

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SC HEALTHCARE HOLDING, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 24-10443 (TMH)

(Jointly Administered)

Ref. Docket Nos. 38, 57, 73 & 91

**JOINT RESERVATION OF RIGHTS OF HUD LENDERS REGARDING DEBTORS’
MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION FINANCING, (II)
GRANTING SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE
EXPENSE STATUS, (III) GRANTING ADEQUATE PROTECTION TO CERTAIN
PREPETITION SECURED CREDIT PARTIES, (IV) MODIFYING THE AUTOMATIC
STAY, (V) AUTHORIZING THE DEBTORS TO ENTER INTO AGREEMENTS WITH
JMB CAPITAL PARTNERS LENDING, LLC, (VI) AUTHORIZING NON-
CONSENSUAL USE OF CASH COLLATERAL, (VII) SCHEDULING A FINAL
HEARING, AND (VIII) GRANTING RELATED RELIEF**

Grandbridge Real Estate Capital LLC (“Grandbridge”), Berkadia Commercial Mortgage LLC (“Berkadia” and together with Grandbridge, the “Grandbridge & Berkadia Lenders”), Lument Real Estate Capital LLC (“Lument”), and Wells Fargo Bank, N.A. (“Wells Fargo” and, collectively with the Grandbridge & Berkadia Lenders and Lument, the “HUD Lenders”), each HUD-insured lenders to certain Debtors, hereby file this reservation of rights (this “Reservation of Rights”) to *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured*

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent at www.kccllc.net/Petersen.



Credit Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter Into Agreements With JMB Capital Partners Lending, LLC, (VI) Authorizing Non-Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief [Docket No. 38] (the “DIP Motion”).

BACKGROUND²

1. On March 20, 2024 (the “Petition Date”), Debtors filed voluntary petitions for relief under title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”). On the Petition Date, the Debtors filed the DIP Motion.

2. On March 21 2024, Lument filed the *Objection of Lument Real Estate Capital LLC to Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter into Agreements with JMB Capital Partners Lending, LLC, (VI) Authorizing NonConsensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief* [Docket No. 57] and on March 22, 2024, the Grandbridge & Berkadia Lenders and Lument filed the *Objection of Grandbridge Real Estate Capital LLC and Berkadia Commercial Mortgage LLC to Debtors’ DIP Motion and Joinder to Lument Real Estate Capital LLC’s Objection to DIP Motion* [Docket No. 73] (together, the “Initial Objections”).³

² The factual background related to the HUD Lenders’ Prepetition Liens is set forth in detail in the Initial Objections and is not repeated herein. The HUD Lenders fully incorporate by reference the factual background set forth in the Initial Objections in this Objection.

³ Capitalized terms used herein but otherwise not defined shall have the meanings ascribed to such terms in the DIP Motion or Initial Objections, as applicable.

3. On March 22, 2024, the Court held a “first day hearing” on, among other pleadings, the DIP Motion. At that hearing, the HUD Lenders asserted the objections stated in the Initial Objections, and the Debtors and HUD Lenders agreed to certain revisions to the proposed interim order to preserve the issues raised in the HUD Lenders’ Initial Objections for a final hearing on the DIP Motion.

4. On March 24, 2024, the Court entered the *Interim Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties, (IV) Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter Into Agreements With JMB Capital Partners Lending, LLC, (VI) Authorizing Non-Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief* [Docket No. 91] (the “Interim Order”).

5. A hearing to consider the order approving the DIP Motion on a final basis is currently set for May 13, 2024, at 9:30 a.m. (the “Final Hearing”).

RESERVATION OF RIGHTS

6. Since the entry of the Interim Order, the Debtors have worked constructively with the HUD Lenders to craft a proposed final order on the DIP Motion (the “Proposed Final Order”) that would resolve, among other objections, the objections of the HUD Lenders. The HUD Lenders are engaged in constructive discussions with the Debtors to agree upon a form of Proposed Final Order that would be acceptable to the HUD Lenders. The HUD Lenders file this Reservation of Rights to reserve all rights with respect to the DIP Motion and the

Proposed Final Order in the event that the form of Proposed Final Order ultimately presented to the Court for entry differs from any form of proposed order consented to by the HUD Lenders.

[Signature page follows]

Dated: May 9, 2024
Wilmington, Delaware

TROUTMAN PEPPER HAMILTON
SANDERS LLP

/s/ David M. Fournier

David M. Fournier (DE No. 2812)
Heather P. Smillie (DE No. 6923)
Hercules Plaza, Suite 5100
1313 N. Market Street, Suite 5100
Wilmington, DE 19801
Telephone: (302) 777-6500
Email: david.fournier@troutman.com
heather.smillie@troutman.com

-and-

Matthew R. Brooks (*admitted pro hac vice*)
875 Third Avenue
New York, NY 10022
Telephone: (212) 704-6000
Fax: (212) 704-6288
Email: matthew.brooks@troutman.com

*Counsel to Grandbridge Real Estate Capital
LLC and Berkadia Commercial Mortgage
LLC*

BURR & FORMAN LLP

/s/ Cory Falgowski

J. Cory Falgowski
222 Delaware Avenue, Suite 1030
Wilmington, DE 19801
Telephone: (302) 830-2312
Email: jfalowski@burr.com

Counsel to Wells Fargo Bank, N.A.

Respectfully submitted,

BALLARD SPAHR LLP

/s/ Matthew G. Summers

Matthew G. Summers (No. 5533)
Laurel D. Roglen (DE 5759)
Margaret A. Vesper (DE 6995)
919 North Market Street, 11th Floor
Wilmington, DE 19801-3034
Tel: (302) 252-4465
Fax: (302) 252-4466
Email: summersm@ballardspahr.com
roglenl@ballardspahr.com
vesperm@ballardspahr.com

-and-

VORYS, SATER, SEYMOUR AND PEASE
LLP

Kari B. Coniglio*
Carrie M. Brosius*
Margaret S. Echols**
200 Public Square, Suite 1400
Cleveland, Ohio 44114
Telephone: 216.479.6167
E-mail: kbconiglio@vorys.com
cmbrosius@vorys.com
msechols@vorys.com

-and-

Charles C. Bissinger, Jr.*
Jacob D. Mahle*
301 East Fourth Street, Suite 3500
Cincinnati, Ohio 45202
Telephone: (513) 723-4084
E-mail: ccbissinger@vorys.com
jdmahle@vorys.com

*Admitted pro hac vice

**Pro hac vice application to be filed

*Attorneys for Lument Real Estate Capital
LLC*

CERTIFICATE OF SERVICE

I, David M. Fournier, hereby certify that on the 9th day of May, 2024, I caused the foregoing *Joint Reservation of Rights of HUD Lenders to Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Granting Security Interests and Superpriority Administrative Expense Status, (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties, (IV) Modifying the Automatic Stay, (V) Authorizing the Debtors to Enter Into Agreements with JMB Capital Partners Lending, LLC, (VI) Authorizing Non-Consensual Use of Cash Collateral, (VII) Scheduling a Final Hearing, and (VIII) Granting Related Relief* to be served by email upon the parties set forth on the attached list; and all ECF participants registered in this case were served electronically on the date of filing through the court's ECF system at their respective email addresses registered with the court.

/s/ David M. Fournier
David M. Fournier (DE No. 2812)

Service List

(Counsel for the Debtors and Debtors in Possession)

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Andrew L. Magaziner, Shella Borovinskaya, and Carol E. Cox
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
amagaziner@ycst.com
sborovinskaya@ycst.com
ccox@ycst.com

(Counsel for the Debtors and Debtors in Possession)

WINSTON & STRAWN LLP
Carrie V. Hardman
200 Park Avenue
New York, New York 10166
chardman@winston.com

(Counsel to the DIP Lender)

Robert M. Hirsh, Francisco Vazquez, and Emily Hong
NORTON ROSE FULBRIGHT US LLP
1301 Avenue of the Americas
New York, NY 10019-6022
robert.hirsh@nortonrosefulbright.com
francisco.vazquez@nortonrosefulbright.com
emily.hong@nortonrosefulbright.com

(Proposed Counsel to the Official Committee of Unsecured Creditors)

Anthony W. Clark and Dennis A. Meloro
GREENBERG TRAURIG, LLP
222 Delaware Avenue, Suite 1600
Wilmington, DE 19801
Anthony.Clark@gtlaw.com
Dennis.Meloro@gtlaw.com

(Proposed Counsel to the Official Committee of Unsecured Creditors)

Shari L. Heyen
GREENBERG TRAURIG, LLP
1000 Louisiana Street, Suite 6700
Houston, TX 77002
shari.heyen@gtlaw.com

(Counsel for the Debtors and Debtors in Possession)

WINSTON & STRAWN LLP

Daniel J. McGuire and Gregory M. Gartland
35 W. Wacker Drive
Chicago, IL 60601
dmcguire@winston.com
ggartland@winston.com

Linda Richenderfer and Jon Lipshie
Office of the United States Trustee
for the District of Delaware
844 King St., Suite 2207
Wilmington, DE 19801
linda.richenderfer@usdoj.gov
jon.lipshie@usdoj.gov

(Counsel to the DIP Lender)

Eric J. Monzo
Morris James LLP
500 Delaware Ave., Suite 1500
Wilmington, DE 19801
emonzo@morrisjames.com

(Proposed Counsel to the Official Committee of Unsecured Creditors)

Nancy A. Peterman and Danny Duerdoth
GREENBERG TRAURIG, LLP
77 West Wacker Drive, Suite 3100
Chicago, IL 60601
petermann@gtlaw.com
duerdothd@gtlaw.com

(Counsel for Hickory Point Bank & Trust)

Michael Busenkell and Bradley P. Lehman
GELLERT SEITZ BUSENKELL
& BROWN, LLC
1201 N. Orange St., Ste. 300 Wilmington,
Delaware 19801
mbusenke@gsbblaw.com
blehman@gsbblaw.com

(Counsel for Column Financial, Inc.)

David E. Lemke and Tyler Layne
HOLLAND & KNIGHT LLP
Nashville City Center
511 Union Street, Suite 2700
Nashville, TN 37219
Tyler.Layne@hklaw.com
David.Lemke@hklaw.com

(Counsel for Column Financial, Inc.)

LANDIS RATH & COBB LLP
Richard S. Cobb and Joshua B. Brooks
919 Market Street, Suite 1800
Wilmington, Delaware 19801
cobb@lrclaw.com
brooks@lrclaw.com

(Counsel for Bank of Rantoul)

John A. Lipinsky
CLINGEN CALLOW & MCLEAN, LLC
2300 Cabot Drive, Suite 500
Lisle, Illinois 60532
lipinsky@ccmlawyer.com

(Counsel for Column Financial, Inc.)

Trip Nix
HOLLAND & KNIGHT LLP
100 Congress Avenue
Suite 1800
Austin, TX 78701
Trip.Nix@hklaw.com

(Counsel for Bank of Rantoul)

Brian A. Sullivan
WERB & SULLIVAN
1225 N. King Street, Suite 600
Wilmington, DE 19801
bsullivan@verbsullivan.com