

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION
www.flmb.uscourts.gov

In re:

Chapter 11

SENIOR CARE GROUP, INC.,

Case No. 8:17-bk-6562-CPM

KEY WEST HEALTH AND REHABILITATION
CENTER, LLC,
SCG BAYWOOD, LLC,
SCG GRACEWOOD, LLC,
SCG HARBOURWOOD, LLC,
SCG LAURELLWOOD, LLC,
THE BRIDGES NURSING AND
REHABILITATION, LLC,

Jointly Administered with:

Case No. 8:17-bk-06580-CPM

Case No. 8:17-bk-06563-CPM

Case No. 8:17-bk-06564-CPM

Case No. 8:17-bk-06572-CPM

Case No. 8:17-bk-06576-CPM

Case No. 8:17-bk-06579-CPM

Debtors.

**MOTION OF KEY WEST HEALTH AND REHABILITATION
CENTER, LLC FOR ORDER AUTHORIZING (I) THE SALE OF
SUBSTANTIALLY ALL OF ITS ASSETS PURSUANT TO 11 U.S.C. § 363,
FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES,
AND (II) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS**

KEY WEST HEALTH AND REHABILITATION CENTER, LLC, as Debtor and Debtor in Possession (the “**Debtor**”), by and through its undersigned attorneys, respectfully requests the entry of an order by this Court authorizing: (a) the sale of substantially all of its assets to Regal Healthcare Acquisition, LLC and/or Assigns (“**Regal**”), subject to the terms and conditions of the Operations Transfer Agreement between the Debtor and Regal (the “**Regal OTA**”) and consideration of any higher and better offers, free and clear of any and all claims (including “claims” as defined in § 101(5) of the Bankruptcy Code), mortgages, pledges, liens, security interests, interests, charges, encumbrances, setoffs, recoupments, cure claims, liabilities, debts, indebtedness, costs, damages,

judgments or obligations of any character whatsoever and whenever arising, either before or after the Petition Date (collectively, the “**Encumbrances**”) other than the Permitted Liens (as defined below) and the Assumed Liabilities (as defined below), pursuant to 11 U.S.C. § 363¹; and (b) the assumption and assignment of Contracts (as defined herein) (the “**Sale Motion**”). In support of this Sale Motion, the Debtor states as follows:

Preliminary Statement

1. By this Sale Motion, the Debtor seeks entry of an order authorizing the sale of substantially all of the Debtor’s assets and property utilized with respect to its operation of a nursing home in Monroe County (the “**Regal Purchased Assets**”) to Regal or to such other prospective purchaser who is determined to have submitted a higher and better offer for the Regal Purchased Assets (as defined below) at the Auction (as defined below). The consideration to be paid by Regal for the Regal Purchased Assets shall be the total amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) (the “**Cash Component of Regal Purchase Price**”) in addition to the assumption of the Assumed Liabilities (as defined in the Regal OTA), accepting the assignment of the Transferred Debtor Contracts (as defined below); and paying the Cure Amounts (as defined in the Regal OTA); paying the FHA Payoff (as defined in the Regal OTA), and assuming the obligation to pay Hired Employees PTO Benefits (as defined in the Regal OTA) (the “**Regal Purchase Price**”), subject to adjustments set forth in the Regal OTA.

¹Pursuant to the Bid Procedures Motion (as defined herein), Regal’s offer as set forth in the Regal OTA is subject to higher and better bids. Thus, the relief requested in this Sale Motion is also sought as to any such higher and better bids.

2. To ensure that the sale process is open, fair, and efficient, the Debtor has filed a separate motion seeking entry of a separate order approving the Bid Procedures Motion (as defined below).

Jurisdiction and Venue

3. This Court has jurisdiction to consider this Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334. The subject matter of this Sale Motion is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this district pursuant to 28 U.S.C. § 1408.

4. The statutory predicates for the relief sought in this Sale Motion include 11 U.S.C. §§ 105, 363, 365, 1107, 1108, 1123, 1129, and 1146; Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure; and Local Rule 6004-1.

General Background

5. On July 27, 2017 (the “**Petition Date**”), the Debtor filed its Voluntary Petition for Relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”).

6. The Debtor continues to operate its business and manage its properties as debtor in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

7. Key West is licensed to operate a 120-bed facility located at 5860 W. Junior College Road, Key West, Florida. The Facility operates on real property that is leased from The Lower Keys Hospital District, which is not a debtor under any chapter of the Bankruptcy Code.

Sale Efforts; Bidding Procedures; Summary of Asset Purchase Agreement

Sale Efforts

8. The Debtor determined that it would be in the best interest of its creditors and its estate to maximize value of its assets through a sale of substantially all of its assets. The Official

Committee of Unsecured Creditors (the “**Committee**”), with the Debtors’ consent, began to solicit offers for the Facility while the Debtor attempted to formulate a plan. The Debtor has now agreed to the sale of the Facility. The Debtor, working with the Committee, now seeks to sell substantially all of its assets pursuant to §363 of the Bankruptcy Code. Absent such a sale, the Debtor would most likely achieve far less for creditors than a sale as a going concern.

9. The Debtor and the related debtors have employed Blueprint Healthcare Real Estate Advisors, LLC (“**Blueprint**”) and Mark Riso (“**Riso**”) in connection with the sale of various assets, including the Debtor’s assets. Blueprint has extensive experience in the sale of nursing home assets, including significant sales of nursing home assets throughout Florida.

10. On December 6, 2019, the Debtor and the related Debtors filed their application to employ Blueprint and Riso (Doc. No. 103) (the “**Application**”) as real estate brokers and advisors to market various assets, including the Facility.

11. As set forth in the Blueprint Application and the Engagement Agreement filed as an Exhibit to the Application (the “**Listing Agreement**”), Blueprint and Riso will be paid \$62,500 (the “**Blueprint Brokers’ Fee**”) for the sale of the Facility. The Blueprint Broker’s Fee shall be paid at Closing.

Description of Sale Agreements

12. On February 25, 2020, the Debtor and Regal executed the Regal OTA, which provides for the sale by the Debtor, and the purchase by Regal, of the Regal Purchased Assets. A copy of the Regal OTA is attached as Exhibit A to the Bid Procedures Motion.

13. The Regal Purchased Assets are to be sold and the Debtor shall convey the Regal Purchased Assets free and clear of any and all liens, claims, and encumbrances except for certain

liens and encumbrances (the “**Permitted Liens**”) and certain liabilities, including any liabilities and obligations in connection with the Regal Purchased Assets from and after the closing (the “**Assumed Liabilities**”) expressly set forth in the Regal OTA. The Assumed Liabilities include the FHA Payoff Amount, Cure Amounts, and Hired Employees PTO. Except for the Permitted Liens and the Assumed Liabilities or as otherwise expressly provided for by the Regal OTA or order of this Court, Regal shall have no liability or other obligation of the Debtor arising under or related to any of the Regal Purchased Assets on account of the sale.

14. Regal shall pay the Regal Purchase Price in consideration for the Regal Purchased Assets.

15. A copy of the Regal OTA is attached as Exhibit A to the Bid Procedures Motion and is incorporated herein by this reference thereto. The schedules to the Regal OTA (the “**Schedules**”) have not yet been filed with the Court but will be filed separately. A copy of the Regal OTA is on file with the Court with the Bid Procedures Motion and the Schedules will also be filed with Court and will be available for inspection and photocopying during the normal business hours of the Office of the Clerk of the United States Bankruptcy Court, 801 N. Florida Avenue, Suite 555, Tampa, FL 33602. A copy of the Bid Procedures Motion together with the Regal OTA as well as the Schedules, when filed, will be posted on the website of Stichter, Riedel, Blain & Postler, P.A. at www.srbp.com.

16. The description of the principal business terms of the Regal OTA contained in this Sale Motion is intended as a summary only and is qualified in its entirety by reference to the Regal OTA itself and, to the extent there is any inconsistency between the language of the Regal OTA and the description thereof set forth in this Sale Motion, the Regal OTA shall control any such

inconsistency. Each creditor of the Debtors and party in interest should read, consider and carefully analyze the terms and provisions of the Regal OTA. Unless otherwise defined herein, capitalized terms used below shall have the meaning ascribed thereto in the Regal OTA.

17. The principal business terms of the Regal OTA are as follows:

- (a) Regal will be purchasing all of the Debtor's right, title, and interest to the following assets (as set forth in Section 1.01 of the Regal OTA) (collectively, the "**Regal Purchased Assets**") as of the Closing Date, free and clear of all liens (except for the Permitted Liens and Assumed Liabilities):
 - (i) all inventory, , supplies, medical supplies, linens, foodstuffs and other consumables and all other tangible assets used by the Debtor in the operation of the Facility, as then maintained in the Facility on the Closing Date;
 - (ii) all patient and prospect lists, marketing information, telephone and fax numbers, telephone listings, email addresses and domain names used by the Facility;
 - (iii) all transferable licenses, transferable permits and other transferable governmental approvals or authorizations which are used, or may be used, in connection with the Facility (including, without limitation, any transferable authorizations to participate in any state or federal reimbursement program such as Medicare in accordance with Section 1.05 of the Regal OTA), whether issued or granted by any governmental authority or by any other person, and to the extent transferable, all operating, licenses and certification rights with respect to the licensed beds which are included in the certificate of need for the Facility;
 - (iv) all furniture, fixtures, equipment, furnishings, appliances, tools, instruments, machinery, office equipment, parts, and other tangible personal property (including, without limitation, all respiratory equipment and ventilators, and all computer terminals and monitors);
 - (v) all transferable third-party warranties and claims for warranties relating to the Facility or the Regal Purchased Assets that relate to the period after the Effective Time (as such term is defined below);

- (vi) all intellectual property of Debtor relating to the Facility, including Debtor's rights, if any, in, to and under the names "Key West Health and Rehab Center" and any derivatives of such names and any goodwill in connection therewith;
 - (vii) any other trade names, trademarks, service marks, symbols, logos, know-how, copyrights and other proprietary materials or intellectual property rights used or held for use in connection with the operation of the Facility and all goodwill associated with the Facility or any of the foregoing;
 - (viii) subject to applicable law and the provisions hereof, all employee records, including all employee employment applications, W4's, I9's and any disciplinary reports for the Hired Employees;
 - (ix) the vehicles listed on Schedule 1.1(a)(ix) attached to the Regal OTA;
 - (x) all of Debtor's rights under (A) that certain Ground Lease Agreement (as defined in the Regal OTA) between the Debtor, as lessee, and Lower Florida Keys Hospital District, (B) those certain agreements with then current patients and residents of the Facility as of the Effective Time (as defined in the Regal OTA) (including individuals temporarily not in occupancy) regarding admission and residency at the Facility, and (c) such other contracts that Purchaser agrees to assume, to be listed on Schedule 1.1(a)(x) of the Regal OTA; and
 - (xi) all Patient Care Records and Operations Records (as such terms are defined in Section 1.11 of the Regal OTA);
- (b) The following items (collectively, the "**Excluded Assets**") are excluded from the Regal Purchased Assets and shall remain the property of the Debtor after the Closing:
- (i) all cash and cash equivalents, bank accounts, certificates of deposit, and short-term investments;
 - (ii) all right, title and interest in and to all accounts receivable that relate to all periods on or prior to the Effective Time (as such term is defined below), including, without limitation, receivables from governmental third-party payors;

- (iii) all rights of the Debtor relating to deposits, prepaid expenses, and/or claims for refund (excluding Resident Trust Funds (as such term is defined below) and Resident Deposits);
- (iv) all rights of the Debtor under this Agreement and all Transaction Documents;
- (v) all rights of the Debtor in connection with, and assets of, the Debtor's employee benefit plans and all right to payment of monies that relate to the period on or prior to the Effective Time;
- (vi) subject to the provisions of Section 1.11 of the Regal OTA, all records of the Debtor, including limited liability company records, corporate record books, minute books, tax record, accounting books and records, databases, information related to patient accounts, policies and procedures, personnel records, and other records, and any other records which the Debtor is required to retain by law;
- (vii) all rights in, claims to, and payments of any and all amounts relating to the Regal Purchased Assets, the Excluded Assets, the Facility and/or the ownership or operation thereof, including all accounts receivable, rebates, refunds or credits of whatever nature, including all claims for refund of Taxes (as defined in the Regal OTA), whether real, personal, tangible or intangible, and other governmental charges, whenever and however paid, issued or credited and, in the case of the Regal Purchased Assets and the Facility to the extent the same relate to any period on or prior to the Effective Time;
- (viii) all computer software, computer systems and computer programs, excluding any equipment subject to any lease included in the Assigned Contracts;
- (ix) all contracts to which the Debtor is a party, excepting the Assigned Contracts;
- (x) all Debtor Medicare Payments;
- (xi) All of Debtor's insurance proceeds, dividends, rebates, refunds, or credits arising in connection with the Excluded Assets or the operations of any Debtor prior to the Effective Time;
- (xii) All deposits made with respect to (a) contracts that are not assumed by Purchaser, (b) Excluded Assets, and (c) utilities;

- (xiii) All inventory not owned by the Debtor or that is disposed of or exhausted on or prior to the Effective Time in the ordinary course of business;
- (xiv) All items of personal property not owned by the Debtor or that are transferred or disposed of on or prior to the Effective Time in the ordinary course of business;
- (xv) All amounts due, if any, to the Debtor from any affiliate, officer, director, employee, or related entity or person of the Debtor, including, but not limited to, those amounts listed as “Intercompany Receivables” in the schedules or other papers filed by the Debtor in the Bankruptcy Case occurring prior to Closing;
- (xvi) All rights and claims under or pursuant to all warranties (express or implied), representations or guarantees made or provided by third parties relating to any Excluded Assets or the operations of any Debtor prior to the Effective Time;
- (xvii) All rights to settlements and retroactive adjustments, if any, whether arising under any cost report, whether open or closed, arising from or against the United States government or any state government under the terms of the Medicare and Medicaid programs, and against any third-party payor programs which settle upon a basis other than an individual claims basis due or incurred prior to Closing;
- (xviii) Debtor’s Medicare and other governmental third-party payor provider agreements and any associated provider numbers, to the extent not assumed or transferred to the Purchaser;
- (xix) All of the Debtor’s causes of action, actions which a trustee, debtor in possession, or other appropriate party in interest may assert on behalf of a Debtor of the bankruptcy estate of a Debtor under Chapter 5 of the Bankruptcy Code, including actions under one or more provisions of §§ 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code and the Debtor’s claims or causes of action for professional negligence and director and officer liability;
- (xx) All of the Debtor’s insurance proceeds, dividends, rebates, refunds, or credits arising in connection with the Regal Purchased Assets or Facility, in each case, to the extent the same relate to any period on or prior to the Closing Date (whether in whole or in part, and, if in

part, as shall be allocated to the period prior to the Closing Date based on the relative number of days applicable thereto);

- (xxi) All assets listed on Schedule 1.1(b)(xxi) of the Regal OTA; and
 - (xxii) All assets that are not Regal Purchased Assets.
- (c) In consideration of the purchase and sale of the Regal Purchase Assets, on the Closing Date, Regal shall pay the Cash Component of the Regal Purchase Price in immediately available funds and assume obligations included in the Regal Purchase Price. The Regal Purchase Price shall be adjusted at the Closing in accordance with the provisions of the Regal OTA.
 - (d) The Buyer's obligation to close under the Regal OTA is subject to, among other things, the receipt of the Sale Order.
 - (e) The actions contemplated to consummate the transactions under the Regal OTA (the "**Closing**") shall occur on the day which is no later than two (2) business days following the satisfaction or waiver by the appropriate party of all the conditions precedent to Closing specified in Article VII and Article VIII of the Regal OTA, or at such later date as the parties hereto may mutually designate in writing (the "**Closing Date**"). The Closing shall occur concurrently with the Closing under the Purchase Agreement and take place at the offices of Galbut Walters & Associates, 4770 Biscayne Blvd., Suite 1400, Miami, Florida 33137, at 10:00 a.m. local time or at such other location or by such remote methodology as the parties may agree. Notwithstanding the actual time at which the Closing occurs, the time (the "**Effective Time**") at which the Closing shall be deemed to be effective shall be 12:01 a.m. on the day immediately following the Closing Date (which shall in all cases be the first day of a month unless otherwise agreed to by the parties).
 - (f) The Regal OTA includes provisions regarding termination, including provisions providing that, the Regal OTA (i) may be terminated at any time upon the mutual consent of the Debtor and Regal, (ii) may be terminated at any time at or prior to the Closing Date as set forth in Section 9.01 of the Regal OTA, and (iii) may be terminated by either party if Closing has not occurred on or before June 30, 2020.
 - (g) Subject to approval by the Court in connection with the Bid Procedures Motion, the Debtor has sought approval of a break-up fee equal to One Hundred Thousand Dollars (\$100,000.00) (the "**Break Up Fee**").

- (h) The parties to the Regal OTA have each agreed that the Indemnification Holdback Escrow equal to One Hundred Fifty Thousand Dollars (\$150,000.00) that will cover the indemnification obligations of the Debtor under ARTICLE X of the Regal OTA. The indemnification obligations of the Debtor contained in the Regal OTA shall survive the Closing and the consummation of the transactions contemplated by this Agreement for one (1) year (the “**Indemnification Period**”) following the Closing Date and then expire on the date that is twelve (12) months following the Closing Date; provided, however, that any claim based on Debtor’s fraud or intentional misrepresentation shall survive for the applicable statute of limitations.

18. The Regal Purchased Assets shall be sold, transferred and conveyed by the Debtor to Regal at Closing free and clear of all Encumbrances, excepting the Regal Permitted Liens and Regal Assumed Liabilities, pursuant to §363 of the Bankruptcy Code and an order of this Court granting this Sale Motion (the “**Sale Order**”).

Bidding Procedures

19. To establish a fair and competitive process for submission of competing bids for the Debtor’s assets, on February 26, 2020, the Debtor filed its *Motion of Key West Health and Rehabilitation Center, LLC for Entry of an Order (I) Approving Bid Procedures in Connection With the Sale of Substantially All of Its Assets to Regal Healthcare Acquisitions, LLC, (II) Establishing Procedures for the Assumption and/or Assignment by the Debtor of Certain Executory Contracts and Unexpired Leases, (III) Approving Break Up Fee and Minimum Overbid Amount, (IV) Approving Form and Manner of Notice of Bidding Procedures, and (V) Setting Objection Deadlines* (the “**Bid Procedures Motion**”) [Doc. No. 1117]² seeking approval of bid procedures to ensure the highest and best offer for the Debtor’s assets.

²A copy of the Bid Procedures Motion will be posted on the website of Debtor’s counsel (www.srbp.com) under “Client Documents”.

20. The Bid Procedures Motion seeks the approval of (a) procedures in connection with the submission of competing bids for the purchase of the Regal Purchased Assets, (b) the Break Up Fee , and (c) a minimum overbid amount.

21. All parties are directed to review the procedures set forth in the Bid Procedures Motion for the submission of competing bids and the proposed bid deadlines.

Relief Requested

Sale of Assets

22. By this Sale Motion, the Debtor requests that this Court, pursuant to §§ 363(b), (f) and (m) of the Bankruptcy Code and Rule 6004 of the Federal Rules of Bankruptcy Procedure, approve the Regal OTA and the sale of the Regal Purchased Assets to Regal free and clear of all Encumbrances, except the Regal Permitted Liens and Regal Assumed Liabilities.

23. Section 363(b)(1) states that the “trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts usually defer to the business judgment of a debtor in deciding whether or not to authorize a debtor to sell property outside the ordinary course of business. *See e.g., In re Continental Airlines, Inc.*, 780 F.2d 1223 (5th Cir. 1986); *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2nd Cir. 1983); *In re Mason’s Nursing Center, Inc.*, 73 E.R. 360, 362 (Bankr. S.D. Fla. 1987).

24. Section 363(b)(1) of the Bankruptcy Code authorizes a trustee or debtor in possession to “use, sell, or lease, other than in the ordinary course of business, property of the estate” after notice and a hearing. 11 U.S.C. §§ 363(b)(1). The standard applicable to a motion under Section 363(b)(1) of the Bankruptcy Code is whether the proposed sale serves a sound business purpose. *In re BDK Health Management*, 1998 WL 34188241, *5 (Bankr. M.D.Fla.

1998). To determine whether this standard is satisfied, Courts have considered whether: (1) there is any improper or bad faith motive, (2) price is fair and the negotiations or bidding occurred at arm's length, (3) there has been an adequate procedure, including proper exposure to the market and accurate and reasonable notice to all parties in interest. *In re Gulf States Steel Inc. of Alabama*, 285 B.R. 497, 514 (Bankr. N.D. Ala. 2002). In this instance, each of the factors are met.

25. Subject to the terms and conditions of the Regal OTA, the Debtor, in the sound exercise of its business judgment, has concluded that consummation of the sale will best maximize the value of the Debtor's estate for the benefit of the Debtor's creditors.

26. In order to ensure the highest possible recovery for the Debtor's estate, the Debtor proposes a competitive auction for the sale of the Regal Purchased Assets, as contemplated by the Bid Procedures Motion. Accordingly, the Debtor respectfully asserts that ample business justification exists for the sale.

27. Pursuant to Section 363(f) of the Bankruptcy Code, the Debtor will sell the Regal Purchased Assets free and clear of all liens, claims and encumbrances, except those assumed in the Regal OTA. The Debtor seeks an order that the contemplated sale of the Regal Purchased Assets to Regal be free and clear of all liens, claims and encumbrances, other than the Permitted Liens and Assumed Liabilities. The Debtor proposes that any liens transfer and attach to the net sale proceeds with the same validity, priority, force and effect that such liens had on the assets immediately prior to the Closing.

28. The Debtor requests that this Court find, at the sale hearing, that Regal (or any other Successful Bidder and Backup Bidder, each defined below) is a good-faith purchaser entitled to the protections of Sections 363(m) and (n) of the Bankruptcy Code. The Debtor further requests

that, after the sale hearing, this Court enter the order approving the sale (the “**Sale Approval Order**”) authorizing and approving the Regal OTA or the OTA executed by any other party approved by the Court as having submitted the highest and best bid (such party, which may be Regal, being the “**Successful Bidder**”) and designating the party approved by the Court as having submitted the second highest bid, which may also be Regal, (the “**Backup Bidder**”), and authorizing the Debtor’s execution of, entry into, and consummation of the transfer documents with the Successful Bidder or Backup Bidder. The Debtors also seek authority to pay the Broker’s Fee at Closing.

29. The Debtor have negotiated with Regal at arms’ length and in good faith. Regal is not affiliated with or owned in whole or in part by anyone associated with the Debtor. Regal is not an insider of the Debtor and neither the Debtor nor its affiliates have any interest in Regal. Accordingly, subject to the Debtor making specific proffers regarding the ultimate bidder or back-up bidder(s), the Debtor requests that the Order approving the sale find that Regal a good-faith purchaser entitled to protections of Bankruptcy Code § 363(m).

30. For all of the reasons set forth in this Sale Motion, the Debtor, through the exercise of its business judgment, has determined that the sale of the Regal Purchased Assets to Regal or, if different, the Successful Bidder, and the other transactions set forth in the Regal OTA are in the best interests of the Debtor, its creditors, and its estate. The Debtor has been engaged in and continues to be engaged in efforts to market the Regal Purchased Assets and has determined that the proposed Regal Purchase Price offered by Regal together with the assumption of the Regal Assumed Liabilities by Regal is reasonable, represents fair market value, and the proposed sale is in the best

interest of the estate. Moreover, the proposed sale is subject to higher and better offers which will ensure that the price is fair and reasonable.

Assumption and Assignment of Contracts

31. By this Sale Motion, the Debtor also seeks, pursuant to Sections 365(a) and (b)(1) of the Bankruptcy Code, authority to assume and/or assign to the Successful Bidder or Backup Bidder, as applicable, all of its right, title and interest in and to the executory contracts, leases, and agreements as set forth in the Regal OTA or as designated in any other bid that may be the Successful Bid or Backup Bid, specifically the Patient/Resident Agreements (as defined in the Regal OTA) and the Assumed Contracts (as defined in the Regal OTA) (collectively, the “**Transferred Debtor Contracts**”) free and clear of all liens, claims, and encumbrances. The Debtor’s assumption and/or assignment to Regal or any other Successful Bidder or Backup Bidder of the Transferred Debtor Contracts is conditioned upon the approval of this Court and the closing of the transactions contemplated by the Regal OTA or, if different, the Successful Bidder or Backup Bidder OTA as well as the resolution of any objections to such assumption and/or assignment filed with the Court.

32. Regal has agreed to assume all agreements with patients and residents of the Facility as of the Effective Time (as defined in the Regal OTA) (including individuals temporarily not in occupancy) regarding admission and residency at the Facility, which will provide significant benefit to the residents. Regal has sufficient assets to provide adequate assurance of future performance of these obligations.

33. The Debtor believes that Regal will be able to perform its obligations under the Transferred Debtor Contracts following the closing under the Regal OTA, and that the assumption and/or assignment to Regal of the Transferred Debtor Contracts is in the best interest of the Debtor,

its creditors, and its estate in that it will relieve the Debtor of additional claims and obligations under the Transferred Debtor Contracts. Regal is willing to undertake performance of the Transferred Debtor Contracts upon the Closing of, and subject to the terms and conditions of, the Regal OTA, conditioned upon the Court's approval of the assumption and/or assignment of the Transferred Debtor Contracts and Closing on the Regal OTA.

Transfer Tax Exemption

34. The sale of the Regal Purchased Assets, as contemplated by the Regal OTA, may be accomplished pursuant to and in contemplation of the confirmation of a plan of reorganization, pursuant to §1146(a) of the Bankruptcy Code. If sold in connection with a confirmed plan, the Debtor hereby requests that the making or delivery of an instrument or instruments of transfer, any or all of which include the vesting, transfer and/or the sale of any real or personal property or any direct or indirect interest therein, including, without limitation, all documents relating to or referred to in the Regal OTA, not be taxed under any law imposing any recording, registration, transfer or stamp tax or fee, or any similar tax or fee, including any applicable transfer taxes or fees, sales taxes, or mortgage recording taxes or fees. The Debtor further requests that all Federal, state and local governmental agencies or departments be directed to accept and abide by the terms of the transfer tax exemption as set forth herein in connection with any transfer of the Regal Purchased Assets, including accepting any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Regal OTA.

Notice

35. A copy of this Sale Motion is being served on Regal, Regal's counsel, the Office of the United States Trustee, and counsel for the Official Committee of Unsecured Creditors. A

copy of this Sale Motion is being served on all creditors and parties in interest of the Debtor. Subject to obtaining procedures to comply with applicable law governing the confidentiality of patients, the Debtor will serve this Sale Motion on current and former residents and patients. Accordingly, the Debtor requests that the Court enter an order finding that such notice of this Sale Motion is adequate and sufficient and complies with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court.

36. At the Sale Hearing, the Debtor will request that the Court enter an order waiving the 14-day stays set forth in Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure and providing that the orders granting this Sale Motion be immediately enforceable and that the closing under the Sale Agreements may occur immediately.

WHEREFORE, the Debtor respectfully requests entry of an order granting the relief requested herein, and for such other and further relief as is just and proper.

/s/ Scott A. Stichter
Scott A. Stichter (FBN 0710679)
Elena Paras Ketchum (FBN 0129267)
Stichter Riedel Blain & Postler, P.A.
110 East Madison Street, Suite 200
Tampa, Florida 33602
Telephone: (813) 229-0144
Email: sstichter@srbp.com
Email: eketchum@srbp.com
Attorneys for Debtor

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing *Motion of Key West Health and Rehabilitation Center, LLC for Order (I) Authorizing the Sale of Substantially All of Its Assets Pursuant to 11 U.S.C. § 363, Free and Clear of All Liens, Claims and Encumbrances, and (II) Authorizing the Assumption and Assignment of Contracts* was furnished by CM/ECF on February 26, 2020, and/or by U.S. Mail on February 27, 2020 to:

U.S. Trustee's Office

All creditors on the matrix attached

All parties receiving notice via CM/ECF transmission

/s/ Scott A. Stichter

Scott A. Stichter

13506.2310820 (v3)

Label Matrix for local noticing
113A-8
Case 8:17-bk-06580-CPM
Middle District of Florida
Tampa
Wed Feb 26 15:20:28 EST 2020

Healthcare Services Group, Inc.
c/o Carney Law Firm, P.A.
Nathan A. Carney, Esq.
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814 Petronia Street
Key West, FL 33040

Airgas USA, LLC
P.O. Box 532609
Atlanta, GA 30353-2609

Alan Perez
6 Evergreen Court
Key West, FL 33040-6244

Alert Fire Sprinklers, Inc.
1603 Barber Road
Sarasota, FL 34240-9391

Alfredo Vazquez c/o Mercedes Vazquez
3608 Northside Drive
Key West, FL 33040-4252

Ally
PO Box 9001948
Louisville, KY 40290-1948

AmeriGas Propane LP
P.O. Box 371473
Pittsburgh, PA 15250-7473

American Ambulance - Monroe
PO Box 22-1178
Hollywood, FL 33022-1178

Amerisure Insurance
Dept #905049
Charlotte, NC 29290-5049

Amerisure Mutual Insurance Company
c/o Timothy W. Brink
Meltzer, Purtill & Stelle LLC
300 South Wacker Drive, Suite 2300
Chicago, IL 60606-6701

Anchor Towing
189 US Highway 1
Key West, FL 33040-5476

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17089 Bonefish Lane W.
Summerland Key, FL 33042-3619

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Key West, FL 33040-6934

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One Tampa City Center, #700
Tampa, FL 33602

Arline Wallace c/o Bob Wallace
11453 2nd Avenue Ocean
Marathon, FL 33050-3605

BCBSFL
Connolly Consulting
P.O. Box 602624
Charlotte, NC 28260-2624

Barbara Toland
17061 Marlin Drive
Sugarloaf Key, FL 33042-3638

Barbaro Martinez
5860 College Road
Key West, FL 33040-4314

Belkis Suarez c/o Becky Suarez
22857 Privateer Drive
Cudjoe Key, FL 33042-4210

Blue Cross - Refunds
PO Box 44267
Jacksonville, FL 32231-4267

Bouchard Insurance
PO Box 6090
Clearwater, FL 33758-6090

Briggs Healthcare
P.O. Box 1355
Des Moines, IA 50306-1355

Brigitta Pusey
301 White Street Apt. 7H
Key West, FL 33040-6977

Bruce L. Boros, M.D. PA
D/B/A Advanced Urgent Care Center
3401 Northside Drive
Key West, FL 33040-4238

Carlos Ysidro
1504 Flagler Avenue
Key West, FL 33040-4924

Charles Borden
29125 Mango Lane
Big Pine Key, FL 33043-6058

Charles Curry
3100 Riviera Drive
Key West, FL 33040-4630

Chester Rakowski
165 South Point Drive
Sugarloaf Key, FL 33042-3521

Cigna Health and Life Insurance Company
P.O. Box 182223
Chattanooga, TN 37422-7223

City of Key West
P. O. Box 9150
Paducah, KY 42002-9150

Clara Fernandez
1916 Patterson Avenue
Key West, FL 33040-3610

Comcast
PO Box 530098
Atlanta, GA 30353-0098

Cooke Communications
Key West Citizen
3420 Northside Drive
Key West, FL 33040-4254

Coral Medical Equipment & Supply, Inc.
P.O. Box 9720
Tavernier, FL 33070-9720

Daniel Marion
1540 5th Street
Key West, FL 33040-5106

Daniel Probert
3728 Flagler Avenue
Key West, FL 33040-4529

Dennis Dallmayer
1302 11th Street
Key West, FL 33040-4029

Department of Veterans Affairs
P.O. Box 469062
Denver, CO 80246-9062

Department of Revenue
PO Box 6668
Tallahassee FL 32314-6668

Dinora Pita
2509 Staples Avenue
Key West, FL 33040-3922

DirectTV
PO Box 105249
Atlanta, GA 30348-5249

Direct Supply, Inc.
Box 88201
Milwaukee, WI 53288-0201

Directec Corp
908 Lily Creek Rd, #101
Louisville, KY 40243-2825

Donald Lee
4259 Hopewell Church Rd
Pine Mountain, GA 31822-3276

Donald Preston
15805 Southwest 33rd Street
Ocala, FL 34481-4943

Donald Wiggins
20786 Apollo Ter
Ashburn, VA 20147-2824

Eccolab Group
8370 W. Flagler St, Ste 216
Miami, FL 33144-2038

Eclipse Internet
100 Ashford Center North, #110
Atlanta, GA 30338-4851

Eclipse Networks, Inc.
100 Ashford Center North, Suite 110
Atlanta, GA 30338-4851

Ecolab Food Safety Specialties
24198 Network Place
Chicago, IL 60673-1241

Ecolab, Inc.
P.O. Box 32027
New York, NY 10087-2027

Eugenia Butler
207 Julia St.
Key West, FL 33040-7552

EverBank Commerical Finance, INC.
PO Box 911608
Denver, CO 80291-1608

Falck SE II Corp
d/b/aAmerican Ambulance Service-Dade
PO Box 66-8710
Miami, FL 33166-9421

Federal Housing Administration
HUD-Multifamily Mortgage Notes
Five Points Plaza Bldg, 40 Marietta St
Atlanta, GA 30303-2806

Feldman Koenig Highsmith & Van Loon PA
3158 Northside Drive
Key West, FL 33040-8025

Florida Blue
P.O. Box 2210
Jacksonville, FL 32203-2210

Florida Health Care Association
PO Box 1459
Tallahassee, FL 32302-1459

Florida Keys Aqueduct Authority
1100 Kennedy Drive
Key West, FL 33040-4021

Florida Star Linen
1501 Lancer Drive
Moorestown, NJ 08057-4233

Florida U.C. Fund
Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0110

Frank's PTAC Service Inc.
9607 SW 3rd Lane
Miami, FL 33174-2065

Gerald Mosher
1701 Ashy Street
Key West, FL 33040-5366

Group Health Incorporated
P.O. Box 2814
New York, NY 10116-2814

HD Supply Facilities Maintenance, Ltd
PO Box 509058
San Diego, CA 92150-9058

Harvey Watkins
1709 South Street
Key West, FL 33040-3516

Healthcare Services Group, Inc.
3220 Tillman Drive, Ste 300
Bensalem, PA 19020-2028

Herman Goldstein
2611 Fogarty Street
Key West, FL 33040-3916

Humana Health Care Plans
P.O. Box 931655
Atlanta, GA 31193-1655

IMD - Blum Telehealth
PO Box 8248
Searcy, AR 72145-8248

Independent Living Systems
P.O. Box 21596
Eagan, MN 55121-0596

Integrated Fire & Security Solutions Inc
1970 Dana Drive
Fort Myers, FL 33907-2104

Internal Revenue Service
P.O. Box 7346
Philadelphia, PA 19101-7346

Iron Mountain
PO Box 27128
New York, NY 10087-7128

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2432 Flagler Avenue
Key West, FL 33040-3844

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Key West, FL 33040-4098

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Key West, FL 33040-6302

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Dayton, OH 45431-2618

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P.O. Box 5583
Key West, FL 33045-5583

Jose Salgado
2614 Patterson Avenue
Key West, FL 33040-3921

KONK Life
607 Eaton Street #2
Key West, FL 33040-6802

KW Resort Utilities Corp
P.O. Box 2125
Key West, FL 33045-2125

Key Tel, Inc.
P.O. Box 966
Key West, FL 33041-0966

Key West Diagnostics
3414 Duck Avenue
Key West, FL 33040-4427

Key West Family Medical Center
1446 Kennedy Drive
Key West, FL 33040-4008

Key West HMA Physicians Management
P.O. Box 11396
Belfast, ME 04915-4004

Key West Orthopedics, P.A.
3428 N. Roosevelt Blvd.
Key West, FL 33040-4224

Key West Urgent Care, Inc.
1501 Government Road
Key West, FL 33040-5108

Keys Energy Service
PO Box 6048
Key West, FL 33041-6048

Keys Fire Extinguishers, Inc
PO Box 430624
Big Pine Key, FL 33043-0624

Keys Mini Self Storage
P.O. Box 6002
Key West, FL 33041-6002

Kirk Zuelch
3742 Donald Avenue
Key West, FL 33040-4410

LOWER KEYS MEDIAL CENTER C/O PASI
PO BOX 188
BRENTWOOD, TN 37024-0188

Lee's Pressure Cleaning
Jason Lee
5030 5th Ave, #45
Key West, FL 33040-5712

Lower Florida Keys Hospital District
P.O. Box 5403
Key West, FL 33045-5403

Lower Keys Medical Center
Key West HMA
P.O. Box 281378
Atlanta, GA 30384-1378

Lynn Kaufelt
900 Flagler Avenue
Key West, FL 33040-4744

MD4ER
P. O. Box 743501
Atlanta, GA 30374-3501

MHD Communications
5808 Breckenridge Pkwy, Ste G
Tampa, FL 33610-4242

Madeline Blanco
1216 Margaret St.
Key West, FL 33040-3214

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2311 Seidenburg Ave
Key West, FL 33040-3852

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Summerland Key, FL 33042-4520

Med Place Staffing Solutions
JAF Station
PO Box 3249
New York, NY 10116-3249

Medicaid Done Right LLC
2560 Gulf to Bay Blvd., #300
Clearwater, FL 33765-4435

Medical Care Services, Inc.
91884 Overseas Highway
Tavernier, FL 33070-2643

Medical Transportation Management Corp
AMC Medical Transportation
PO Box 52-2068
Miami, FL 33152-2068

Medicomp, Inc.
600 Atlantis Road
Melbourne, FL 32904-2315

Mellon-Overpayment Recovery Receipts
P.O. Box 121213 Dept 1213
Dallas, TX 75312-1213

Message On Hold by ESP.Com, Inc.
PO Box 10372
Tampa, FL 33679-0372

Mike Haack Excavating Inc.
PO Box 430725
Big Pine Key, FL 33043-0725

Nadege Joseph
 %Key West Health & Rehab
 1240 Marbella Plaza Dr.
 Tampa, FL 33619-7906

National Datacare Corp
 PO Box 222430
 Chantilly, VA 20153-2430

Northside Medical Associates
 3138 Northside Drive
 Key West, FL 33040-8028

Olive Blake
 17165 Wahoo Lane
 Summerland Key, FL 33042-3626

(p)OMNICARE INC
 ATTN KAREN DAILEY CREDIT AND COLLECTIONS
 C/O CVS HEALTH
 444 N 44TH STREET
 PHOENIX AZ 85008-6523

PWS, INC
 12020 Garfield Ave
 South Gate, CA 90280-7823

Patty Dixon
 1405 Walton Street
 Key West, FL 33040-4833

Perfomance Health
 P.O. Box 93040
 Chicago, IL 60673-3040

PointRight, Inc.
 150 Cambridge Park Drive, Ste 301
 Cambridge, MA 02140-2479

Power Washing Services Inc.
 PO Box 4494
 Key West, FL 33041-4494

Radiology in Paradise LLC
 PO Box 890618
 Charlotte, NC 28289-0618

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 Key West, FL 33040-4120

Rod Arthur
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 Marathon, FL 33050-4004

Roger Hood
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 Big Pine Key, FL 33043-4640

Sarah Lewis
 401 South Street
 Key West, FL 33040-3587

Scale-Rite, Inc.
 P.O. Box 971459
 Miami, FL 33197-1459

Senior Care Group
 1240 Marbella Plaza Drive
 Tampa, FL 33619-7906

Senior Care Group - 401K
 1240 Marbella Plaza Drive
 Tampa, FL 33619-7906

Senior Care Group - Health Claims Acct
 1240 Marbella Plaza Drive
 Tampa, FL 33619-7906

Southernmost Emerg Physicians
 PO Box 37782
 Philadelphia, PA 19101-5082

Southernmost Foot and Ankle Specialists
 975 Baptist Way Suite 101
 Homestead, FL 33033-7600

Stella Stamitia Rylander
 c/o Chris Mancini, Esq.
 224 Commercial Blvd., #300
 Fort Lauderdale, FL 33308-4443

Stericycle, Inc.
 P.O. Box 6582
 Carol Stream, IL 60197-6582

Sturtz Lock & Safe
 Kri Kar Inc.
 3255 Flagler Ave, Ste 306
 Key West, FL 33040-4646

Sub Zero, Inc.
 6003 Peninsula Avenue, #5
 Key West, FL 33040-6017

SupplyWorks
 P.O. Box 404468
 Atlanta, GA 30384-4468

Susan Smith
1777 20th Street
Cuyahoga Falls, OH 44223-1321

The Key West Citizen
P.O. Box 1800
Key West, FL 33041-1800

Therapy Equipment Technical Services
605 South East 12th Ave
Deerfield Beach, FL 33441-4968

Thyssenkrupp Elevator Corporation
P.O. Box 933004
Atlanta, GA 31193-3004

Transitions Management
105 N. 5th Ave.
Madill, OK 73446-1200

Tricare
P.O. Box 7890
Madison, WI 53707-7890

Truly Nolen of America, Inc.
100105 Overseas Hwy.
Key Largo, FL 33037-4422

TwinMed LLC
P.O. Box 54390
Los Angeles, CA 90054-0390

U.S. Legal Support, Inc.
P.O. Box 864407
Orlando, FL 32886-4407

US Foods, Inc.
P.O. Box 281838
Atlanta, GA 30384-1838

US Managed Care Services LLC
2219 Climbing Ivy Drive
Tampa, FL 33618-1712

Unemployment Tax Control Associates Inc
One Financial Plaza, 1350 Main St, 12th
Springfield, MA 01103

United Healthcare Insurance Company
22561 Network Place
Chicago, IL 60673-1225

UnitedHealthcare Insurance Company
Attn: CDM - Bankruptcy
185 Asylum Street - 03B
Hartford, CT 06103-3408

Unlimited Electric Technologies, Inc.
5585 2nd Ave # 2
Key West, FL 33040-5932

Ursource, LLC
45 Runway Rd. Suite H
Levittown, PA 19057-4737

Virginia Probert
3728 Flagler Avenue
Key West, FL 33040-4529

WPS Tricare for Life
P.O. Box 7928
Madison, WI 53707-7928

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P.O. Box 105710
Atlanta, GA 30348-5710

Wetherington, Hamilton & Harrison PA
PO Box 172727
Tampa, FL 33672-0727

William Nesmith
701 Spanish Main Dr. Apt 251
Cudjoe Key, FL 33042-4333

Wright National Flood Insurance Co
P.O. Box 33070
St. Petersburg, FL 33733-8070

XO Communications
14239 Collections Center Drive
Chicago, IL 60693-0001

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110 E. Madison Street, Suite 200
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Timberlake Annex, Suite 1200
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Tampa, FL 33602-3949

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Nathan A Wheatley +
Office of the U.S. Trustee
501 E. Polk St., Suite 1200
Tampa, FL 33602-3945

Omnicare, Inc.
Dept 781668
P.O. Box 78000
Detroit, MI 48278-1668

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(d)Healthcare Services Group, Inc.	End of Label Matrix	
c/o Carney Law Firm, P.A.	Mailable recipients	176
Nathan A. Carney, Esq.	Bypassed recipients	1
400 N. Ashley Dr., Suite 2600	Total	177
Tampa, FL 33602-4310		