



CLERK, U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS

**ENTERED**

THE DATE OF ENTRY IS ON  
THE COURT'S DOCKET

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

Signed August 8, 2017

*Mark X. Mullin*

United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
FORT WORTH DIVISION**

<b>IN RE:</b>	§	<b>CHAPTER 11</b>
	§	
<b>FOUNDATION HEALTHCARE, INC.,</b>	§	<b>CASE NO. 17-42571-rfn-11</b>
	§	<b>Lead Case</b>
<b>DEBTOR.</b>	§	
	§	<b>Complex Case</b>
-----	§	<b>Jointly Administered</b>
	§	
<b>IN RE:</b>	§	<b>CHAPTER 11</b>
	§	
<b>UNIVERSITY GENERAL HOSPITAL, LLC,</b>	§	<b>CASE NO. 17-42570</b>
	§	
<b>DEBTOR.</b>	§	<b>Complex Case</b>
	§	<b>Jointly Administered</b>
-----	§	<b>Under Lead Case</b>

**ORDER (1) CONDITIONALLY APPROVING THE DISCLOSURE STATEMENT, (2) APPROVING FORM OF NOTICE OF COMBINED HEARING ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN, (3) ESTABLISHING PROCEDURES FOR VOTING ON THE PLAN, (4) FIXING DATE FOR RETURNING ACCEPTANCES OR REJECTIONS OF THE PLAN, (5) FIXING DATE FOR FILING OBJECTIONS TO THE DISCLOSURE STATEMENT AND CONFIRMATION, (6) SETTING DEADLINES BY WHICH GOVERNMENTAL ENTITIES MUST FILE PROOFS OF CLAIM, AND (7) SETTING HEARING ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN**

This Court, having acted upon and considered the conditional approval and other relief requested by Foundation Healthcare, Inc. (“FHI”) and University General Hospital, LLC (“UGH” and collectively with FHI, the “Debtors”), debtors and debtors-in-possession, with regard to that certain *Disclosure Statement in Support of Debtors’ Joint Chapter 11 Plan of Liquidation Dated as of August 2, 2017* (as the same may be amended, modified, or supplemented from time to time, the “Disclosure Statement”) and the *Debtors’ Joint Chapter 11 Plan of Liquidation Dated as of August 2, 2017* (as the same may be amended, modified, or supplemented from time to time, the “Plan”), finds that the Disclosure Statement should be conditionally approved and the other relief specifically set forth in this Order granted. The Court further finds and concludes that the procedures for transmission of the Disclosure Statement, the approval of the form of notice, the procedures with respect to voting and confirmation of the Plan, and the other matters set forth in this Order are appropriate and should be approved pursuant to Section 105(d)(2)(vi) of Title 11 of the United States Code (the “Bankruptcy Code”) and therefore

It is hereby **ORDERED** that:

1. The Disclosure Statement, with any amendments stated on the record at the hearing, is **CONDITIONALLY APPROVED** subject to final approval after notice and a hearing.

2. A combined hearing on final approval of the Disclosure Statement (the “Final Disclosure Statement Hearing”) and confirmation of the Plan (the “Confirmation Hearing”) is hereby set for **September 6, 2017 at 1:30 p.m. (Prevailing Central Time)**, which hearing may be adjourned or continued to a different date without further notice, other than notice given in open court at such hearing.

3. The form of the notice of the Final Disclosure Statement Hearing and Confirmation Hearing attached hereto as **Exhibit A** and incorporated herein by reference (the “Notice”) is hereby **APPROVED**.

4. The record date for determining creditors and other parties-in-interest entitled to receive a Solicitation Package (as defined herein) and to vote on the Plan shall be August 8, 2017 (the “Voting Record Date”).

5. The form of ballots attached hereto as **Exhibit B** and incorporated herein by reference (the “Ballots”) is **APPROVED** for distribution to creditors and parties-in-interest entitled to vote on the Plan.

6. The following materials shall constitute the solicitation package (the “Solicitation Package”):

- a. the Disclosure Statement (including the Plan and all exhibits attached thereto);
- b. a copy of the Notice;
- c. a copy of this Order (with exhibits intentionally omitted);
- d. the applicable form of Ballot, as applicable; and
- e. any additional documents that the Court has ordered to be made available.

7. The Disclosure Statement, Plan and this Order (without exhibits) shall be provided in the Solicitation Package in electronic format (CD-ROM or flash drive), and all other contents of the Solicitation Package, including Ballots, shall be provided in paper format. Any party that receives the materials in electronic format but would prefer paper format may contact the Voting Agent by: (a) calling the Voting Agent at (212) 771-1128; (b) visiting the Debtors' restructuring website at <http://www.donlinrecano.com/fhi>; (c) writing to Donlin, Recano & Company, Inc., Attn: Foundation Healthcare Inc. Ballot Processing Center, 6201 15<sup>th</sup> Avenue, Brooklyn, NY 11219; and/or (d) emailing [drcvote@donlinrecano.com](mailto:drcvote@donlinrecano.com) and request paper copies of the corresponding materials previously received in electronic format (to be provided at the Debtors' expense).

8. No later than August 9, 2017, the Debtors shall serve, or cause to be served, all of the materials in the Solicitation Package upon all holders of Claims in the Voting Classes<sup>1</sup> who are entitled to vote on the Plan. Additionally, the Debtors shall serve or caused to be served, all of the materials in the Solicitation Package (excluding the Ballots) on all parties listed on the Master Service List, including the Internal Revenue Service and the United States Trustee. Finally, the Debtors shall serve or cause to be served, the Notice, upon (a) all creditors not entitled to vote; (b) all equity security holders, as of the Voting Record Date; (c) all former Patients included on the Patient Matrix; and (d) all former employees of the Debtors listed on the Debtors schedules (collectively, the "Notice Parties"); provided however, that nothing herein shall prevent the Debtors from delaying serving the Notice to former Patients so that it may be served simultaneously with the Court's order on Debtor's Motion for an Order Authorizing the Debtors to Dispose of Patient Records.

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<sup>1</sup> Voting Classes are defined as Classes 1, 4, and 5.

9. The Debtors are excused from re-distributing Solicitation Packages that are returned marked “undeliverable as addressed,” “Moved – left no forwarding address,” “forwarding order expired” or similar marking or reason, unless the Debtors have been informed in writing by such person of that person’s new address.

10. The date and time by which all Ballots must be received for tabulation is **5:00 p.m. (Prevailing Central Time) on September 1, 2017** (the “Voting Deadline”). All ballots must be properly, executed, completed, and the original thereof shall be mailed, hand-delivered, delivered by overnight courier so as to actually received by the Voting Deadline to be counted.

11. No Ballots received after the Voting Deadline shall be counted or otherwise included in the tabulation of acceptances and rejections of the Plan without further Court order. Further, the following Ballots shall not be counted in determining the acceptance or rejection of the Plan: (i) any Ballot that is illegible or contains insufficient information to permit the identification of the holder of such Claim; (ii) any Ballot cast by any Entity that does not hold a Claim in a Voting Class; (iii) any Ballot cast for a Claim scheduled as unliquidated, contingent, or disputed for which no Proof of Claim was timely filed, provided that if the applicable Claims Bar Date has not expired prior to the Voting Record Date, a Claim listed in the Schedules as contingent, disputed, or unliquidated shall be allowed to vote only in the amount of \$1.00; (iv) any unsigned Ballot or Ballot lacking an original signature; (v) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan; (vi) any Ballot submitted by any Entity not entitled to vote pursuant to the procedures described herein; and (vii) any Ballot transmitted by facsimile (fax), e-mail, or other electronic means.

12. The Debtors may make administrative, non-substantive modifications to the Disclosure Statement and the Plan at or prior to the Confirmation Hearing upon notice to the Notice Parties.

13. If a holder of a Claim casts more than one Ballot voting the same Claim(s) prior to the Voting Deadline, the latest dated, properly executed Ballot received before the Voting Deadline will be deemed to reflect the claimant's intent and supersede any prior ballots. If a holder of Claim casts Ballots that are dated as of the same day, but which are voted inconsistently, such Ballots will not be counted. A holder of a claim must vote all of its claim within a particular class either to accept or reject the Plan and may not split its vote, and any Ballot that partially rejects and partially accepts the Plan will not be counted.

14. To the extent possible, the Debtors shall mail each voting claimant a single Ballot on behalf of all claims held by such claimant in a particular class of claims.

15. If a party that is entitled to vote has more than one Claim within the same Class against one or more of the Debtors based upon different transactions, such party shall be entitled to one vote for numerosity purposes in the aggregate dollar amount of all of said Claims for each Debtor against which such party holds a Claim.

16. If any objection to Claims for voting purposes is filed under/or a Rule 3018 Motion is timely filed, the Ballot in question shall be counted for voting purposes only (a) in the amount established in an order entered by the Court; (b) in the amount agreed to by the Debtors and the affected creditor; or (c) in the absence of a Court order or consensual agreement, in the amount equal to the preprinted amount on the Ballot.

17. The method of delivery of Ballots to be sent to the Voting Agent is at the election and risk of each holder, and except as otherwise provided, a Ballot will be deemed delivered only

when the Voting Agent actually receives the executed Ballot. No Ballot should be sent to the Debtors, the Debtors' agents (other than the Voting Agent), the Debtors' financial or legal advisors, and if so sent will not be counted. Neither the Debtors, nor any other Entity, will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor will any of them incur any liability for failure to provide such notification.

18. In accordance with Section 1126(f) of the Bankruptcy Code, acceptances and rejections will not be solicited from any class that is not impaired under the Plan.

19. The last day for filing and serving objections or comments to the Disclosure Statement and/or confirmation of the Plan is hereby set at 5:00 p.m. (Prevailing Central Time) on September 1, 2017 (the "Objection Deadline"). Any objection, comment, or response to final approval of the Disclosure Statement and/or confirmation of the Plan shall be in writing and shall be filed with the Court and served so that they are received by the Objection Deadline on the following:

Vickie L. Driver  
Christina W. Stephenson  
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2001 Ross Avenue, Suite 2000  
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*Counsel for Foundation Healthcare, Inc. and  
University General Hospital, LLC*

20. To be considered timely, any comments or objections must be actually filed with and received by the Court and the foregoing counsel for the Debtors prior to the Objection Deadline.

21. The Court shall only consider timely-filed written comments or objections and all comments or objections not timely filed and served in accordance with the provisions of this Order shall be deemed to be waived.

22. The deadline for governmental entities to file proofs of claim against the Debtors is **December 26, 2017.**

### END OF ORDER ###

Submitted by:

*/s/ Vickie L. Driver*

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