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NORTHERN DISTRICT OF TEXAS

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The following constitutes the ruling of the court and has the force and effect therein described.

Signed April 19, 2022

United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**INTERIM ORDER (I) PROHIBITING UTILITY PROVIDERS
FROM ALTERING, REFUSING, OR DISCONTINUING SERVICE,
(II) DEEMING THE UTILITY PROVIDERS ADEQUATELY ASSURED
OF FUTURE PERFORMANCE, AND (III) ESTABLISHING PROCEDURES
FOR DETERMINING REQUESTS FOR ADDITIONAL ADEQUATE ASSURANCE**

Upon the motion (the “**Motion**”)² of the debtors and debtors in possession in the above-captioned chapter 11 cases (the “**Debtors**”) for entry of an interim order (this “**Interim Order**”), pursuant to Bankruptcy Code Sections 105(a), 363, and 366 and Bankruptcy Rules 6003 and 6004 (i) prohibiting the Debtors’ Utility Providers from altering, refusing, or discontinuing service, (ii)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.



deeming the Debtors' Utility Providers adequately assured of future performance, (iii) establishing procedures for determining requests for additional adequate assurance by the Debtors' Utility Providers, and (iv) granting related relief, including scheduling a hearing to consider approval of the Motion of a final basis (the "**Final Hearing**"); and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estate, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and the opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; and all objections, if any, to the Motion having been withdrawn, resolved or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED on an interim basis as set forth herein.

2. The Final Hearing on the Motion shall be held on May 11, 2022 at 1:30 p.m., prevailing Central Time. Any objections or responses to entry of a final order (the "**Final Order**") on the Motion shall be filed with the Court and served on the following parties at least seven (7) days prior to the commencement of the Final Hearing: (a) the Debtors, 8523 Thackery Street,

Dallas, TX 75225 (attn: Nick Harshfield); (b) proposed counsel to the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201 (attn: Trinitee G. Green) and 600 3rd Avenue, 42nd Floor, New York, NY 10016 (attn: Jeremy R. Johnson and Brenna A. Dolphin); (c) the Office of the United States Trustee for the Northern District of Texas (Dallas Division), Earle Cabell Federal Building, 1100 Commerce Street, Room 976, Dallas, TX 75242; (d) counsel to UMB Bank N.A., as Trustee, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (attn: Daniel Bleck); (e) counsel to Lifespace Communities, Inc., Dorsey & Whitney LLP, 801 Grand Avenue, Suite 4100, Des Moines, IA 50309 (attn: David D. Grossklaus) and Perkins Coie LLP, 110 North Wacker Drive, 34th Floor, Chicago, IL 60606 (attn: Eric E. Walker); (f) counsel to any statutory committee appointed in this chapter 11 case; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002.

3. The Debtors are authorized, but not directed, to maintain prepetition relationships and practices with respect to the Utility Providers.

4. Subject to the Procedures described below, no Utility Provider may (a) alter, refuse, terminate, or discontinue services to and/or discriminate against the Debtors on the basis of the commencement of the Chapter 11 Cases or on account of outstanding prepetition invoices; or (b) require additional payment of a deposit or receipt or any other security for continued services other than the adequate assurance Deposit, as a result of the Chapter 11 Cases or any unpaid prepetition invoices as a condition to the Debtors receiving such utility services (except subject to the Procedures established in this Motion).

5. The Debtors shall provide notice, via first-class mail, of this Interim Order within three (3) business days of entry of this Interim Order on (a) all Utility Providers identified as

Exhibit 1 attached to this Interim Order (the “**Utility Services List**”); (b) the U.S. Trustee; (c) the Debtors’ thirty (30) largest unsecured creditors; and (iv) counsel for Trustee.

6. Within fifteen (15) days of the Petition Date, the Debtors shall deposit an amount equal to two weeks of the average monthly cost for the Utility Services as set forth on Exhibit 1 to this Interim Order (unless any Utility Provider agrees in writing to a lesser amount, is paid in advance for Utility Services, or already holds a deposit for the Utility Services—in which case, the deposit on account of such Utility Service was reduced by the amount of the deposit or prepayment) in the Utility Deposit Account for the benefit of the Utility Providers.

7. Except as provided herein with respect to the rights of the Utility Providers, no creditor of the Debtors shall have any interest in or lien on the Deposit or the Utility Deposit Account.

8. The Deposit may be adjusted by the Debtors if the Debtors: (a) terminate any of the Utility Services provided by a Utility Provider; (b) makes other arrangements with certain Utility Providers for adequate assurance of payment; (c) determines that an entity listed on the Utility Services List is not a utility as defined by Bankruptcy Code Section 366; or (d) supplements the Utility Services List to include additional Utility Providers (as described below). The Deposit shall be maintained until the earlier or (i) entry of an order of the Court authorizing the return of the Deposit to the Debtors or (ii) the effective date of the chapter 11 plan in the Chapter 11 Cases.

9. To the extent the Debtors become delinquent with respect to a Utility Provider’s account, such Utility Provider shall file the Delinquency Notice with the Court and serve such notice on (a) the Debtors, (b) proposed counsel to the Debtors, (c) counsel to the Bond Trustee, and (d) the U.S. Trustee (collectively, the “**Notice Parties**”). If the Debtors have not cured such delinquency and no Notice Party has objected to the Delinquency Notice within ten (10) days of

the receipt of the Delinquency Notice, then the Debtors shall remit to the Utility Provider from the Deposit the lesser of: (a) the amount allocated in the Deposit for such Utility Provider's account and (b) the amount of post-petition charges claimed as delinquent in the Delinquency Notice.

10. The following adequate assurance procedures (the "**Procedures**") are approved in all respects:

- a. Absent any further order of this Court and except as otherwise provided herein, the Utility Providers may not alter, refuse, or discontinue service to, or discriminate against the Debtors on account of the commencement of the Chapter 11 Cases or any unpaid prepetition charges, or request payment of a deposit or receipt of other security in connection with any unpaid prepetition charges;
- b. The Debtors will serve the Motion and this order granting the Motion on an interim basis (the "**Interim Order**") via first-class mail, within three (3) business days after the date this Interim Order is entered by the Court on all Utility Providers identified in Exhibit 1 attached hereto; provided that for any Utility Provider that may have been omitted from Exhibit 1, the Debtors shall have the right to supplement such list of Utility Providers and shall promptly provide notice of the Interim Order upon learning of such Utility Provider;
- c. In the event that a Utility Provider maintains that the Deposit is not satisfactory adequate assurance of payment as contemplated by Bankruptcy Code Section 366(c)(2), a Utility Provider may submit a written request for additional assurance of payment (the "**Additional Assurance Request**") by submitting such request to Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, Texas 75201 (attn: Trinitee G. Green) and 600 3rd Avenue, 42nd Floor, New York, New York 10016 (attn: Jeremy R. Johnson and Brenna A. Dolphin) on or before fifteen (15) days after service of the entered Interim Order on such Utility Provider (the "**Additional Assurance Request Deadline**"), with a copy to counsel to the Bond Trustee;
- d. Any Additional Assurance Request must: (i) be in writing; (ii) set forth the location for which utility services are provided; (iii) include a summary of the Debtors' payment history relevant to the affected account(s), including any security deposits or other prepayments or assurances previously provided by the Debtors; (iv) describe in sufficient detail the reason(s) why the treatment afforded pursuant to the procedures set forth herein does not constitute satisfactory

adequate assurance of payment; (v) include a proposal for what treatment would constitute adequate assurance of payment from the Debtors, along with an explanation of why such proposal is reasonable; and (vi) provide an e-mail address to which the Debtors may respond to the Additional Assurance Request;

- e. If a Utility Provider makes a timely Additional Assurance Request that the Debtors believe is reasonable, then the Debtors shall be authorized in their sole discretion to comply with such request without further order of the Court;
- f. If the Debtors believe that the Additional Assurance Request is unreasonable, then the Debtors will schedule a hearing to determine the adequate assurance to such Utility Provider as necessary at the next omnibus hearing scheduled in the Chapter 11 Cases (the “**Determination Hearing**”);
- g. Pending resolution of that issue at any such Determination Hearing, any Utility Provider making an Additional Assurance Request shall be prohibited from altering, refusing, or discontinuing service to the Debtors;
- h. Any Utility Provider that does not serve an Additional Assurance Request by the Additional Assurance Request Deadline shall be deemed to have consented to and be bound by the procedures and amount of the Deposit provided by the Debtors; and
- i. A Utility Provider shall be deemed to have adequate assurance of payment unless and until a future order of this Court is entered requiring further adequate assurance of payment.

11. The Debtors are authorized in their discretion to supplement the Utility Services List via Supplemental Service. Concurrently with any Supplemental Service, the Debtors will: (a) file with the Court a supplement to the Utility Services List adding the name of the Utility Provider so served; (b) serve a copy of such filing on the Notice Parties; and (c) increase the amount in the Utility Deposit Account to include a two-week deposit for the new Utility Provider.

12. The additional Utility Provider shall have fifteen (15) days after the date of Supplemental Service to make an Additional Assurance Request. If such an Additional Assurance Request is made, the Debtors shall abide by the Procedures set forth above, as applicable.

13. The Debtors are authorized to, in their sole discretion, close any Utility Services account (a “**Closed Account**”) without the need for further order of this Court or notice to any parties. If any Utility Services account becomes a Closed Account during the course of the Chapter 11 Cases, without the need for further order of this Court or notice to any parties, the Debtors shall be authorized to decrease the amount of the Deposit by withdrawing from the segregated account the amount deposited with respect to such Closed Account, which shall be deposited into the Debtors’ operating account.

14. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed as (a) an admission as to the validity or priority of any claim or lien against the Debtors or their estates, (b) a waiver of the Debtors’ rights to subsequently dispute such claim or lien on any grounds, (c) a promise or requirement to pay any prepetition claim, (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Interim Order, (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to Bankruptcy Code Section 365, or (f) a waiver of the Debtors’ or any other party in interest’s rights under the Bankruptcy Code or any other applicable law.

15. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief granted in this Interim Order is necessary to avoid immediate and irreparable harm to the Debtors’ estates.

16. Notice of the Motion shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice or waived.

17. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

18. All payments made pursuant to this Order shall be subject to any interim or final order entered by the Court governing the Debtors' right to the use the cash collateral of UMB Bank, N.A., as Trustee, including the budget attached thereto.

19. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

20. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

End of Order

Submitted by:

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*Proposed Counsel to Debtors and
Debtors-in-Possession*

Exhibit 1

Utility Services List

DEBTOR	UTILITY PROVIDER	UTILITY SERVICE	ACCOUNT NO.	COMPLETE ADDRESS (city, state and zip)	APPROXIMATE ANNUAL TOTAL	AVERAGE MONTHLY PAYMENT	ADEQUATE ASSURANCE DEPOSIT
Northwest Senior Housing Corporation	AT&T	Telecom/Internet	21469215635725	P.O. Box 5001 Carol Springs, IL 60197	\$4,800	\$400	\$200
Northwest Senior Housing Corporation	Atmos Energy	Natural Gas	3021755672 3021755145	P.O. Box 790311 St. Louis, MO 63179	\$55,200	\$4,600	\$2,300
Northwest Senior Housing Corporation	City of Dallas	Water/Sewer	100365093 100365081 505142142	P.O. Box 870, Ft. Worth, TX 76101	\$217,200	\$18,100	\$9,050
Northwest Senior Housing Corporation	Community Waste Disposal LP	Waste	100361382 100361397 100361412 100361426	PO BOX 208939 Dallas TX 75320- 8939	\$66,000	\$5,500	\$2,750
Northwest Senior Housing Corporation	Direct Energy	Electric	176948 176949 176950 176951 176952 176953 176954	P.O. Box 1532 Houston, TX 77251	\$700,800	\$58,400	\$29,200
Northwest Senior Housing Corporation	Fusion LLC	Telecom/Internet	707253	Fusion, LLC PO BOX 51341 Los Angeles CA 90051	\$22,800	\$1,900	\$950
Northwest Senior Housing Corporation	Spectrum	Telecom/Internet	8260132080039230	PO BOX 94188 Palatine, IL 60094-4188	\$165,600	\$13,800	\$6,900
Northwest Senior Housing Corporation	Spectrum (f/k/a Time Warner Cable)	Telecom/Internet	8260132080039230 8260132084566099 8260132084566107 8260132084566081 8260132084565265 8260132084566131	PO BOX 94188 Palatine, IL 60094-4188	\$7,200	\$600	\$300

DEBTOR	UTILITY PROVIDER	UTILITY SERVICE	ACCOUNT NO.	COMPLETE ADDRESS (city, state and zip)	APPROXIMATE ANNUAL TOTAL	AVERAGE MONTHLY PAYMENT	ADEQUATE ASSURANCE DEPOSIT
Northwest Senior Housing Corporation	Verizon	Telecom/ Internet	922984120-00001	P.O. Box 660108 Dallas TX 75266-0108	\$28,800	\$2,400	\$1,200