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ATTORNEYS FOR DEBTOR

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

In re:	§	Chapter 11
	§	
FOREST PARK MEDICAL CENTER AT	§	Case No. 16-40273-rfn-11
SOUTHLAKE, LLC,	§	
	§	
Debtor.	§	

NOTICE OF FILING OF PROPOSED CONFIRMATION ORDER

Attached hereto as Exhibit “A” is a proposed form of the *Order (I) Confirming First Amended Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the United States Bankruptcy Code and (II) Finally Approving First Amended Disclosure Statement Under 11 U.S.C. § 1125 in Support of the First Amended Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the Bankruptcy Code* (the “Proposed Confirmation Order”) which will be considered by this Court at the hearing scheduled for Thursday, August 18, 2016 at 9:30 a.m.

PLEASE TAKE FURTHER NOTICE that the Debtor reserves the right to amend the Proposed Confirmation Order prior to the scheduled hearing.

Dated: August 16, 2016

HAYNES AND BOONE, LLP

By: /s/ Stephen M. Pezanosky

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EXHIBIT “A”

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

In re:

Chapter 11

FOREST PARK MEDICAL
CENTER AT SOUTHLAKE, LLC,

Case No. 16-40273-rfn-11

Debtor.

**ORDER (I) CONFIRMING FIRST AMENDED PLAN OF LIQUIDATION FOR FOREST
PARK MEDICAL CENTER AT SOUTHLAKE, LLC UNDER CHAPTER 11 OF THE
UNITED STATES BANKRUPTCY CODE AND (II) FINALLY APPROVING FIRST
AMENDED DISCLOSURE STATEMENT UNDER 11 U.S.C. § 1125 IN SUPPORT OF
THE FIRST AMENDED PLAN OF LIQUIDATION FOR FOREST PARK MEDICAL
CENTER AT SOUTHLAKE, LLC UNDER CHAPTER 11 OF THE
BANKRUPTCY CODE**

On August 18, 2016, the Court conducted a combined hearing to consider confirmation of the *First Amended Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the United States Bankruptcy Code* (the “Plan”) [Docket No. 313] and final approval of the *First Amended Disclosure Statement Under 11 U.S.C. § 1125 in Support of the*

First Amended Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the Bankruptcy Code (the “Disclosure Statement”) [Docket No. 314] filed by Forest Park Medical Center at Southlake, LLC (“FPMC Southlake” or “Debtor”). Based on the evidence presented (including the *Declaration of Walt Brown, Chief Restructuring Officer of Debtor, in Support of Confirmation of the Plan*), the arguments and representations of counsel, and the entire record in this Chapter 11 Case, the Court makes the following Findings of Fact and Conclusions of Law in accordance with Federal Rule of Bankruptcy Procedure 7052.¹

FINDINGS OF FACT

A. To preserve the value of its assets and restructure its financial affairs, on January 19, 2016 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) commencing the above captioned case (the “Chapter 11 Case”). The Debtor continues to manage and operate its business as a debtor-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108.

B. An official committee of unsecured creditors has not been appointed in this Chapter 11 Case. Further, no trustee or examiner has been requested or appointed in this Chapter 11 Case.

C. On July 1, 2016, the Debtor filed its *Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the United States Bankruptcy Code* [Docket No. 298] as amended by the Plan², attached hereto as **Exhibit A**, and the *Disclosure Statement Under 11 U.S.C. § 1125 in Support of Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the United States Bankruptcy Code* [Docket No. 299] as amended by

¹ To the extent any of the following findings of fact are determined to be conclusions of law, or vice-versa, they are adopted and shall be construed and deemed as such.

² Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

the Disclosure Statement. On August 8, 2016, the Debtor filed its *Plan Supplement to the First Amended Plan of Liquidation for Forest Park Medical Center at Southlake, LLC Under Chapter 11 of the United States Bankruptcy Code* (the “Plan Supplement”) [Docket No. 339] which contained: (1) the Publication Notice; (2) the Patient Records Mail Notice; (3) the Liquidation Trust Agreement; (4) the Identity of the Liquidation Trustee; and (5) Remaining Executory Contracts/Unexpired Leases to Assume.

D. On July 12, 2016, pursuant to the *Order Approving Debtor’s Expedited Motion for Entry of an Order (I) Scheduling Combined Hearing on Approval of Disclosure Statement and Confirmation of Plan of Liquidation, (II) Conditionally Approving Disclosure Statement, (III) Establishing Procedures for Solicitation and Tabulation of Votes on Plan and (IV) Approving Related Matters* (the “Solicitation Procedures Order”) [Docket No. 318], the Court conditionally approved the Disclosure Statement and approved the Debtor’s proposed solicitation and voting procedures for soliciting votes on the Plan.

E. On July 14, 2016, the Debtor began soliciting votes on the Plan (the “Solicitation”). The Debtor, through Donlin, Recano & Company, Inc. (“DRC”), the Debtor’s solicitation and voting agent, provided Holders of Claims in Class 1 (GAHC3 Dip Lender), Class 3 (Allowed Priority Non-Tax Claims), Class 4 (Allowed General Unsecured Claims) and Class 5 (Allowed Claim of GAHC3 Landlord), the only Classes entitled to vote on the Plan (the “Voting Classes”), with a copy of the Disclosure Statement (with the Plan and other exhibits to the Disclosure Statement), a ballot in the form approved by the Court, and the other documents identified in the Solicitation Procedures Order (the “Solicitation Package”).

F. The Solicitation Procedures Order established August 11, 2016, at 4:00 p.m. (CDT) as the deadline for submitting ballots to accept or reject the Plan (the “Voting Deadline”). Each ballot stated in clear and conspicuous language that in order to be counted the ballot must

have been properly executed, completed, and delivered to DRC so as to be received no later than the Voting Deadline. The *Declaration of Jung W. Song on Behalf of Donlin, Recano & Company, Inc. Regarding Voting and Tabulation of Ballots Accepting and Rejecting First Amended Plan of Liquidation for Forest Park Medical Center at Southlake, LLC under Chapter 11 of the United States Bankruptcy Code* (the “Tabulation Affidavit”) [Docket No. 346] describes the ballots and votes received by DRC.

G. The Debtor did not solicit the votes of Holders of Claims in Class 2 (the “Unimpaired Non-Voting Class”) because the Holders of Claims in Class 2 are not impaired under the Plan and Class 2 is therefore conclusively presumed to accept the Plan pursuant to Bankruptcy Code § 1126(f).

H. The Debtor did not solicit the votes of Holders of Interests in Class 6 (the “Impaired Non-Voting Class”) because the Holders of Interests in Class 6 are not receiving distributions under the Plan and Class 6 is therefore deemed to reject the Plan pursuant to Bankruptcy Code § 1126(g).

I. The Holders of Claims in Class 1, GAHC3 DIP Lender, and in Class 5, Allowed Claim of GAHC3 Landlord did not submit votes to accept or reject the Plan.

J. The Holders of Claims in Class 4, General Unsecured Claims, voted overwhelmingly in favor of the Plan. As more fully described in the Tabulation Affidavit, 188 votes, representing 95.41% of the amount of Claims voting in Class 4 voted in favor of the Plan. Fifteen votes, representing 4.59% of the amount of Claims voting in Class 4 voted to reject the Plan.

K. The Holders of Claims in Class 3, Priority Non-Tax Claims, voted to reject the Plan. Four claims, representing 81.19% of the amount of Claims voting in Class 3 voted to reject the Plan. Two votes, representing 18.81% of the amount of Claims voting in Class 3 voted in

favor of the Plan.

L. Only two objections to the Plan were filed: (i) the *Limited Objection to Confirmation of the Debtor's First Amended Plan of Liquidation* [Docket No. 326] filed by Jeffrey A. & Eden M. Brantley and (ii) *Objection to Chapter 11 Plan of Liquidation* [Docket No. 343] filed by Charles Nasem.

M. On the Petition Date, the Debtor had one or more medical malpractice insurance policies covering its prepetition period of operations. After the Petition Date, the Debtor purchased a medical malpractice tail endorsement to provide continuing coverage for medical malpractice claims that arose before the Petition Date and through the closing date on the sale of the Debtor's Hospital, and the confirmation of the Plan will not affect the enforceability of the tail endorsement or the medical malpractice coverage under such tail endorsement.

N. Pursuant to the Solicitation Procedures Order, the Court set a combined hearing to consider final approval of the Disclosure Statement and confirmation of the Plan for August 18, 2016 at 9:30 a.m. (CDT) (the "Combined Hearing"). August 11, 2016 at 4:00 p.m. (CDT) was the deadline for parties in interest to object to the Disclosure Statement and/or confirmation of the Plan (the "Objection Deadline").

O. On August 18, 2016, this Court conducted the Combined Hearing, at which it considered final approval of the Disclosure Statement and confirmation of the Plan.

P. The Liquidation Trust Agreement submitted by the Debtor in the Plan Supplement, as modified, is attached hereto as **Exhibit B** and complies with the terms of the Plan and is reasonable.

Q. The Court's oral Findings of Fact on the record at the Combined Hearing are incorporated herein by reference in their entirety.

CONCLUSIONS OF LAW

A. Jurisdiction and Venue

1. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(L). This matter arises under the Bankruptcy Code, and jurisdiction is vested in this Court to enter a final order by virtue of 28 U.S.C. § 1334, 28 U.S.C. §§ 157(a) and (b)(2), and the Standing Order of Reference in this District. Venue is proper under 28 U.S.C. §§ 1408 and 1409. This Court enters these Findings of Fact and Conclusions of Law pursuant to Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) 7052, 9014, and 9019.

B. Approval of the Disclosure Statement

2. The information contained in the Disclosure Statement and presented at the Combined Hearing, along with the record in this Chapter 11 Case provides adequate information as defined in Bankruptcy Code § 1125(a) and required under Bankruptcy Code § 1126(b). The Debtor has complied with the provisions of Bankruptcy Code § 1126(b) in soliciting acceptance of the Plan.

3. The Solicitation is approved in all respects. Notice and distribution of the Solicitation Packages was appropriate under all the circumstances and complied with the applicable provisions of the Solicitation Procedures Order, the Bankruptcy Code and the Bankruptcy Rules. The opportunity for a hearing on these matters was adequate under the circumstances. Notice of the Combined Hearing (including the Objection Deadline) was appropriate under the circumstances and complied with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules. All parties required to be given notice of the Combined Hearing (and the Objection Deadline) have been given due, proper, timely, and adequate notice in accordance with the Solicitation Procedures Order and in compliance with the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, and any applicable non-bankruptcy

law, rule and regulation, and such parties have had an opportunity to appear and be heard with respect thereto. As specifically evidenced by the *Notice of Hearing to Consider Final Approval of Disclosure Statement and Confirmation of Chapter 11 Plan of Liquidation of the Debtor Under Chapter 11 of the Bankruptcy Code* [Docket No. 321], the Debtor timely provided notice of the Combined Hearing (and the Objection Deadline). No other or further notice is required.

4. The acceptances of the Plan were made in good faith and were solicited in good faith and in accordance with the provisions of Bankruptcy Code § 1125(g), and therefore are not subject to designation pursuant Bankruptcy Code § 1126(e).

5. Pursuant to Bankruptcy Code § 1125(g) and Bankruptcy Rule 3017(b), the Disclosure Statement is **APPROVED**.

C. Confirmation of the Plan and Approval of Plan Documents

6. The Plan complies with the applicable provisions of the Bankruptcy Code, as required by Bankruptcy Code § 1129(a)(1) thereof, including Bankruptcy Code §§ 1122 and 1123, and meets all of the applicable requirements of Bankruptcy Code § 1129(a) and (b), and should be approved.

7. The Plan is therefore **CONFIRMED** in its entirety under Bankruptcy Code § 1129, and all of the terms and conditions contained in the Plan are **APPROVED**. The terms of the Plan, including any exhibits attached thereto, are incorporated herein by reference into, and are an integral part of, this Order.

8. The classification of claims and interests contained in the Plan is reasonable and appropriate and complies with Bankruptcy Code § 1122.

9. The Debtor has complied with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules as required by Bankruptcy Code § 1129(a)(2).

10. The Plan has been proposed in good faith and not by any means forbidden by law

as required by Bankruptcy Code § 1129(a)(3).

11. The payments referenced in Bankruptcy Code § 1129(a)(4) have been approved by or remain subject to the approval of the Court as reasonable.

12. The Plan does not provide for a “rate change” as contemplated by Bankruptcy Code § 1129(a)(6), and such provision therefore does not prohibit confirmation of the Plan.

13. As required by Bankruptcy Code § 1129(a)(7), with respect to each impaired Class, each holder of a Claim or Interest of such Class has either accepted the Plan or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would so receive or retain if the Debtor was liquidated in a Chapter 7 proceeding.

14. Bankruptcy Code § 1129(a)(8) is satisfied as to Class 2 as the Holders of Claims in Class 2 are not impaired under the Plan. Bankruptcy Code § 1129(a)(8) has likewise been satisfied as to Class 4 (Allowed General Unsecured Claims) as Class 4 voted to accept the Plan. Bankruptcy Code § 1129(a)(8) has not been met with respect to Classes 1, 3, 5, and 6.

15. With respect to the Holders of Claims in Classes 1, 3, and 5, and Interests in Class 6, the Plan complies with Bankruptcy Code § 1129(b)(1). The Plan can be confirmed despite the failure of Classes 1, 3, and 5 to accept the Plan and the deemed rejection by Class 6 because the Plan does not discriminate unfairly and is fair and equitable with respect to the Holders of Claims and Interests in Classes 1,3,5, and 6. Class 1 has been paid in full, the Allowed Claims of Class 3 will be paid in full when Allowed pursuant to the terms of the Plan, the Holder of Claims in Class 5 agreed to the treatment afforded to Class 5 pursuant to the *Debtor's Expedited Motion under Bankruptcy Code § 365 and Bankruptcy Rules 6006 and 9019 Seeking Approval (I) to Reject Hospital Lease Agreement and (II) of Settlement Agreement in Connection Therewith* [Docket No. 223] and the order thereon [Docket No. 275]. Further, with respect to the Holders

of Interests in Class 6, no Holders of any Interest junior to the Interests in Class 6 will receive or retain any property under the Plan on account of such Interest, consistent with Bankruptcy Code § 1129(b)(2)(C)(ii).

16. The Holders of Allowed Claims of the type identified in Bankruptcy Code § 1129(a)(9) shall receive the treatment required to be provided by such section under the Plan.

17. Class 4 has voted overwhelmingly to accept the Plan and qualifies as an accepting, impaired class for purposes of Bankruptcy Code § 1129(a)(10).

18. The information in the Disclosure Statement and the evidence proffered or adduced at the Confirmation Hearing: (i) is reasonable, persuasive, credible and accurate; (ii) utilizes reasonable and appropriate methodologies and assumptions; and (iii) has not been controverted by other evidence. The Plan provides for the orderly liquidation of the Debtor's assets by the Liquidation Trustee. Confirmation and consummation of the Plan are not likely to be followed by the need for further financial reorganization of the Debtor or any successor of the Debtor under the Plan, and accordingly, the Plan complies with 11 U.S.C. § 1129(a)(11). The structure of the Plan and mechanisms for implementation of the Plan are reasonable and appropriate

19. All fees payable under 28 U.S.C. § 1930 have been paid or have payment provided for as required by Bankruptcy Code § 1129(a)(12).

20. Bankruptcy Code §§ 1129(a)(13)-(16) are not implicated by the Plan.

21. The Debtor is authorized to implement the Plan in accordance with its terms and conditions.

22. All objections to confirmation of the Plan not withdrawn or otherwise resolved at or before the Confirmation Hearing are expressly overruled.

D. Effects of Confirmation of the Plan

23. In accordance with Bankruptcy Code § 1141, (i) the Plan and each of its provisions, (ii) all documents executed in connection with and pursuant to the terms of the Plan, and (iii) the Confirmation Order shall be binding upon the Debtor, upon each person or entity acquiring or receiving property under the Plan, upon each Holder of a Claim against or Interest in the Debtor, whether or not the Claim or Interest of such creditor or equity Interest Holder is impaired under the Plan and whether or not such creditor or equity interest holder has filed, or is deemed to have filed, a proof of Claim or Interest, any and all non-Debtor parties to executory contracts and unexpired leases with the Debtor, and upon any other party in interest to this Bankruptcy Case, and irrespective of whether such provision of the Plan is specifically mentioned or otherwise referred to in these Findings of Fact and Conclusions of Law and Order.

24. Upon entry of this Order, the Debtor is authorized and directed to take all steps necessary and appropriate to implement the Plan without the need for further member, director, or other corporate approvals, including, without limitation, the Debtor's execution and implementation of the Liquidation Trust Agreement included in the Plan Supplement.

25. On the Effective Date, the Debtor shall file and serve a Notice of Effective Date.

26. On the Effective Date, except as otherwise specifically provided for in the Plan, all interests in the Debtor shall be canceled as more fully described in the Plan.

27. Except as otherwise provided in the Plan, this Order, or separate Final Order, any and all injunctions or automatic stays provided for in this Chapter 11 Case under Bankruptcy Code §§ 105 and 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect through the Effective Date.

28. On the Effective Date of the Plan, the Plan and each of its provisions shall be binding on the Debtor, the Liquidation Trust, the Liquidation Trustee, all Creditors, all Interest

Holders, and all Persons acquiring property under the Plan, whether or not they voted to accept the Plan, whether or not they had a right to vote on the Plan, whether or not any Claim or Interest held by any of them is impaired under the Plan, whether or not any Claim or Interest held by any of them is Allowed in full, only in part, or Disallowed in full, and whether or not a distribution is made to any of them under the Plan.

E. The Liquidation Trust Agreement

29. The Liquidation Trust Agreement is approved as to form and substance for use in establishing the Liquidation Trust under the terms of the Plan.

30. In accordance with Article V.E of the Plan, J. Gregg Pritchard is hereby appointed, as of the Effective Date of the Plan, to serve as the Liquidation Trustee of the Liquidation Trust.

31. In accordance with Article X of the Plan, on the Effective Date of the Plan, and except as otherwise expressly provided in the Plan, all Rights of Action, including, without limitation, all of the Rights of Action referenced in Article X and Exhibit B to the Plan, Article 4.E. and Exhibit 3 of the Disclosure Statement, shall be preserved and transferred to the Liquidation Trust, and on and after the Effective Date, the Liquidation Trustee shall have standing to pursue such Rights of Action, and is hereby appointed as of the Effective Date, and in accordance with Bankruptcy Code § 1123(b)(3), as the representative of the Estate for the purpose of enforcing, prosecuting and settling such Rights of Action.

32. On the Effective Date, title to all assets of the Debtor shall vest in the Liquidation Trust as, and to the extent, provided by the Plan.

33. On the Effective Date, or as soon thereafter as is practicable, the Liquidation Trustee shall establish and appropriately fund the following Reserves: (i) the Professional Fee Reserve; (ii) the Non-Professional Administrative Claim Reserve; (iii) the Priority Tax Claim

Reserve; (iv) the Priority Non-Tax Claim Reserve; and (iii) the Liquidation Trust Expense Reserve. Distributions from the Reserves shall be made by the Liquidation Trustee. Within ten (10) days after all Allowed Professional Fee Claims, Allowed Non-Professional Administrative Claims, Allowed Priority Tax Claims, and Allowed Priority Non-Tax Claims have been paid in full (provided all Disputed Non-Professional Administrative Claims, Professional Fee Claims, Secured Tax Claims, Priority Tax Claims, and Priority Non-Tax Claims have been resolved), the Liquidation Trustee shall transfer any unused portion of the Remaining Reserves to the Liquidation Trust to be administered in accordance with the Liquidation Trust Agreement and the Plan. The Liquidation Trustee may, in the exercise of his business judgment, transfer any unused portion of the Remaining Reserves to the Liquidation Trust prior to the resolution of all Disputed Claims with a priority senior to an Allowed General Unsecured Claim, provided that the Trustee maintains sufficient Cash in the Remaining Reserves to fully pay any such Disputed Claims.

34. In the event of a default under the Plan, a party in interest must send written notice of such default to the Liquidation Trustee. If the default has not been cured within thirty (30) days of sending such notice, a party in interest may file a motion with the Bankruptcy Court to enforce the provisions of the Plan or otherwise seek a remedy for such default.

F. Provisions Related to Executory Contracts

35. The Executory Contracts identified in the Plan Supplement are deemed assumed and assigned to the Liquidation Trustee effective as of the Effective Date without the need for any further action to be taken by the Debtor or the Liquidation Trustee. The Plan provides that all Executory Contracts, except those Executory Contracts identified in the Plan Supplement, that were not previously assumed or rejected by prior order of the Court are deemed rejected. The terms of the Plan shall govern the deadlines for filing proofs of claim resulting from such

rejection. Any such claims not filed as required by the Plan shall be discharged and forever barred. The Debtor's rejection of these Executory Contracts reflects the Debtor's sound business judgment and is reasonable and in the best interest of its estate.

36. All Rejected Executory Contracts shall be rejected as of the Confirmation Date (which rejection shall be effective on the Effective Date), and such Rejected Executory Contracts shall no longer represent the binding obligations of the Debtor after the Effective Date. Entry of this Confirmation Order shall constitute approval of such rejections under Bankruptcy Code §§ 365 and 1123.

37. The confirmation of the Plan, and the rejection of Executory Contracts under the Plan, shall not affect the validity or enforceability of the medical malpractice tail endorsement purchased by the Debtor to provide continuing insurance coverage for medical malpractice claims against the Debtor that arose before the closing of the sale of the Debtor's Hospital, including before the Petition Date.

G. Provisions Relating to the Comptroller

38. Notwithstanding anything else to the contrary in the Plan, the Confirmation Order or any documents implementing the Plan, the following provisions shall govern the treatment of the tax claims of the Texas Comptroller of Public Accounts ("Comptroller").

(a) The Comptroller's Priority Tax Claim for Franchise Taxes for Report Year 2016

39. The Debtor acknowledges that it has not yet filed or paid its report year 2016 franchise tax return (the "2016 Franchise Tax Return"). The Debtor has sought an extension of the deadline to file its 2016 Franchise Tax Return until November 15, 2016.

40. The Debtor acknowledges that the Comptroller filed a Proof of Claim (designated Claim No. 33-1 in the Claims Register) ("Claim 33-1") in the amount of \$213,400 to reflect the Debtor's indebtedness for its 2016 Franchise Tax Return.

41. The Debtor acknowledges that Claim No. 33-1 is estimated because the Debtor has not yet filed the 2016 Franchise Tax Return.

42. The Comptroller may freely amend Claim No. 33-1 at any time before or after the Effective Date to reflect the proper amount of the claim. Fifteen (15) days after filing the amended proof of claim, and service on counsel to the Debtor or Liquidation Trustee, as applicable, such amended claim shall be deemed pursuant to the Plan and Confirmation Order to be an Allowed Pre-Petition Priority Tax Claim, unless the Debtor objects to the amended claim within fifteen (15) days after such amended claim has been served as provided above. If the Debtor objects, the Allowed amount of the amended claim shall be the amount determined by the Bankruptcy Court after notice and a hearing.

43. The Debtor or Liquidating Trustee, as applicable, shall pay this Allowed Claim within ten (10) business days from the Allowance Date or such date as is mutually agreed upon by the Liquidation Trustee and the Comptroller. Notwithstanding the foregoing, the Liquidation Trustee shall not be obligated to pay the Comptroller's Allowed Claim relating to the 2016 Franchise Tax Return until all Allowed Administrative Expense Claims have been paid in full and the Liquidation Trustee has established reserves sufficient to pay all remaining Administrative Expense Claims upon Allowance.

44. No payments shall be made by the Debtor or the Liquidation Trustee to any other priority claims or any other classes of claims junior in priority to the Comptroller's claim until the Liquidation Trustee has created a reserve sufficient to pay Claim 33-1, as may be amended, in full.

(b) The Comptroller's Administrative Expense Claim for Franchise Taxes due Pursuant to its 2016 Final Return for Franchise Taxes

45. The Debtor acknowledges that the Comptroller filed a Proof of Claim for Administrative Expense and Request for Payment (designated No. 48-1 in the Claims Register)

(“Claim No. 48-1”) in the amount of \$88,916.66 to reflect the Debtor’s indebtedness relating to the final return for additional tax pursuant to Texas Tax Code 171.0011 (the “Final Return”).

46. The Debtor acknowledges that Claim No. 48-1 is estimated because the Debtor has not yet filed its Final Return.

47. The Comptroller may freely amend Claim No. 48-1 at any time before or after the Effective Date to reflect the proper amount of the claim. Fifteen (15) days after filing an amended proof of claim, and service on counsel to the Debtor or Liquidation Trustee, as applicable, such amended claim shall be deemed Allowed pursuant to the Plan and Confirmation Order as an Administrative Expense in the amount set forth in the amended claim, unless the Debtor objects to the amended claim within fifteen (15) days after such amended claim has been served as provided above. If the Debtor objects, the Allowed amount of the amended claim shall be the amount determined by the Bankruptcy Court after notice and a hearing and shall be deemed Allowed on the date the Bankruptcy Court enters its order on the same.

48. Unless otherwise agreed, the Debtor or Liquidating Trustee, as applicable, shall pay such Allowed Claim within ten (10) business days from the Allowance Date or such date as is mutually agreed upon by the Liquidation Trustee and the Comptroller. As soon as is practicable, but in any event prior to the payment of Allowed Administrative Expense Claims, other than Administrative Expense Claims that are Allowed as of the Effective Date, the Debtor or the Liquidation Trustee, as applicable shall establish a cash reserve in the amount of \$89,000 which shall be held pending the Allowance and payment of the Comptroller’s Claims relating to the Final Return (the “Final Return Reserve”). The Final Return Reserve shall not be a maximum amount or cap on the Allowed amount of the Comptroller’s Claims relating to the Final Return and, to the extent such Claims are Allowed in an amount that exceeds the amount in the Final Return Reserve, the Liquidation Trustee shall pay the remainder of any such Allowed

Claim in full from Liquidation Trust funds.

(c) Franchise Taxes Incurred or Accrued Subsequent to the 2016 Franchise Tax Return

49. In the event that the additional tax liability pursuant to Texas Tax Code 171.0011 is incurred and accrues after the end of calendar year 2016, the Comptroller shall not be required to file any request for payment or proof of claim for any such taxes and such taxes shall be deemed allowed pursuant to the Plan and Confirmation Order in the amounts reflected on the tax returns filed by the Debtor or Liquidating Trustee.

50. The Debtor or Liquidating Trustee, as applicable, shall timely file and pay all such returns in accordance with Texas tax law without any further notice or hearing pursuant to 28 U.S.C. §§ 959 and 960.

(d) The Comptroller's Priority Tax Claim for Sales Taxes

51. The Debtor acknowledges that the Comptroller filed a Proof of Claim for Administrative Expense and Request for Payment (designated No. 32-2 in the Claims Register) ("Claim No. 32-2") in the amount of \$926.33 to reflect the Debtor's indebtedness for sales taxes incurred subsequent to the Petition Date as estimated by the Comptroller.

52. The Comptroller may freely amend Proof of Claim No. 32-2 at any time before or after the Effective Date to reflect any change in the proper amount of the claim. Upon the filing of any such amendment the Comptroller shall promptly serve such amendment to Claim No. 32-2 on counsel to the Debtor or Liquidation Trustee, as applicable. The Debtor or Liquidation Trustee, as applicable, shall have until the later of (a) the applicable deadline for objecting to Claims under the Plan or (b) thirty (30) days following the date Claim No. 32-2 has been amended to object to amended Claim No. 32-2.

(e) The Debtor's Tax Refund Requests

53. The Comptroller acknowledges that the Debtor has filed various pending requests

for refunds of sales and use tax relating to the years 2013 through 2015. The Debtor further believes that it may file additional requests for refunds of sales and use tax relating to the years 2015 and 2016.

54. All refund requests of the Debtor shall be subject to verification and audit by the Comptroller in accordance with applicable law.

(f) Generally Applicable Provisions

55. The Debtor and Liquidating Trustee shall remain obligated to pay interest and penalties on the Comptroller's administrative expense tax claims as required by applicable law.

56. The Debtor and Liquidating Trustee shall remain obligated to pay post-confirmation interest on Allowed priority tax claims commencing on the Effective Date as required by 11 U.S.C. § 1129(a)(9)(C)(i) and applicable law.

57. The Debtor or Liquidating Trustee shall establish the Reserves as required in the Plan, including the Final Return Reserve.

58. The Debtor and the Liquidating Trustee shall continue to timely file all state tax returns and timely pay all taxes, penalties, interest and other charges associated therewith as required by applicable law in the ordinary course of business following the confirmation of the Plan, except as expressly provided herein.

59. The Comptroller reserves all rights to conduct audits as permitted under applicable law.

60. The Comptroller's rights of setoff are expressly preserved and shall not be altered or impaired except as otherwise provided herein.

61. Except as otherwise provided in the Plan, the rights of the Comptroller to pursue any non-debtor third parties for tax debts, liabilities or claims are expressly preserved and shall not be altered or impaired.

62. In the event the Debtor or the Liquidation Trustee fails to make a payment to the Comptroller when due under the Plan or this Order, the Comptroller may seek such relief as may be appropriate under applicable law or as otherwise provided in the Plan.

H. Miscellaneous Confirmation Provisions

63. The provisions of the confirmed Plan and this Order bind the Debtor and any Creditor or Interest Holder of the Debtor, whether or not the Claim or Interest of such Creditor or Interest Holder is impaired under the Plan and whether or not such Creditor or Interest Holder has accepted the Plan.

64. This Order is in recordable form, and shall be accepted by any filing or recording officer or authority of any applicable governmental unit for filing and recording purposes without further or additional orders, certifications, or other supporting documents.

65. The terms and conditions of the releases as set forth in Article IX.D and Article X.D of the Plan and the exculpation as set forth in Article IX.E of the Plan are approved.

66. To the extent that, under applicable nonbankruptcy law, any of the actions contemplated in the Plan would otherwise require the consent or approval of the Holders of Interests in the Debtor, this Order shall constitute such consent or approval, and such actions shall be, and are deemed to have been taken by unanimous action of the Holders of Interests in the Debtor.

67. Pursuant to Bankruptcy Code §§ 1123(a) and 1142(a), the provisions of this Order, the Plan, the Plan Documents, and all other agreements and documents executed and delivered pursuant to the Plan shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

68. If any or all of the provisions of this Order are hereafter reversed, modified, or vacated by subsequent order of this Court or any other court, such reversal, modification, or

vacatur shall not affect the validity of the acts or obligations incurred or undertaken under or in connection with the Plan before the Debtor's receipt of written notice of any such order; nor shall such reversal, modification, or vacatur of this Order affect the validity or enforceability of such act or obligation. Notwithstanding any such reversal, modification, or vacatur of this Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Order before the effective date of such reversal, modification, or vacatur shall be governed in all respects by the provisions of this Order, the Plan, and all documents, instruments and agreements related thereto or any amendments or modifications thereto.

69. The Debtor is authorized to serve a "Notice of Entry of Confirmation Order and Notice of Effective Date" on all creditors and parties-in-interest in this Chapter 11 Case, and such notice shall constitute notice in compliance with Bankruptcy Rule 2002.

70. The failure to include specifically any particular provision of the Plan in this Order will not diminish the effectiveness of such provision nor constitute a waiver thereof, it being the intent that the Plan is confirmed in its entirety.

71. The Administrative Claims Bar Date, the Professional Fee Claim Bar Date, and the Post-Petition Tax Claim Bar Date provided in Article II of the Plan are enforceable. Holders of Claims who file requests for payment of Claims after the applicable bar date in Article II or elsewhere in the Plan or any other order of the Court, shall be forever barred from asserting such Claims against the Debtor or any of its affiliates or any of its respective property.

72. On the Effective Date, the Plan shall be deemed to be substantially consummated under Bankruptcy Code §§ 1101(2) and 1127.

73. The fourteen-day stay under Bankruptcy Rule 3020(e) is waived and this Order shall become effective immediately upon its entry.

74. The Court's oral Findings of Fact and Conclusions of Law on the record at the

Confirmation Hearing are incorporated herein by reference in their entirety.

75. The Court reserves the right to make additional Findings of Fact and Conclusions of Law as it deems necessary.

76. In the event of a conflict between the terms of this Order, the Plan, and/or the Plan Documents or any other supporting document, the provisions of this Order shall control.

END OF ORDER

Submitted by:

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