

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: NEIGHBORS LEGACY HOLDINGS, INC., <i>et al.</i> , Debtors.)))))))	Chapter 11 Case No. 18-33836 (MI) (Jointly Administered)
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**STATEMENT OF TENET BUSINESS SERVICES CORPORATION
IN FURTHER SUPPORT OF DEBTORS’ EMERGENCY MOTION
(I) FOR ENTRY OF AN ORDER (A) APPROVING AUCTION AND BID
PROCEDURES, INCLUDING BID PROTECTIONS, AND (B) AUTHORIZING
AND SCHEDULING AN AUCTION FOR THE SALE OF THE DEBTORS’ ASSETS;
AND (II) FOR ENTRY OF AN ORDER (A) APPROVING THE SALE OF THE
DEBTORS’ ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES
AND INTERESTS, AND (B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT
OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Tenet Business Services Corporation (“Tenet”) respectfully submits that the Court should overrule the informal telephonic objection of Dr. Ybarra (the “Objection”) with respect to Tenet’s proposed Asset Purchase Agreement (the “Tenet APA”).¹ The Objection is predicated on the flawed assumption that Tenet will continue to operate the Transferred Assets as free standing emergency departments (“FSEDs”), which Dr. Ybarra asserts would violate applicable Texas law. While Tenet expects to operate each facility as a hospital outpatient department (“HOPD”), the Tenet APA does not require Tenet to operate any facility as an HOPD (or any other type of business, such as a FSED). Consistent with the foregoing, the Tenet APA does not require Tenet to obtain regulatory approval to operate any acquired facility as HOPDs or FSEDs.

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Tenet APA.



In any event, title 25 of the Texas Administrative Code, which governs the regulation of the medical profession in Texas, law does not prevent Tenet from owning or operating HOPDs or FSEDs. Indeed, the operation of such facilities are a core component of Tenet Healthcare Corp.'s corporate strategy. As disclosed in its Form 10-K for 2017, as of December 31, 2017, corporate segments included 84 separately licensed, freestanding outpatient centers.

Accordingly, Tenet respectfully requests that the Court grant the relief requested and permit Tenet to work to close the transactions contemplated by the Tenet APA in accordance with the terms thereof.

Dated: September 7, 2018
Houston, Texas

/s/ Gregory F. Pesce

Gregory F. Pesce (admitted *pro hac vice*)

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Certificate of Service

I certify that on September 7, 2018, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas

/s/ Gregory F. Pesce

Gregory F. Pesce