

EXHIBIT V-C

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW HAMPSHIRE**

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<b>In re:</b>	:
	:
	: <b>Chapter 11</b>
	:
<b>LRGHEALTHCARE,</b>	:
	: <b>Case No. 20-10892 (MAF)</b>
	:
<b>Debtor.<sup>1</sup></b>	:
	:
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**DECLARATION OF COURTNEY MIDANEK IN SUPPORT OF  
DEBTOR’S SALE MOTION**

I, Courtney Midanek, declare, pursuant to section 1746 of title 28 of the United States Code, that:

1. I am a Managing Director with Kaufman, Hall, and Associates, LLC (“Kaufman Hall”), and was retained by the LRGHealthcare (the “Debtor”) as a Financial Advisor in connection with the proposed sale of the Debtor’s assets. My office is located at 10 S. Wacker, Suite 3375, Chicago, IL 60606.

2. I submit this declaration in support of the *Debtor’s Motion for Sale of Property Under Section 363(B) and for Order (B)(I) approving the sale of substantially all of the debtor’s estate free and clear of all interests, (II) approving the assumption and assignment of certain executory contracts and unexpired leases, and (III) granting related relief* [Dkt. No. 45] (the “Sale Motion”).<sup>2</sup>

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification number are 2150. The address of the Debtor’s headquarters is 80 Highland Street, Laconia, NH 03246.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Sale Motion.

3. Except as otherwise indicated, all the facts set forth in this Declaration are based upon my personal knowledge, upon information supplied to me by other members of the Debtor's management or professionals, upon information learned from my review of the relevant documents, or opinion based upon my experience and knowledge of the Debtor's financial operations and my experience in the financial industry generally. If called as a witness, I could and would testify to the facts set forth in this Declaration.

4. Kaufman Hall has been a consultant to the healthcare industry for more than 30 years and has provided support in more than 150 completed transactions in the healthcare industry in recent years.

5. Kaufman Hall provides a broad range of advisory services to its clients in the healthcare industry, including evaluating, structuring, negotiating, and executing mergers, acquisitions, partnerships, joint ventures, and other transactions.

6. Kaufman Hall has extensive expertise providing financial advisory and sell-side M&A services to national and large multi-regional health systems, academic medical centers, community hospitals, physician practice groups, health insurers, and capital providers to the healthcare industry. In particular, Kaufman Hall has successfully managed engagements for companies wherein the ultimate solution to maximize value for the various constituents required filing for protection of Chapter 11 of the United States Bankruptcy Code to ultimately effectuate operational turnarounds, balance sheet restructurings, or sales of the businesses through a 363 auction process and plans of reorganization.

#### **DEBTOR'S PRE-PETITION SOLICITATION ACTIVITIES**

7. In June 2018, LRGHealthcare engaged Kaufman Hall to provide advisory services and lead an exhaustive sales process.

8. As part of this process, Kaufman Hall to screened forty-three (43) potential partners and reached out to nineteen (19) organizations which resulted in five (5) non-binding indications of interest in 2018. One (1) of the five (5) non-binding indications of interest presented a loose affiliation relationship and did not meet the immediate financial needs of the Debtor. Due diligence led one partner to rescind its offer in October 2018, and a second withdrew from the process shortly thereafter. A third indicated that it was no longer interested in December 2018. In March 2019, after extensive due diligence, the only remaining and most viable initial offer was significantly reduced in terms of economic consideration, making it was reliant on Debtor's lenders agreeing to accept below par payments on the then outstanding mortgage and other liabilities. Unfortunately, the Debtor's lenders rejected the concept of a below-par offer, when approached. The 10-month strategic partnership solicitation process, in which a comprehensive list of potential buyers was exhausted, ultimately concluded without an interested bidder that would provide consideration at the level or in excess of outstanding obligations, leaving the Debtor in a financially and operationally unsustainable position.

9. The majority of bidders approached cited LRGHealthcare's large debt-load as the rate-limiting issue when it came time to place a bid or move forward in the process. Despite those obstacles and after further marketing and solicitation efforts, LRGHealthcare eventually entered into a proposed purchase agreement with the Stalking Horse to purchase substantially all of the Debtor's assets, as it was presented to the Court for conditional approval.

10. Concurrently with our efforts to assist the Debtor with respect to the Stalking Horse Bid, Kaufman Hall also assisted and advised the Debtor in its efforts to solicit parties other than the Stalking Horse to either (i) submit a stalking horse bid prior to any contemplated bankruptcy filing; or (ii) in the alternative, to begin evaluating a potential post-petition

transaction with the Debtor through participation in a contemplated post-petition bankruptcy auction process.

### **THE STALKING HORSE BID**

11. Based on the results of the Debtor's pre-petition solicitation efforts, there was no potential bidder, other than the Stalking Horse, that was in a position to serve as the Stalking Horse bidder.

12. In Kaufman Hall's opinion, based on its prior experience and detailed evaluation of the Stalking Horse Bid in the June/July 2020-time period, and again in the September/October 2020-time period, the Stalking Horse has the financial ability to close the transaction contemplated by the proposed Asset Purchase Agreement (the "APA").

### **POST-PETITION SOLICITATION ACTIVITIES**

13. On November 17, 2020, the Court approved the Debtor's retention of Kaufman Hall to lead and direct the efforts of the Debtor to complete a sale of its assets under Section 363 of the United States Bankruptcy Code, or other process, pursuant to an engagement letter dated October 7, 2020 (the "Engagement Letter"). As discussed in more detail in the Engagement Letter, Kaufman Hall was engaged to provide the following services:

- i. Assistance in the drafting of notifications and initiation of contact to potential buyers;
- ii. Assistance in identifying Interested Parties and tracking, organization and delivery of any appropriate supplementary data requests by potential buyer;
- iii. Evaluate the financial and strategic appeal of each potential buyer;

- iv. Advise and assist the Debtor in the identification and analysis of potential structures of a proposed transaction and provide consultation to the Debtor in connection with structuring alternatives of a transaction;
- v. Assist the Debtor with the coordination of the potential buyer's due diligence process with the prospective buyers; and
- vi. Assist and advise the Debtor in connection with transaction negotiations and closing.

14. Kaufman Hall provided these services to the Debtor prior to the petition date, as discussed above, and continued to provide these services post-petition under the Engagement Letter consistent with the solicitation and auction process approved pursuant to the Order approving bid procedures. [Dkt. No. 152].

15. During the post-petition solicitation process, Kaufman Hall contacted organizations identified as "potentially interested parties" by: (i) Kaufman Hall professionals with direct knowledge of the relevant market; (ii) Debtors' management; (iii) other financial and legal advisors to the Debtor; and (iv) representatives of the Debtor's secured and unsecured creditors.

16. In August through October of 2020, Kaufman Hall collected information from the Debtors for inclusion in its data room. It also used the information to prepare a confidential information presentation ("CIP").

17. Kaufman Hall then reached out, by e-mail and telephone, to fifty-one (51) organizations with potential interest in the acquisition opportunity, many of which had been contacted during the 2018 sale process of LRGHealthcare. The organizations contacted included non-profit and for-profit health systems, private equity firms, and other financial sponsors.

18. In initial outreach, Kaufman Hall connected directly with forty-two (42) of the organizations, with the remaining being unresponsive.

19. Of the forty-two (42) organizations who were reached, eighteen (18) were interested enough to receive a copy of a non-disclosure agreement (“NDA”), and ultimately eleven (11) parties executed NDAs.

20. Of those organizations who passed on the opportunity initially, most cited lack of geographic proximity or linkage to the Debtor’s operations, competing internal priorities, or a lack of interest in a turnaround situation.

21. The eleven (11) parties who executed the NDAs were provided with copies of the CIP and were granted access to the data room.

22. Of the eleven (11) parties who were provided with the CIP and data room access, nine (9) organizations asked in-depth follow-up questions and two (2) engaged in a comprehensive dialogue with key management members of the Debtor.

23. In the weeks that followed, and prior to the Bid Deadline (December 14, 2020 at 4:00 p.m.), several remaining organizations dropped out of the process, citing reasons including escalating transaction-related costs related to the pension and tail insurance liability premium, competing capital priorities or resource constraints, and risk to bring the operation back to a profitable level in the near term.

24. In the weeks and days leading up to the auction scheduled for December 16, 2020, active discussions, including due diligence, continued with four (4) organizations pursuant to the NDAs.

25. Other than the Stalking Horse Bid, no bids, qualified or otherwise, were received prior to the Bid Deadline.

26. Reasons cited for not submitting a bid included reservations about potential risks inherent in the business, inability to bring operations to a reasonable profitability level, and access to capital.

27. The Debtor filed a Notice of Cancellation of Auction on December 15, 2020. [Dkt. No. 349].

28. Thus, pursuant to the bid procedures, as approved by the Court in the Sale Procedures Order, the Stalking Horse submitted the highest and best offer for the assets of the Debtor.

### **CONCLUSION**

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: December 18, 2020

On behalf of Kaufman Hall as Financial Advisor  
to debtor and debtor-in-possession,

By: /s/ Courtney Midanek  
Courtney Midanek