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Proposed Attorneys for the Chapter 11 Debtors and
Debtors In Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

☒ Affects All Debtors

- ☐ Affects Verity Health System of
California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital
Foundation
☐ Affects St. Francis Medical Center of
Lynwood Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose ASC,
LLC

Debtors and Debtors In Possession.

Lead Case No. 18-bk-20151

Jointly Administered With:
Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Hon. Ernest M. Robles

**NOTICE OF FINAL HEARING ON DEBTORS'
EMERGENCY MOTION OF DEBTORS FOR
INTERIM AND FINAL ORDERS (A)
AUTHORIZING THE DEBTORS TO OBTAIN
POST PETITION FINANCING (B)
AUTHORIZING THE DEBTORS TO USE CASH
COLLATERAL AND (C) GRANTING
ADEQUATE PROTECTION TO PREPETITION
SECURED CREDITORS PURSUANT TO 11
U.S.C. §§ 105, 363, 364, 1107 AND 110**

Final Hearing:

Date: October 3, 2018
Time: 10:00 a.m. (PST)
Place: United States Bankruptcy Court
255 East Temple Street
Suite 90012
Los Angeles, California 90012

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 **PLEASE TAKE NOTICE** that on September 6, 2018, the Court entered an *Interim*
2 *Order (I) Authorizing Postpetition Financing, (II) Authorizing Use Of Cash Collateral, (III)*
3 *Granting Liens And Providing Superpriority Administrative Expense Status, (IV) Granting*
4 *Adequate Protection, (V) Modifying Automatic Stay, And (VI) Granting Related Relief*, attached
5 hereto as Exhibit 1[Docket No. 86] (the “Interim Order”), copies of which were served September
6 6, 2018, electronically and by first class mail on the required Notice Lists. *See* Declaration of
7 Kurzman Karson Consultants LLC. [Docket No.186].

8 **PLEASE TAKE NOTICE** that at the above referenced date, time and location (the
9 “Hearing”), the Court will hold a final hearing on whether findings, terms and conditions
10 described in the Interim Order may be entered by the Court as the final order (the “Final Order”)
11 in connection with the *Emergency Motion Of Debtors For Interim And Final Orders (A)*
12 *Authorizing The Debtors To Obtain Post Petition Financing (B) Authorizing The Debtors To Use*
13 *Cash Collateral And (C) Granting Adequate Protection To Prepetition Secured Creditors*
14 *Pursuant To 11 U.S.C. §§ 105, 363, 364, 1107 And 110* [Docket No. 31] (the “Motion”) filed by
15 Verity Health System Of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the
16 debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases
17 (collectively, the “Debtors”), in the above-referenced jointly administered Chapter 11 bankruptcy
18 cases. At the Hearing, the Court will consider the entry of the Final Order and final approval of
19 the DIP Financing Agreements (as defined in the Interim Order) and provisions for Adequate
20 Protection for Prepetition Secured Creditors, maintenance of Cash Collection Accounts, Carve
21 Out, and Limitations on the Use of Proceeds (each as defined in the Interim Order), and waiving
22 certain rights of the Debtors under 11 U.S.C. §§ 506(c) and 552(b).

23 **PLEASE TAKE FURTHER NOTICE** that any party in interest objecting to the entry of
24 the proposed Final Order shall file written objections with the Clerk of the Bankruptcy Court no
25 later than September 19, 2018, at 4:00 p.m. (Pacific Standard Time), which objections shall be
26 served so that the same are received on or before such date by: (a) bankruptcy counsel for the
27 Debtors, Dentons US LLP, 602 South Figueroa, Suite 2500, Los Angeles, California 90017 - 570,
28

1 Attn: Samuel Maizel; (b) counsel for the DIP Lender, Waller Lansden Dortch & Davis, LLP, 511
2 Union Street, Suite 2700, Nashville, TN 37219, Attn: David E. Lemke, Esq.; (c) counsel to the
3 Committee, if any; (d) the Office of the United States Trustee for the Central District of
4 California, 915 Wilshire Blvd., Suite 1850, Los Angeles, CA 90017, Attn: Jill Sturtevant; (e)
5 counsel for U.S. Bank as 2015 Notes Trustee, McDermott, Will & Emory, 227 W. Monroe Street,
6 Chicago, IL 60606-5096; (f) counsel for UMB Bank as successor Master Trustee, Mintz, Levin,
7 Cohen, Ferris, Glovsky and Popeo PC, 1 Financial Center, Boston, MA 02111, Attn: Dan Bleck;
8 (g) counsel for Verity MOB, Jones Day, 555 South Flower Street Fiftieth Floor, Los Angeles,
9 California 90071; and (h) counsel for U.S. Bank as 2017 Notes Trustee, Maslon LLP, 3300 Wells
10 Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402, Attn: Clark Whitmore.

11 **PLEASE TAKE FURTHER NOTICE** that any reply filed by the Debtors or any party
12 supporting entry of the Final Order shall be filed with the Clerk of the United States Bankruptcy
13 Court for the Central District of California, in each case to allow actual receipt of the foregoing no
14 later than September 26, 2018, at 4:00 p.m. (Pacific Standard Time).

15
16 Dated: September 17, 2018

**DENTONS US LLP
SAMUEL R. MAIZEL
JOHN A. MOE, II
TANIA M. MOYRON**

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18
19 By /s/ Tania M. Moyron
20 Tania M. Moyron

21 Proposed Attorneys for the Chapter 11
22 Debtors and Debtors In Possession
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EXHIBIT 1

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

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FILED & ENTERED

SEP 06 2018

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

Proposed Attorneys for the Chapter 11 Debtors and
Debtors In Possession

CHANGES MADE BY COURT

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re
VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,
Debtors and Debtors In Possession.

Lead Case No. 18-20151
Jointly Administered With:
CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
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☒ Affects All Debtors

- ☐ Affects O'Connor Hospital
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- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**INTERIM ORDER (I) AUTHORIZING
POSTPETITION FINANCING, (II)
AUTHORIZING USE OF CASH COLLATERAL,
(III) GRANTING LIENS AND PROVIDING
SUPERPRIORITY ADMINISTRATIVE
EXPENSE STATUS, (IV) GRANTING
ADEQUATE PROTECTION, (V) MODIFYING
AUTOMATIC STAY, AND (VI) GRANTING
RELATED RELIEF¹**

Debtors and Debtors In Possession.

¹ The Court has made no material changes to the form of this Interim Order; the only changes made are to correct minor typographical errors.

1 Upon the emergency motion (the “**DIP Motion**”)², dated August 31, 2018, filed by
2 Verity Health System of California, Inc., O’Connor Hospital, Saint Louise Regional Hospital, St.
3 Francis Medical Center, St. Vincent Medical Center, Seton Medical Center, Verity Holdings,
4 LLC, Verity Medical Foundation, O’Connor Hospital Foundation, Saint Louise Regional
5 Hospital Foundation, St. Francis Medical Center of Lynwood Medical Foundation, St. Vincent
6 Foundation, St. Vincent Dialysis Center, Inc., Seton Medical Center Foundation, Verity Business
7 Services, DePaul Ventures, LLC, and DePaul Ventures - San Jose Dialysis, LLC (collectively,
8 the “**Debtors**”), as debtors and debtors in possession in the above captioned chapter 11 cases
9 (collectively, the “**Chapter 11 Cases**”), pursuant to sections 105, 361, 362, 363, 364(c)(1),
10 364(c)(2), 364(c)(3), 364(d)(1), 364(e) and 507 of title 11 of the United States Code (the
11 “**Bankruptcy Code**”), Rules 2002, 4001, 6004 and 9014 of the Federal Rules of Bankruptcy
12 Procedure (the “**Bankruptcy Rules**”) and Rule 4001-2 of the Local Bankruptcy Rules for the
13 United States Bankruptcy Court for the Central District of California (the “**Local Rules**” or
14 “**LBR**”), for entry of an emergency order (the “**Interim Order**”) authorizing the Debtors to,
15 among other things: *inter alia*:

16 (i) Obtain senior secured post-petition financing (the “**DIP Financing**” or “**DIP**
17 **Facility**”) pursuant to the terms and conditions of the DIP Financing Agreements (as defined
18 below), this Interim Order, and the Final Order (as defined below), pursuant to sections 364(c)(1),
19 364(d), and 364(e) of the Bankruptcy Code and Rule 4001(c) of the Bankruptcy Rules;

20 (ii) Enter into a Debtor-in-Possession Credit Agreement (the “**DIP Credit**
21 **Agreement**”), a copy of which is attached to the Chou Decl. [Docket No. 32] as **Exhibit 3 Parts I**
22 **and II**, and other related financing documents (together with the DIP Credit Agreement and DIP
23 Security Agreement, the “**DIP Financing Agreements**”), by and among each of the Debtors and
24 Ally Bank (“**Ally**”), in its capacity as agent (“**DIP Agent**”) and in its capacity as lender (“**DIP**
25 **Lender**,”) under the DIP Credit Agreement;

26
27
28 ² Capitalized terms used herein and not otherwise defined shall have the meaning ascribed in the
DIP Motion.

(iii) Borrow, on an interim basis, pursuant to the DIP Financing Agreements, postpetition financing of up to \$30,000,000 on a revolving basis (the “*Interim DIP Loan*”) and seek other financial accommodations from the DIP Lender pursuant to the DIP Credit Agreement, the other DIP Financing Agreements, and this Interim Order;

(iv) Borrow, on a final basis, pursuant to the DIP Financing Agreements, post-petition financing of up to an additional \$155,000,000, for a total of up to \$185,000,000, on a revolving basis, which includes the Interim DIP Loan (the “*Final DIP Loan*,” and together with the Interim DIP Loan, the “*DIP Loan*”) and seek other financial accommodations from the DIP Lender pursuant to the DIP Credit Agreement, the other DIP Financing Agreements, and the Final Order (as defined below);

(v) Execute and deliver the DIP Credit Agreement and the other DIP Financing Agreements;

(vi) Grant the DIP Lender allowed super-priority administrative expense claims, pursuant to section 364(c)(1) of the Bankruptcy Code, in each of the Chapter 11 Cases and any Successor Cases (as defined below) for the DIP Financing and all obligations of the Debtors owing under the DIP Financing Agreements (collectively, and including all “*Obligations*” of the Debtors as defined and described in the DIP Credit Agreement, the “*DIP Obligations*”) subject only to the Carve Out (defined below) as set forth below;

(vii) Grant the DIP Lender automatically perfected first priority senior security interests in and liens on all of the DIP Collateral (as defined below) pursuant to section 364(d)(1) of the Bankruptcy Code, which liens shall not be subordinate to any other liens, charges, security interests or surcharges under section 506(c) or any other section of the Bankruptcy Code, with the exception of the Carve Out (defined below) as set forth below;

(viii) Obtain authorization to use the proceeds of the DIP Financing in all cases in accordance with the proposed initial agreed budget covering the initial 13 week period (the “*Initial Agreed Budget*”) a copy of which is attached to the Chou Decl. [Docket No. 32] as **Exhibit 2**, and as otherwise provided in the DIP Financing Agreements, this Interim Order and the Final Order;

(ix) Provide adequate protection to certain of the Prepetition Secured Creditors (defined herein) pursuant to the terms of this Interim Order and the Final Order for any diminution in value of their respective interests in the Prepetition Collateral (as defined herein) resulting from the DIP Liens (as defined herein) on the Prepetition Collateral, subordination to the Carve Out (as defined herein), Debtors' use of Cash Collateral, and other decline in value arising out of the automatic stay or the Debtors' use, sale, depreciation, or disposition of the Prepetition Collateral;

(x) Vacate and modify the automatic stay imposed by section 362 of the Bankruptcy Code solely to the extent necessary to implement and effectuate the terms of the DIP Financing Agreements, this Interim Order, and the Final Order;

(xi) Schedule a final hearing (the "**Final Hearing**") to consider entry of an order (the "**Final Order**") granting the relief requested in the DIP Motion on a final basis and approving the form of notice with respect to the Final Hearing; and

(xii) Waive any applicable stay as provided in the Bankruptcy Rules (expressly including Rule 6004) and provide for immediate effectiveness of this Interim Order.

The Court, having considered the DIP Motion, the Declarations of Anita M. Chou, Chief Financial Officer filed in support of the DIP Motion and Rich Adcock, CEO filed in support of the First Day Motions each as Officers of the Debtors, in Support of Chapter 11 Petitions and First Day Pleadings, the DIP Motion, the proposed DIP Credit Agreement, and any the exhibits attached thereto, and the evidence submitted or adduced and the arguments of counsel made at the hearing on this Interim Order (the "**Interim Hearing**"); and due and proper notice of the DIP Motion and Interim Hearing having been provided in accordance with Bankruptcy Rules 2002, 4001(b) and (d), and 9014 and LBR 4001-2 and no other or further notice being required under the circumstances; and the Interim Hearing having been held and concluded; and it appearing that approval of the interim relief requested in the DIP Motion is necessary to avoid immediate and irreparable harm to the Debtors pending the Final Hearing and is otherwise fair and reasonable and in the best interests of the Debtors, their estates and their creditors, and is essential for the preservation of the value of the Debtors' assets; and all objections, if any, to the entry of this

Interim Order having been withdrawn, resolved or overruled by the Court; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

**BASED UPON THE RECORD ESTABLISHED AT THE INTERIM HEARING,
THE COURT MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS
OF LAW:³**

A. **Petition Date.** On August 31, 2018 (the “*Petition Date*”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Central District of California (the “*Court*”). The Debtors have continued in the management and operation of their businesses and properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. **Jurisdiction and Venue.** This Court has jurisdiction over the Cases, the DIP Motion and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334(b), and over the persons and property affected hereby. Consideration of the DIP Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue for these Chapter 11 Cases and proceedings on the DIP Motion is proper before this district pursuant to 28 U.S.C. §§ 1408 and 1409.

C. **Committee Formation** As of the date hereof, the Office of the United States Trustee (the “*U.S. Trustee*”) has not appointed any official committee of unsecured creditors in these Cases pursuant to section 1102 of the Bankruptcy Code (the “*Committee*”).

D. **Notice.** Notice of the Interim Hearing and notice of the DIP Motion has been provided by the Debtors to: (i) the Office of the United States Trustee for the Central District of California (the “*U.S. Trustee*”); (ii) the United States Securities and Exchange Commission; (iii) the Office of the United States Attorney for the Central District of California; (iv) the Internal Revenue Service; (v) the Debtors’ fifty (50) largest unsecured creditors on a consolidated basis;

³ The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

(vi) counsel to each of the Prepetition Secured Creditors (as defined below); (vii) counsel to the DIP Agent and the DIP Lender; (viii) the Office of the Attorney General for the State of California, Charities Division; and (ix) all other parties known to assert a lien on any of the Debtors' assets. Under the circumstances, such notice of the Interim Hearing and the DIP Motion constitute due, sufficient and appropriate notice and complies with sections 102(1) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001(b), and the Local Rules, and no other or further notice is required under the circumstances.

E. **Findings Regarding Corporate Authority.** As set forth in the resolutions accompanying the Petitions and the Adcock Declaration, each Debtor has all requisite corporate power and authority to execute and deliver the DIP Financing Agreements to which it is a party and to perform its obligations thereunder.

F. **Intercreditor Agreement.** Pursuant to section 510 of the Bankruptcy Code, but subject to the terms of this Interim Order and the Intercreditor Acknowledgment (as defined herein), the Second Amended and Restated Intercreditor Agreement dated December 1, 2017 (the "***Intercreditor Agreement***") and any other applicable intercreditor or subordination provisions contained in any of the Prepetition Secured Documents (i) shall remain in full force and effect, (ii) shall continue to govern the relative priorities, rights and remedies of the Prepetition Secured Creditors (including the relative priorities, rights and remedies of such parties with respect to the Prepetition Replacement Liens and Adequate Protection Superpriority Claims granted, or amounts payable, by the Debtors under this Interim Order or otherwise and the modification of the automatic stay), and (iii) shall not be deemed to be amended, altered or modified by the terms of this Interim Order or the DIP Financing Agreements, unless expressly set forth herein or therein.

G. **Prepetition Secured Credit Facilities.** As of the Petition Date, the Debtors were indebted and liable to: UMB Bank, N.A., ("***UMB Bank***") as successor Master Trustee under the Master Trust under master indenture obligations for the California Statewide Communities Development Authority Revenue Bonds (Daughters of Charity Health System) Series 2005 A, G and H (the "***2005 Bonds***") and California Public Finance Authority Revenue Notes (Verity Health

System) Series 2015 A, B, C, and D and the Series 2017 A and B (collectively, the "**Working Capital Notes**" and together with the 2005 Bonds, the "**MTI Obligations**"), Wells Fargo Bank National Association ("**Wells Fargo**") serves as indenture trustee for the Series 2005 Bonds. U.S. Bank National Association ("**U.S. Bank**" and together with Wells Fargo and UMB Bank, the "**Prepetition Agents**") serves as the Collateral Agent and the 2015 Note Trustee and 2017 Note Trustee for the Working Capital Notes. As of the Petition Date, the Debtors were indebted and liable to Verity MOB Financing, LLC and Verity MOB Financing II, LLC (together, "**Verity MOB**" and collectively with the Prepetition Agents and holders of the 2005 Bonds and the Working Capital Notes, the "**Prepetition Secured Creditors**") as holders of security interests in Verity Holdings prepetition accounts, including rents arising from the prepetition MOB Financing (the "**MOB Financing**", and together with the 2005 Bonds and Working Capital Notes, the "**Prepetition Secured Documents**") holding approximately \$568,000,000 of debt as set forth on **Exhibit 1** to the Chou Decl. (the "**Prepetition Secured Obligations**") secured by liens on virtually all of the Debtors' assets (the "**Prepetition Liens**").

H. **Prepetition Collateral**. In order to secure the Prepetition Secured Obligations, the Debtors granted the Prepetition Liens to the Prepetition Secured Creditors on substantially all of their assets (the "**Prepetition Collateral**").

I. **Findings Regarding the Postpetition Financing**.

(i) **Consensual Priming of the Prepetition Liens**. The priming of the Prepetition Liens of the Prepetition Secured Creditors on the Prepetition Collateral under section 364(d) of the Bankruptcy Code, as contemplated by the DIP Financing Agreements, as authorized by this Interim Order, and as further described below, is consented to by the Prepetition Secured Creditors solely on an interim basis, and will enable the Debtors to continue borrowing under the DIP Facility and to continue operating their businesses for the benefit of their estates and creditors. The Prepetition Secured Creditors are each entitled to receive adequate protection as set forth in this Interim Order pursuant to sections 361, 363, and 364 of the Bankruptcy Code, for any Diminution in Value (as defined herein) of each of their respective interests in the Prepetition Collateral (including Cash Collateral).

(ii) **Good Cause; Need for Postpetition Financing.** Good cause has been shown for the entry of this Interim Order. An immediate need exists for the Debtors to obtain funds from the Interim DIP Loan in order to continue operations, continue to serve the Debtors mission to provide acute and specialized care for area patients and to administer and preserve the value of their estates. The ability of the Debtors to finance their operations, to preserve and maintain the value of the Debtors' assets and to maximize a return for all creditors requires the availability of working capital from the Interim DIP Loan, the absence of which would immediately and irreparably harm the Debtors, their estates and their creditors and the possibility for a successful reorganization or sale of the Debtors' assets as a going concern or otherwise. The proposed Interim DIP Loan is in the best interests of the Debtors, their estates, and their creditors.

(iii) **No Credit Available on More Favorable Terms.** The Debtors have been unable to obtain (a) unsecured credit allowable under **section** 503(b)(1) of the Bankruptcy Code **section** as an administrative expense, (b) credit for money borrowed secured solely by a lien on property of the estate that it not otherwise subject to a lien, (c) credit for money borrowed secured by a junior lien on property of the estate which is subject to a lien, (d) or credit otherwise on more favorable terms and conditions than those provided in the DIP Credit Agreement and this Interim Order. The Debtors are unable to obtain credit for borrowed money without granting to the DIP Lender the DIP Protections (as defined below).

J. **Use of Proceeds of the DIP Facility.** Proceeds of the DIP Facility (net of any amounts used to pay fees, costs and expenses under the DIP Financing Agreements) shall be utilized by the Debtors until the DIP Facility Termination Date in accordance with the DIP Budget and in a manner consistent with the terms and conditions of the DIP Credit Agreement, this Interim Order, and the Final Order.

K. **Application of Sale Proceeds of DIP Collateral.** The DIP Liens shall attach as first priority liens and security interests, pursuant to section 364(d) of the Bankruptcy Code and the DIP Financing Agreements, to all proceeds of any sale or other disposition of the Debtors' property, including, without limitation, the Facilities and any other DIP Collateral (as defined below) (the "***Sale Proceeds***"). The Sale Proceeds shall be held in escrow in one or more deposit

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accounts subject to a deposit account control agreement in favor of the DIP Lender (the “**Escrow Deposit Account**”). Any funds held in the Escrow Deposit Account shall not be commingled with any other funds of the Debtors or otherwise. The DIP Lender is granted a first priority lien on the Escrow Deposit Account and all Sale Proceeds, including any deposit provided by any buyer in connection with any asset sale, and such proceeds, deposits, and the Escrow Deposit Account shall constitute Collateral under the DIP Credit Agreement and DIP Collateral under this Interim Order. On the Revolving Loan Termination Date (as defined in the DIP Credit Agreement), the DIP Lender shall apply any and all amounts remaining on deposit in the Escrow Deposit Account to the outstanding principal amount of the DIP Loan, together with accrued and unpaid DIP Obligations, with any remaining balance to be delivered to the Debtors subject to any Prepetition Liens and Prepetition Replacement Liens; provided, however, that upon any Debtor’s request and with the consent of the DIP Lender (which consent may, for the avoidance of doubt, be withheld in its sole discretion), any Sale Proceeds and deposits provided in connection with any asset sale may be disbursed to the Prepetition Secured Creditors on terms and conditions that are acceptable to the DIP Lender in its sole discretion and upon further order of this Court.

L. **Adequate Protection for Prepetition Secured Creditors.** The priming of the Prepetition Secured Creditors’ Prepetition Liens to the extent set forth below pursuant to section 364(d) of the Bankruptcy Code is necessary to obtain the DIP Financing. In exchange for the priming of the Prepetition Liens set forth below, the Prepetition Secured Creditors shall be entitled to receive adequate protection, as set forth in this Interim Order, pursuant to sections 361, 363 and 364 of the Bankruptcy Code, for any diminution in the value of their respective interests in the Prepetition Collateral resulting from, among other things, the subordination to the Carve Out (as defined herein) and to the DIP Liens (as defined herein), the Debtors’ use, sale or lease of such Prepetition Collateral, including Cash Collateral, and the imposition of the automatic stay from and after the Petition Date (collectively, and solely to the extent of such diminution in value, the “**Diminution in Value**”). The Prepetition Secured Creditors have negotiated in good faith regarding the Debtors’ use of the Prepetition Collateral to help fund the administration of the Debtors’ estates along with the proceeds of the DIP Financing. Based on the DIP Motion and the

1 record presented to the Court at the Interim Hearing, the terms of the proposed adequate
2 protection arrangements are fair and reasonable, reflect the Debtors' prudent exercise of business
3 judgment and constitute reasonably equivalent value and fair consideration for the consent of the
4 Prepetition Secured Creditors; provided, however, that nothing herein shall limit the rights of any
5 of the Prepetition Secured Creditors to hereafter seek new, additional, or different adequate
6 protection.

7 M. **Extension of Financing.** The DIP Lender has indicated a willingness to provide
8 financing to the Debtors in accordance with the DIP Credit Agreement. The DIP Lender is
9 acting in good faith with respect to the DIP Facility and the terms and conditions of the DIP
10 Credit Agreement and the other DIP Financing Agreements. The DIP Lender's claims,
11 superpriority claims, security interests and liens and other protections granted pursuant to this
12 Interim Order and the DIP Financing Agreements will not be affected by any subsequent reversal
13 or modification of this Interim Order or the Final Order, as provided in section 364(e) of the
14 Bankruptcy Code.

15 N. **Business Judgment and Good Faith Pursuant to Section 364(e).**

16 (i) The DIP Lender has indicated a willingness to provide DIP Financing to
17 the Debtors in accordance with the DIP Financing Agreements. The terms and conditions of the
18 DIP Facility and the DIP Financing Agreements, and the fees paid and to be paid thereunder are
19 fair, reasonable, and the best available under the circumstances, reflect the Debtors' exercise of
20 prudent business judgment consistent with their fiduciary duties, and are supported by reasonably
21 equivalent value and consideration;

22 (ii) The DIP Financing Agreements were negotiated in good faith and at arms'
23 length between the Debtors and the DIP Lender;

24 (iii) The proceeds to be extended under the DIP Facility will be so extended in
25 good faith, and for valid business purposes and uses; and

26 (iv) The DIP Lender is acting in good faith with respect to the DIP Facility and
27 the terms and conditions of the DIP Financing Agreements, and the DIP Lender's claims,
28 superpriority claims, security interests and liens and other protections granted pursuant to this

Interim Order and the DIP Financing Agreements will not be affected or avoided by any subsequent reversal or modification of this Interim Order or the Final Order, as provided in section 364(e) of the Bankruptcy Code.

O. **Relief Essential; Best Interest; Good Cause.** The relief requested in the DIP Motion (and as provided in this Interim Order) is necessary, essential, and appropriate for the preservation of the Debtors' assets, business and property. It is in the best interest of the Debtors' estates to be allowed to establish the DIP Facility contemplated by the DIP Credit Agreement. Good cause has been shown for the relief requested in the DIP Motion (and as provided in this Interim Order) solely on an interim basis.

NOW, THEREFORE, on the DIP Motion and the record before this Court with respect to the DIP Motion, including the record created during the Interim Hearing, and with the consent of the Debtors, the Prepetition Secured Creditors and the DIP Lender to the form and entry of this Interim Order, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. **Motion Granted.** The DIP Motion is granted on an interim basis in accordance with the terms and conditions set forth in this Interim Order and the DIP Credit Agreement. Any objections to the DIP Motion with respect to entry of this Interim Order to the extent not withdrawn, waived or otherwise resolved, and all reservations of rights included therein, are hereby denied and overruled.

2. **DIP Financing Agreements.**

(a) **Approval of Entry Into DIP Financing Agreements.** The Debtors are authorized, empowered and directed to execute and deliver the DIP Financing Agreements and to incur and to perform the DIP Obligations in accordance with, and subject to, the terms of this Interim Order and the DIP Financing Agreements, and to execute and deliver all instruments and documents which may be required or necessary for the performance by the Debtors under the DIP Financing Agreements and the creation and perfection of the DIP Liens described in and provided for by this Interim Order and the DIP Financing Agreements. The Debtors are hereby authorized and directed to do and perform all acts, pay the principal, interest, fees, expenses, indemnities and

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1 other amounts described in the DIP Credit Agreement as such amounts become due and payable
2 without need to obtain further Court approval, including closing fees, unused line fees,
3 administrative agent's fees, collateral agent's fees, and the reasonable fees and disbursements of
4 the DIP Agent's and the DIP Lenders' respective attorneys, advisors, accountants, and other
5 consultants, whether or not such fees arose before or after the Petition Date, and whether or not
6 the transactions contemplated hereby are consummated, to implement all applicable reserves and
7 to take any other actions that may be necessary or appropriate, all to the extent provided in this
8 Interim Order or the DIP Financing Agreements. All collections and proceeds, whether from
9 ordinary course collections, asset sales, debt or equity issuances, insurance recoveries,
10 condemnations or otherwise, will be deposited and applied as required by this Interim Order and
11 the DIP Financing Agreements. The DIP Financing Agreements represent valid and binding
12 obligations of the Debtors, enforceable against each of the Debtors and their estates in accordance
13 with their terms, including, without limitation, commitment fees and reasonable attorneys' fees
14 and disbursements as provided for in the DIP Credit Agreement, which amounts shall not
15 otherwise be subject to approval of this Court, *provided however*, that notwithstanding section
16 2.9(a) of the DIP Credit Agreement, following entry of this Interim Order, the Debtors shall pay
17 only \$1,600,000 on account of the commitment fee. The Debtors shall pay the deferred balance
18 of the commitment fee required by section 2.9(a) of the DIP Credit Agreement only upon entry of
19 a Final Order approving the DIP Credit Agreement.

20 (b) **Authorization to Borrow/and or Guarantee.** To enable them to continue
21 to preserve the value of their estates and dispose of their assets in an orderly fashion, during the
22 period prior to entry of the Final Order (the "*Interim Period*") and subject to the terms and
23 conditions of this Interim Order, upon the execution of the DIP Credit Agreement and the other
24 Financing Documents the Debtors are hereby authorized to borrow the Interim DIP Loan up to a
25 total committed amount of \$30,000,000 under the DIP Financing Agreements.

26 (c) **Conditions Precedent.** The DIP Lender shall have no obligation to make
27 the Interim DIP Loan or any loan or advance under the DIP Credit Agreement during the Interim
28

1 Period unless the conditions precedent to making such loan under the DIP Credit Agreement have
2 been satisfied in full or waived by the DIP Lender in its sole discretion.

3 (d) **DIP Collateral; DIP Liens.** Effective immediately upon the entry of this
4 Interim Order, on account of the Interim DIP Loan, the DIP Lender shall be and is hereby granted
5 first-priority security interests and liens (which shall immediately be valid, binding, permanent,
6 continuing, enforceable, perfected and non-avoidable) on all of the Debtors' property, including,
7 without limitation, the Sale Proceeds and the Escrow Deposit Account, whether arising before or
8 after the Petition Date (collectively, the "**DIP Collateral**," and all such liens and security interests
9 granted on or in the DIP Collateral pursuant to this Interim Order and the DIP Financing
10 Agreements, the "**DIP Liens**"), but excluding the Clean Fund Bonds and NR2 Petros Bonds
11 collateral held by WTNA, donor restricted funds held at Philanthropic Foundations, Avoidance
12 Actions (defined below) and any proceeds thereof and any funds held by the Prepetition Agents
13 (including amounts set forth on **Exhibit 1** to the Chou Decl.). The DIP Collateral shall not be
14 subject to any surcharge under section 506(c) or any other provision of the Bankruptcy Code or
15 other applicable law, nor by order of this Court.

16 (e) **DIP Lien Priority.** Subject only to the Carve Out (as defined below), the
17 DIP Liens shall, pursuant to section 364(d)(1) of the Bankruptcy Code, be perfected, continuing,
18 enforceable, non-avoidable first priority senior priming liens and security interests on the DIP
19 Collateral, and shall prime all other liens and security interests on the DIP Collateral, including
20 any liens and security interests in existence on the Petition Date against the Prepetition Collateral,
21 and any other current or future liens granted on the DIP Collateral, including any adequate
22 protection or replacement liens granted on the DIP Collateral (collectively, the "**Primed Liens**")
23 (other than the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548,
24 549, 550 and 553 of the Bankruptcy Code, and any other avoidance or similar actions under the
25 Bankruptcy Code or similar state law (the "**Avoidance Actions**"), whether received by judgment,
26 settlement or otherwise. Without limiting the foregoing, the DIP Liens shall not be made subject
27 to, subordinate to, or *pari passu* with any lien or security interest by any court order heretofore or
28 hereafter granted in the Chapter 11 Cases. The DIP Liens shall be valid and enforceable against

any trustee appointed in the Chapter 11 Cases, upon the conversion of any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code or in any other proceedings related to any of the foregoing (any “**Successor Cases**”), and/or upon the dismissal of any of the Chapter 11 Cases or Successor Cases. Other than the Carve Out, no costs, expenses, claims, or liabilities that have been or may be incurred by Debtors during these Chapter 11 Case, or in any Successor Cases, will be senior to, prior to, or on parity with the DIP Liens.

(f) **Enforceable Obligations.** The DIP Financing Agreements shall constitute and evidence the valid and binding obligations of the Debtors, which obligations shall be enforceable against the Debtors, their estates and any successors thereto and their creditors or representatives thereof, in accordance with their terms.

(g) **Protection of DIP Lender and Other Rights.** From and after the Petition Date, the Debtors shall use the proceeds of the extensions of credit under the DIP Facility only for the purposes specifically set forth in the DIP Credit Agreement and this Interim Order and in strict compliance with the DIP Budget (subject to any variances thereto permitted by the DIP Credit Agreement).

(h) **Additional Protections of DIP Lender: Superpriority Administrative Claim Status.** Subject to the Carve Out (as defined below), all DIP Obligations shall constitute an allowed superpriority administrative expense claim (the “**DIP Superpriority Claim**” and, together with the DIP Liens, the “**DIP Protections**”) with priority in all of the Chapter 11 Cases and Successor Cases over all other administrative expense claims under sections 364(c)(1), 503(b) and 507(b) of the Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims against the Debtors or their estates, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 1113 and 1114 and any other provision of the Bankruptcy Code except as otherwise set forth herein, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment. The DIP Superpriority Claim shall be payable from and have recourse to all prepetition and post-petition property of the

1 Debtors and all proceeds thereof. Without limiting the foregoing, the Superpriority Claim shall
2 not be made subject to, subordinate to, or *pari passu* with any other administrative claim in the
3 Chapter 11 Cases or Successor Cases, except for the Carve Out (as defined below). Other than the
4 Carve Out, no costs, expenses, claims, or liabilities that have been or may be incurred by Debtors
5 during these Chapter 11 Case, or in any Successor Cases, will be senior to, prior to, or on parity
6 with the DIP Superpriority Claim.

7 3. **Authorization to Use Proceeds of DIP Facility.** Pursuant to the terms and
8 conditions of this Interim Order, the DIP Credit Agreement and the other DIP Financing
9 Agreements, and in accordance with the DIP Budget and the variances thereto set forth in the DIP
10 Credit Agreement, the Debtors are authorized to use the advances under the DIP Credit
11 Agreement during the period commencing immediately after the entry of this Interim Order and
12 terminating upon the occurrence of an Event of Default (as defined below) and the termination of
13 the DIP Credit Agreement in accordance with its terms and subject to the provisions hereof.

14 4. **Adequate Protection for Prepetition Secured Creditors.** As adequate protection
15 for the interests of the Prepetition Secured Creditors in the Prepetition Collateral on account of
16 the granting of the DIP Liens, subordination to the Carve Out (as defined below), any Diminution
17 in Value arising out of the Debtors' use, sale, or disposition or other depreciation of the
18 Prepetition Collateral, including Cash Collateral, resulting from the automatic stay, the
19 Prepetition Secured Creditors shall receive adequate protection as follows:

20 (a) **Adequate Protection Replacement Liens.** To the extent of the
21 Diminution in Value of the interest of the respective Prepetition Secured Creditors in Prepetition
22 Collateral, each of the affected Prepetition Secured Creditors shall be granted, subject to the terms
23 and conditions set forth below, pursuant to sections 361, 363(e), and 364(d) of the Bankruptcy
24 Code additional valid, perfected and enforceable replacement security interests and Liens in the
25 DIP Collateral, excluding the prepetition collateral held by WTNA with respect to the Clean Fund
26 Bonds and the NR2 Petros Bonds, donor restricted funds held at Philanthropic Foundations and
27 Avoidance Actions and any proceeds thereof (the "***Prepetition Replacement Liens***"), which shall
28 be junior only to (1) the Carve Out, (2) to the DIP Liens securing the DIP Obligations, and (3)

any perfected, unavoidable, prepetition liens granted by Holdings pursuant to those certain deeds of trust issued in connection with the MOB Financing and that certain Deed of Trust with Fixture Filing and Security Agreement and Assignment of Leases and Rents by Holdings in favor of U.S. Bank as 2017 Note Trustee and Deed of Trust Beneficiary, dated as of September 15, 2017, as further amended or modified (the “*Moss Deed of Trust*”) to secure the Series 2017 Working Capital Notes; *provided, however*, that any Prepetition Replacement Liens granted to the 2015 Note Trustee and/or 2017 Note Trustee on account of the Diminution in Value of the Priority Assets as defined in the Intercreditor Agreement shall be senior to the Prepetition Replacement Liens granted to any other Prepetition Secured Creditors and junior to (i) the Carve Out, (ii) the DIP Liens securing the DIP Obligations, and (iii) perfected, unavoidable, prepetition liens granted by Holdings pursuant to those certain deeds of trust issued in connection with the MOB Financing and the Moss Deed of Trust, and *further provided* that any Prepetition Replacement Liens granted to the holders of deeds of trust issued in connection with the MOB Financing and the Moss Deed of Trust, on account of the Diminution in Value of such Prepetition Collateral shall be senior to the Prepetition Replacement Liens granted to any other Prepetition Secured Creditors and junior to (x) the Carve Out, (y) the DIP Liens securing the DIP Obligations, and (z) perfected, unavoidable, prepetition liens of the Master Trustee, the 2015 Note Trustee and/or the 2017 Note Trustee on property other than the property subject to the Moss Deed of Trust. With respect to the Prepetition Collateral that is subject to the Intercreditor Agreement, any proceeds of such Prepetition Collateral or Prepetition Replacement Liens related thereto shall be allocated among the Prepetition Secured Creditors in accordance with the terms of the Second Amended and Restated Intercreditor Agreement.

(b) **Adequate Protection Payments and Protections.** So long as there is no Default or Event of Default under this Interim Order, the Final Order, or the DIP Financing Agreements, the Debtors are also authorized and directed to provide to the Prepetition Secured Creditors monthly adequate protection payments equal to the amount of postpetition, non-default contractual interest on the outstanding balances of the Prepetition Secured Obligations excluding the Clean Fund Bonds and NR2 Petros Bonds collateral held by WTNA, provided that reference

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1 to the non-default contractual rate of interest shall not include any Penalty Rate, Default Rate or
2 the Tax Rate as defined in the Prepetition Secured Documents, plus monthly payment of
3 reasonable trustee fees for each of (1) Wells Fargo, (2) UMB Bank as Master Trustee, (3) U.S.
4 Bank as 2015 Note Trustee, and (4) U.S. Bank as 2017 Note Trustee, respectively, and
5 reimbursement of reasonable attorney's fees for one set of attorneys for (1) Wells Fargo as the
6 successor indenture trustee for the 2005 Bonds, (2) UMB Bank as Master Trustee, (3) U.S. Bank
7 as 2015 Note Trustee, (4) U.S. Bank as 2017 Note Trustee, and (5) MOB Financing and
8 reimbursement of reasonable financial advisor fees for one set of financial advisors for (1) Wells
9 Fargo as the successor indenture trustee for the 2005 Bonds and UMB Bank as Master Trustee, (2)
10 U.S. Bank as 2015 Note Trustee and 2017 Note Trustee and (3) MOB Financing (the "***Prepetition***
11 ***Adequate Protection Payments***"). Notwithstanding the foregoing, to the extent the Court enters a
12 final and non-appealable order that determines, pursuant to sections 506(a) or (b) of the
13 Bankruptcy Code, that the Prepetition Adequate Protection Payments are not properly allocable to
14 interest on one or more of the respective Prepetition Secured Obligations to which they were
15 made, the Prepetition Adequate Protection Payments may be re-characterized as payment(s)
16 applied to the principal amount of the respective Prepetition Secured Obligations.

17 (c) **Prepetition Superpriority Claim.** To the extent of the Diminution in
18 Value of the interest of the respective Prepetition Secured Creditors in Prepetition Collateral, each
19 of the affected Prepetition Secured Creditors shall be granted, subject to the terms and conditions
20 set forth below, an allowed superpriority administrative expense claim (the "***Prepetition***
21 ***Superpriority Claims***"), which shall have priority (except with respect to (i) the DIP Liens, (ii)
22 the DIP Superpriority Claim, (iii) the Carve Out, and (iv) any claims granted by Holdings
23 pursuant to those certain deeds of trust issued in connection with the MOB Financing and the
24 Moss Deed of Trust) in the Chapter 11 Cases under sections 363(c)(1), 503(b) and 507(b) of the
25 Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims
26 against the Debtors and their estates, now existing or hereafter arising of any kind or nature
27 whatsoever including, without limitation, administrative expenses of the kind specified or ordered
28 pursuant to sections 105, 326, 328, 330, 331, 503(a), 503(b), 507(a), 507(b), 546(c), 546(d), 552,

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726, 1113 and 1114 of the Bankruptcy Code, and upon entry of the Final Order, section 506(c) of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment Lien or other non-consensual Lien, levy or attachment; *provided, however*, that any Prepetition Superpriority Claim granted to the 2015 Note Trustee and/or 2017 Note Trustee on account of the Diminution in Value of the Priority Assets as defined in the Intercreditor Agreement shall have priority over the Prepetition Superpriority Claims granted to any other Prepetition Secured Creditors (except with respect to (i) the DIP Liens, (ii) the DIP Superpriority Claim, (iii) the Carve Out, and (iv) claims associated with the MOB Financing and the Moss Deed of Trust) and *further provided* that any Prepetition Superpriority Claim granted to the holders of those certain deeds of trust issued in connection with the MOB Financing and the Moss Deed of Trust, on account of the Diminution in Value of such Prepetition Collateral shall be senior to the Prepetition Superpriority Claims granted to any other Prepetition Secured Creditors (except with respect to (i) the DIP Liens, (ii) the DIP Superpriority Claim, (iii) the Carve Out, and (iv) the claims of the Master Trustee, the 2015 Note Trustee and/or the 2017 Note Trustee on property other than the property subject to the Moss Deed of Trust). With respect to the Prepetition Collateral that is subject to the Second Amended and Restated Intercreditor Agreement, any proceeds of such Prepetition Collateral or Prepetition Superpriority Claim related thereto shall be allocated among the Prepetition Secured Creditors in accordance with the terms of the Second Amended and Restated Intercreditor Agreement.

(d) **Validity, Perfection and Amount of Prepetition Liens.** The Debtors further acknowledge and agree that, as of the Petition Date, (a) the Prepetition Liens securing the Prepetition Secured Obligations on the Prepetition Collateral were valid, binding, enforceable, non-avoidable, and properly perfected and were granted to, or for the benefit of, the Prepetition Secured Creditors and (b) the Prepetition Liens were senior in priority over any and all other Liens on the Prepetition Collateral. The findings and stipulations set forth in this Interim Order with respect to the validity, enforceability and amount of the Prepetition Secured Obligation and the Prepetition Liens shall be binding on any subsequent trustee, responsible person, examiner with expanded powers, any other estate representative, and all creditors and parties in interest and

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all of their successors in interest and assigns, including the Committee, unless, and solely to the extent that, a party in interest with requisite standing and authority (other than the Debtors, as to which any Challenge (as defined below) is irrevocably waived and relinquished) has timely filed the appropriate pleadings, and timely commenced the appropriate proceeding required under the Bankruptcy Code and Bankruptcy Rules, including as required pursuant to Part VII of the Bankruptcy Rules (in each case subject to the limitations set forth in this paragraph 4(d)) challenging the Prepetition Liens (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a “**Challenge**”) within ninety (90) days from the formation of the Committee (the “**Challenge Deadline**”); *provided however* that the filing by the Committee of a motion for standing to prosecute a Challenge shall automatically toll the Challenge Deadline; and *provided further*, that the “Challenge Deadline” for matters solely relating to the value of the Prepetition Collateral may be further extended to such time as may be agreed by the parties or further ordered by the Court. The foregoing limitation on use of Prepetition Collateral or its proceeds shall only be amended upon further order of this Court and the consent of both the Prepetition Secured Creditors and the DIP Lender. The Debtors shall not use the Prepetition Collateral or its proceeds to investigate or prosecute claims against the Prepetition Secured Creditors, including Avoidance Actions, *provided however* that the Committee may investigate the existence of such claims and have allowed fees paid from the Prepetition Collateral and the proceeds of the DIP Facility up to the amount of \$50,000, *provided further however* that no Prepetition Collateral, the proceeds thereof or the proceeds of the DIP Facility may be used to prosecute claims against Prepetition Secured Creditors. For the avoidance of doubt, the Debtors, on behalf of their estates, do not release or indemnify the Prepetition Secured Creditors from any Challenge raised by third parties, including the Committee, to the validity, amount or enforceability of the Prepetition Secured Obligations and the Prepetition Liens.

(e) **Sections 506(c) and 552(b).** In light of the Prepetition Secured Creditors’ agreement that their Prepetition Liens shall be subject to the Carve Out and subordinate to the DIP Liens, the Prepetition Secured Creditors are each entitled to a waiver of any “equities of the

case” exception under section 552(b) of the Bankruptcy Code, and a waiver of the provisions of section 506(c) of the Bankruptcy Code.

(f) Nothing contained in this Interim Order shall prevent the Prepetition Secured Creditors from application or use of the funds held by the Prepetition Agents in accordance with the Prepetition Secured Documents.

5. **Budget Maintenance.** The proceeds of the DIP Loan under the DIP Facility and the use of Cash Collateral shall be subject to, and in accordance with, the terms and conditions of the DIP Financing Agreements and the DIP Budget. The Initial Agreed Budget delivered to the DIP Agent shall be accompanied by such supporting documentation as reasonably requested by the DIP Agent. The DIP Budget shall be prepared in good faith based upon assumptions that the Debtors believe to be reasonable. A copy of any DIP Budget shall be delivered to counsel for the Committee and the U.S. Trustee and counsel for the Prepetition Secured Creditors after it has been approved in accordance with the DIP Financing Agreements. Except to the extent required by the DIP Agent to accommodate the Prepetition Adequate Protection Payments, for the duration of this Interim Order, the DIP Budget may not be amended without the prior consent of the Prepetition Secured Creditors.

6. **Budget Compliance and Reporting.** The Debtors shall comply with the DIP Budget as and when required under the DIP Credit Agreement (subject to the variances set forth therein). The Debtors shall provide all reports and other information as required in the DIP Credit Agreement (subject to the grace periods provided therein), with copies delivered substantially contemporaneously to counsel for the Prepetition Secured Creditors and counsel to the Committee, should a Committee be appointed, such information to include reasonably complete details on the payments contemplated by the Critical Vendors Motion and the Utilities Motion, as defined in the Adcock Declaration and such information to be timely provided, sufficient for the Prepetition Secured Creditors to file an objection with this Court on two business days notice. The Debtors’ failure to comply with the DIP Budget (including the variances set forth in the DIP Credit Agreement) or to provide the reports and other information required in the DIP Credit Agreement shall constitute an Event of Default (as defined herein), following the expiration of

any applicable grace period set forth in the DIP Credit Agreement. Subject to the execution and continuation of valid and binding confidentiality agreements, prior to any hearing to consider entry of a Final Order related to this DIP Motion, the Debtors shall provide to the Prepetition Secured Creditors information concerning (i) the Debtors' efforts to obtain debtor in possession financing proposals, including any proposals the Debtors received, and (ii) the Debtors' ongoing efforts to market their assets, including all marketing materials used by the Debtors in this process, information identifying the parties the Debtors have contacted, copies of any proposals or expressions of interest, and other information concerning these matters the Prepetition Secured Creditors may reasonably request.

7. **Postpetition Lien Perfection.** This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the DIP Liens and Prepetition Replacement Liens without the necessity of filing or recording any financing statement, deeds of trust, mortgages, or other instruments or documents which may otherwise be required under the law of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement or obtaining possession of any possessory collateral) to validate or perfect the DIP Liens or Prepetition Replacement Liens, or to entitle the DIP Liens and Prepetition Replacement Liens the respective priorities granted herein. Notwithstanding and without limiting the foregoing, the DIP Lender may file such financing statements, mortgages, deeds of trust, notices of liens and other similar documents as it deems appropriate, and it is hereby granted relief from the automatic stay of section 362 of the Bankruptcy Code in order to do so, and all such financing statements, mortgages, deeds of trust, notices and other documents shall be deemed to have been filed or recorded at the time and on the date of the commencement of the Chapter 11 Cases. Notwithstanding and without limiting the foregoing provisions regarding the validity, perfection, and priority of the DIP Liens, the Debtors shall execute and deliver to the DIP Lender all such financing statements, mortgages, deeds of trust, deposit account control agreements, notices and other documents as the DIP Lender may reasonably request to evidence, confirm, validate or perfect, or to insure the contemplated priority of, the DIP Liens granted pursuant hereto and the DIP Financing Agreements. Any such financing

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statements, mortgages, deeds of trust, deposit account control agreements, notices and other documents shall be considered DIP Financing Agreements for all intents and purposes. The DIP Lender, in its discretion, may file a certified copy of this Interim Order as a financing statement with any recording officer designated to file financing statements or with any registry of deeds or similar office in any jurisdiction in which any Debtor has real or personal property, and in such event, the recording officer shall be authorized to file or record such copy of this Interim Order. To the extent that the Prepetition Agents or Verity MOB is the secured party under any security agreement, mortgage, leasehold mortgage, landlord waiver, credit card processor notices or agreements, bailee letters, custom broker agreements, financing statement, account control agreements, or any other Prepetition Secured Documents or is listed as loss payee or additional insured under any of the Debtors' insurance policies, the DIP Agent shall also be deemed to be the secured party under such documents or to be the loss payee or additional insured, as applicable.

8. **Application of Proceeds of Collateral.** As a condition to the continued extension of credit under the DIP Facility and the continued authorization to use Cash Collateral, the Debtors have agreed that as of and commencing on the Closing Date the Debtors shall apply all advances under the DIP Facility, as follows: (i) first, to fund the day to day operations and general corporate purposes of the Debtors' estates; (ii) second, to pay the administrative expenses of the Chapter 11 Cases; and (iii) third, to make the Prepetition Adequate Protection Payments all in accordance with the DIP Budget.

9. **Proceeds of Subsequent Financing.** If the Debtors, any trustee, any examiner with expanded powers, or any responsible officer subsequently appointed in these Chapter 11 Cases or any Successor Cases, shall obtain credit or incur debt pursuant to Bankruptcy Code sections 364(b), 364(c), or 364(d) or in violation of the DIP Financing Agreements at any time prior to the indefeasible repayment in full of all DIP Obligations and Prepetition Secured Obligations (to the extent such remain outstanding), and the termination of the DIP Agent's and the DIP Lenders' obligation to extend credit under the DIP Facility, including subsequent to the confirmation of any chapter 11 plan of reorganization with respect to any or all of the Debtors and the Debtors'

1 estates, and such facility is secured by any DIP Collateral, then all the cash proceeds derived from
2 such credit or debt shall immediately be turned over to the DIP Agent to be applied in accordance
3 with this Interim Order and the DIP Financing Agreements.

4 10. **Cash Collection.**

5 (a) From and after the date of the entry of this Interim Order, all collections and
6 proceeds of any DIP Collateral or Prepetition Collateral and all Cash Collateral that shall at any
7 time come into the possession, custody, or control of any Debtor, or to which any Debtor is now
8 or shall become entitled at any time, shall be promptly deposited in accounts as specified in the
9 DIP Credit Agreement (or in such other accounts as are designated by the DIP Agent from time to
10 time) (collectively, the “**Cash Collection Accounts**”), which accounts shall be subject to the sole
11 dominion and control of the DIP Agent. It is understood and agreed by the Debtors and the DIP
12 Agent that, unless a “Default” or an “Event of Default” under the DIP Credit Agreement has
13 occurred and is continuing, for so long as there are no amounts outstanding under the DIP Facility,
14 proceeds in the Cash Collection Accounts shall be returned to the Debtors and the Debtors shall
15 be authorized to use such Cash Collateral in accordance with this Interim Order. All proceeds
16 and other amounts in the Cash Collection Accounts shall be remitted to the DIP Agent for
17 application in accordance with the DIP Financing Agreements. Unless otherwise agreed to in
18 writing by the DIP Agent and the Prepetition Agents and Verity MOB or as set forth in this
19 Interim Order, the Debtors shall maintain no accounts except those identified in the interim cash
20 management order entered by the Court with respect thereto (the “**Cash Management Order**”),
21 whether now existing or hereafter established. The Debtors and the financial institutions where
22 the Debtors’ Cash Collection Accounts are maintained (including those accounts identified in the
23 Cash Management Order), are authorized and directed to remit, without offset or deduction, funds
24 in such Cash Collection Accounts upon receipt of any direction to that effect from the DIP Agent.

25 (b) Notwithstanding anything in this Interim Order or any of the DIP Financing
26 Agreements, from and after the date of the entry of this Interim Order, all collections and
27 proceeds of any DIP Collateral or Prepetition Collateral that shall at any time come into the
28 possession, custody, or control of any Debtor, or to which any Debtor is now or shall become

entitled at any time, shall promptly be deposited into a depository account furnished by a depository bank acceptable to the DIP Agent and such account shall be in the name of the DIP Agent and subject to the sole dominion and control of the DIP Agent (such account, the “**DIP Collateral Account**”). The Debtors’ use of the proceeds in the DIP Collateral Account shall be subject to this Interim Order and the DIP Financing Agreements.

11. **Maintenance of DIP Collateral.** Until the indefeasible payment in full of all DIP Obligations, all Prepetition Secured Obligations, and the termination of the DIP Agent’s and the DIP Lenders’ obligation to extend credit under the DIP Facility, the Debtors shall: (a) insure the DIP Collateral as required under the DIP Facility or the Prepetition Secured Documents, as applicable; and (b) maintain the cash management system in effect as of the Petition Date, as modified by the Cash Management Order, and maintain books and records sufficient to account for postpetition intercompany transfers in a manner required by the Cash Management Order at paragraph 6 and the DIP Credit Agreement at section 5.6 or as otherwise agreed to by the DIP Agent or otherwise required or permitted by the DIP Financing Agreements or this Interim Order.

12. **DIP and Other Expenses.** The Debtors are authorized and directed to pay all reasonable and documented prepetition and postpetition fees and expenses of the (1) DIP Agent, (including the fees, expenses, and disbursements of Waller, Lansden, Dortch & Davis, LLP, as counsel to the DIP Agent), (2) the DIP Lenders in connection with the DIP Facility, as provided herein and in the DIP Financing Agreements, or, if requested by the Debtors, incurred with a proposed conversion of the DIP Facility into exit financing (including the preparation and negotiation of the documentation relating to the exit facility), and (3) the Prepetition Secured Creditors, whether or not the transactions contemplated hereby are consummated, including attorneys’ fees, monitoring and appraisal fees, financial advisory fees, fees and expenses of other consultants, and indemnification and reimbursement of fees and expenses. Payment of all such fees and expenses shall not be subject to allowance by the Court. Professionals for the DIP Agent, the DIP Lenders and the Prepetition Secured Creditors shall not be required to comply with the U.S. Trustee fee guidelines; however, any time that such professionals seek payment of fees and expenses from the Debtors, each professional shall provide summary copies of its invoices to the

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U.S. Trustee contemporaneously with the delivery of such invoices to the Debtors. Any objections raised by the Debtors, the U.S. Trustee or the Committee, if one is appointed, with respect to such invoices must be in writing and state with particularity the grounds therefor and must be submitted to the applicable professional within ten (10) days of the receipt of such invoice; if after ten (10) days such objection remains unresolved, it will be subject to resolution by the Court. Pending such resolution, the undisputed portion of any such invoice will be paid promptly by the Debtors. Notwithstanding the foregoing, the Debtors are authorized and directed to pay on the Closing Date all reasonable and documented fees, costs, and out-of-pocket expenses of the DIP Agent, the DIP Lenders and the Prepetition Secured Creditors incurred on or prior to such date without the need for any professional engaged by such parties to first deliver a copy of its invoice or other supporting documentation. No attorney or advisor to the DIP Agent, the DIP Lenders or any Prepetition Secured Creditor shall be required to file an application seeking compensation for services or reimbursement of expenses with the Court. Upon entry of this Interim Order, any and all fees, costs, and expenses paid prior to the Petition Date by any of the Debtors to the (i) DIP Agent or the DIP Lenders in connection with or with respect to the DIP Facility, and (ii) Prepetition Secured Creditors in connection with or with respect to these matters, were approved in full and shall not be subject to avoidance, disgorgement or any similar form of recovery by the Debtors or any other person.

13. **Indemnification.** The Debtors shall indemnify and hold harmless the DIP Agent and the DIP Lenders in accordance with the terms and conditions of the DIP Credit Agreement.

14. **Right to Credit Bid.** The DIP Lender shall have the right, but not the obligation, to “credit bid” the DIP Obligations during any sale of the DIP Collateral, including without limitation, sales occurring pursuant to section 363 of the Bankruptcy Code or included as part of any reorganization plan subject to confirmation under section 1129(b)(2)(A)(iii) of the Bankruptcy Code. Subject to the indefeasible payment in full of the DIP Obligations, the Prepetition Secured Creditors shall have the right but not the obligation to credit bid the Prepetition Secured Obligations during any sale of the Prepetition Collateral, including without limitation, sales occurring pursuant to section 363 of the Bankruptcy Code.

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1 15. **Carve Out.** The DIP Liens, DIP Superpriority Claim, and Replacement Liens are
2 subordinate only to the following: (i) all fees required to be paid to the clerk of the Bankruptcy
3 Court and to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) (the “*U.S.*
4 *Trustee Fees*”), together with interest, if any, at the statutory rate; and (ii) all allowed claims for
5 unpaid fees, costs and expenses incurred by persons or firms ~~retained~~ ~~retrain~~ by the Debtors or the
6 Committee, if any, whose retention is approved by the Bankruptcy Court pursuant to any one or
7 more of sections 327, 328, 363, and 1103 of the Bankruptcy Code, to the extent such claims for
8 fees, costs and expenses are both (a) allowed by the Bankruptcy Court pursuant to the Final Order,
9 and (b) in accordance with, and solely up to the total respective amounts set forth in the DIP
10 Budget for the applicable time frame (the “*Carve Out Expenses*”); provided that the aggregate
11 amount of such Carve Out Expenses shall not exceed (a) \$2,000,000 with respect to persons or
12 firms retained by the Debtors, and (b) \$75,000 with respect to persons or firms retained by the
13 Committee (collectively, the “*Carve Out Amount*”). Any payment or reimbursement made after
14 the Carve Out Trigger Date in respect of any Carve Out expenses shall permanently reduce the
15 Carve Out Amount on a dollar-for-dollar basis.

16 16. **Limitation of Use of Proceeds.** Notwithstanding anything set forth herein and
17 except as provided in the following paragraph, the Carve Out shall exclude any fees and expenses
18 incurred in connection with initiating or prosecuting any claims, causes of action, adversary
19 proceedings, or other litigation against the DIP Lender or any of the Prepetition Secured Creditors,
20 including, without limitation, the assertion or joinder in any claim, counterclaim, action,
21 proceeding, application, motion, objection, defenses or other contested matter, the purpose of
22 which is to seek any order, judgment, determination or similar relief (i) invalidating, setting aside,
23 disallowing, avoiding, challenging or subordinating, in whole or in part, (a) the DIP Obligations,
24 (b) the Prepetition Secured Obligations, (c) the Prepetition Liens, or (d) the DIP Liens, or (ii)
25 preventing, hindering or delaying, whether directly or indirectly, the DIP Lender or Prepetition
26 Secured Creditors’ assertion or enforcement of their liens or security interests or realization upon
27 any DIP Collateral or Prepetition Collateral, or (iii) prosecuting any Avoidance Actions against
28 the DIP Lender or any Prepetition Secured Creditor, or (iv) challenging the amount, validity,

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1 extent, perfection, priority, or enforceability of, or asserting any defense, counterclaim, or offset
2 to, the Prepetition Secured Obligations, or the adequate protection granted herein, *provided*
3 *however*, that nothing in this Interim Order shall limit the right of the Debtors to challenge the
4 reasonableness of attorney and financial advisory fees paid or proposed to be paid to Prepetition
5 Secured Creditors as adequate protection payments

6 17. **Payment of Compensation.** Nothing herein shall be construed as consent to the
7 allowance of any professional fees or expenses of any of the Debtors or the Committee or shall
8 affect the right of the DIP Lender or the Prepetition Secured Creditors to object to the allowance
9 and payment of such fees and expenses or to permit the Debtors to pay any such amounts not set
10 forth in the DIP Budget.

11 18. **Section 506(c) Claims; Equities of the Case.** Nothing contained in this Interim
12 Order shall be deemed a consent by the DIP Lender or any Prepetition Secured Creditor to any
13 charge, lien, assessment or claim against the DIP Collateral under Section 506(c) of the
14 Bankruptcy Code or otherwise. The “equities of the case” exception under Section 552(b) of the
15 Bankruptcy Code and surcharge powers under section 506(c) of the Bankruptcy Code are waived
16 as to the Prepetition Creditors and all pre and post petition collateral securing their claims.

17 19. **Collateral Rights.** Unless the DIP Lender has provided its prior written consent or
18 all DIP Obligations have been paid in full in cash (or will be paid in full in cash upon entry of an
19 order approving indebtedness described in subparagraph (a) below), and all commitments by the
20 DIP Lender to lend have terminated:

21 (a) The Debtors shall not seek entry, in these proceedings, or in any Successor
22 Case, of any order which authorizes the obtaining of credit or the incurring of indebtedness that is
23 secured by a security, mortgage, or collateral interest or other lien on all or any portion of the DIP
24 Collateral and/or entitled to priority administrative status which is senior or *pari passu* to the DIP
25 Liens granted to the DIP Lender pursuant to this Interim Order, the DIP Financing Agreements or
26 otherwise;

(b) The Debtors shall not consent to relief from the automatic stay by any person other than the DIP Lender with respect to all or any portion of the DIP Collateral without the express written consent of the DIP Lender; and

(c) In the event that the Debtors seek entry of an order in violation of subsection (a) hereof, the DIP Lender shall be granted relief from the automatic stay with respect to the DIP Collateral pursuant to the notice procedures set forth in this Order.

20. **Commitment Termination Date.** All DIP Obligations of the Debtors to the DIP Lender shall be immediately due and payable, and the Debtors' authority to use the proceeds of the DIP Facility shall cease, on the date that is the earliest to occur of: (i) September 5, 2019 (the "***Scheduled Termination Date***"); (ii) the earlier of: (a) the date that is thirty (30) days from entry of this Interim Order unless a final, non-appealable order of the Bankruptcy Court authorizing the DIP Facility in form and substance satisfactory to the DIP Lender in its sole and absolute discretion has been entered and has become effective prior to the expiration of such period (or such later date as the DIP Lender may approve in writing in its sole and absolute discretion), (b) the date the Court denies entry of the Final Order, or (c) the date of revocation of this Interim Order or the Final Order, as applicable; (iii) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "*effective date*") of a plan of reorganization filed in the Chapter 11 Cases that is confirmed pursuant to an order entered by the Bankruptcy Court; (iv) the consummation of a sale of all or substantially all of the DIP Collateral; (v) the date the Bankruptcy Court orders the conversion of the Chapter 11 Cases to a Chapter 7 liquidation or the dismissal of the Chapter 11 Cases or the appointment of a trustee or examiner with expanded power in the Chapter 11 Cases; and (vi) the acceleration of the DIP Loan and the termination of the commitments with respect to the DIP Facility in accordance with the DIP Financing Agreements (the earliest of such dates, the "***Commitment Termination Date***"). The occurrence of the Commitment Termination Date, shall also constitute, subject to further Court order, termination of the Prepetition Secured Creditors' consent to the Debtors' use of their prepetition cash collateral.

21. **Disposition of Collateral.** The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral, without the prior written consent of the DIP Lender (and no such consent shall be implied, from any other action, inaction or acquiescence by the DIP Lender or an order of this Court), except as provided in the DIP Financing Agreements and this Interim Order and approved by the Bankruptcy Court to the extent required under applicable bankruptcy law. Nothing herein shall prevent the Debtors from making sales in the ordinary course of business to the extent consistent with the DIP Budget and as permitted in the DIP Financing Agreements.

22. **Events of Default.** The occurrence of a “Default” or an “Event of Default” pursuant to Section 9.1 the DIP Credit Agreement, including, without limitation, the “Bankruptcy Defaults” enumerated in Section 9.1(q) of the DIP Credit Agreement, shall constitute an event of default under this Interim Order, unless expressly waived in writing in accordance with the consents required in the DIP Financing Agreements.

23. **Rights and Remedies Upon Event of Default.**

(a) Any otherwise applicable automatic stay is hereby modified so that after the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the DIP Lender shall be entitled to exercise its rights and remedies with respect to the Debtors and the DIP Collateral provided in the DIP Financing Agreements and by applicable law, including, without limitation, foreclosing on and selling the DIP Collateral, without the need for further court approval or the consent of any other party.

(b) Notwithstanding the preceding paragraph, immediately following the giving of notice by the DIP Lender of the occurrence and continuance of an Event of Default, the DIP Lender shall have the right in its sole discretion to take any or all of the following actions: (i) declare the commitment of the DIP Lender to make the DIP Loan to be terminated; (ii) declare the unpaid principal amount of all outstanding DIP Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other DIP Financing Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by any Debtor; (iii) reduce the advance rates in

1 respect of Eligible Accounts (as defined in the DIP Credit Agreement) or take additional reserves
2 against or otherwise modify the Borrowing Base; and (iv) exercise all rights and remedies
3 available to the DIP Agent and the DIP Lenders under the DIP Financing Documents, including
4 any right of set-off under Section 11.21 of the DIP Credit Agreement, or under the UCC or any
5 other applicable law; *provided, however*, that upon the occurrence of an Event of Default under
6 the DIP Credit Agreement, the obligation of the DIP Lenders to make the DIP Loan shall
7 automatically terminate, the unpaid principal amount of all outstanding DIP Loans and other DIP
8 Obligations and all interest and other amounts as aforesaid shall automatically become due and
9 payable without further act of the DIP Agent or any DIP Lender.

10 (c) Nothing included herein shall prejudice, impair, or otherwise affect the DIP
11 Lender's rights to seek any other or supplemental relief in respect of the DIP Lender's rights, as
12 provided in the DIP Credit Agreement.

13 24. **Limitation on Lender Liability.** Nothing in this Interim Order, any of the DIP
14 Financing Agreements, or any other documents related thereto shall in any way be construed or
15 interpreted to impose or allow the imposition upon the DIP Agent, the DIP Lenders or the
16 Prepetition Secured Parties Creditors of any liability for any claims arising from any activities by
17 the Debtors in the operation of their businesses or in connection with the administration of these
18 Cases. The DIP Agent, the DIP Lenders and the Prepetition Secured Creditors shall not, solely by
19 reason of having made loans under the DIP Facility, be deemed in control of the operations of the
20 Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the
21 operation or management of the Debtors (as such terms, or any similar terms, are used in the
22 United States Comprehensive Environmental Response, Compensation and Liability Act, 42
23 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute). Nothing in this
24 Interim Order or the DIP Financing Agreements shall in any way be construed or interpreted to
25 impose or allow the imposition upon the DIP Agent, the DIP Lenders, or any of the Prepetition
26 Secured Creditors of any liability for any claims arising from the prepetition or postpetition
27 activities of any of the Debtors.
28

25. **Insurance Proceeds and Policies.** As of the entry of this Interim Order and to the fullest extent provided by applicable law, the DIP Agent (on behalf of the DIP Lenders) and the Prepetition Agents and Verity MOB (on behalf of the Prepetition Secured Creditors), shall be, and shall be deemed to be, without any further action or notice, named as additional insured and as lender's loss payee with the priority as to all rights and remedies as set forth herein and in the DIP Credit Agreement.

26. **Proofs of Claim.** The DIP Lender will not be required to file proofs of claim in the Chapter 11 Cases. Any proof of claim so filed shall be deemed to be in addition and not in lieu of any other proof of claim that may be filed by any of the Prepetition Secured Creditors.

27. **Other Rights and Obligations.**

(a) **Good Faith Under Section 364(e) of the Bankruptcy Code. No Modification or Stay of this Interim Order.** The Debtor, the DIP Lender and the Prepetition Secured Creditors have acted in good faith in connection with negotiating the DIP Financing Agreements, extending credit under the DIP Facility, and authorizing use of Cash Collateral and rely on this Interim Order ~~is~~ in good faith. Based on the findings set forth in this Interim Order and the record made during the Interim Hearing, and in accordance with section 364(e) of the Bankruptcy Code, in the event any or all of the provisions of this Interim Order are hereafter reversed, modified, amended or vacated by a subsequent order of this or any other Court, the DIP Lender and Prepetition Secured Creditors are entitled to the protections provided in section 364(e) of the Bankruptcy Code. Any such reversal, modification, amendment or vacatur shall not affect the validity and enforceability of any advances made pursuant to this Interim Order or the DIP Financing Agreements, nor shall it affect the validity, priority, enforceability, or perfection of the DIP Liens or the Prepetition Replacement Liens. Any claims or DIP Protections granted to the DIP Lender hereunder, or adequate protection ~~grant~~ granted to the Prepetition Secured Creditors hereunder, arising prior to the effective date of such reversal, modification, amendment or vacatur, shall be governed in all respects by the original provisions of this Interim Order, and the DIP Lender and Prepetition Secured Creditors shall be entitled to all of the rights, remedies, privileges and benefits, including the DIP Protections and adequate protection granted herein, with respect

1 to any such claims. Since the loans made pursuant to the DIP Credit Agreement are made in
2 reliance on this Interim Order, the obligations owed to the DIP Lender or the Prepetition Secured
3 Creditors prior to the effective date of any reversal or modification of this Interim Order cannot,
4 as a result of any subsequent order in the Chapter 11 Cases or in any Successor Cases, be
5 subordinated, lose their lien priority or superpriority administrative expense claim status, or be
6 deprived of the benefit of the status of the liens and claims granted to the DIP Lender or
7 Prepetition Secured Creditors under this Interim Order and/or the DIP Financing Agreements.

8 (b) **Binding Effect.** The provisions of this Interim Order shall be binding
9 upon and inure to the benefit of the DIP Lender, the Debtors, the Prepetition Secured Lenders, the
10 Committee, if appointed, all other Parties in Interest, and all creditors, and each of their respective
11 successors and assigns (including any trustee or other fiduciary hereinafter appointed as a legal
12 representative of the Debtors or with respect to the property of the estates of the Debtors) whether
13 in the Chapter 11 Cases, in any Successor Cases, or upon dismissal of any such chapter 11 or
14 chapter 7 case.

15 (c) **No Waiver.** The failure of the DIP Lender to seek relief or otherwise
16 exercise its rights and remedies under the DIP Financing Agreements, the DIP Facility, this
17 Interim Order or otherwise, as applicable, shall not constitute a waiver of the DIP Lender's rights
18 hereunder, thereunder, or otherwise. Notwithstanding anything herein, the entry of this Interim
19 Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or
20 otherwise impair the DIP Lender under the Bankruptcy Code or under non-bankruptcy law,
21 including without limitation, the rights of the DIP Lender to (i) request conversion of the Chapter
22 11 Cases to cases under Chapter 7, dismissal of the Chapter 11 Cases, or the appointment of a
23 trustee in the Chapter 11 Cases, (ii) propose, subject to the provisions of section 1121 of the
24 Bankruptcy Code, a plan of reorganization, or (iii) exercise any of the rights, claims or privileges
25 (whether legal, equitable or otherwise) the DIP Lender may have pursuant to this Interim Order,
26 the DIP Financing Agreements, or applicable law. Nothing in this Interim Order shall interfere
27 with the rights of any party with respect to any non-Debtors.
28

(d) **No Third Party Rights.** Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

(e) **No Marshaling.** The DIP Lender shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the DIP Collateral.

(f) **Amendment.** The Debtors and the DIP Lender may amend or waive any provision of the DIP Financing Agreements, on notice to the Office of the U.S. Trustee, the Committee (if appointed), and the Prepetition Secured Creditors. The Debtors shall give each Pre-Petition Secured Creditor notice concurrent with giving such notice or request to the DIP Agent for any amendment or waiver of the DIP Financing Agreements and, without prejudice to the effectiveness of any such amendment or waiver, each Pre-Petition Secured Creditor shall have the right to file a motion objecting to such amendment. Nothing in this DIP Order shall authorize the DIP Agent or DIP Lenders to increase the commitments in excess of the commitments set forth in this Interim Order, increase the contract interest rate, defined in the DIP Credit Agreement as the Applicable LIBOR Margin, or Default Rate or extend the maturity date, defined in the DIP Credit Agreement as the “Scheduled Termination Date”. Except as otherwise provided herein, no waiver, modification, or amendment of any of the provisions of the DIP Financing Agreements shall be effective unless set forth in writing, signed on behalf of all the Debtors and the DIP Lender, and, if material, approved by the Bankruptcy Court. Nothing herein shall preclude the Debtors and the DIP Lender from implementing any amendment or waiver of any provision of the DIP Financing Agreements.

28. **Survival of Interim Order and Other Matters.** The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (i) confirming any Plan in the Chapter 11 Cases, (ii) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or any Successor Cases, (iii) to the extent authorized by applicable law, dismissing any of the Chapter 11 Cases, (iv) withdrawing of the reference of any of the Chapter 11 Cases from this Court, or (v) providing for abstention from handling or retaining of jurisdiction of any of the Chapter 11 Cases in this Court. The terms and

provisions of this Interim Order including the DIP Protections granted pursuant to this Interim Order and the DIP Financing Agreements, shall continue in full force and effect notwithstanding the entry of such order, and such DIP Protections shall maintain their priority as provided by this Interim Order until all the obligations of the Debtors to the DIP Lender pursuant to the DIP Financing Agreements have been indefeasibly paid in full and in cash and discharged (such payment being without prejudice to any terms or provisions contained in the DIP Financing Agreements which survive such discharge by their terms). The terms and provisions of this Interim Order including any protections granted to the Prepetition Secured Creditors, shall continue in full force and effect notwithstanding the entry of such order, and such protections for the Prepetition Secured Creditors shall maintain their priority as provided by this Interim Order until all the obligations of the Debtors to the Prepetition Secured Creditors pursuant to applicable documentation have been discharged. The DIP Obligations shall not be discharged by the entry of an order confirming a plan of reorganization, the Debtors having waived such discharge pursuant to section 1141(d)(4) of the Bankruptcy Code.

(a) **Inconsistency.** In the event of any inconsistency between the terms and conditions of the DIP Financing Agreements and of this Interim Order, the provisions of this Interim Order shall govern and control.

(b) **Enforceability.** This Interim Order shall constitute findings of fact and conclusions of law pursuant to the Bankruptcy Rule 7052 and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon entry of this Interim Order. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062, 9024, or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order. The rights of all parties in interest to object to the terms of the Final Order, the DIP Credit Agreement and any other DIP Financing Agreements at the Final Hearing are expressly reserved.

(c) **Objections Overruled.** All objections to the DIP Motion to the extent not withdrawn or resolved, are hereby overruled on an interim basis.

(d) **No Waivers or Modification of Interim Order.** The Debtors irrevocably waive any right to seek any modification or extension of this Interim Order without the prior written consent of the DIP Lender and no such consent shall be implied by any other action, inaction or acquiescence of the DIP Lender. No Effect on Non-Debtor Collateral. Notwithstanding anything set forth herein, neither the liens nor claims granted in respect of the Carve Out shall be senior to any liens or claims of the DIP Lender with respect to any other non-Debtor or any of their assets.

29. **Final Hearing.**

(a) The Final Hearing to consider entry of the Final Order and final approval of the DIP Facility is scheduled for October 3, 2018 at 10:00 a.m. Pacific time at the United States Bankruptcy Court for the Central District of California. If no objections to the relief sought in the Final Hearing are filed and served in accordance with this Interim Order, no Final Hearing may be held, and a separate Final Order may be presented by the Debtors and entered by this Court.

(b) On or before September 12, 2018, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the “**Final Hearing Notice**”), together with copies of this Interim Order, the proposed Final Order and the DIP Motion, on: (i) the Office of the U.S. Trustee; (ii) the United States Securities and Exchange Commission; (iii) the Office of the United States Attorney for the Central District of California; (iv) the Internal Revenue Service; (v) the Office of the Attorney General for the State of California, Charities Division, Attn: Alicia Berry (v) the Debtors’ fifty (50) largest unsecured creditors on a consolidated basis; (vi) counsel to the DIP Lender; (vii) counsel to each of the Prepetition Secured Creditors; (viii) counsel of record representing patients of Debtors with litigation pending against the Debtors as of the Petition Date; (ix) all other known parties asserting a lien on the Debtors’ assets; (x) the parties having been given notice of the Interim Hearing; and (xi) any party which has filed prior to such date a request for notices with this Court. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order shall file written objections with the Clerk of the Bankruptcy Court no later than September 19, 2018 at 4:00 p.m. Pacific time, which objections shall be served so that the

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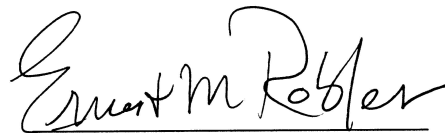
1 same are received on or before such date by: (a) bankruptcy counsel for the Debtors, Dentons US
2 LLP, 602 South Figueroa, Suite 2500, Los Angeles, California 90017 - 570, Attn: Samuel Maizel;
3 (b) counsel for the DIP Lender, Waller Lansden Dortch & Davis, LLP, 511 Union Street, Suite
4 2700, Nashville, TN 37219, Attn: David E. Lemke, Esq.; (c) counsel to the Committee, if any; (d)
5 the Office of the United States Trustee for the Central District of California, 915 Wilshire Blvd.,
6 Suite 1850, Los Angeles, CA 90017, Attn: Jill Sturtevant, (e) counsel for U.S. Bank as 2015
7 Notes Trustee, McDermott, Will & Emory, 227 W. Monroe Street, Chicago, IL 60606-5096, (f)
8 counsel for UMB Bank as successor Master Trustee, Mintz, Levin, Cohen, Ferris, Glovsky and
9 Popeo PC, 1 Financial Center, Boston, MA 02111, Attn: Dan Bleck, (g) counsel for Verity MOB,
10 Jones Day, 555 South Flower Street Fiftieth Floor, Los Angeles, California 90071 and (h) counsel
11 for U.S. Bank as 2017 Notes Trustee, Maslon LLP, 3300 Wells Fargo Center, 90 South Seventh
12 Street, Minneapolis, MN 55402, Attn: Clark Whitmore, and any reply filed by the Debtors or any
13 party supporting entry of the Final Order shall be filed with the Clerk of the United States
14 Bankruptcy Court for the Central District of California, in each case to allow actual receipt of the
15 foregoing no later than September 26, 2018, at 4:00 p.m. Pacific time. Notwithstanding the terms
16 of this Interim Order, this Court is not precluded from entering a Final Order containing
17 provisions that are inconsistent with, or contrary to any of the terms in this Interim Order, subject
18 to the protections under Section 364(e) and the rights of the DIP Lender to terminate the DIP
19 Credit Agreement if such Final Order is not acceptable to them. In the event this Court modifies
20 any of the provisions of this Interim Order or the DIP Financing Agreements following such
21 further hearing, such modifications shall not affect the rights and priorities of DIP Lender
22 pursuant to this Interim Order with respect to the DIP Collateral, and any portion of the DIP
23 Obligations which arises or is incurred, advanced or paid prior to such modifications (or
24 otherwise arising prior to such modifications), and this Interim Order shall remain in full force
25 and effect except as specifically amended or modified at such Final Hearing.

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Date: September 6, 2018



Ernest M. Robles
United States Bankruptcy Judge