an amount agreed to between the Debtor and the Claimant; or, (iii) that amount set forth as an  
14           estimate in the Plan or Disclosure Statement. Notwithstanding anything herein to the contrary, no  
15           distributions shall be made on account of any Claim until such Claim is an Allowed Claim.  
16

17           **D. Unclaimed Funds and Interest**

18           Distribution to Claimants shall be mailed by the Reorganized Debtor to the Claimants at the  
19           address appearing on the master mailing matrix unless the Claimant provides the Reorganized  
20           Debtor with an alternative address. For a period of one year from the date that a distribution was to  
21           be made by the disbursing agent but has gone uncollected by the Claimant, the disbursing agent  
22           shall retain any distributions otherwise distributable hereunder which remain unclaimed or as to  
23           which the disbursing agent has not received documents required pursuant to the Plan. Thereafter,  
24           the unclaimed funds shall revert in the Reorganized Debtor.  
25

26           **VIII. NONALLOWANCE OF PENALTIES AND FINES**

27           No distribution shall be made under this Plan on account of, and no other Allowed Claim,  
28           whether secured, unsecured, administrative, or priority, shall include any fine, penalty, exemplary  
29

1 or punitive damages, late charges, default interest or other monetary charges relating to or arising  
2 from any default or breach by the Debtor, and any Claim on account thereof shall be deemed  
3 disallowed, whether or not an objection was filed to it.

4 **IX. CLOSING OF CASE**

5 Until this case is officially closed, the Reorganized Debtor will be responsible for filing pre-  
6 and post-confirmation reports required by the United States Trustee and paying the quarterly post-  
7 confirmation fees of the United States Trustee, in cash, pursuant to 28 U.S.C. §1930, as amended.  
8 Pursuant to 11 U.S.C. §1129(a)(12), all fees payable under section 1930 of title 28, as determined  
9 by the Court at the hearing on confirmation of the Plan, will be paid, in cash, on the Effective Date.

11 **X. MODIFICATION OF THE PLAN**

12 In addition to her modification rights under §1127 of the Bankruptcy Code, the Debtor may  
13 amend or modify this Plan at any time prior to Confirmation without leave of the Court. The  
14 Debtor may propose amendments and/or modifications of this Plan at any time subsequent to  
15 Confirmation with leave of the Court and upon notice to Creditors. After Confirmation of the Plan,  
16 the Debtor may, with approval of the Court, as long as it does not materially or adversely affect the  
17 interests of Creditors, remedy any defect or omission or reconcile any inconsistencies of the Plan, or  
18 in the Confirmation Order, if any may be necessary to carry out the purposes and intent of this Plan.

20 **XI. JURISDICTION OF THE COURT**

21 The Court will retain jurisdiction until this Plan has been fully consummated for including,  
22 but not limited to, the following purposes:

23 1. The classification of the Claims of any Creditors and the re-examination of any  
24 Claims which have been allowed for the purposes of voting, and for the determination of such  
25 objections as may be filed to the Creditor's Claims. The failure by the Debtor to object to or  
26 examine any Claim for the purpose of voting shall not be deemed to be a waiver of the Debtor's  
27 rights to object to or to re-examine the Claim in whole or in part.  
28

1           2.       To determine any Claims which are disputed by the Debtor, whether such objections  
2 are filed before or after Confirmation, to estimate any Unliquidated or Contingent Claims pursuant  
3 to 11 U.S.C. §502(c)(1) upon request of the Debtor or any holder of a Contingent or Unliquidated  
4 Claim, and to make determination on any objection to such Claim.

5           3.       To determine all questions and disputes regarding title to the assets of the estate, and  
6 determination of all causes of action, controversies, disputes or conflicts, whether or not subject to  
7 action pending as of the date of Confirmation, between the Debtor and any other party, including  
8 but not limited to, any rights of the Debtor to recover assets pursuant to the provisions of the  
9 Bankruptcy Code.

10           4.       The correction of any defect, the curing of any omission or any reconciliation of any  
11 inconsistencies in this Plan, or the Confirmation Order, as may be necessary to carry out the  
12 purposes and intent of this Plan.

13           5.       The modification of this Plan after Confirmation, pursuant to the Bankruptcy Rules  
14 and the Bankruptcy Code.

15           6.       To enforce and interpret the terms and conditions of this Plan.

16           7.       The entry of an order, including injunctions, necessary to enforce the title, rights and  
17 powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of such title,  
18 right and power that this Court may deem necessary.

19           8.       The entry of an order concluding and terminating this case.

20           **XII. RETENTION AND ENFORCEMENT OF CLAIMS**

21           Pursuant to §1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain and  
22 may enforce any and all claims of the Debtor, except those claims specifically waived herein.

23           **XIII. EXECUTORY CONTRACTS**

24           The Debtor rejects all executory contracts and unexpired leases not otherwise assumed  
25 herein or by separate order of the Court. Claims for any executory contracts or unexpired leases

1 rejected by the Debtor shall be filed no later than ten (10) days after the earlier of Confirmation or  
2 the date the executory contract or unexpired lease is specifically rejected. Any such Claims not  
3 timely filed and served shall be disallowed.

4 **XIV. REVESTING**

5 Except as provided for in the Plan or in the Confirmation Order, on the Effective Date the  
6 Reorganized Debtor shall be vested with all the property of the estate free and clear of all claims,  
7 liens, charges, and other interests of Creditors, arising prior to the Effective Date. Upon the  
8 Effective Date, the Reorganized Debtor shall operate her business free of any restrictions.

9  
10 DATED this 2nd day of May, 2018.

11  
12 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

13 By Heather Macre  
14 Heather A. Macre  
15 Philip R. Rupprecht  
16 2390 East Camelback Road, Suite 400  
17 Phoenix, Arizona 85016-3479  
18 Attorneys for Debtor

19 PEORIA REGIONAL MEDICAL CENTER, LLC

20 By: Timothy A. Johns  
21 Its: Manager

# EXHIBIT B

Peoria Regional Medical Center, LLC Chapter 11 No. 17-11742-SHG							
Claims Analysis							
Claim No	Creditor	Scheduled Amount	Scheduled as Unknown/ Not Scheduled	Co-Debtor	C/U/D	POC Amount	Comments
	<b>Secured Creditors:</b>						
	AJW Investments LLC/CP Buyer 10764	\$ 332,067.25					2013-2016 Real Estate Tax Liens
	City of Peoria	\$ 5,388.79					Abatement Assessment
	Fastest Lap, LLC*	\$ 5,132,161.81					Transferred from Gilbert Hospital, LLC
	Gorman Pamalynn/CP Buyer 93	\$ 2,347.82					2012 Real Estate Tax Lien
1	Maricopa County Treasurer	\$ 95,485.06				\$ 429,900.13	Property Taxes
	<b>Total Secured:</b>	<b>5,567,450.73</b>					
	<b>Priority Creditors:</b>						
	AZ Dept. of Revenue	Notice Only					
	IRS	Notice Only					
	<b>Total Priority:</b>						
	<b>Unsecured Creditors:</b>						
	Attorney General of Arizona	Notice Only					
	CW Associates, CPA	\$ 2,200.00			C/U		
	Fastest Lap, LLC	\$ 5,132,161.81			C/U		
	Lakeside Construction	\$ 1,200.00			C/U		Transferred from Gilbert Hospital, LLC
	Moyes, Sellers & Hendricks Ltd.	\$ 14,070.20			C/U		
	New Vision Health, LLC	Notice Only			C/U		
	Susie's Custom Fence	\$ 5,000.00			C/U		
	Timothy A. Johns	\$ 315,000.00			C/U		Promissory Notes
	<b>Total Unsecured:</b>	<b>\$ 5,469,632.01</b>					
*Pursuant to that certain Agreement for Resolution of Claims, the Debtor is entitled to a further dollar for dollar reduction of the Residual Balance by the amount paid under the Peoria Carry Back Note.							