

Stephen A. McCartin (TX 13344700)
Thomas C. Scannell (TX 24070559)
Mark C. Moore (TX 24074751)
FOLEY & LARDNER LLP
2021 McKinney Avenue, Ste. 1600
Dallas, Texas 75201
Telephone: (214) 999.3000
Facsimile: (214) 999.4667
smccartin@foley.com
tscannell@foley.com
mmoore@foley.com

**COUNSEL FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS**

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

In re:

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

Debtors.

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Chapter 11

Case No. 22-30659 (MVL)

Jointly Administered

**COMMITTEE RESPONSE TO DEBTORS' OBJECTION TO REQUEST FOR
EMERGENCY CONSIDERATION OF MOTION FOR AUTHORITY**

[Relates to Docket No. 636, 637]

The Official Committee of Unsecured Creditors (the “**Committee**”) hereby files this *Response* to the Debtors’ *Objection* [Docket No. 637] to the *Request for Emergency Consideration of Emergency Motion for Authority to Negotiate and Related Relief* [Docket No. 636] (the “**Request**”) regarding the *Emergency Motion for an Order: (1) Authorizing the Committee to Engage in Plan Formulation and Contingency-Planning Negotiations with the Landlord and Related Parties, and (2) Holding Such Parties Harmless Pursuant to Sections 105(a) and 1103(c)(3) of the Bankruptcy Code* [Docket No. 635] (the “**Motion for Authority**”). The Request

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.



seeks emergency consideration of the Motion for Authority at the hearing set on interrelated matters for September 29, 2022 at 9:30 AM (the “**Hearing**”).

1. The Debtors object to the Request for an emergency hearing on the Motion for Authority, arguing that emergency consideration would be “inequitable.”²

2. The Motion for Authority should be heard at the same time as the other matters set for September 29, 2022, as the Motion for Authority will be addressed in “blended” arguments and with “blended” evidence.

3. The Motion for Authority requires an emergency hearing for the following reasons:

- the Debtors’ DIP Loan matures December 31, 2022;
- the Debtor’s Plan cannot be confirmed by December 31, 2022, as the Debtors have recently announced they cannot try the Landlord Litigation until February 2023;
- the Debtors will therefore have no available financing on January 1, 2023, may be administratively insolvent by January 2023, and may be unable to pay their vendors and employees in January 2023 (which are necessary to continue operations);
- the Bondholders and/or Landlord could propose and confirm a plan by December 31, 2022 (if exclusivity is terminated), but there is no guarantee of that;
- accordingly, the Committee must begin discussions as soon as possible with the Landlord to formulate a “safety net” contingency plan to ensure Edgemere can continue to operate if a worst case scenario occurs and the Debtors do not have sufficient working capital to continue operating after the DIP Loan is fully drawn and matured;
- the Committee needs to assure the residents as soon as possible that a contingency plan is in place, and that they will not lose their homes, in order to avoid residents

² Taking the Debtors’ argument literally, *everything* would have to be set on regular notice to avoid inequity. To date the Debtors have requested expedited or emergency consideration of five (5) matters in the main Chapter 11 Cases (not including first-day matters or matters filed jointly), including matters related to the retention of experts, the bar date, and the sealing of documents. The Debtors have similarly requested expedited or emergency consideration of three (3) matters in the adversary proceeding (Adversary No. 22-3040) including, most recently, the motion to amend the scheduling order and a motion to amend the protective order that was filed on a Wednesday to be heard the following Monday.

getting nervous and beginning to look for another facility; and

- it will take many weeks to formulate and negotiate a contingency plan with the Landlord, and the earlier we can provide some assurance to the residents that they won't lose their homes, the better. Time is of the essence.

4. A week's advance notice to a straightforward, reasonable request will not prejudice any parties in interest (especially the Debtors – since the Committee has asked the Debtors for the exact relief requested in the Motion for Authority numerous times over the last month, to which the Debtors have continuously denied without justification). The Debtors' allegations of prejudice ring hollow given their advance notice, consideration and continued denials of the Committee's requests set forth in the Motion for Authority. Given the number of times the Debtors have denied the Committee's requests to speak with the Landlord, the Debtors should be already well prepared to respond to the Motion for Authority.

5. The Request is sought in good faith and not for any inequitable purpose. The Committee has never opposed any request of the Debtors to expedite any matters for consideration. The Committee is troubled by the Debtors' opposition to the Request, as it appears the Debtors' real motivation is that they simply do not want the content of the Motion for Authority to be discussed before the Court. There is no legitimate, good faith reason the Motion for Authority should not be considered at the Hearing.

WHEREFORE, the Committee respectfully requests that the Court overrule the Debtors' Objection, grant the Request, set the Motion for Authority for hearing on September 29, 2022 at 9:30 AM, and grant the Committee such other and further relief as is appropriate under the circumstances.

**COMMITTEE RESPONSE TO DEBTORS' OBJECTION TO REQUEST FOR EMERGENCY
CONSIDERATION OF MOTION FOR AUTHORITY**

Dated: September 23, 2022

Respectfully submitted,

FOLEY & LARDNER LLP

/s/ Stephen A. McCartin

Stephen A. McCartin (TX 13344700)

Thomas C. Scannell (TX 24070559)

Mark C. Moore (TX 24074751)

2021 McKinney Avenue, Suite 1600

Dallas, Texas 75201

Telephone: (214) 999-3000

Facsimile: (214)999-4667

Email: smccartin@foley.com

Email: tscannell@foley.com

Email: mmoore@foley.com

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OF UNSECURED CREDITORS**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served electronically by the Court's PACER system on September 23, 2022.

/s Stephen A. McCartin

Stephen A. McCartin