

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA**

In re:

Chicora Life Center, LC,  
Debtor.

Case No. 16-02447-jw

Chapter 11

**SECOND ADDENDUM TO DEBTOR'S AMENDED PLAN AND  
AMENDED DISCLOSURE STATEMENT  
FILED ON SEPTEMBER 23, 2016**

The Debtor's Amended Plan ("Plan") at Docket Entry 128 and Amended Disclosure Statement ("Disclosure Statement") at Docket Entry 129, which were filed on September 23, 2016 and amended and supplemented on December 29, 2016, (the "Addendum") at Docket Entry 198, are hereby further amended and supplemented, to respond to objections of UCF 1 Trust 1 (hereafter "UC Funds"), at Docket Entry 174, the United States Trustee filed October 11, 2016 at Docket Entry 143 ("*UST Objection*") and other filed objections, as follows:

Except where specifically stated in this Second Addendum, the provisions of the Amended Plan and Amended Disclosure Statement as supplemented by the Addendum of December 29, 2016 remain in full force and effect. Where shown below, the provisions of the Amended Plan and the Addendum of December 29, 2016 are modified as follows:

**Future Management**

1. Debtor further discloses that Jeremy Blackburn, as current and future manager of the Debtor, shall serve without compensation.

2. Debtor's Chapter 11 Proceeding shall remain open until the sooner of a sale of the property pursuant to § 363 of the Bankruptcy Code, or a refinancing of the existing debt. Debtor will continue filing monthly operating reports on a timely basis and pay quarterly UST fees until the sooner of the closing of the case, or dismissal, or conversion.

**Disposition of Litigation Recoveries**

3. By way of additional explanation as to how any recoveries in litigation pending against Charleston County to which the Debtor is a party will be distributed under the Amended Plan, such recoveries are not anticipated to come until the Amended Plan is in either the refinance or liquidation phase, at which time distributions will be made first to any creditor with an allowed claim of a security interest in the litigation recovery, then to holders of allowed general unsecured claims, and last to any equity holder as consistent with the normal order of priorities. Trade vendors and administrative claimants that have not, yet, been paid in full will be paid from operating revenues or litigation proceeds or a 25% distribution of the sales of outparcels, along with any allowed claim of Cullum Contractors which has filed a secured claim which has been disputed by the Debtor.
4. The balance of the funds remaining from resolution of the Lee & Associates litigation in the amount of \$79,400 is being held by the Master in Equity for Charleston County. UC FUNDS asserts an interest in those funds and has consented to transfer of those funds to the DIP account where they will be used to pay property taxes, and if funds remain after payment of said taxes to be used for operating expenses.

**Chapter 5 Causes of Action Exhibit**

5. Page 11 of the UST Objection indicates that the Amended Disclosure Statement references Exhibit A with regard to Chapter 5 Causes of Action. Debtor hereby attaches as **Exhibit A** its responses to Statement of Financial Affairs, Part 2 at questions 3 and 4. Debtor does not anticipate expending administrative expenses to attempt to recover on such potential claims at this time. In the event the allowed claims of Cullum Constructors in Class 3, and or the Administrative Claims in Class 4 and /or the Post-Petition Claims in Class 5, and or the Trade Vendors in Class 10, and /or the Trade Vendors in Class 11 are not paid in full, then Debtor reserves the right to revisit the issue of Chapter 5 claims and to bring such actions as necessary after completion of due diligence. UC FUNDS as Class 1 and Antion Financial LLC as Class 2 have established allowed claims as shown below and have agreed that they will not participate in any distribution of recoveries under Chapter 5 causes of action.

**Chain of Priorities Under 11 U.S.C. § 1129(b)(2)**

The Amended Plan originally proposed to distribute proceeds from outparcels on the Debtor's property outside the order of priority established by the Bankruptcy Code. The Amended Plan, as supplemented by the Addendum is hereby revised to provide that Seventy Five (75%) percent of the net sales proceeds from any and all such sales of outparcels will be paid to UC Funds as the first lienholder, zero (0%) percent to Antion as the second lienholder, with the remaining twenty five (25%) percent to be paid to any allowed claims to Class 10 unsecured creditors, Class 11 unsecured creditors, Class 3 Cullum Constructors, Class 4 Administrative Claims pursuant to the order of priorities

under the Bankruptcy Code until those claimants are paid either their fully allowed claims, or amounts reduced by consent, or amounts authorized by other order of this Court. The equity interests of Class 12 remain subordinated as previously provided for in the Amended Plan.

**Stipulation with SCE&G**

The stipulation between South Carolina Electric & Gas Company (“SCE&G”) and Debtor, Docket Entry 202, is hereby incorporated by reference as though fully restated herein as part of Debtor’s Plan.

**Treatment of Class 1. UC Funds, secured, impaired claim**

The treatment of Class 1 beginning on page 16 of the Amended Plan is deleted and replaced with the following:

Debtor scheduled a disputed claim for UC FUNDS in the amount of \$14,997,444.16. UC FUNDS has filed its Amended Proof of Claim (Claim 5-2) asserting a balance of \$17,516,256.29 as of December 1, 2016 with interest accruing at the default rate of 24.0% per annum, plus legal fees and expenses incurred by UC Funds after December 1, 2016 (“UC Funds Claim”). Based upon the terms of the Plan as set forth herein, Debtor will not object to the UC Funds Claim.

UC Funds has agreed to accept a discounted payoff on the UC Funds Claim in accordance with the following schedule (“Discounted Claim”):

- A. Payment on or before January 3, 2017: \$15,700,00.00,
- B. Payment after January 3, 2017, but on or before May 1, 2017: \$15,769,500.00,
- C. Payment after May 1, 2017, but on or before September 1, 2017: \$15,908,500.00,

- D. Payment after September 1, 2017, but on or before January 3, 2018:  
\$16,186,500.00, plus
- E. Interest on the above stated balance through the date of payment at the rate of  
11.0% per annum, plus
- F. Reasonable attorney's fees and expenses incurred by UC Funds after January 3,  
2017, through the date of payment in connection with enforcement of the terms of the  
Plan.

Debtor acknowledges that the Discounted Claim is due and owing and is not subject to any defenses, claims or setoffs.

From the sales of various outparcels UC Funds will be paid 75% of net proceeds and has agreed to a carve-out for Classes 3, 4, 10 and 11 of the other 25% of net proceeds. From any sale of the main building, sometimes described as the Old Naval Hospital, UC Funds will be paid the full remaining amount of the Discounted Claim.

The Debtor will continue its efforts to bring Charleston County and others back onto the property as tenants either voluntarily or through litigation already filed.

UC Funds supports the efforts of the Debtors in either and both of these approaches, believing that such returns to the property are in its own best interest and agreeing with the Debtor that it is in the best interest of the bankruptcy estate.

This Court will establish its own trial date for resolution of the adversary complaint against Charleston County. Up until resolution of that adversary complaint, the Debtor's focus will be on bringing the County back into the property.

If unsuccessful in that effort, or in other efforts to engage the County, the Debtors have applied to this Court to retain Colliers as it's listing and sales agent. UC Funds has withdrawn its objection to the Debtors application and supports the hiring of Colliers. During pendency of the adversary litigation against the County, Collier's will be asked to focus on locating tenants or purchasers consistent with Debtor's original concept of a unified health care center. Thereafter, Collier's will be tasked with broadening the scope of its search for tenants and buyers.

On January 3, 2018, if all such efforts to lease or sell have been unsuccessful, Debtor agrees and UC Funds consent to the Debtor filing a motion under Section 363 to sell the property, to obtaining an Order establishing Bidding Procedures, and to have the Court establish a 90 day sale term. UC Funds will be allowed to credit bid the payoff balance due as of the final bid due date on its Discounted Claim.

In the unlikely event the Court does not enter an order approving a buyer at the 363 sale, Debtor agrees and UC Funds consents that the stay shall be lifted without any further court order to allow UC Funds to continue with its foreclosure filed in Charleston County Court of Common Pleas, Case #2016-CP-10-1434 ("Foreclosure Case"). In furtherance of this provision, Debtor and UC FUNDS will enter into a consent decree of foreclosure containing customary terms and conditions to allow for the sale of the property in the Foreclosure Case if the Court does not approve a 363 sale.

In proposing the above lease and sales process and in reducing the UC Funds claim to the agreed allowed amount as shown above, Debtor intends to resolve all claims which UC Funds has against it and any claims it has against UC Funds. Therefore, upon

the Effective Date, Debtor will be deemed released by UC Funds of any and all claims against Debtor except for fulfillment of Debtor's obligations under the Plan, and UC Funds, its officers, directors, employees, and any affiliated parties will be deemed released of all claims by the Debtor against UC Funds except for fulfillment of UC FUNDS's obligations under the Plan. Nothing in this release will be deemed a release of any entity or person other than Debtor.

RESPECTFULLY SUBMITTED on this the 4th day of January, 2017 at  
Columbia, South Carolina.

MCCARTHY, REYNOLDS, & PENN, LLC

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