

United States Bankruptcy Court

District of Puerto Rico

In re:
GRUPO HIMA SAN PABLO INC
Debtor

Case No. 23-02510-ESL
Chapter 11

CERTIFICATE OF NOTICE

District/off: 0104-3
Date Rcvd: Oct 24, 2023

User: admin
Form ID: pdf002

Page 1 of 3
Total Noticed: 1

The following symbols are used throughout this certificate:

Symbol	Definition
+	Addresses marked '+' were corrected by inserting the ZIP, adding the last four digits to complete the zip +4, or replacing an incorrect ZIP. USPS regulations require that automation-compatible mail display the correct ZIP.

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Oct 26, 2023:

Recip ID	Recipient Name and Address
db	+ GRUPO HIMA SAN PABLO INC, PO BOX 4980, CAGUAS, PR 00726-4980

TOTAL: 1

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.
Electronic transmission includes sending notices via email (Email/text and Email/PDF), and electronic data interchange (EDI).

NONE

BYPASSED RECIPIENTS

The following addresses were not sent this bankruptcy notice due to an undeliverable address, *duplicate of an address listed above, *P duplicate of a preferred address, or ## out of date forwarding orders with USPS.

NONE

NOTICE CERTIFICATION

I, Gustava Winters, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed .R. Bank. P.2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Oct 26, 2023

Signature: /s/Gustava Winters

CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on October 24, 2023 at the address(es) listed below:

Name	Email Address
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ALEXIS A BETANCOURT VINCENTY	on behalf of Debtor GRUPO HIMA SAN PABLO INC a_betancourt@lugomender.com wlugo@lugomender.com
AMARYS VELLISE BOLORIN-SOLIVAN	on behalf of Debtor GRUPO HIMA SAN PABLO INC a.bolorin@lugomender.com
ANGEL SOSA BAEZ	on behalf of Creditor Linde Puerto Rico B.V. asosa@tcmsrlaw.com
ATARA MILLER	on behalf of Creditor Alter Domus (US) LLC amiller@milbank.com AutoDocketECF@milbank.com;atara-miller-2100@ecf.pacerpro.com

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District/off: 0104-3

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Jeffrey Williams

on behalf of Creditor Committee Herminio Colon Elizabeth Amaro, Jose Miguel Amaro, Ivette Delgado, and minors Y.J.A.,
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WILLIAM M VIDAL

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TOTAL: 43

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE:

GRUPO HIMA SAN PABLO, INC.

Debtor

CASE NO. 23-02510 (ESL)

CHAPTER

IN RE:

CENTRO MEDICO EL TURABO, INC.

Debtor

CASE NO. 23-02513 (ESL)

CHAPTER 11

IN RE:

HIMA SAN PABLO PROPERTIES, INC.

Debtor

CASE NO. 23-02515 (ESL)

CHAPTER 11

IN RE:

PORTAL DE CAGUAS, INC.

Debtor

CASE NO. 23-02516 (ESL)

CHAPTER 11

IN RE:

GENERAL CONTRACTING SERVICES,
INC.

Debtor

CASE NO. 23-02517 (ESL)

CHAPTER 11

IN RE:

IA DEVELOPERS, CORP.

Debtor

CASE NO. 23-02519 (ESL)

CHAPTER 11

IN RE:

CMT DEVELOPMENT, LLC.

Debtor

CASE NO. 23-02520 (ESL)

CHAPTER 11

IN RE:

JOCAR ENTERPRISES, INC.

Debtor

CASE NO. 23-02521 (ESL)

CHAPTER 11

IN RE:

JERUSALEM HOME AMBULANCE, INC.

Debtor

CASE NO. 23-02522 (ESL)

CHAPTER 11

IN RE:

HOST SECURITY SERVICES, INC.

Debtor

CASE NO. 23-02523 (ESL)

CHAPTER 11

MINUTES OF HEARING HELD ON OCTOBER 19, 2023

This case is before the court upon two (2) contested matters: (i) the Nova Infusion Licenses and Personal Property sale, and (ii) the HIMA San Pablo Caguas asset sale. Specifically, the following interrelated pleadings and orders are before the court: (i) *Notice of Extension/ Modification of Certain Sale-Related Deadlines and Auction Date/ Location for the HIMA San Pablo Caguas Property and Nova Infusion Licenses and Personal Property* (dkt #289)¹; (ii) *Debtors' Motion to Inform the Successful Bidder for the Caguas Assets Pursuant [to] the Bidding Procedures Order Entered on August 23, 2023* (dkt #304); (iii) *Linde Puerto Rico, B.V.'s Limited Objection to Potential Sale of Hospital Assets and Reservation of Rights* (dkt #311); (iv) *Motion to Inform the Successful Bidder for the Nova Infusion Assets [...] Pursuant to the Auction Held on October 4, 2023* (dkt #316); (v) *Motion Requesting Order for Debtors to Assume or Reject Executory Contracts Between Debtor and Commercial Equipment Finance Pursuant to 11 U.S.C. §365(d)(2)* (dkt #323); (vi) *Amended Commercial Equipment Finance, Inc.'s Objection to Proposed Sale of the Caguas Assets and Objection to Ability of the Successful Bidder to Provide Adequate Assurance of Future Performance* (Lead Case, dkt #326; Case No. 23-02513, dkt #377); (vii) *Asociación de Condomines HIMA Plaza I's Limited Objection to Proposed Sale of the*

¹ The motion[s] was[were] filed in each of the captioned Chapter 11 Cases. Reference, however, is made only to docket entries in Lead Case No. 23-02510.

1 *Caguas Assets and Reservation of Rights* (dkt #330); (viii) *Commercial Equipment Finance, Inc.’s*
2 *(“CEFI”) Supplementary Motion To Objections To Sales With Memorandum Of Law* (Lead Case,
3 dkt. #343; Case No. 23-02513, dkt. #394); (ix) *Debtor’s Motion to Submit Documents- Asset*
4 *Purchase Agreement for Successful Bidder for the Caguas Assets* (dkt #344); (x) *Objection of*
5 *Canon Medical Systems, USA Regarding Sale Hearing of Bayamon, Humacao, and Caguas*
6 *Assets and for Allowance and Payment of Administrative Claim* (dkt #348); (xi) *Debtor’s Motion*
7 *to Submit Documents - Asset Purchase Agreement for Successful Bidder for the Nova Infusion*
8 *Assets* (dkt #350); (xii) *Joint Response to Objection Filed by Linde at Docket No. 311* (dkt #358);
9 (xiii) *Objection to (I) Notice of Potential (I) Assumption and Assignment of Executory Contracts*
10 *and Unexpired Leases and (II) Cure Amounts (Docket No. 112)* (dkt #366); (xiv) *Renewed and*
11 *Supplemented Objection to (I) Notice of (I) Potential Assumption and Assignment of Executory*
12 *Contracts and Unexpired Leases and (II) Cure Amounts (Docket No. 112), (2) The Motion to Sell*
13 *Property (Docket No. 57), (3) The Bayamon Asset Purchase Agreement (Docket No. 235) and to*
14 *the Sale of the Humacao and Caguas Assets/ Motion Pursuant to 11 U.S.C. §365(d)(2) for an*
15 *Order Compelling Debtor to Assume or Reject Executory Contracts Between Debtor and Bio-*
16 *Nuclear* filed by Bio-Nuclear of Puerto Rico Inc. (“Bio-Nuclear”) (Case No. 23-02510, dkt #359);
17 (xv) *Renewed and Reinstated Objection to (1) “Notice of (I) Potential Assumption and*
18 *Assignment of Executory Contracts and Unexpired Leases and (II) filed by Baxter Sales and*
19 *Distribution PR, Corp. (“Baxter”) (Case No. 23-02513, dkt #362); and (xvi) Response to*
20 *“Debtors’ Motion to Inform the Successful Bidder for the Caguas Assets Pursuant [to] the*
21 *Bidding Procedures Order Entered on August 23, 2023” (Related ECF No. 349) filed by Celeres*
22 *Holdings, LLC (“Celeres Holdings”) (Case No. 23-02513, dkt #405).*

23 **PARTIES PRESENT (IN PRESENCE)**

24 Alexis Betancourt, Esq., for the Debtors

25 Carolina Cabrera, Esq., for Bio-Nuclear of Puerto Rico Inc.

26 Fernando Longo, Esq. for Eleva Recovery LLC

27 Warren Martin, Esq., for the Unsecured Creditors’ Committee

1
2 Francisco Colón Martínez, Esq., for the Unsecured Creditors' Committee
3 Francisco Fernández, Esq., for SL Funding III, LLC
4 Hermann Bauer, Esq., for Island Healthcare, LLC
5 Gabriel A. Miranda-Rivera, Esq., for Island Healthcare, LLC
6 Gustavo Chico, Esq. for Celeres Holdings, LLC
7 Ileana M. Oliver, Esq., for AM Acquisition I, LLC
8 Nayuan Zouairabani, Esq., for Alter Domus (US) LLC
9 José Ramírez Coll, Esq. for Baxter Health Sales and Distribution of Puerto Rico Corp.
10 Juan C. Fortuño, Esq. for Commercial Equipment Finance, Inc.
11 Julio Guzmán, Esq., Office of the U.S. Trustee
12 Rafael González Valiente, Esq., for Metro Caguas Incorporated
13 Armando J. Rodríguez Benitez, Debtors' Chief Executive Officer
14 Heidi Rodríguez, Debtors' Representative
15 Luis Carrasquillo, CPA
16 Andrés Rodríguez
17 Angel Portilla Skerrett, Esq., for Grupo Radioterapia Norte & Turabo
18 Carolina Velaz, Esq., for PR Fiscal Agency & Financial Authority
19 Eduardo Artau, Esq. for Metro Caguas Incorporated
20 Gabriel Cruz, Esq. for Eleva Recovery LLC
21 Ivan Colón, Esq., for IEC Consulting
22 Karen Artau, Esq., for Metro Caguas
23 Leyre Santaella, Esq., for Grupo Neonatal CSP
24 Alvaro Santaella, Esq., for Grupo Neonatal CSP
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27

1
2 Miglisa Capo, Esq., for Metro Caguas Incorporated

3 Valeria Calderón Irizarry, Esq., for PR Department of Health

4 William J. Alemañy, Esq., for Consejo Titulares Torre San Pablo

5 William M. Vidal, Esq., for Triple-S Advantage, Inc.; Triple-S Management
6 Corporation; Triple-S Salud, Inc.

7
8 **PARTIES CONNECTED VIA TEAMS**

9 Jeffrey P. Nolan, Esq. for Canon Medical Systems USA, Inc.

10 Wigberto Lugo Mender, Esq., for the Debtors

11 Jae Won Ha, Esq. with the Department of Justice on behalf of U.S. Department of Health
12 and Human Services

13 Alaina Neine, Esq. for Alter Domus, LLC

14 Alastir Gesmundo, Esq., for U.S. Department of Justice, for Medicare and Medicaid
15 Services (U.S. Department of Health and Human Services)

16 Dean Oswald, Esq. for the Unsecured Creditors' Committee

17 Rachel A. Parisi, Esq., for the Unsecured Creditors' Committee

18 Matthew L. Brod, Esq., and Alaina Heine, Esq., for Alter Domus (US) LLC

19 Stephen Marotta, Debtors' Chief Restructuring Officer

20
21 **DISCUSSION**

22 Appearing parties made their appearances. The court began the hearing by stating that on
23 September 29, 2023, the Debtors filed a Notice of Extension of Sale Related Deadlines regarding
24 the Caguas properties and the Nova Infusion properties (dkt #289). On October 13, 2023, the
25 Court entered an Order and Notice regarding the sale of the HIMA San Pablo Caguas Assets and
26 the Nova Infusion sale scheduling the hearing for today (dkt #301). The Debtors filed a motion
27 to inform the successful bidder of the Caguas properties identifying Metro Caguas Incorporated
as the successful bidder (dkt #304) and the asset purchase agreement was included as to Metro

1 Caguas Incorporated purchasing the listed properties and assets in the amount of \$21 million (dkt
2 # 344). The Debtors informed the successful bidder of Nova Infusion as Eleva Recovery LLC,
3 and the sales price is in the amount \$3,300,000 (dkt #350). The Court noted that in addition to
4 prior objections that were filed and discussed this past Monday, and which are in the process of
5 supplementing the agreements to include the issues that were presented at this prior hearing, there
6 is an objection filed by Puerto Rico Hospital Supply (dkt #366).

7 Attorney Alexis Betancourt on behalf of the Debtors began by stating that there are two
8 matters in calendar for today; namely, the sale of the Nova Infusion assets and the sale of the
9 assets of the hospital located in Caguas. Attorney Betancourt stated that he would start with the
10 Nova Infusion process. A motion for sale was filed (dkt #65) and a Court Order authorizing the
11 bidding procedures and how the Debtors would move forward in the sales process, including the
12 Nova Infusion assets. A successful bidder was announced (dkt #316) and an asset purchase
13 agreement was filed with the Court (dkt #350). Attorney Betancourt informed the Court that an
14 auction took place on October 4, 2023, at the offices of Pietrantonio, Mendez & Alvarez, LLC
15 (“PMA”) in which there were five (5) qualified bidders were present. The starting bid was in the
16 amount of \$1.1 million and the auction process permitted the sale price to increase to the total
17 amount of \$3.3 million which resulted in Eleva Recovery, LLC as the successful bidder. Mr.
18 Betancourt stated that pursuant to the record there are no objections to the sale per se, but we
19 there are objections from parties that are identified as lessors or parties with executory contracts.
20 However, the particular objection that makes reference to the sale of the Nova Infusion assets is
21 the objection filed by Baxter (Lead Case 23-02513, dkt #s 362 & 363). This objection is currently
22 being addressed by the parties in which several drafts have been exchanged and they are in an
23 advanced stage in which parties will soon file a stipulation. These drafts are being shared with
24 the Unsecured Creditors’ Committee (“UCC”) and with the purchasers. The review process has
25 taken longer because it has more parties involved but it will provide a more clear path forward
26 and will be filed shortly.

27 The Court interjected and advanced that taking a few days more to have all parties in
interest participate in the agreement will in the long run shorten any issues or requests for

1 reconsideration to vacate hearings and/or appeals. If you reach a business solution that will
2 expedite matters for all parties.

3 Attorney José Ramírez, on behalf of Baxter, stated that the Nova Infusion assets involve
4 Baxter to the extent there is an executory contract that could be assumed in connection with the
5 sale of the assets. The agreement that is currently being worked on states that none of the
6 executory contracts are being assumed or rejected by any party and that none of the equipment
7 subject to the executory contracts or in which there may be a security interest are being assigned
8 to any of the potential buyers. The issue with Nova Infusion is that there is an executory contract
9 for the provision of nutrition prescriptions. There is no equipment involved in that agreement.
10 There is no equipment that is being assigned at this moment. There is just the debt. There is no
11 doubt that it is an executory contract. Attorney Ramírez informed the Court that what is being
12 negotiated is a language that will allow the parties after the sales are approved to negotiate
13 individually with the purchasers and negotiating cure amounts with the Debtors. Baxter is
14 reserving the right to claim that since there is only one master contract all of the amounts have to
15 be cured. However, Baxter understands that it is not in best interest of parties in interest to assume
16 the entire contract and thus, the Debtor needs to negotiate with Baxter and those parties and that
17 is the stipulation that is currently being worked on.

18 Attorney Fernando Longo, on behalf of Eleva Recovery, LLC (“Eleva”) stated that Eleva
19 as the purchaser is aware of these negotiations that should be of no import into the sales process
20 and should be taken care of.

21 Attorney Warren Martin, on behalf of the UCC, stated that a copy has been shared of the
22 motion of the settlement that has been reached and they have commented and have no objections
23 to it.

24 Debtors’ counsel stated that the only other objection from a leaseholder that makes
25 reference to Nova Infusion is from Commercial Equipment Finance, Inc. (“CEFI”) (dkt #377 &
26 392). However, they are in conversation with CEFI’s attorney and with Debtor’s management
27 and they have been able to tailor the objection. The Debtor’s understanding is that this particular
objection does not extend to the Nova Infusion assets.

1 Attorney Juan Fortuño on behalf of CEFI informed that they are in agreement that the
2 objection does not pertain specifically to CEFI's lease agreements with the Debtor.

3 The Court clarified that the agreements being negotiated between the Debtors and CEFI
4 do not involve the sale of the Nova Infusion assets.

5 Debtors' counsel stated that as in the other intended sales, the Court should expect the
6 Debtors to file a final agreement with Baxter and this should take care of the pending objections
7 regarding this sale. The Debtor intends to file a revised sale order to incorporate the language of
8 the agreements with CRIM, the Department of Justice, the UCC, and this will be put in place
9 before the Court. Subject to these filings, the request of the Debtor at that time will be the approval
10 of the sale of the Nova Infusion assets.

11 The Court inquired as to the estimated timetable within which the Debtor will have the
12 revised order after disclosing and exchanging the same with all interested parties. The Court
13 stated that it is not imposing a deadline. It just asking as a follow up matter. The Court
14 acknowledges that all the parties in interest have engaged in substantial negotiations and activities
15 to expedite the process.

16 Attorney Betancourt replied that no later than seven (7) days or maybe earlier. The Court
17 ordered the Debtor to file the revised order within seven (7) days. If not, the Debtors shall inform
18 the Court.

19 Attorney Betancourt stated that the second matter is the sale of the assets for the properties
20 in Caguas. The Debtor filed a motion for sale (dkt #65) and an Order approving the bidding
21 procedures (dkt # 83). A successful bidder was announced (dkt # 304) and the asset purchase
22 agreement was filed with this Court (dkt #344). In this matter, there are several objections by
23 leaseholders and by parties that have executory contracts. The same exercise for the previous sale
24 and the one done on Monday applies. Debtor's counsel stated that he will first address Linde
25 Puerto Rico's objection (dkt #311) which was resolved through a joint motion (dkt # 358). There
26 is also an objection from Bio-Nuclear of Puerto Rico, Inc. ("Bio-Nuclear") (Case No. 23-02513,
27 dkt #359) and the objection of Baxter (Case No. 23-02513, dkt #362). Attorney Betancourt stated
that these two objections apply to this sale and the negotiations with these two parties are at an
advanced stage and this information has been shared with the intended buyers and the UCC.

1 Attorney González Valiente, on behalf of the purchaser, Metro Caguas Incorporated,
2 stated that they have seen the stipulation and have already signed off on the proposed language.
3 Attorney Betancourt informed the Court that this agreement should be filed within the next few
4 days.

5 Attorney Ramírez Coll, on behalf of Baxter, stated that they intend to file one document
6 that would apply to all of the sales. Attorney Ramírez clarified that there are two (2) motions on
7 the record; namely, an objection to the sale (dkt #362); and a motion to compel assumption or
8 rejection of an executory contracts (dkt # 363). The stipulation agreement that they intend to file
9 would take care of both motions in as much as it would provide a schedule for the assumption or
10 rejection of executory contracts, as well as a briefing schedule.

11 Attorney Carolina Cabrera on behalf of Bio-Nuclear stated that she wants to confirm what
12 brother counsel stated for the record that they are in the final stages of completing a final draft
13 that would take of Bio-Nuclear's objections whose language will be similar to the one that was
14 discussed by fellow counsel for the Baxter objection. Attorney Jeffrey Nolan, on behalf Canon
15 Medical Systems, ("Canon Medical) stated that Canon Medical filed an objection as to the
16 Caguas' asset sale which is on a similar vein as the objection to the sale of the Bayamón assets
17 that was held on Monday (dkt #348). Attorney Nolan requested that the record reflect Canon
18 Medical's objection.

19 Attorney Betancourt further stated that his next item was to disclose for the record, Canon
20 Medical's objection to the sale of the Caguas properties (dkt #348). Debtor's counsel informed
21 the Court that a draft of a joint motion has been exchanged amongst interested parties intended
22 to provide the same process that has been described by the other parties. In this particular matter
23 they are in the stage between the Debtor and the creditor and this is why they should not expect
24 purchasers and the UCC to have comments at this stage since they are trying to first resolve this
25 hurdle between the parties, then provide the other interested parties an opportunity to make
26 comments. Debtor's counsel stated that the intent is to provide the same assurances that the
27 assumption and rejection of executory contracts will take place fifteen (15) days before the
closing that or a sales order and the Court would not dispose of any interest of leaseholders.

1 Attorney Betancourt informed the Court that this is the spirit of the negotiations as has been
2 reflected with other parties.

3 Attorney Gustavo Chico, on behalf of Celeres Holdings, LLC (“Celeres Holdings”) stated
4 that they filed a motion (dkt # 405) in which Celeres Holdings’ position regarding the sale of the
5 Caguas assets is that it issued a larger bid than the one of the successful bidder which was not
6 considered. However, because of the confidential nature of these offers of these bids, the same
7 was not included in the docket. Attorney Chico stated that he has proof of Celeres Holdings’ bid
8 for the Court to review.

9 The Court interjected and clarified Celeres Holdings’ position which is that Celeres was
10 also a bidder for the Caguas properties and its bid was in excess of the \$21 million but it was not
11 accepted. The Court asked why it should review a bid that was not accepted just for the purpose
12 of reviewing unless there is an objection to the process that was exercised as to the bidding
13 procedures.

14 Attorney Chico replied that it is his position that the Court has wide latitude to consider
15 all factors.

16 The Court stated that it would then have to reconsider all the matters that happened during
17 the bidding procedures to determine that they were improper and there has been no motion
18 questioning the bidding procedures.

19 Attorney Chico replied that the motion as to the bidding procedures was filed as a motion
20 to inform the Court.

21 The Court noted that Celeres Holdings informed the Court that the highest bid offered
22 was not accepted but there is no motion challenging or questioning the bidding process. At this
23 juncture, there is no formal questioning of the bidding process. The Court further stated that its
24 has no problems that Celeres Holdings shares this information with other parties in interest, such
25 as the UCC. The Court further stated that it would entertain any specific motion that may relate
26 to this matter.

27 Attorney Betancourt proceeded and stated that the next matter in the record is the
objection filed by CEFI (dkt #377& 392) and there are several motions that relate to this specific
sale (dkt #373, 374, 375, 377, 392 & 394). Debtors’ Counsel informed that the parties have been

1 in constant communication and have been exchanging drafts and they are very close of having
2 a final document between the parties. This is a party that has substantial equipment within the
3 hospitals. Attorney Betancourt clarified that they are in the stage between the lessor and the
4 Debtor and thereafter share the drafts with the UCC and the purchasers. In this particular matter,
5 an assessment of the content will not be able to be made since the parties have not reached this
6 stage.

7 Attorney Fortuño, on behalf of CEFI, stated that in addition to what brother counsel has
8 informed, it is important to underscore the production of an updated inventory which was
9 brought up in the prior hearing earlier this week. Once a detailed inventory is provided, a joint
10 inspection of the collateral will take place and then the parties involved would agree to undergo
11 bona fide negotiations regarding CEFI's loans and the use of its collateral.

12 Attorney Betancourt clarified that there was an objection in the previous sale by Intuitive
13 but that has no relation to this particular sale of the Caguas properties. The objection that was
14 filed recently was the one filed by Puerto Rico Hospital Supply (dkt #366) and it does not have
15 an actual reference to a specific sale. Debtor's Counsel informed that he reached out to Puerto
16 Rico Hospital Supply's attorney and shared the same initial motion and draft to overcome this
17 objection. The parties have yet to engage. Debtor's counsel stated that the intent is to reach the
18 same type of agreement.

19 Attorney Martin, on behalf of the UCC, stated that the UCC has been aware that Celeres
20 Holdings has been in the background with its bid, and they have been working with the Debtor
21 on this. Attorney Martin stated that Celeres Holdings' bid was not qualified because it included
22 assets that were not for sale. There is a tension between the Court's bidding procedures and
23 parties have been required to follow them and somebody running in at the last minute with higher
24 value. In a healthcare case, there is the added concern about patient care. Attorney Martin stated
25 that the UCC supports the winning bid for the Caguas assets. However, if in fact, Celeres was
26 to come in with more money and with a hard deposit that is more or equal and will close on the
27 same time frame and will sign the same contract and have proof of financing, then as the
Committee he would at least argue before the Court to reconsider reopening the bid. However,
at this juncture he is not prepared to argue nor support Celeres' statement.

1 Attorney González Valiente, on behalf of Metro Caguas Incorporated, stated that it was
2 the winning bidder for the Caguas assets, and considers Celeres Holdings' position an ambush
3 objection without having a witness to present to the Court evidence and documents.

4 The Court stated that it was not going to heighten the level or spirit of the statements
5 regarding the higher bid by Celeres until the Court is presented with written motions regarding
6 that matter. The Court further stated that it has nothing to approve or reject regarding a matter
7 for which a specific request from the Court has not been made. There is no issue or specific
8 motion before the Court regarding the impropriety of the bidding procedures.

9 Debtors' Counsel stated that there is no matter regarding Celeres Holdings to be
10 entertained or react to at this point. Notwithstanding if these issues are brought forth, the Debtor
11 will present compelling arguments. The other matter in the docket is an objection filed by
12 Asociación de Condómines HIMA Plaza and related mainly to the homeowner's association's
13 claims (dkt #330). There is a legal contention as to whether there is successor liability regarding
14 that claim and whether the purchaser is required by state law in contrast with section 363 to be
15 liable for those amounts after a sale under the Bankruptcy Code. Attorney Betancourt informed
16 that the interest is not to resolve this legal matter today, but to provide comfort and assurances
17 for that legal controversy to be addressed afterwards. As was done last Monday, regarding
18 similar homeowner's association's objection without any parties waiving any arguments, the
19 Debtors, with the consent of the secured lender in the post-petition financing agree and will
20 incorporate in the sale order a consignment for the amounts being claimed in that objection for
21 the parties to propose a briefing timeline thereafter. However, this mechanism provides for the
22 sale to move forward and not be delayed. Attorney Betancourt informed the Court that he has a
23 certification of the outstanding amounts owed as of this date and that amount is approximately
24 \$62,443. The intent is to incorporate that in a revised sale order. The intent of the Debtor is to
25 complete the pending work and submit the stipulations and the revised orders.

26 Attorney Francisco Fernández, on behalf of SL Funding III, LLC, stated that his client
27 has a secured claim as to several medical offices in the Caguas building and parking spaces and
does not consent to the sale. Proof of claim #1-1 in the amount of \$2,192,377.95 was filed
yesterday in case number 23-02516.

1 The Court noted that proof of claim #1-1 is the only claim that appears in case number
2 23-02516.

3 Attorney Fernández stated that his client does not consent to the sale because they have
4 not been able to ascertain whether the aggregate price of the sale would cover its lien.

5 The Court inquired whether SL Funding III, LLC is the first lien holder of the properties
6 it claims to have a lien on. The Court also asked whether SL Funding III, LLC was given notice
7 of the filing of the petition and of the request to approve the bidding procedures.

8 Attorney Fernández replied that his client alleges that it was not noticed but confirmation
9 is needed. He stated that he was counsel for this company outside of the bankruptcy and he was
10 notified.

11 Attorney Betancourt replied that SL Funding III, LLC is included in the Debtor's schedules
12 as an unsecured creditor with notice and inclusion is comprised within the schedules of the
13 Debtor. There is no objection in the docket. Moreover, the bidding order was notified to this
14 party pursuant to a certificate of service at docket number 129. The Debtor also filed a notice by
15 publication as provided by the bidding procedures and there is a certificate of service at docket
16 number 146. They also had notice of the CRIM stipulation at docket number 299. The successful
17 bidder was notified pursuant to the certificate of service at docket number 341. There is a
18 certificate of service of the deadlines of the bidding procedures that were noted by the Court on
19 September 29, 2023, as per certificate of service at docket number 345. SL Funding III, LLC
20 was also notified of the Order approving the post-petition financing and there was no objection
21 to the post-petition financing which provides the priming of the liens in the properties of the
22 Debtors.

23 The Court inquired as to how does the asset purchase agreement with Metro Caguas
24 Incorporated affects the liens held by SL Funding III, LLC.

25 Attorney Betancourt replied that there is an allocation of the price of the properties he
26 thinks counsel is referring to and there is an allocation from the purchaser of \$1,250,000 for
27 those specific properties out of the total purchase price of \$21 million (dkt #344). However, the
post-petition financing needs to be taken into consideration which has the priming dispositions
for the DIP lending on all properties, which also includes these properties. Attorney Betancourt

1 argued that they did not receive from SL Funding LLC an objection explaining how their consent
2 is required at this moment, given the post-petition financing.

3 Attorney Nayuan Zouairabani, on behalf of Alter Domus, LLC, clarified that sections 6
4 and 7 of the DIP financing order (dkt #286) specifically mentions that in terms of priority of the
5 DIP liens including this property would be primed. This specific order was sent by mail to SL
6 Funding as well as the other documents. Attorney Zouairabani argued that this particular creditor
7 had due notice and due process and was notified of the sale free and clear of liens and did not
8 object to the sale until today. Thus, it should be deemed as a consent or waiver from SL Funding
9 given that the DIP lenders are already the senior secured party with regards to these properties.

10 The Court stated that senior in what amount as to each secured creditor and each property,
11 is an issue that would have to be detailed.

12 Attorney Zouairabani replied that the DIP financing is for \$33 million. Attorney González
13 Valiente stated that the APA provides that the properties will be transferred free and clear of all
14 liens including the SL Funding liens.

15 The Court clarified by stating free and clear of liens, but liens attach to proceeds
16 depending in the order they appear. It is not that all liens are eliminated automatically. Funds
17 are received from the sale and the distribution is according to the rank of each lien holder.
18 However, at this moment the Court has no idea as to the rank of each lienholder, specifically as
19 to SL Funding III, LLC. The Court stated that SL Funding alleges that they have been unable to
20 assert how the sale affects the liens of its client to determine whether or not to halt or hold in
21 abeyance the sale. For that, the Court must then make a determination as to whether the position
22 has been presented late to the Court since there was due notice to the creditor. If there was due
23 notice to the creditor and it failed to file a prompt statement that is an issue. The Court further
24 stated that it did not have the specificity of the challenge at this moment. The Court noted that
25 SL Funding III, LLC has presented this issue.

26 Attorney Betancourt stated that the Debtor has addressed the matters before the Court and
27 in the docket. Certainly, there is work to be performed and certain stipulations and agreements
that will be filed with the Court which are on-going. The Debtors' proffer is that they will have
these filings within the next seven (7) days including a revised sale order that includes and

1 incorporates any provisions including the stipulations with CRIM, the Department of Justice,
2 and with the UCC and any other relevant matter that needs to be addressed. Also, in this
3 particular case, the consignment for the objection of the homeowners' association subject to the
4 matter being litigated later.

5 The Court clarified that the Debtor would submit the revised sale orders to include the
6 agreements that have been reached with the different parties who had filed objections to the sales
7 prior to today's hearing. The entry by the Court of a sales order does not exclude or dispense the
8 Debtor from complying with all applicable state and federal regulations. The Court stated that it
9 is assuming that these sales orders will also include the provisions that were agreed to with the
10 federal agencies and HHS.

11 Attorney Betancourt replied that if the Court is referring to the agreement with the
12 Department of Justice regarding Medicare. The Court stated that this agreement in particular,
13 but in general, the Court is specifying that it is approving these sales of assets but not dispensing
14 the Debtors or any party from complying with applicable state and federal regulations since the
15 health industry is highly regulated. The Court inquired if there is any other matter before the
16 Court.

17 Attorney Martin, on behalf of the UCC, responded that the procedure in this Court is a
18 bit different as to the compensation methods for retained professionals since they are built into
19 the retention applications, whereas he stated that he is accustomed to an overall monthly
20 compensation procedure. Therefore, he did not include the compensation method into the
21 retention application. Attorney Martin stated that he spoke to the Debtor and wrote to the Office
22 of the US Trustee yesterday but wanted to get the Court's direction on this matter so that the
23 committee professionals are treated like every other professional. Attorney Martin suggested
24 submitting an amended retention order to make us the same as the other professionals, if that is
25 acceptable to the Court.

26 The Court replied that it would act upon the same once it is filed. The Court clarified that
27 his representation is that the revised order has been discussed with the Debtor and with the US
Trustee's Office. Attorney Martin stated that the Court is correct.

1 With no further issues, the Court excused the parties.

2 In San Juan, Puerto Rico, this 24th day of October 2023.

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6 Enrique S. Lamoutte
7 United States Bankruptcy Judge
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