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 and Debtor In Possession

8
 9 **UNITED STATES BANKRUPTCY COURT**
 10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 In re

12 **BORREGO COMMUNITY**
HEALTH FOUNDATION,
 13
 14 Debtor and Debtor In
 Possession.

Case No. 22-02384-11

Chapter 11 Case

Judge: Honorable Laura S. Taylor

**NOTICE OF ADJOURNED AUCTION
 RE DEBTOR’S NOTICE OF MOTION
 AND MOTION FOR THE ENTRY OF (I)
 AN ORDER (1) APPROVING FORM OF
 ASSET PURCHASE AGREEMENT; (2)
 APPROVING AUCTION SALE
 FORMAT AND BIDDING
 PROCEDURES, (3) APPROVING
 PROCESS FOR DISCRETIONARY
 SELECTION OF STALKING HORSE
 BIDDER AND BID PROTECTIONS; (4)
 APPROVING FORM OF NOTICE TO
 BE PROVIDED TO INTERESTED
 PARTIES; (5) SCHEDULING A COURT
 HEARING TO CONSIDER APPROVAL
 OF THE SALE TO THE HIGHEST AND
 BEST BIDDER; AND (6) APPROVING
 PROCEDURES RELATED TO THE
 ASSUMPTION OF CERTAIN
 EXECUTORY CONTRACTS AND
 UNEXPIRED LEASES; AND (II) AN
 ORDER AUTHORIZING THE SALE OF
 PROPERTY FREE AND CLEAR OF
 ALL CLAIMS, LIENS AND
 ENCUMBRANCES**

**[RELATES TO DOCKET NOS. 161, 321,
 418]**

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NOTICE OF ADJOURNED AUCTION

PLEASE TAKE NOTICE that, on December 19, 2022, the Court entered an order (the “Bidding Procedures Order”) [Docket No. 321] granting the *Debtor’s Motion For The Entry of (I) An Order (1) Approving Form Of Asset Purchase Agreement; (2) Approving Auction Sale Format and Bidding Procedures, (3) Approving Process For Discretionary Selection Of Stalking Horse Bidder And Bid Protections; (4) Approving Form Of Notice To Be Provided To Interested Parties; (5) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest And Best Bidder; And (6) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* [Docket No. 161] (the “Motion”).¹

PLEASE TAKE FURTHER NOTICE that the Bidding Procedures Order governs (i) the bidding process (the “Bid Procedures”) for the sale of substantially all of the Debtor’s assets (the “Purchased Assets”) of the Debtor, and (ii) procedures for the assumption and assignment of certain of the Debtor’s executory contracts and unexpired leases, as detailed in the Bidding Procedures Order.

PLEASE TAKE FURTHER NOTICE that on February 2, 2023, Debtor filed the *Notice of Qualified Bidders and Stalking Horse Bidder Re Debtor’s Notice of Motion and Motion For The Entry of (I) An Order (1) Approving Form Of Asset Purchase Agreement; (2) Approving Auction Sale Format and Bidding Procedures, (3) Approving Process For Discretionary Selection Of Stalking Horse Bidder And Bid Protections; (4) Approving Form Of Notice To Be Provided To Interested Parties; (5) Scheduling A Court Hearing To Consider Approval Of The Sale To The Highest And Best Bidder; And (6) Approving Procedures Related To The Assumption Of Certain Executory Contracts And Unexpired Leases; And (II) An Order Authorizing The Sale Of Property Free And Clear Of All Claims, Liens And Encumbrances* (the “Notice of Qualified Bidders”) [Docket No. 418]. The Notice of Qualified Bidders notified the Court and all interested parties of the selection of (i) Desert AIDS Project d/b/a DAP Health (“DAP”) as the Stalking-Horse Bidder, and (ii) DAP, Altamed Health Services Corporation, Friends of Family Health Center, Family Health Centers of San Diego, St. John’s Community Health, and San Ysidoro Health as the Qualified Bidders.

PLEASE TAKE FURTHER NOTICE that on February 6, 2023, the Debtor, the Qualified Bidders, the Department of Health Care Services, the Official

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

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1 Committee of Unsecured Creditors (the “Committee”), and other stakeholders and
2 their respective representatives met at the offices of Dentons US LLP, 601 S.
3 Figueroa Street, Suite 2500, Los Angeles, California 90017, commencing at 10:00
4 a.m. Pacific Time. Pursuant to the Bid Procedures and prior to the commencement
5 of the Auction, the Debtor and the Committee had discussions with the Stalking-
6 Horse Bidder and the Qualified Bidders with respect to the terms and conditions of
7 the Qualified Bids. The Debtor and Committee also met with DHCS and other
8 interested parties. Based on the information received from the foregoing parties, the
9 Debtor determined, in consultation with the Committee, that it was necessary to
10 receive further instructions from the Debtor’s Board of Trustees (the “Board”) to best
11 promote the goals of the bidding process. Accordingly, the Debtor commenced the
12 Auction to notify all parties present at Dentons and those participating via Zoom
13 regarding the foregoing and adjourned the Auction until further notice.

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15 **PLEASE TAKE FURTHER NOTICE** that the Debtor requested final
16 highest and best bids by **February 10, 2023, at 12:00 p.m. PST**. After review of the
17 final bids, the Board will select the Winning Bidder and the Back-Up Bidder. The
18 Debtor will file a notice of the Winning Bidder in accordance with the Bidding
19 Procedures Order.

20
21 Dated: February 9, 2023

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22 By /s/ Tania M. Moyron
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