

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF NORTH CAROLINA  
GREENSBORO DIVISION**

**In re:**

**MOREHEAD MEMORIAL HOSPITAL,  
  
Debtor.**

Case No. 17-10775

Chapter 11

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**NOTICE OF (I) APPROVAL OF THE DISCLOSURE STATEMENT, (II) DEADLINE FOR VOTING ON  
THE PLAN, (III) HEARING TO CONSIDER CONFIRMATION OF THE PLAN, AND (IV) DEADLINE  
FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN**

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**PLEASE TAKE NOTICE OF THE FOLLOWING:**

**APPROVAL OF DISCLOSURE STATEMENT**

1. By Order dated May 2, 2018 (the “Disclosure Statement Order”) [Docket No. 772], the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) (a) approved the *Disclosure Statement for Joint Chapter 11 Plan of Orderly Liquidation Pursuant to Section 1125 of the Bankruptcy Code* [Docket No. 697] as amended by the *Amended Disclosure Statement for First Amended Joint Chapter 11 Plan of Orderly Liquidation Pursuant to Section 1125 of the Bankruptcy Code* [Docket No. 770] (including all exhibits thereto and as amended, modified, or supplemented from time to time, the “Disclosure Statement”) filed by Morehead Memorial Hospital as debtor and debtor-in-possession (the “Debtor”) as containing adequate information within the meaning of Section 1125 of Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) and (b) authorized the Debtor to solicit votes to accept or reject the *Joint Chapter 11 Plan of Orderly Liquidation* [Docket No. 698] as amended by the *First Amended Joint Chapter 11 Plan of Orderly Liquidation* [Docket No. 771] (including all exhibits thereto and as amended, modified, or supplemented from time to time, the “Plan”), attached as Exhibit A to the Disclosure Statement. All capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Plan, the Disclosure Statement, or the Disclosure Statement Order, as applicable.

**RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS CONTAINED IN PLAN**

2. SECTION XI OF THE PLAN CONTAINS CERTAIN RELEASE, INJUNCTION, AND EXCULPATION PROVISIONS, INCLUDING THOSE SET FORTH BELOW. YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE, INJUNCTION AND EXCULPATION PROVISIONS THEREIN, AS YOUR RIGHTS MAY BE AFFECTED.

3. **Section XI(A) of the Plan contains the following injunction:**

. . . Except as otherwise expressly provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order, or a separate Order of the Bankruptcy Court, as of the Effective Date, all entities who have held, hold, or may hold Claims against the Debtor, are permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind against the Debtor, the Debtor’s property, the Debtor’s estate, the Liquidating Trust, or the Liquidating Trustee with respect to any such Claim or taking any act to recover such Claim outside of the claims allowance procedure discussed in this Plan and the Bankruptcy Code and Bankruptcy Rules; (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or Order against the Debtor, the Debtor’s property, the Debtor’s estate, the Liquidating Trust, or the Liquidating Trustee on account of any such Claim; (iii) creating,

perfecting, or enforcing any encumbrance of any kind against the Debtor, the Debtor's property, the Debtor's estate, the Liquidating Trust, or the Liquidation Trustee on account of any such Claim; and (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from the Debtor, the Debtor's estate, the Liquidating Trust, or the Liquidating Trustee, or against the property or interests in property of the Debtor, the Debtor's estate, the Liquidating Trust, or the Liquidating Trustee on account of any such Claim. Such injunction shall extend for the benefit of the Debtor Representative, the Liquidating Trustee, and any successors of the Debtor, and to any property and interests in property subject to this Plan.

**4. Section XI(B) of the Plan contains the following exculpation:**

Except to the extent arising from willful misconduct or gross negligence, any and all claims, liabilities, causes of action, rights, damages, costs, and obligations held by any party other than the United States of America against the Debtor, the Committee and its members, the POC and its members, and/or each of their respective attorneys, accountants, agents, and other professionals, whether known or unknown, matured or contingent, liquidated or unliquidated, existing, arising, or accruing, whether or not yet due in any manner related to or in connection with (i) the Chapter 11 Case or any act or omission in connection with, arising out of, or related to the Chapter 11 Case; (ii) any act or omission in connection with, arising out of, or related to the Sale; (iii) the formulation, negotiation, prosecution, or implementation of the Plan; (iv) the solicitation of acceptances of the Plan; or (v) the Confirmation, consummation, or implementation of the Plan, will be deemed fully waived, barred, enjoined, released, and discharged in all respects, except as to rights, obligations, duties, claims, and responsibilities preserved, created, or established by terms of this Plan.

**5. Section XI(D) of the Plan contains the following releases by the Debtor:**

Pursuant to Section 1123(b) of the Bankruptcy Code and except as otherwise specifically provided in this Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious liquidation of the Debtor and the consummation of the transactions contemplated by this Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtor or its Estate would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtor's Chapter 11 Case, the Sale, the transactions or events giving rise to any Claim that is treated in this Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims before or during the Debtor's Chapter 11 Case, the negotiation, formulation, or preparation of this Plan, the Disclosure Statement, or any related agreements, instruments, or other documents, other than a Claim against a Released Party arising out of the gross negligence or willful misconduct of any such person or entity.

**6. Section XI(E) of the Plan contains the following releases by Holders of Claims:**

ON THE EFFECTIVE DATE, EXCEPT AS OTHERWISE PROVIDED HEREIN AND EXCEPT FOR THE RIGHT TO ENFORCE THIS PLAN, ALL PERSONS WHO HAVE (I) VOTED TO ACCEPT THIS PLAN UNDER SECTION 1126(f) OF THE BANKRUPTCY CODE OR (II) MARK THEIR BALLOTS AS OPTING IN TO THE RELEASES GRANTED UNDER THIS SECTION OR OTHERWISE OPT IN TO THE RELEASES GRANTED UNDER THIS SECTION IN WRITING BY THE DEADLINE TO VOTE TO ACCEPT OR REJECT THIS PLAN, AS APPLICABLE, SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE

THE RELEASED PARTIES, OF AND FROM ALL LIENS, CLAIMS, CAUSES OF ACTION, LIABILITIES, ENCUMBRANCES, SECURITY INTERESTS, INTERESTS, OR CHARGES OF ANY NATURE OR DESCRIPTION WHATSOEVER RELATING TO THE CHAPTER 11 CASE, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, SCHEDULED OR UNSCHEDULED, CONTINGENT OR NOT CONTINGENT, UNLIQUIDATED OR FIXED, ADMITTED OR DISPUTED, MATURED OR UNMATURED, SENIOR OR SUBORDINATED, WHETHER ASSERTABLE DIRECTLY OR DERIVATIVELY BY, THROUGH, OR RELATED TO THE DEBTOR, AGAINST SUCCESSORS OR ASSIGNS OF THE DEBTOR AND THE INDIVIDUALS AND ENTITIES LISTED ABOVE WHETHER AT LAW, IN EQUITY OR OTHERWISE, BASED UPON ANY CONDITION, EVENT, ACT, OMISSION OCCURRENCE, TRANSACTION OR OTHER ACTIVITY, INACTIVITY, INSTRUMENT, OR OTHER AGREEMENT OF ANY KIND OR NATURE OCCURRING, ARISING, OR EXISTING PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO OR ARISING OUT OF, IN WHOLE OR IN PART, THE CHAPTER 11 CASE, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE NEGOTIATION AND CONSUMMATION OF THE SALE. THE CONSUMMATION OF THIS PLAN OR THE ADMINISTRATION OF THIS PLAN, INCLUDING WITHOUT LIMITATION, THE NEGOTIATION AND SOLICITATION OF THIS PLAN, ALL REGARDLESS OF WHETHER (A) A PROOF OF CLAIM HAS BEEN FILED OR IS DEEMED TO HAVE BEEN FILED, (B) SUCH CLAIM IS ALLOWED OR (C) THE HOLDER OF SUCH CLAIM HAS VOTED TO ACCEPT OR REJECT THIS PLAN, EXCEPT FOR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, NOTHING CONTAINED HEREIN SHALL IMPACT THE RIGHT OF ANY HOLDER OF AN ALLOWED CLAIM TO RECEIVE A DISTRIBUTION ON ACCOUNT OF ITS ALLOWED CLAIM IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS PLAN.

7. **Section XI(F) of the Plan contains the following Injunction:**

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, THE RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

8. The following terms have the following definitions under the Plan:

- a. "Committee" means the Official Committee of Unsecured Creditors.
- b. "POC" means the committee of persons appointed as of the Effective Date to advise the Liquidating Trustee in the performance of the Liquidating Trustee's duties and obligations under the Plan with respect to the liquidation of Assets for the benefit of the holders of Allowed Claims in Class 5 of the Plan.
- c. "Released Parties" means, collectively and individually, (i) the Debtor's attorneys, accountants, consultants, and other professionals (including, but not limited to, Donlin, Recano & Company, Inc.); (ii) the Committee and its members, attorneys, accountants, consultants, and other professionals; and (iii) the POC and its members, attorneys, accountants, consultants, and other professionals.

**SUMMARY OF PLAN TREATMENT OF CLAIMS AND INTERESTS**

<b>SUMMARY OF STATUS, TREATMENT AND VOTING RIGHTS</b>			
<b>Class</b>	<b>Status</b>	<b>Voting Rights</b>	<b>Plan Treatment of Class</b>
--	Administrative Expense Claims	None	Cash equal to the amount of such Allowed Claim.
--	Priority Tax Claims	None	Cash equal to the amount of such Allowed Claim.
1	Priority Non-Tax Claims	None	Cash equal to the amount of such Allowed Claim.
2	Berkadia Secured Claim	None	Cash equal to the amount of such Allowed Claim.
3	First-Citizens Secured Claim	None	Cash equal to the amount of such Allowed Claim.

SUMMARY OF STATUS, TREATMENT AND VOTING RIGHTS			
Class	Status	Voting Rights	Plan Treatment of Class
4	Secured Claims of Other Lienholders	None	<p>Treated in one of the following ways:</p> <p>(i) on the Effective Date, the legal, equitable, and contractual rights of the Holder of an Allowed Secured Claim of an Other Lienholder shall be reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of an Allowed Secured Claim of an Other Lienholder to demand or receive payment of such Allowed Secured Claim before the stated maturity of such Allowed Secured Claim from and after the occurrence of a default; <u>provided, however</u>, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, covenants regarding corporate existence, or covenants prohibiting certain transactions or actions contemplated by the Plan or conditioning such transactions or actions on certain factors, shall not be enforceable as to any breach that occurred on or prior to the Effective Date or any breach determined by reference back to a date preceding the Effective Date;</p> <p>(ii) on the Effective Date, the Holder of an Allowed Secured Claim of an Other Lienholder shall (i) retain a Lien securing such Allowed Secured Claim and (ii) receive deferred Cash payments from the Liquidating Trust totaling at least the value of such Allowed Secured Claim as of the Effective Date in full and final satisfaction of such Allowed Secured Claim;</p> <p>(iii) on the Effective Date, the collateral securing such Allowed Secured Claim of an Other Lienholder shall be surrendered to the Holder of such Allowed Secured Claim in full satisfaction of such Allowed Secured Claim; or</p> <p>(iv) the Holder of an Allowed Secured Claim of an Other Lienholder shall be paid, in Cash, an amount equal to such Holder's Allowed Secured Claim, on or before the date that is thirty (30) Business Days after the later of (i) the Effective Date and (ii) entry of a Final Order determining and allowing such Claim as a Secured Claim, or as soon thereafter as is practicable, in full and final satisfaction of such Allowed Secured Claim. To the extent the collateral securing an Allowed Secured Claim of an Other Lienholder has been or is to be sold pursuant to an Order of the Bankruptcy Court, any amount to be paid to the Holder of such Allowed Secured Claim pursuant to the preceding sentence shall be net of the costs of sale of such collateral and otherwise subject to the rights of the Debtor or the Liquidating Trustee pursuant to Section 506(c) of the Bankruptcy Code.</p>

SUMMARY OF STATUS, TREATMENT AND VOTING RIGHTS			
Class	Status	Voting Rights	Plan Treatment of Class
5	General Unsecured Claims	Entitled to Vote	Pro Rata share of the net proceeds of the GUC Liquidating Trust Assets (defined as all Assets and other corpus of the Liquidating Trust Estate available for distribution to Holders of Allowed General Unsecured Claims (Class 5) after payment of all other amounts required by this Plan, including, but not limited to (i) payments to holders of Allowed Unclassified Claims, Allowed Priority Non-Tax Claims, Allowed Secured Claims (including, to the extent Allowed, the First-Citizens Secured Claim, the Berkadia Secured Claim, and the Secured Claims of Other Lienholders), and Allowed Convenience Claims; (ii) all required statutory fees; and (iii) all costs and expenses of administration of the Liquidating Trust, including all Post-Effective Date Expenses).
6	Convenience Claims	Entitled to Vote	Cash in an amount equal to the lesser of (i) five hundred dollars (\$500.00) and (ii) the Allowed amount of such Holder's Convenience Claim; <u>provided, however</u> , that the total distribution to Holders of Allowed Convenience Claims under this Plan shall not exceed fifty thousand dollars (\$50,000.00) (the " <u>Convenience Class Cap</u> "), and if the foregoing treatment would result in distributions to Holders of Allowed Convenience Claims that exceed the Convenience Class Cap in the aggregate, each Holder of an Allowed Convenience Claim will instead receive a Pro Rata share of \$50,000.00, with the amount of each such Holder's Convenience Claim fixed at the lesser of (i) five hundred dollars (\$500.00) and (ii) the Allowed amount of such Holder's Convenience Claim for the purpose of determining its Pro Rata share.

### **CONFIRMATION HEARING**

9. On **June 13, 2018 at 9:30 a.m. (Eastern Daylight Time)**, or as soon thereafter as counsel may be heard, a hearing (the "Confirmation Hearing") will be held before the Honorable Benjamin A. Kahn at the United States Bankruptcy Court for the Middle District of North Carolina, 101 S. Edgeworth St., Greensboro, NC 27401 to consider (i) confirmation of the Plan, as the same may be amended or modified; and (ii) such other and further relief as may be just and appropriate. The Confirmation Hearing may be adjourned from time to time without further notice to creditors or other parties in interest, other than by an announcement of such an adjournment in open court at the Confirmation Hearing or any adjournment thereof, or an appropriate filing with the Bankruptcy Court. The Plan may be modified in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan, and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

### **DEADLINE FOR OBJECTIONS TO CONFIRMATION OF THE PLAN**

10. Objections, if any, to confirmation of the Plan, including any supporting memoranda, must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) set forth the name of the objector and the nature and amount of any Claim asserted by the objector against or in the Debtor; (iv) state with particularity the legal and factual bases for the objection and, if practicable, a proposed modification to the Plan that would resolve such objection; and (v) be filed with the Bankruptcy Court, together with proof of service, and served so that they are actually received by the following no later than **June 1, 2018 at 4:00 p.m. (Eastern Daylight Time)** which

deadline may be extended by the Debtor in consultation with the Committee (the “Confirmation Objection Deadline”): (a) counsel to the Debtor, Waldrep LLP, 101 S. Stratford Road, Suite 210, Winston-Salem, NC 27104, Attn: Thomas W. Waldrep, Jr., Jennifer B. Lyday, and Francisco T. Morales; (b) counsel to the Committee, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, NJ 07102, Attn: Andrew H. Sherman and Boris I. Mankovetskiy, with a copy to Nelson Mullins Riley & Scarborough LLP, GlenLake One, Suite 200, 4140 Parklake Avenue, Raleigh, NC 27612, Attn: Terri L. Gardner; (c) the Office of the United States Bankruptcy Administrator, 101 South Edgeworth Street, Greensboro, NC 27401, Attn: William P. Miller and Sarah Bruce; and (d) all parties that have requested notice in this Chapter 11 Case pursuant to Bankruptcy Rule 2002.

### **ACCESS TO DOCUMENTS AND OTHER QUESTIONS**

11. Copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement may be obtained by writing to the Debtor’s Administrative Agent, Donlin, Recano & Company, at

Donlin, Recano & Company, Inc.  
Re: Morehead Memorial Hospital  
Attn: Voting Department  
P.O. Box 192016  
Blythebourne Station  
Brooklyn, NY 11219  
Tel: (212) 771-1128  
Fax: (212) 481-1416

Correspondence sent by hand delivery or overnight mail should be sent to:

Donlin, Recano & Company, Inc.  
Re: Morehead Memorial Hospital  
6201 15th Avenue  
Brooklyn, NY 11219

Additionally, copies of the Disclosure Statement Order, the Plan, and the Disclosure Statement are available for inspection and may be obtained on the Administrative Agent’s website<sup>1</sup> and the Bankruptcy Court’s website<sup>2</sup>.

Dated: May 2, 2018

### **WALDREP LLP**

/s/ Thomas W. Waldrep, Jr.  
Thomas W. Waldrep, Jr. (NC Bar No. 11135)  
Jennifer B. Lyday (NC Bar No. 39871)  
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<sup>1</sup> <https://www.donlinrecano.com/Clients/mmh/Index>

<sup>2</sup> <http://www.ncmb.uscourts.gov/> (a PACER login and password are required to access documents on the Bankruptcy Court’s website).