

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**SPRINGFIELD MEDICAL CARE SYSTEMS,
INC.,¹**

Debtor.

Chapter 11

Case No. 19-10285

**SECOND AMENDED DISCLOSURE STATEMENT WITH RESPECT TO
SPRINGFIELD MEDICAL CARE SYSTEMS, INC.'S SECOND AMENDED
PLAN OF REORGANIZATION DATED NOVEMBER 2, 2020**

By and through:

**D. Sam Anderson, Esquire
Adam R. Prescott, Esquire
BERNSTEIN SHUR
100 Middle Street
Portland, Maine 04101
(207) 774-1200
sanderson@bernsteinshur.com
aprescott@bernsteinshur.com**

Attorneys For Springfield Medical Care Systems, Inc.

¹ The last four digits of the taxpayer identification number of Springfield Medical Care Systems, Inc. are 4813. See 11 U.S.C. § 342(c)(1). The principal office of Springfield Medical Care Systems, Inc. is located at 25 Ridgewood Road, Springfield, Vermont. Id.

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DISCLAIMER

THIS SECOND AMENDED DISCLOSURE STATEMENT (THE “DISCLOSURE STATEMENT”) AND THE DEBTOR’S SECOND AMENDED PLAN OF REORGANIZATION DATED NOVEMBER 2, 2020, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT 1 (THE “PLAN”), AND THE ACCOMPANYING BALLOTS AND RELATED MATERIALS DELIVERED HERewith, ARE BEING PROVIDED BY THE DEBTOR² TO KNOWN HOLDERS OF CLAIMS PURSUANT TO § 1125 OF THE BANKRUPTCY CODE IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT THE PLAN.

IF YOU ARE ENTITLED TO VOTE ON THE PLAN, THEN YOU ARE RECEIVING A BALLOT WITH YOUR NOTICE OF THIS DISCLOSURE STATEMENT. THE DEBTOR, AS THE PLAN PROPONENT, URGES YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST THE DEBTOR ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND § 1125 OF THE BANKRUPTCY CODE. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTOR, ITS PROPERTY, OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE PLAN. NO SOLICITATION FOR OR AGAINST THE PLAN MAY BE MADE EXCEPT THROUGH THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE DEBTOR HAS MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THEN THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH § 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE BANKRUPTCY

² Capitalized terms not otherwise specifically defined in this Disclosure Statement shall have the meaning attributed to them in the Plan. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

RULES, AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES EXCHANGE COMMISSION OR ANY STATE AUTHORITY, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE AUTHORITY, HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. NEITHER THIS DISCLOSURE STATEMENT, NOR THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN, CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DISCLOSURE STATEMENT MAY CONTAIN “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS “MAY,” “EXPECT,” “ANTICIPATE,” “ESTIMATE,” OR “CONTINUE,” OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE, AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS.

HOLDERS OF CLAIMS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL,

OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY.

HOLDERS OF CLAIMS AND OTHER THIRD PARTIES SHOULD BE AWARE THAT THE PLAN CONTAINS INJUNCTIONS AND RELEASES THAT MAY MATERIALLY AFFECT THEIR RIGHTS.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON THE ANALYSIS PERFORMED BY THE DEBTOR AND ITS PROFESSIONALS. ALTHOUGH THE DEBTOR HAS MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO AND TO THE PLAN, THE DEBTOR CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE DEBTOR'S STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

THE DEBTOR RECOMMENDS THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE DEBTOR THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTOR. ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 4:00 P.M. EST, NOVEMBER 30, 2020, UNLESS EXTENDED BY ORDER OF THE BANKRUPTCY COURT.

YOUR VOTE ON THE PLAN IS IMPORTANT.

I. INTRODUCTION

On June 26, 2019, the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Vermont.

Since the Petition Date, the Debtor has remained in possession of its Assets and managed its business as a debtor-in-possession under §§ 1107 and 1108 of the Bankruptcy Code. No committee has been appointed in this Case. No trustee has been appointed in this Case.

The Debtor submits this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code in connection with the solicitation of votes to accept or reject the Plan, a copy of which is attached hereto as **Exhibit 1**. The Bankruptcy Court will hold hearings on: (i) the adequacy of this Disclosure Statement; and (ii) confirmation of the Plan. The Debtor will request that the Bankruptcy Court approve this Disclosure Statement as containing “adequate information,” in accordance with § 1125(b) of the Bankruptcy Code, to enable a hypothetical, reasonable investor typical of claimholders in a Class of Claims entitled to vote on the Plan to make an informed judgment about whether to accept or reject the Plan.

The Disclosure Statement sets forth certain information regarding: (i) the Debtor’s prepetition operating and financial history; (ii) the Debtor’s need to file for relief under chapter 11 of the Bankruptcy Code; (iii) significant events that have occurred during the Case; (iv) the terms of the Plan; (v) the manner in which Distributions will be made under the Plan; (vi) certain effects of Confirmation of the Plan; (vii) certain risk factors associated with the Plan; and (viii) the Confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

The following documents are attached as exhibits to this Disclosure Statement:

Exhibit 1: The Plan and all related exhibits

Exhibit 2: Master Shared Services Agreement

Exhibit 3: Liquidation Analysis

Exhibit 4: Contingency Claim Objections Schedule

The Confirmation Hearing will be held, via Zoom, at **9:30 a.m. on December 9, 2020**, before the Honorable Colleen A. Brown, United States Bankruptcy Judge, at the Bankruptcy Court located at 151 West Street, Rutland, Vermont. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements for Confirmation under the Bankruptcy Code. Objections, if any, to Confirmation of the Plan must be filed and served so that they are received on or before **4:00 p.m. on November 30, 2020**. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing.

II. DESCRIPTION OF THE DEBTOR’S BUSINESS AND THE REASONS FOR THE CHAPTER 11 FILING

A. The Debtor and Its Relationship with the Hospital

The Debtor is a Vermont non-profit business corporation. The Debtor provides medical services to the communities of southeastern Vermont and southwestern New Hampshire. The Debtor provides these medical services through the operation of thirteen (13) federally qualified health centers (“FQHCs”) located in Ludlow, Chester, Bellow Falls, Londonderry and Springfield,

Vermont, and Charlestown, New Hampshire. Those FQHCs are as follows: Springfield Health Center; Rockingham Health Center; Lane Eye Associates; Charlestown Health Center; Chester Family Dental; Ludlow Dental Center; Women’s Health Center of Springfield; Mountain Valley Health Center; Ludlow Health Center; Springfield High School; Riverside Middle School; Elm Hill School; and Union Street School. In addition to operating the FQHC locations, as of the Petition Date, the Debtor also operated two non-FQHC sites (i.e., Squeaky Sneakers – Bellows Falls and Squeaky Sneakers – Springfield) (the “Daycares”). Operation of the Daycares is likely to be transitioned to a third party in advance of the Confirmation Date.

The Debtor had approximately 219 employees as of the Petition Date, some of which are part-time and some are full-time. These employees include: physicians, physician assistants, and nurse practitioners; nurses, certified nursing assistants, dentists, and other medical staff; and other employees, including administrative staff. In relation to the part-time employees, some are regularly scheduled, and some work on a per diem, or “as needed,” basis.

The Debtor delivers health care in conjunction with the Hospital. The Hospital operates a 25-bed general medical and surgical hospital located in Springfield, Vermont, with approximately 382 employees and 300 full-time equivalent positions. The Hospital is also a Vermont non-profit business corporation. As of the Petition Date, the Debtor was and continues to be the single Class B and only voting member of the Hospital. The Hospital commenced its own chapter 11 case on the Petition Date. Through the Plan, the Debtor will no longer remain as the Class B member of the Hospital.

Historically, many of the services currently provided by the Debtor were provided by the Hospital. Approximately ten years ago, however, the medical services were split out as between the Debtor and the Hospital. The two companies have shared a number of administrative staff members, provided services for one another, and have, at times, provided financial assistance to one another as needed. By way of example, the Hospital has historically funded the costs associated with the Debtor and the Hospital’s self-funded health care plan, and the Debtor, on the other hand, has provided administrative services to the Hospital with those costs being funded by the Debtor.

There were numerous business reasons for this arrangement when it was implemented. First, the Debtor was able to provide important primary care services throughout the service area. Second, the Debtor housed certain specialty care physician practices providing services to patients of the Hospital. This allowed for higher reimbursement for those services due to regulatory benefits provided to FQHCs, while also lowering cost because, among other things, FQHCs are not subject to tort liability. Third, the Debtor and the Hospital were able to share certain administrative costs.

As part of its reorganization, the Debtor has and will continue to separate certain aspects of its administration and operation from the Hospital, such that the Debtor and the Hospital will continue to exist largely independently of each other post-Confirmation. Details of these steps toward unwinding the relationship between the entities are set forth in more detail below. The Debtor also may undertake, and reserves the right to make, other operational or structural changes to improve its businesses and meet its obligations under the Plan.

B. Events Leading to the Debtor's Chapter 11 Filing

The affiliation arrangement between the Debtor and the Hospital was successful for many years after its implementation. Beginning in 2016, however, the system began to face financial challenges due to, among other things: revenue declines; increased cost for purchased services; increased health care expenses for employees; and expanded services, some of which were not profitable. The system experienced several years of operating losses.

The Debtor's financial situation worsened in the fall of 2018. Independent auditors learned during the preparation of audited financial statements that existing management had not paid the third quarter employment taxes and brought this information to the Boards of Directors for each company. This led to a change in executive management and Quorum Health Resources, LLC's ("QHR") selection to provide Interim Chief Executive Officer services for the Hospital, Chief Financial Officer services for the Hospital and the Debtor, and consulting services.

Since the retention of QHR, the Boards, working with senior leadership of the Debtor and the Hospital, have approved, and management has implemented, numerous service line and staffing changes to reduce approximately \$6.2 million of expenses across the system. About \$4 million of these cuts were attributable to the Hospital, and about \$2.2 million were attributable to the Debtor. These changes included terminating certain services, across-the-board salary reductions, some of which have been restored in order to maintain staffing, and other changes to "right-size" the Debtor. The executive leadership team's salaries were reduced at the same time as other employees.

The goal of these changes was to position the Debtor and the Hospital as viable health care businesses on a go-forward basis once they restructure their balance sheets and implement further operational changes. However, this restructuring became challenging because, among other things, news of the Debtor's financial condition became public in the fall of 2018, and the fact that the Debtor was considering chapter 11 became public in the winter of 2019 and again in late spring 2019. This prompted some vendors to tighten credit terms and some employees to quit in order to cash-out available earned time off, and it also created a challenging environment with certain key parties and creditors.

C. Summary of the Debtor's Most Significant Indebtedness

The Debtor provides the following summary of significant Prepetition and Postpetition Claims that require resolution under the Debtor's Plan. This discussion is not exhaustive.

1. Berkshire Bank

Prior to the Petition Date, the Debtor entered into the following two loans with Berkshire: (a) Revolving Demand Note in the maximum principal amount of \$3,000,000.00 (any and all documents entered into in relation to this loan, the "Revolving Line of Credit Loan Documents" and the loan evidenced by the Revolving Line of Credit Loan Documents, the "Revolving Line of Credit"); and (b) Commercial Term Loan in the original principal amount of \$12,000,000.00 (any and all documents entered into in relation to this loan, the "Term Loan Documents" and the loan

evidenced by the Term Loan Documents, the “Term Loan”). The total amount outstanding under the Revolving Line of Credit and the Term Loan as of the Petition Date (according to the proof of claim filed by Berkshire) equaled \$9,548,235.99. The Hospital is jointly liable on the obligations owed to Berkshire under the Revolving Line of Credit and the Term Loan.

In addition, prior to the Petition Date, Berkshire issued a letter of credit to the Debtor and the Hospital in the amount of \$95,000.00 for the benefit of MEMIC Indemnity Company (the “Letter of Credit”). The Debtor and the Hospital have not drawn on the Letter of Credit.

The Revolving Line of Credit and the Term Loan are secured by liens on only certain personal property of the Debtor, as modified by the Cash Collateral Order (defined below) (any and all personal property of the Debtor, as of the Petition Date, as modified by the Cash Collateral Order, pledged to Berkshire as collateral, the “Berkshire Collateral”). Berkshire does not hold mortgages against any real property owned by the Debtor. The obligations of the Debtor and the Hospital under the Berkshire Term Loan are guaranteed, in part, by the United States Department of Agriculture, acting through the Office of Rural Development.

2. People’s United

Prior to the Petition Date, the Debtor entered into a promissory note with People’s United pursuant to which the Debtor borrowed the principal amount of \$302,831.65 (any and all documents entered into in relation to this loan, the “People’s Loan Documents” and the loan evidenced by the People’s Loan Documents, the “People’s Loan”). The total amount outstanding under the People’s Loan as of the Petition Date (according to the proof of claim filed by People’s United) equaled \$91,236.53. The Hospital guaranteed the obligations owed under the People’s Loan, however, the claim arising out of the People’s Loan is a General Unsecured Claim against the Hospital. The People’s Loan is secured by a mortgage on the real property owned by the Debtor and generally located at 1 Elm Street, Ludlow, Vermont (any and all collateral pledged to secure the People’s Loan, the “People’s Collateral”).

3. State of Vermont

In 2020, Vermont initiated the Retainer Program to provide financial assistance to various medical facilities suffering from revenue downturns caused by the Covid-19 pandemic. Premised on the impact on revenue caused by the Covid-19 pandemic, after the Petition Date, in early April of 2020, the Debtor applied for money under the Retainer Program, and the Debtor, with the approval of the Bankruptcy Court, received \$498,800.00 from Vermont under the Retainer Program (the “Retainer Money”). The Retainer Money was provided to the Debtor pursuant to the terms of that certain Order Granting Emergency Motion to Authorize Post-Petition Financing, Disbursement of Loan Proceeds and Shortened and Limited Notice entered by the Bankruptcy Court on April 23, 2020 (the “Retainer Program Order”).

4. State of New Hampshire

In 2020, New Hampshire initiated a loan program to provide financial assistance to various medical facilities suffering from revenue downturns caused by the Covid-19 pandemic (the “NH”).

Loan Program”). Premised on the impact on revenue caused by the Covid-19 pandemic, after the Petition Date, again in early April of 2020, the Debtor applied for money under the NH Loan Program, and the Debtor, with the approval of the Bankruptcy Court, received **\$200,000.00** from New Hampshire under the NH Loan Program (the “NH Loan Money”) to assist with the operation of the Debtor’s Charlestown, New Hampshire, facility. The NH Loan Money was provided to the Debtor pursuant to the terms of that certain Order Granting Emergency Motion to Authorize Post-Petition Financing, Disbursement of Loan Proceeds and Shortened and Limited Notice and Overruling Berkshire Bank Objection entered by the Bankruptcy Court on June 23, 2020 (the “NH Loan Program Order”).

On October 12, 2020, the Debtor was informed by the Governor’s Office of Emergency Relief & Recovery for New Hampshire that the NH Loan Money qualified for conversion to a grant and, therefore, is not subject to repayment.

5. Southern Vermont Health and Recreation Center Foundation

The Debtor owns the property generally located at 140 Clinton Street, Springfield, Vermont (the “Edgar May Property”). There are two buildings located on the Edgar May Property. One building has been fully renovated and is operated as the Edgar May Health and Recreation Center (the “Recreation Center”). The Recreation Center is operated by the Southern Vermont Health and Recreation Center Foundation (the “Recreation Center Foundation”) pursuant to an Operating Agreement entered into by and between the Debtor and the Recreation Center Foundation dated October 31, 2012 (the “Operating Agreement”). The Debtor intends to assume the Operating Agreement (see § V of the Plan). The second building on the Edgar May Property is a historic foundry building currently used only for storage by the Recreation Center Foundation (the “Foundry Building”). VHCB holds a mortgage against the Edgar May Property (the “Edgar May Mortgage”), which secures performance of the Debtor’s obligations under a Grant Agreement, pursuant to which VHCB provided **\$100,000.00** for renovation of the Foundry Building for use as part of the Recreation Center (the “Grant Agreement”). Additionally, VHCB and Preservation Trust of Vermont, Inc., hold a Historic Preservation Easement against the Foundry Building. There are no payments required under the Edgar May Mortgage, provided the Debtor remains in compliance with the restrictions and covenants set forth in the Edgar May Mortgage.

Environmental assessment and remediation activities have taken place and are continuing at the Foundry Building in connection with renovation of the Foundry Building, with funding provided by third parties, including the United States Environmental Protection Agency and the Vermont Department of Environmental Conservation. Full remediation of the Foundry Building could cost over **\$1,000,000.00**.

6. Town of Charlestown, New Hampshire

The Town of Charlestown, New Hampshire, holds a Secured Claim as of the Petition Date (according to the Debtor’s Schedules) in the amount of **\$14,362.95**. The Secured Claims of the Town of Charlestown are secured by liens on the real property owned by the Debtor and generally located at 250 CEDA Road, Charlestown, New Hampshire.

7. Intercompany Claims between the Debtor and the Hospital

As discussed above, the Debtor and the Hospital have historically operated as part of the same system with overlapping administrative and operational support. As a result of that interrelatedness, certain intercompany Claims have arisen in which the Hospital owes the Debtor money and vice versa, both prior to and after the Petition Date, and many of those Claims went unpaid and/or were not reflected as balance sheet liabilities.

After the Petition Date, the Debtor Filed Proof of Claim No. 93 in the chapter 11 case of the Hospital asserting a General Unsecured Claim against the Hospital in the amount of **\$1,821,012.00** based on Prepetition liabilities. The Hospital, on the other hand, Filed Proof of Claim No. 50 in the Case asserting a General Unsecured Claim against the Debtor in the amount of **\$11,295,133.00** based on alleged intercompany obligations arising prior to the Petition Date, including as a result of transfers to third parties that the Hospital claims benefited the Debtor and purported other Prepetition Causes of Action that the Hospital believes it may have against the Debtor. The Debtor understands that the Hospital does not intend to pursue Prepetition Causes of Actions or Claims that the Hospital may have against the Debtor for a variety of reasons, including to avoid harming the long-standing business relationship between the Debtor and the Hospital, the costs associated with determining the amount of any Prepetition Claims, the Debtor's potential counterclaims against the Hospital, and the low likelihood of collecting on any Prepetition Claims because, even if proven, such Claims would constitute General Unsecured Claims under the Plan. Similarly, the Debtor, in its business judgment, does not intend to pursue any Prepetition Claims or Causes of Action against the Hospital due to the costs involved in determining the amount of such Claims, the Hospital's likely counterclaims and setoff rights, and the low likelihood of the Debtor collecting any material sum on any General Unsecured Claims under the Hospital's plan of reorganization.

While the Debtor and the Hospital are not pursuing Prepetition, intercompany Claims, they have reached an agreement regarding the treatment and amount of Postpetition intercompany Claims. Specifically, during the post-petition period, the Hospital funded certain costs and expenses relating to the self-funded health and dental plans (the "Funded Health Claims") of the Debtor from June 26, 2019 through December 31, 2019 (the "Health Claim Funding Period").³ The Debtor, in turn, funded the costs and expenses of the Hospital relating to certain administrative expenses provided to the Hospital by the Debtor (the "Administrative Support Services") during the Health Claim Funding Period. After the Health Claim Funding Period, the Debtor continued and currently continues to provide the Administrative Support Services to the Hospital, and, effective as of July 31, 2020, the Hospital began to provide and continues to provide certain administrative and other services to the Debtor.

After accounting for the Funded Health Claims, the Administrative Support Services, and any and all additional intercompany Claims arising after the Petition Date, as of July 31, 2020, the

³ The Funded Health Claims were calculated by taking the total amount of health claims funded during the Health Claim Funding Period for both the Debtor and the Hospital and allocating 43% to the Debtor and 57% to the Hospital. These percentage allocations were driven by the number of participants in the health, pharmacy, and dental plans of each entity.

Debtor owed the Hospital **\$484,685.00** as an Administrative Expense Claim (the “Hospital Administrative Claim”). The amount of the Hospital Administrative Claim may adjust between July 31, 2020 and the Confirmation Date (the as-adjusted Hospital Administrative Claim as of the Confirmation Date shall continue to be referred to as the Hospital Administrative Claim). Any Claims held by the Hospital against the Debtor that arose prior to the Petition Date are Classified in the Plan as General Unsecured Claims in Class 10, which Claims are discussed further below.

8. Unsecured Creditors and Trade Debt

Excepting the claims asserted by the Hospital, the Debtor’s Schedules reflect Unsecured Claims held by Creditors in the approximate amount of **\$2 million**. This group is primarily composed of ordinary course trade debt and refunds owed by the Debtor to patients for medical services provided. Patient refunds can arise out of a number of scenarios, however, a common scenario occurs when a patient pays for medical services at or near the date of service, and the Claim ultimately ends up getting paid through insurance coverage at a point after the initial payment. In such circumstances, the Debtor owes a refund to the patient or guarantor for the claim. As of the Petition Date, the Debtor owed approximately **\$111,000.00** in potential refund Claims to patients (the “Patient Refund Claims”).

III. THE CHAPTER 11 CASE

The following are significant events and issues that arose during the Case, including a discussion of certain deadlines that will be set in conjunction with Confirmation of the Plan:

A. Employment of Professionals

During the course of the Case, the Bankruptcy Court approved the employment of the following Professionals:

- Bernstein, Shur, Sawyer & Nelson, P.A., as chapter 11 counsel for the Debtor;
- Primmer Piper Eggleston & Cramer PC, as local bankruptcy counsel and special healthcare counsel;
- Spinglass Management Group, LLC, as financial advisor for the Debtor;
- Berry Dunn, as accountants for the Debtor, consistent with Prepetition practice; and
- QHR, as the provider of consulting and executive management services.
- Ankura Consulting Group, LLC, as the Debtor’s valuation professional.

There was no committee of creditors and no patient care ombudsman (“PCO”) appointed in this Case. The United States Trustee did not convene a committee. As for appointment of a patient care ombudsman, the Debtor filed a motion seeking a determination that a PCO was not

necessary based on the facts and circumstances in this Case (the “PCO Motion”). The Bankruptcy Court granted the PCO Motion.

B. Use of Cash Collateral

Companies reorganizing in chapter 11 typically finance continuing business activities through collections of accounts receivable, post-petition financings, or a combination of both. In this Case, the Debtor initially intended to manage its business and finances without access to a line of credit or a debtor-in-possession financing facility. Instead, the Debtor intended to rely on Cash, collections of accounts receivable, and any other payments that convert to Cash. Together, these types of property are referred to as “cash collateral” within the meaning of § 363(a) of the Bankruptcy Code (“Cash Collateral”).

A debtor can obtain permission to use Cash Collateral either by obtaining consent of parties that hold an interest in Cash Collateral or over their objection by demonstrating that those parties’ interests are adequately protected either by virtue of or notwithstanding the use of Cash Collateral. Here, Berkshire asserts an interest in the Debtor’s Cash Collateral. Early in the Case, Berkshire and the Debtor agreed to general terms for the use of Cash Collateral until Confirmation of a Plan. These terms are set forth in the Bankruptcy Court’s Final Order Granting Emergency Motion For Authority To Use Cash Collateral On An Interim Basis And Scheduling A Hearing Authorizing The Use Of Cash Collateral On A Final Basis [Dkt. No. 80] (the “Cash Collateral Order”). Pursuant to the Cash Collateral Order, the Debtor was authorized to use Cash Collateral for an initial time period until October 6, 2019, and then for further periods of time by consent of Berkshire and subject to stipulated orders authorizing use of Cash Collateral.

Working cooperatively with Berkshire on use of Cash Collateral reduced expenses that would have occurred from contested proceedings regarding Cash Collateral and ensured the continued business operations of the Debtor during the Case.

C. Operational Changes

The Debtor made various operational changes during the Case to optimize services, manage expenses, respond to the Covid-19 public health crisis, and further the Debtor’s ability to operate independently from the Hospital post-Confirmation. Those changes during the Case included the following:

- On or about January 1, 2020, the Debtor changed the third-party administrator for the self-funded employee health care plan to Harvard Pilgrim. Historically, the third-party administrator has invoiced the Hospital for employee health care Claims of both the Debtor’s and the Hospital’s employees, and the Hospital funded those claims on behalf of both companies. Moving forward, post-Confirmation, Harvard Pilgrim will continue to invoice the Hospital for Claims of employees of the Hospital and the Debtor, but the Debtor will pay those Claims for its employees on a regular basis as invoices are received. As a result, although the Debtor and the Hospital will continue to benefit from the efficiencies of using the same third-party administrator, each company will fund its own employee health care expenses.

- In early 2020, the Debtor made numerous operational changes in response to the Covid-19 pandemic and various state and federal orders affecting its operations, including: limiting “well” patient visits due to potential infection of healthy patients and in order to open up capacity in the event the capacity is needed to address cases of Covid-19; and temporarily closing the Chester dental location and providing only emergency dental care at the Ludlow location. Although the Debtor experienced an increase in patient visits relating to Covid-19 specifically, overall, the Debtor experienced a drop in the number of patient visits. This drop in the aggregate number of patient visits caused a decline in revenue for the Debtor, at least in the short term, and required the Debtor to carefully manage its expenses and seek out various state and federal emergency funding programs.
- Effective on July 28, 2020, as part of separating operations, the Debtor and the Hospital entered into a Master Shared Services Agreement (the “MSSA”) in the form attached hereto as Exhibit 2. The MSSA is intended to ensure that administrative and other employees who provide services primarily to the Debtor are employed by the Debtor, and vice versa as to the Hospital. To achieve that goal, certain employees of the Debtor were transitioned to the Hospital, with the Debtor and the Hospital sharing the services of certain of those employees by agreement. The MSSA provides that to the extent an employee of one company continues to provide services that benefit the other company, the employer will be compensated for those services.

The Debtor has, and continues to, identify and implement other operational changes to achieve its goals of providing high-quality health care services to the community and meeting its obligations under the Plan.

D. Exit Funding from Vermont to Facilitate the Debtor’s Reorganization

In order to maintain continuity of health care services in the Springfield region and to facilitate the timely and successful reorganization of the Debtor, Vermont has agreed to provide a grant to the Debtor in the amount of at least \$2,000,000.00, which is defined in the Plan and herein as the “Exit Funding.” As is set forth in more detail below, the Exit Funding shall be used by the Debtor to pay off Berkshire’s Allowed Claim, which is Classified in Class 1 of the Plan. The Exit Funding is a fully forgiven grant and is not subject to repayment by the Debtor. Vermont also has agreed to provide similar grant funding to facilitate the reorganization and exit from chapter 11 by the Hospital, as well as a separate loan to the Hospital that will require repayment by the Hospital after its chapter 11 plan is confirmed.

E. The Hospital Pension Plan

The Pension Plan of the Hospital (the “Pension Plan”) may be a tax-qualified defined benefit pension plan covered by Title IV of Employee Retirement Income Security Act of 1974, as amended. The Pension Benefit Guaranty Corporation (“PBGC”) has filed proofs of claim (collectively, the “PBGC Claims”) against the Debtor and the Hospital for: (a) the Pension Plan’s

underfunding on a termination basis; (b) unpaid minimum funding contributions; and (c) pension-insurance premiums. In the event of a termination of the Pension Plan under 29 U.S.C. §§ 1341(c) or 1342, the contributing sponsor and all members of its controlled group, may be jointly and severally liable for the PBGC Claims pursuant to 29 U.S.C. § 1362(a), 26 U.S.C. § 412 and 29 U.S.C. § 1307, all as applicable.

Upon Confirmation of the Plan, the PBGC shall be deemed to have withdrawn with prejudice any proofs of claim filed by PBGC against the Debtor with respect to the Pension Plan, including the PBGC Claims. Notwithstanding any other provision hereof, nothing in the Plan, the Confirmation Order, or the Bankruptcy Code (including § 1141 thereof) shall be construed as discharging, releasing, or relieving the Debtor or any party, in any capacity, from any liability with respect to the Pension Plan under any law, government policy, or regulatory provision. The PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability or responsibility against any Debtor or any party with such liability or responsibility as a result of any provisions for satisfaction, release, injunction, exculpation, and discharge of Claims in the Plan and Confirmation Order. The Debtor and the PBGC reserve all rights with respect to determining whether the Debtor is liable for any obligations relating to the Pension Plan, including determinations relating to whether the Debtor is part of the controlled group associated with the Pension Plan.

F. The 457 Plan

Certain employees and former employees of the Debtor participated in a 457(b) retirement plan sponsored by the Debtor (the “457 Plan”). There are no Debtor-paid contributions to the 457 Plan, and it is comprised solely of funds contributed by current or former employees of the Debtor or the Hospital. The Debtor and the Hospital have determined that maintaining the 457 Plan under the same terms and conditions as existed prior to the bankruptcy filings, unaffected by the reorganization, is in the best interests of their respective estates. Any proofs of claim filed by participants in the 457 Plan shall be deemed allowed only to the extent allowed and payable under the 457(b) Plan.

G. Potential Avoiding Power Causes of Action

In the ninety (90) days prior to the Petition Date, the Debtor made numerous disbursements to trade creditors and other parties as identified in Schedule 3.1 to its Statement of Financial Affairs (the “90-Day Transfers”). The 90-Day Transfers, which exclude ordinary payroll payments, total approximately **\$3.6 million**. Claims to avoid and recover the 90-Day Transfers can only be brought against parties who, in the aggregate, received more than **\$6,825.00** in the 90 days before the Petition Date. See 11 U.S.C. § 547(c)(9). The Debtor is also required to consider any and all reasonably known defenses. These include (among other defenses): (i) a bar to recovery to the extent of new value provided after each avoidable transfer; or (ii) a bar to recovery of any transfer made in the ordinary course of business (either between the parties or in the relevant industry).

After removing state and federal tax payments, payments for employee health and benefits, payments to parties with known or likely complete or nearly complete defenses, and smaller payments that the Debtor has determined are not cost-effective to pursue, the 90-Day Transfers

subject to potential avoidance as Avoiding Power Causes of Action total approximately **\$650,000.00** (excluding further reductions to account for potential partial defenses). A schedule of potential Avoiding Power Causes of Action is attached to the Plan as **Exhibit C**. **Identification of potential Avoiding Power Causes of Action is not a waiver of the right to bring any other Avoiding Power Causes of Action, including those among the 90-Day Transfers or otherwise, if the Debtor determines, in the exercise of its business judgment, that such Cause of Action has merit.**

Under § 502(d) of the Bankruptcy Code, the Bankruptcy Court shall disallow any claim of any entity that is a transferee of an Avoidance Cause of Action. All Holders of Claims against the Debtor who are listed on Exhibit C are hereby on notice that their Claim, if any, may be disallowed or objected to on the basis of § 502(d).

There are other potentially complicated theories that could be employed to try to avoid the impact of facially valid security interests in collections from accounts receivable due to commingling of funds in deposit accounts. The Debtor does not believe that such litigation would be a good use of resources at this time.

H. Potential Post-Confirmation Litigation

The Debtor reserves and does not release any Claims or Causes of Action that it may have. The Debtor further reserves all Claims and Causes of Action held by, through, or on behalf of the Debtor or the Estate against any other Person that have not otherwise been resolved or disposed of, whether or not specifically identified in this Disclosure Statement.

THIS DISCLOSURE STATEMENT CONSTITUTES NOTICE TO ANY PARTY IN INTEREST THAT THE DEBTOR RESERVES THE RIGHT TO PURSUE ANY AND ALL SUCH CAUSES OF ACTION TO JUDGMENT AND COLLECTION, AND THAT THE PROCEEDS OF ALL SUCH CAUSES OF ACTION, IF ANY, MAY BE USED TO HELP FUND CERTAIN OBLIGATIONS UNDER THE PLAN.

I. Establishment of Bar Dates and Disallowance of Late-Filed Claims

The bar date for filing a Proof of Claim with respect to any Prepetition Claims, except those of Governmental Units but including a 503(b)(9) Claim, was September 4, 2019 (the "General Bar Date").

The bar date for filing a Proof of Claim based upon the avoidance of a transfer of the Debtor's property shall be thirty (30) days after judgment avoiding the relevant transfer.

The deadline for Governmental Units to file Proofs of Claim was December 23, 2019 (the "Governmental Bar Date").

The Plan sets sixty (60) days after the Effective Date as the deadline to seek allowance of what are defined as Non-Ordinary Course Administrative Claims—essentially claims allowable

under § 503(b) that are not in the nature of Ordinary Course Administrative Expense Claims. This type of Claim includes Professional Fee Claims.

Under the Plan, Holders of Ordinary Course Administrative Claims are not required to File any request for payment of such Claims. The Debtor has paid and continues to pay all Ordinary Course Administrative Claims as they become due. The Debtor shall identify the parties that the Debtor believes hold Ordinary Course Administrative Claims in a schedule attached to the Notice of the Effective Date (as defined below). Holders of Ordinary Course Administrative Claims may, but are not required to, File a motion regarding their Ordinary Course Administrative Claim by the Non-Ordinary Course Administrative Bar Date.

The deadline for seeking allowance of a Claim following rejection of an executory contract or lease under § 365 of the Bankruptcy Code shall be thirty (30) calendar days after the later to occur of the Effective Date or the date of entry of an order authorizing rejection of a contract or lease.

Any Claims that are not timely filed before the applicable bar date will be forever barred from assertion against the Debtor, the Estate, and the Assets, unless such deadline is extended by an order of the Bankruptcy Court. The Holder of such a Claim is not entitled to vote on the Plan or to participate in any Distributions in the Case. The Confirmation Order would disallow the following proofs of claim as having been filed after the General Bar Date:

Claim No.	Claimant	Date Filed
53	Windstream	9/9/2019
62	Evanston Insurance Company	10/8/2019
63	Evanston Insurance Company	10/8/2019
64	Evanston Insurance Company	10/8/2019
65	Evanston Insurance Company	10/8/2019
70	Safilo USA, Inc.	11/4/2019
71	Bionix Development Corp.	11/26/2019
76	Eagle Printing & Publishing	1/21/2020
77	ATC Group	2/6/2020
78	Allscripts Healthcare	2/20/2020
79	Indelible Inc.	10/21/2020

All other rights and bases for objection to such Claims are reserved to the Debtor and the Estate, except to the extent set forth herein or by separate Order of the Bankruptcy Court.

The above list of late-filed Claims does not include Patient Refund Claims, which are addressed in Class 9 of the Plan. To the extent the Debtor had an objection to a Patient Refund Claim, that objection has been or will be filed on or before October 23, 2020. If no objection was filed as of October 23, 2020, the Patient Refund Claim shall be treated as an Allowed Claim in Class 9 of the Plan.

J. Summary and Notice of Certain Additional Claim Objections the Debtor May File After the Confirmation Date

The Debtor has identified in Exhibit D to the Plan and herein (and attached hereto as Exhibit 4) a list of Claims to which the Debtor may object if the Bankruptcy Court confirms a plan of reorganization in this Case under terms different than those in the Plan filed by the Debtor (the “Contingent Claim Objections Schedule”).⁴ If the Bankruptcy Court confirms the Plan as proposed, the Debtor will not object to the Claims identified in the Contingent Claim Objections Schedule.

Proof of Claim No.	Creditor	Proof of Claim Amount	Basis for Objection
5	The Inline Group	\$2,970.00	Disputed amount based on Debtor’s records
7	Canon Financial Services, Inc.	\$1,164,916.57	Disputed amount; claim filed in wrong case; not obligation of the Debtor
9	PCM, Inc.	\$10,204.35	Disputed amount based on Debtor’s records
11	Dental Designs, Inc.	\$13,610.73	Disputed amount based on Debtor’s records
15	National Research Corporation	\$37,577.00	Disputed amount based on Debtor’s records
16	TheraCom, LLC	\$47,675.50	Disputed amount based on Debtor’s records
17	Amerisource Bergen Drug Corp.	\$17,550.22	Disputed amount based on Debtor’s records
18	BerryDunn	\$39,977.00	Claim released per retention order
21	Mobile Maid Cleaning Svc.	\$4,491.60	Disputed amount; claim filed in wrong case; not obligation of the Debtor
26	Cardinal Health 110, LLC	\$26,772.79	Claim satisfied
28	Claremont Glassworks	\$3,300.00	Disputed amount; claim filed in wrong case; not obligation of the Debtor
40	Advanced Answering Center, Inc.	\$7,598.10	Disputed amount based on Debtor’s records
41	CVS Manchester NH, LLC	Unliquidated	Disputed amount based on Debtor’s records
46	Great Northern Insurance Company	Unliquidated	Disputed amount based on Debtor’s records

⁴ The Contingent Claim Objections Schedule does not include objections to Claims based solely on late-filed proofs of claim. However, to the extent the Debtor may have additional bases to object to a late-filed proof of claim, those additional bases are identified in the Contingent Claim Objections Schedule.

53	Windstream	\$1,857.93	Disputed amount based on Debtor's records
62	Evanston Insurance Co.	\$207.50	Disputed amount based on Debtor's records
63	Evanston Insurance Co.	\$1,040.00	Disputed amount based on Debtor's records
64	Evanston Insurance Co.	\$13,143.90	Disputed amount based on Debtor's records
65	Evanston Insurance Co.	\$12,932.00	Disputed amount based on Debtor's records
76	Eagle Printing & Publishing	\$3,225.00	Disputed amount based on Debtor's records
77	ATC Group	13963.36	Disputed amount based on Debtor's records
78	Allscripts Healthcare	\$177,166.92	Disputed amount based on Debtor's records

ALL CLAIMANTS ARE ADVISED TO REVIEW AND LOCATE THEIR NAME ON THE CONTINGENT CLAIM OBJECTIONS SCHEDULE. IF A CLAIM IS LISTED ON EXHIBIT D, PLEASE BE ADVISED THAT THE DEBTOR MAY—BUT IS NOT REQUIRED TO—OBJECT TO THAT CLAIM, IN WHOLE OR IN PART, IF THE BANKRUPTCY COURT CONFIRMS A PLAN ON TERMS DIFFERENT THAN THOSE PROPOSED BY THE DEBTOR. THE IDENTIFICATION OF A CLAIM ON EXHIBIT D DOES NOT GUARANTEE THAT THE DEBTOR, IN ITS DISCRETION, WILL OR WILL NOT OBJECT TO SUCH CLAIM.

IV. SUMMARY OF THE PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT, AND IMPLEMENTATION OF THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY THE PLAN. CREDITORS ARE URGED TO READ THE PLAN IN FULL.

A. Introduction

Pursuant to the Plan, the Debtor proposes to effectuate a reorganization and to complete a balance sheet restructuring that will aid in the Debtor's viability. On the Effective Date, except as otherwise set forth in the Plan, the Estate's interest in all Assets shall vest in the Debtor free and clear of any and all Claims, Interests, or defenses (including recoupment) with respect to any Claims, whether known or unknown, asserted or unasserted, or contingent or fixed. Allowed Claims shall receive certain Distributions discussed in the Plan and summarized in this Disclosure Statement.

B. Voting Procedures and Confirmation Requirements

1. Ballots and Voting Deadlines

Accompanying this Disclosure Statement is a ballot for acceptance or rejection of the Plan. The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for acceptance or rejection of the Plan **MUST BE SERVED ON THE DEBTOR'S COUNSEL** listed immediately below by no later than **4:00 p.m., prevailing Eastern time, on November 30, 2020** (the "Voting Deadline"):

Bernstein Shur
100 Middle Street, P.O. Box 9729
Portland, Maine 04101
Attn: Sam Anderson, Esq.

BALLOTS NOT ACTUALLY RECEIVED BY THE VOTING DEADLINE MAY NOT BE COUNTED, AND BALLOTS THAT DO NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN WILL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN. BALLOTS MAILED TO THE CLERK OF THE BANKRUPTCY COURT MAY NOT BE COUNTED.

Even if you do not vote to accept the Plan, you may still be bound by it if it is accepted by the requisite Holders of Claims and confirmed by the Bankruptcy Court.

2. Parties in Interest Entitled to Vote

Pursuant to provisions of the Bankruptcy Code, only Holders of Allowed Claims in Classes of Claims that are Impaired are entitled to vote to accept or reject the Plan. In addition, any Claim to which an objection has been Filed is not entitled to vote unless the Bankruptcy Court, upon application of the Holder of the Claim, temporarily allows the Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before the Voting Deadline. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that the vote was not solicited or made in good faith or in accordance with the provisions of the Bankruptcy Code.

3. Definition of Impairment

Under § 1124 of the Bankruptcy Code, a Class of Claims is "impaired" under a plan unless, with respect to each Claim of such Class, the plan:

- (1) Leaves unaltered the legal, equitable, and contractual rights of the holder of the claim or equity interest; or
- (2) Notwithstanding any contractual provision or applicable law that entitles the holder of a claim or equity interest to demand or receive accelerated payment of such claim

or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default:

- (A) Cures any such default that occurred before or after the commencement of the Case under the Bankruptcy Code, other than a default of a kind specified in § 365(b)(2) of the Bankruptcy Code;
- (B) Reinstates the maturity of such claim or interest as it existed before such default;
- (C) Compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law;
- (D) If such claim or such interests arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to § 365(b)(1)(A) of the Bankruptcy Code, compensates the holder of such claim or such interest (other than the debtor or an insider) for actual pecuniary loss incurred by such holder as a result of such failure; and
- (E) Does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

In the Plan, the Debtor has classified Claims as follows:

Class	Type of Claim	Impaired / Unimpaired	Entitled to Vote (Yes/No)
Class 1	Berkshire Claims	Impaired	Yes
Class 2	People’s United Secured Claims	Impaired	Yes
Class 3	Vermont Retainer Program Claims	Unimpaired	No
Class 4	State of New Hampshire Covid-19 Loan Claims	Unimpaired	No
Class 5	VHCB	Unimpaired	No
Class 6	Town of Charlestown, New Hampshire	Impaired	Yes
Class 7	Priority Wage Claims	Unimpaired	No
Class 8	Priority Non-Tax Claims, other than Priority Wage Claims	Unimpaired	No
Class 9	Patient Refund Claims	Impaired	Yes

Class 10	General Unsecured Claims	Impaired	Yes
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C. Confirmation Procedure

1. Confirmation Hearing

The Confirmation Hearing is scheduled before the Honorable Colleen A. Brown, United States Bankruptcy Judge, for **9:30 a.m. on December 9, 2020**, via Zoom. Any person who intends to participate in the hearing on confirmation of the Plan must contact the courtroom deputy by **10:00 a.m. on December 8, 2020**, at **jody_kennedy@vtb.uscourts.gov or (802) 657-6404**, to give her the screen name s/he will be using on the device used to connect to the hearing. For security reasons, failure to provide this information in advance of the hearing may result in exclusion from the hearing. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or such continued Confirmation Hearing.

2. Procedure for Objections

Any objection to Confirmation of the Plan must be made in writing and specify in detail the name and address of the objecting party and all grounds for the objection. Any objection must be Filed with the Bankruptcy Court and served on counsel for the Debtor by **4:00 p.m. on November 30, 2020**. You may file your response by e-mailing the response to **efiling@vtb.uscourts.gov**; by mailing the response to U.S. Bankruptcy Court, District of Vermont, PO Box 1663, Burlington, VT 05402-1663; by hand-delivering the response to the Clerk of the Court at 151 West Street, Rutland, VT 05701 or 11 Elmwood Ave, Rm 200, Burlington, VT 05401; or by filing via the Bankruptcy Court's CM/ECF filing system. Unless an objection is timely Filed and served, it may not be considered by the Bankruptcy Court. Although not required, it would assist parties if the amount of the Claim and the number of any Filed Proof of Claim held by the objecting party is identified in such objection.

3. Requirements for Confirmation

The Bankruptcy Court will confirm the Plan only if it meets all the requirements of § 1129 of the Bankruptcy Code. Among the requirements for Confirmation are that the Plan is: (a) accepted by all Impaired Classes of Claims that are entitled to vote or, if rejected by an Impaired Class, that the Plan "does not discriminate unfairly" against and is "fair and equitable" with respect to such Class; (b) feasible; and (c) in the "best interests" of Creditors Impaired under the Plan that have not voted to accept the Plan. The Bankruptcy Court must also find that:

- The Plan has classified Claims in a permissible manner;
- The Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code; and
- The Plan was proposed in good faith.

4. Voting and Acceptance of the Plan

Except as otherwise provided by the Bankruptcy Code, as a condition to Confirmation of the Plan, the Bankruptcy Code requires each Class of Impaired Claims entitled to vote on the Plan to vote to accept the Plan. The Bankruptcy Code defines acceptance of a plan by a Class of Creditors as acceptance by Holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) number of those Claims in that Class. Holders of Claims that fail to vote may be deemed to have accepted the Plan. A vote, moreover, may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that it was not made or solicited in good faith.

Classes of Claims that are Unimpaired under the Plan are conclusively presumed to have accepted the Plan and, therefore, are not entitled to vote. Classes of Claims that receive no distribution under the Plan are conclusively presumed to have rejected the Plan and are not entitled to vote.

5. Best Interests Test

The “best interests” of Impaired Creditors test requires that each Holder of a Claim that has not voted to accept the Plan and belongs to an Impaired Class receive or retain under the Plan property of a value that is not less than the value such Holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. To determine what members of each Impaired Class of Claims would receive if the Debtor were liquidated, the Bankruptcy Court must determine the dollar amount that a liquidation of the Debtor’s Assets would generate in the context of a chapter 7 liquidation. The amount available for satisfaction of Claims would consist of the proceeds resulting from the liquidation, reduced by the costs and expenses of the liquidation and the Claims of Secured Creditors to the extent of the value of their collateral.

As a non-profit business corporation, the Case cannot be converted to one under chapter 7 of the Bankruptcy Code. See 11 U.S.C. § 1112(c). Moreover, the Debtor does not consent to conversion to chapter 7. Thus, no liquidation under chapter 7 is possible at this time. For this reason, any amount received under the Plan is more than is possible for Distribution under chapter 7.⁵

Notwithstanding the Debtor’s position with respect to a forced liquidation under chapter 7, the Debtor has prepared a “liquidation analysis” for a hypothetical liquidation under chapter 7. The Debtor’s liquidation analysis is attached hereto as **Exhibit 3**. As set forth therein and as discussed in the section of this Disclosure Statement reviewing alternatives to Confirmation, the Debtor believes that each Impaired Class of Claims would receive under the Plan property of a value that is not less than the value that they would receive if the Debtor were to be liquidated under chapter 7.

Preparation of a liquidation analysis is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by the Debtor, based upon its business judgment and input from advisors, are inherently subject to business, economic, and other risks,

⁵ This is not an admission that a hypothetical liquidation value cannot be determined under § 547 of the Bankruptcy Code.

uncertainties, and contingencies. The values stated in Exhibit 3 have not been subject to review, compilation, or audit by any independent accounting firm and may represent outcomes different from those that a liquidator would make.

6. The Feasibility Test

The “feasibility” test requires the Bankruptcy Court to find that Confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization of the Debtor. The Debtor believes that the Cash Flow Projections attached to the Plan as Exhibit A demonstrate that the Debtor is viable and will continue to be viable. In other words, the Debtor does not believe that liquidation or further reorganization is likely to be needed. The Debtor’s business is likely to continue in what could be characterized as a “steady state” into the future.

7. Unfair Discrimination and the Fair and Equitable Test

If any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan despite such non-acceptance under the “cram down” provisions set forth in § 1129(b) of the Bankruptcy Code. To obtain Confirmation under those circumstances, the Debtor must show, among other things, that the Plan “does not discriminate unfairly” against and is “fair and equitable” with respect to each Impaired Class of Claims that has rejected the Plan.

Under § 1129(b) of the Bankruptcy Code, a plan is “fair and equitable” to a class of claims or equity interests if, among other things, a plan provides: (i) with respect to secured claims, that each holder of a claim included in the rejecting class will receive or retain on account of its claim property that has a value, as of the effective date of a plan, equal to the allowed amount of such claim; and (ii) with respect to unsecured claims and equity interest, that the holder of any claim or equity interest that is junior to the claims or equity interest of such class will not receive or retain on account of such junior claim or equity interest any property at all unless the senior class is paid in full. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are similar to those of the dissenting class and if no class receives more than it is entitled to receive on account of its claim or interest. The Debtor submits that these requirements are or will be met here.

AS THE HOLDERS OF CLAIMS IN CERTAIN CLASSES ARE IMPAIRED AND MAY REJECT THE PLAN, ALL PARTIES ARE ADVISED THAT THE DEBTOR MAY SEEK CONFIRMATION OF THE PLAN UNDER THE “CRAM DOWN” PROVISIONS OF § 1129(b) OF THE BANKRUPTCY CODE.

8. Other Requirements of § 1129 of the Bankruptcy Code

The Debtor submits that the Plan meets or will meet all of the other requirements of § 1129 of the Bankruptcy Code, including that the Plan was proposed in good faith.

D. Classification and Treatment of Claims and Interests Under the Plan

1. Classification of Claims

Section 1122 of the Bankruptcy Code requires the Plan to place a Claim in a particular Class only if such Claim is substantially similar to the other Claims in that Class. The Debtor believes that the Plan's classifications place substantially similar Claims in the same Class and, thus, meet the requirements of § 1122 of the Bankruptcy Code. The specific classifications and treatments of Classified Claims through the Plan are discussed further below and in the Plan.

2. Unclassified Claims

Under the Plan, certain types of Claims are not placed into Classes. Instead, such Claims are Unclassified Claims. Unclassified Claims are Unimpaired, and Holders of Unclassified Claims do not vote on the Plan because they are automatically entitled to specific treatment provided for Unclassified Claims in the Bankruptcy Code or the Claim treatment has been agreed upon by the Debtor and a particular Claimant. Descriptions of the Unclassified Claims, and the allowance and treatment of such Unclassified Claims under the Plan, are discussed next.

a. Allowance of Administrative Claims

i. Allowance of Non-Ordinary Course Administrative Claims and the Hospital Administrative Claim

Unless otherwise expressly provided in the Plan, Non-Ordinary Course Administrative Claims shall be Allowed Claims only if: (i) on or before the Non-Ordinary Course Administrative Claim Bar Date, the Person holding such Non-Ordinary Course Administrative Claim both Files with the Bankruptcy Court a motion requesting allowance of the Non-Ordinary Course Administrative Claim and serves the motion on counsel for the Debtor and the U.S. Trustee; and (ii) a Final Order is subsequently entered by the Bankruptcy Court allowing the Non-Ordinary Course Administrative Claim.

THE NON-ORDINARY COURSE ADMINISTRATIVE BAR DATE IS SIXTY (60) CALENDAR DAYS AFTER THE EFFECTIVE DATE. Notice of the actual date upon which the Non-Ordinary Course Administrative Claims Bar Date falls shall be set forth in the Notice of the Effective Date of the Plan that shall be served on parties-in-interest within fourteen (14) calendar days after the Effective Date (the "Notice of the Effective Date"). Persons holding Non-Ordinary Course Administrative Claims that do not File and serve a request for payment on or before the Non-Ordinary Course Administrative Claim Bar Date shall be forever barred from asserting those Claims against the Debtor, the Estate, and/or the Assets. The Debtor or any other party-in-interest may File an objection to any motion requesting allowance of a Non-Ordinary Course Administrative Claim in accordance with the Bankruptcy Code and/or any applicable Bankruptcy Rules.

The Hospital Administrative Claim is an Unclassified Non-Ordinary Course Administrative Claims that shall be treated in accordance with the Plan, as is described further below.

ii. Allowance of Ordinary Course Administrative Claims

Under the Plan, Holders of Ordinary Course Administrative Claims shall not be required to File any request for payment of such Claims. The Debtor has paid and continues to pay all Ordinary Course Administrative Claims as they become due. Any party seeking express allowance of an Ordinary Course Administrative Claim may File a motion by the Non-Ordinary Course Administrative Bar Date or forever waives the right to do so. The Debtor shall identify the parties that the Debtor believes hold Ordinary Course Administrative Claims in a schedule attached to the Notice of the Effective Date.

iii. Allowance of 503(b)(9) Claims

Holders of 503(b)(9) Claims were required to File proofs of claim by the General Bar Date, which was September 4, 2019 for most Creditors. A 503(b)(9) Claim shall be an Allowed 503(b)(9) Claim if: (i) no objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, set off, or otherwise limit the recovery thereon has been asserted before the expiration of the Claims Objection Deadline, which is ninety (90) days after the Effective Date, unless upon motion of the Debtor, the Bankruptcy Court extends such deadline; or (ii) any objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, or set off has been resolved by agreement between the Claimant and the Debtor or by Final Order of the Bankruptcy Court.

iv. Allowance of Professional Fee Claims

Each Professional seeking approval by the Bankruptcy Court of a Professional Fee Claim,⁶ which includes compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date, must (in light of such Claims constituting Non-Ordinary Course Administrative Claims): (i) File its final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date by no later than the date that is **sixty (60) days after the Effective Date**. Any objection to such Professional Fee Claims shall be Filed on or before the date specified in the notice of the application for final compensation. All such requests for payment of such Professional Fee Claims shall be subject to the authorization and approval of the Bankruptcy Court.

Persons holding Professional Fee Claims who do not timely File a final fee application shall be forever barred from asserting those Claims against the Debtor, the Debtor's Estate, or the Assets, unless otherwise ordered by the Bankruptcy Court. To the extent not paid in full prior to the Effective Date, the Debtor shall remain liable for Professional Fee Claims Allowed by the Bankruptcy Court.

⁶ Professional Fee Claims do not include Claims either under § 503(b)(4) of the Bankruptcy Code for compensation for professional services rendered or under § 503(b)(3)(D) of the Bankruptcy Code for expenses incurred in making a substantial contribution to the Estate, which Claims are Non-Ordinary Course Administrative Claims and are subject to the Non-Ordinary Course Administrative Claims Bar Date.

v. **Allowance of Cure Claims**

A Cure Claim shall become an Allowed Cure Claim when the assumption of the affected unexpired lease or executory contract is effective, pursuant to a Final Order of the Bankruptcy Court addressing assumption of the applicable unexpired lease or executory contract and the amount of the Cure Claim is quantified by that Final Order. Assumption and rejection of unexpired leases and executory contracts is discussed below and in § V of the Plan.

vi. **Allowance of U.S. Trustee Fees**

U.S. Trustee Fees shall be determined in accordance with 28 U.S.C. § 1930, and nothing in the Plan shall impose or is intended to impose an obligation on the U.S. Trustee to File any Claim or motion relating to the U.S. Trustee Fees. U.S. Trustee Fees shall be paid in accordance with the requirements of any statute relating to U.S. Trustee Fees.

b. **Treatment of Administrative Claims**

i. **Payment of Allowed Non-Ordinary Course Administrative Claims and the Hospital Administrative Claim**

Except to the extent that any Person entitled to payment of a Allowed Non-Ordinary Course Administrative Claim agrees to a different treatment, under the Plan, each Holder of an Allowed Non-Ordinary Course Administrative Claim shall receive in full satisfaction, discharge, exchange, and release thereof, Cash in an amount equal to such Allowed Non-Ordinary Course Administrative Claim on the later of: (i) the Effective Date; or (ii) the date that is fourteen (14) calendar days after such Non-Ordinary Course Administrative Claim becomes an Allowed Non-Ordinary Course Administrative Claim, or, in either case, as soon thereafter as is practicable.

By agreement, the Debtor shall satisfy the Hospital Administrative Claim by making equal monthly payments to the Hospital in an amount that will fully satisfy the Hospital Administrative Claim upon the making of the twenty-fourth (24th) monthly payment (the “Monthly Payments”). The first Monthly Payment shall be made on July 1, 2021, and each subsequent Monthly Payment shall be made on approximately the first day of each subsequent month until the twenty-fourth (24th) Monthly Payment is made.

ii. **Payment of Allowed Ordinary Course Administrative Claims**

Each Ordinary Course Administrative Claim, unless disputed by the Debtor, shall be satisfied by the Debtor, under the terms and conditions of the particular transaction (including historic practice between the parties) giving rise to that Ordinary Course Administrative Claim, without any further action by the Holder of such Ordinary Course Administrative Claim.

iii. **Payment of 503(b)(9) Claims**

Except to the extent that any Holder of a 503(b)(9) agrees to a different treatment, each Holder of a 503(b)(9) Claim, if any, shall receive in full satisfaction, discharge, exchange, and

release thereof, Cash in an amount equal to the Allowed amount of the 503(b)(9) Claim on the later of: (i) the Effective Date; or (ii) the date that is fourteen (14) days after such 503(b)(9) Claim becomes an Allowed Claim or, in either case, as soon thereafter as is practicable.

iv. Payment of Professional Fee Claims

Holders of Professional Fee Claims, to the extent approved by the Bankruptcy Court, are to be paid, in full satisfaction, discharge, exchange, and release thereof, Cash in such amounts as are Allowed by the Bankruptcy Court on the date such Professional Fee Claim becomes an Allowed Claim, or as soon thereafter as is practicable. **To the extent not paid in full prior to the Effective Date, the Debtor shall remain liable for Professional Fee Claims Allowed at that time or subsequently Allowed by the Bankruptcy Court.**

v. Payment of Cure Claims

Each Holder of a Cure Claim shall receive, in full satisfaction, discharge, exchange, and release thereof, payment of such Cure Claim pursuant to the terms of any agreement between the Holder of the Cure Claim and the Debtor or pursuant to the terms of any Final Order of the Bankruptcy Court establishing the Cure Claim. Assumption and rejection of executory contracts and unexpired leases is discussed further below and in § V of the Plan.

vi. Payment of U.S. Trustee Fees

When due in the ordinary course, all U.S. Trustee Fees payable under 28 U.S.C. § 1930 shall be paid in Cash, in full. Nothing in the Plan alters or modifies any obligation of the Debtor to pay fees required under 28 U.S.C. § 1930 or to File reports required by the U.S. Trustee.

vii. Treatment and Payment of Priority Tax Claims

In accordance with § 1129(a)(9)(C) of the Bankruptcy Code, except as otherwise agreed by the Debtor and the applicable Claimant, and except as to the Priority Tax Claim held by the IRS, each Holder of an Allowed Priority Tax Claim shall receive deferred Cash payments over a period not to exceed five (5) years from the Petition Date. Payments shall be made in equal, annual installments, and each installment shall include simple interest accrued on the unpaid portion of such Allowed Priority Tax Claim at the Federal Judgment Rate in effect as of the Effective Date per annum from and after the Effective Date; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining principal balance of such Allowed Priority Tax Claim, in full, at any time on or after the Effective Date and before the expiration of the five-year period without premium or penalty.

The only Priority Tax Claim known to the Debtor is the Priority Tax Claim filed by the IRS in the amount of **\$7,161.21** (the "IRS Priority Claim Amount"). The Debtor shall pay the IRS Priority Claim Amount on or before the Effective Date in accordance with the agreement between the Debtor and the IRS. If the IRS determines that it may hold a Priority Tax Claim in an amount greater than the IRS Priority Claim Amount, the IRS may amend its proof of claim, and the Debtor shall have 90 days from the date of such amendment to file an objection. If no timely objection is

filed, the amount of the Priority Tax Claim in the IRS's amended proof of claim shall become an Allowed Priority Tax Claim and shall be paid immediately.

3. Classified Claims

The Bankruptcy Code requires certain types of claims to be placed into Classes. The following describes the Plan's treatment of Classified Claims:

a. Berkshire Claims (Class 1)

Class 1 consists of the Berkshire's Claims. On the Effective Date, Berkshire's Class 1 Claim shall be an Allowed Secured Claim in the amount of **\$2,000,000.00** with payment, in full, to be made on the Effective Date or as soon as is reasonably practicable thereafter from the proceeds of the Exit Funding. Berkshire shall also receive an additional **\$2,000,000.00** on the Effective Date or as soon as is reasonably practicable thereafter from a non-Debtor source, with the expectation being that such additional funds shall be paid by or on behalf of the Hospital. The Letter of Credit has not been drawn upon, and the Debtor shall cause the undrawn Letter of Credit to be terminated on or before the Effective Date. Upon (i) Distribution of the Exit Funding to Berkshire in satisfaction in full of Berkshire's Allowed Claims, (ii) Distribution of the additional **\$2,000,000.00** to Berkshire by or on behalf of the Hospital, and (iii) termination of the Letter of Credit with no liability to Berkshire thereunder, all mortgages, liens, security interests, or other interests of Berkshire against any Assets of the Debtor or its Estate shall be fully released and discharged, and all of the right, title, and interests of Berkshire with respect to such mortgages, liens, security interests, or other interests shall revert to the Debtor and its successors and assigns, and the Letter of Credit shall immediately terminate if not terminated previously, without any further approval or Order of the Bankruptcy Court and without any action or filing being required to be made by Berkshire or the Debtor. Notwithstanding the foregoing, Berkshire shall, not later than thirty (30) calendar days after the Effective Date, discharge all mortgages, liens, security interests, or other interests against any Assets of the Debtor or its Estate. On or before fourteen (14) calendar days after the Confirmation Date, Vermont shall provide the Exit Funding to be used solely for the purpose of funding payment of Berkshire's Allowed Claims.

Berkshire's Plan treatment represents the results of negotiation between and among the Debtor, the Hospital, Vermont, and Berkshire pursuant to which Berkshire, subject to certain conditions, will accept a total of **\$4,000,000.00**, with **\$2,000,000.00** each from the Debtor and the Hospital, in Cash on the Effective Date, or as soon as is reasonably practicable thereafter, and the termination of the undrawn Letter of Credit with no liability to Berkshire thereunder, in full satisfaction of Berkshire's Claims against the Debtor and the Hospital. The Debtor reserves all of its rights in the event the conditions set forth in the Plan are not satisfied.

If Berkshire does not receive a **\$4,000,000.00** payment on the Effective Date, or as soon as is reasonably practicable thereafter, and the undrawn Letter of Credit has not been terminated with no liability to Berkshire thereunder, then Berkshire reserves all liens and rights under the Revolving Line of Credit Loan Documents, Term Loan Documents, and the Cash Collateral Order, and the Debtor reserves all of its rights and remedies available under the Bankruptcy Code and

Cash Collateral Order. **Resolution of any disputed issues with Berkshire could impact Confirmation.**

Upon (A) payment of \$4,000,000.00 to Berkshire, (B) termination of the Letter of Credit with no liability to Berkshire thereunder, and (C) the release of the Berkshire liens, all as provided for in the Plan, the Debtor releases all claims against Berkshire and shall not assert a claim against Berkshire under any provision of the Plan or the Bankruptcy Code. Further, upon fulfillment of each of the conditions of the immediately preceding sentence, the Debtor releases any and all claims related to the Revolving Line of Credit, the Term Loan, or the Letter of Credit against Berkshire's directors, officers, shareholders, employees, agents, and attorneys.

b. People's United Secured Claim (Class 2)

Class 2 consists of the People's United Secured Claim. The Debtor shall pay the People's United Allowed Secured Claim amortized over twenty-five (25) years at a fixed rate of interest equal to the prime rate of interest in effect as of the Confirmation Date plus 1 percentage point. The Debtor shall make monthly payments to People's United with the first monthly payment to be made on the thirtieth (30th) day after the Effective Date, and each subsequent monthly payment to be made on the same day of each subsequent month. The Debtor shall have thirty (30) days to cure any payment defaults hereunder, after receipt of written notice of the same from People's United. The Debtor believes that the People's Collateral has a value greater than the amount owed under the People's Loan. People's United shall continue to hold liens in the People's Collateral to the same extent as existed as of the Petition Date until such time as the Class 2 Claims are satisfied in accordance with the terms hereof.

c. Vermont Retainer Program Claims (Class 3)

Class 3 consists of any and all Claims held by Vermont in relation to the Retainer Program. The Class 3 Claims shall be paid in accordance with the terms of the Retainer Program Order.

d. State of New Hampshire COVID-19 Loan Claims (Class 4)

Class 4 consists of any and all Claims held by New Hampshire in relation to the NH Loan Program. The Class 4 Claims shall be paid in accordance with the terms of the NH Loan Program Order. To the extent the NH Loan Money is converted to a grant by New Hampshire, the Debtor shall have no obligation to repay the NH Loan Money in accordance with the terms of the NH Loan Program.

e. VHCB (Class 5)

Class 5 consists of any and all Claims of VHCB. The obligations owed to VHCB shall remain as set forth in the Edgar May Mortgage, Grant Agreement and Historic Preservation Easement, leaving VHCB Unimpaired under the Plan. Remediation relating to the Foundry Building is anticipated to be funded by sources outside of the Debtor, and, therefore, this contingent liability is not accounted for in relation to the financial projections attached as **Exhibit**

A to the Plan. Nothing in the Plan alters, modifies, or discharges any historic preservation or related obligations that the Debtor may now have or may in the future become subject to under applicable law or the Edgar May Mortgage, Grant Agreement or Historic Preservation Easement. Nothing in the Plan alters any presently existing or subsequently accruing claims of Vermont for non-monetary relief under any applicable laws, regulations, or decisions relating to environmental and health and safety obligations and requirements (collectively, the “Environmental Laws”). Any claims by Vermont for recovery of money damages under applicable Environmental Laws arising prior to Confirmation shall be governed by the terms of the Plan. Any claims by Vermont under applicable Environmental Laws arising or accruing post-Confirmation, whether monetary or non-monetary, are not impaired or altered by the Plan in any respect and are fully reserved and preserved.

f. Town of Charlestown, New Hampshire (Class 6)

Class 6 consists of any Allowed Secured Claims of Charlestown. The Debtor shall pay the Secured Claims of Charlestown amortized over a period of five (5) years from the Petition Date, with the final payment to be made on June 26, 2024. The Secured Claims of Charlestown shall accrue interest from the Petition Date at a rate equal to the Federal Judgment Rate in effect as of the Confirmation Date. Payments shall be made annually on June 26th of each year, or the first Business Day thereafter, after the Effective Date in roughly equal amounts as needed to fully amortize and satisfy the Secured Claims of Charlestown as provided for herein. The Debtor shall have thirty (30) days to cure any defaults in relation to its obligations hereunder, after receipt of written notice of the same from Charlestown. Charlestown shall continue to hold liens against the Charlestown Property to the same extent as existed as of the Petition Date. The Debtor reserves the right to satisfy the Allowed Secured Claims of Charlestown in advance of the timeframes set forth in this paragraph.

g. Priority Non-Tax Claims (Classes 7 and 8)

Class 7 consists of Priority Wage Claims, which are Prepetition Unsecured Claims for wages, salaries, or commissions, including vacation, severance, and sick leave pay and certain benefits as described in §§ 507(a)(4) and (5) of the Bankruptcy Code. Priority Wage Claims are limited in amount by the Bankruptcy Code to **\$13,650.00** per individual. On June 26, 2019, the Debtor filed that certain Emergency Motion for Authority to Pay Pre-Petition Wages, to Maintain Existing Insurance Coverage, and for Related Relief [DE-13] (the “Payroll Motion”). Pursuant to the order granting the Payroll Motion (the “Payroll Order”), the Debtor paid certain Priority Wage Claims after the Petition Date. Excepting cash payouts relating to earned paid time off, Priority Wage Claims shall be satisfied in accordance with the policies of the Debtor that existed as of the Petition Date, subject to the terms of the Payroll Order. Subject to the terms of the Payroll Order, earned paid time off shall be utilized by employees of the Debtor in accordance with policies and practices that existed before the Petition Date. In the event an employee requests a cash payout relating to earned paid time off, however, the Distribution shall be limited by the **\$13,650.00** maximum payment as provided by the Bankruptcy Code. Any Priority Wage Claims that exceed the **\$13,650.00** statutory maximum shall constitute General Unsecured Claims.

Class 8 consists of the Priority Non-Tax Claims, other than Priority Wage Claims. As to Class 8, to the extent any Priority Non-Tax Claims, other than Priority Wage Claims exist, and

unless otherwise mutually agreed upon by the Holder of an Allowed Priority Non-Tax Claim that is not a Priority Wage Claim and the Debtor, each such Holder of an Allowed Priority Non-Tax Claim that is not a Priority Wage Claim shall receive Cash in an amount equal to the Holder's Allowed Claim on the later of the Effective Date or the date such Priority Non-Tax Claim other than Priority Wage Claim becomes an Allowed Claim pursuant to a Final Order, or, in either event, as soon thereafter as is practicable.

h. Patient Refund Claims (Class 9)

Class 9 consists of the Allowed Patient Refund Claims. In order to maintain its reputation and to adhere to best business practices, the Debtor shall pay Allowed Patient Refund Claims in Class 9 to the appropriate patient or guarantor in full no later than the 180th day after the Effective Date. For purposes of the Plan, any Patient Refund Claim (i) identified in the Schedules or in a proof of claim, and (ii) not subject to an objection on or before October 23, 2020, shall be classified as an Allowed Class 9 Claim. To the extent a Patient Refund Claim is not an Allowed Claim on or before the 180th day after the Effective Date, the Debtor shall fund such Patient Refund Claim as soon as practicable after such Claim becomes an Allowed Claim through an agreement between the Debtor and the Holder of the Patient Refund Claim or through a Final Order. The Debtor shall have the right to apply any Patient Refund Claim to amounts owed by such patient or guarantor to the Debtor and to remit only the net amount, if any, owed to such patient or guarantor.

i. General Unsecured Claims (Class 10)

Class 10 consists of Unsecured Claims that are not Unclassified Claims or provided for under any other Class, and Class 10 Claims include any deficiency Claim arising from operation of § 506 of the Bankruptcy Code. Any and all Claims of the Hospital relating to the time period before the Petition Date shall constitute Class 10 Claims.

Under the Plan, in full and final satisfaction, settlement, release, and discharge of any Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive Cash Distributions equal to a pro rata share of all GUC Avoidance Recoveries, as provided for in § VII(C) of the Plan. Class 10 Claims shall not accrue interest.

4. General Claim Treatment Provisions and Liens

Except as may otherwise be provided for in the Plan, the failure of any party to object to any Claim in the Case shall be without prejudice to the rights of the Debtor to contest, object to, or otherwise defend against such Claim if and when such Claim is sought to be enforced by the Holder of such Claim. Notwithstanding § 1141(c) or any other provision of the Bankruptcy Code, all Prepetition liens on Assets of the Debtor held with respect to any Allowed Secured Claim shall survive the Effective Date and continue in accordance with the contractual terms or statutory provisions until such Allowed Secured Claim is satisfied, at which time such lien shall be released, shall be deemed null and void, and shall be unenforceable for all purposes; provided, however, that the Debtor may condition delivery of any final payment upon receipt of an executed release of the lien. Any and all liens securing any Secured Claim that is not an Allowed Claim shall be released, shall be deemed null and void, and shall be unenforceable for all purposes. Nothing in the Plan shall preclude the Debtor from challenging the validity of any alleged lien, including a

mortgage, security interest, or other charge, on any Asset or the value of the Asset that secures any alleged lien, and all such rights are expressly preserved.

The Debtor, pursuant to §§ 502(b)(1) and 558 of the Bankruptcy Code and applicable non-bankruptcy law, may set off against any Allowed Claim, and the Distributions to be paid under this Plan, the Claims, rights, and Causes of Action of any nature that the Debtor may have against the Holder of such Allowed Claim, including any surcharge rights under § 506(c) of the Bankruptcy Code; provided, however, that neither the failure to effect such a setoff, nor the allowance of any Claim under this Plan, shall constitute a waiver or release by the Debtor of any such claims, rights, and Causes of Action that the Debtor may have against such Holder.

E. Estimated Range of Potential Recoveries for Impaired Classes of Claims

The estimated potential range of recovery to Holders of Allowed Claims in the Classes of Impaired Claims is set forth in the chart below. Matters arising during Confirmation or in the process of allowance of a particular Claim could impact any Distributions.

Class	Type of Claim	Estimated Recovery	Entitled to Vote
Class 1	Berkshire Claims	Paid \$2 million	Yes
Class 2	People’s United Secured Claims	Paid in full	Yes
Class 3	State of Vermont Retainer Program Claims	Paid in full to the extent not forgiven	No
Class 4	State of New Hampshire Covid-19 Loan Claims	Paid in full to extent not forgiven	No
Class 5	VHCB	No payment required at this time	No
Class 6	Town of Charlestown, New Hampshire	Paid in full	Yes
Class 7	Priority Wage Claims	Paid in full, excepting possibly paid time off	No
Class 8	Priority Non-Tax Claims, other than Priority Wage Claims	Paid in full	No
Class 9	Patient Refund Claims	Paid in full within 180 days	Yes
Class 10	General Unsecured Claims	Potential pro rata payment based on GUC Avoidance Recoveries	Yes

F. Means for Executing the Plan

The source of funds for payments that the Debtor shall be required to make (or reserve for) on the Effective Date, which does not include deferred Cash payments, is the Debtor's Cash on hand as of the Effective Date and the Exit Funding. The sources of funding for deferred Cash payments under the Plan shall be the Cash generated by the on-going operations of the Debtor, including recoveries on Causes of Action, and any subsequent grant or borrowing by the Debtor, as may be approved by the Bankruptcy Court, to the extent such approval is required, including related to the federal Paycheck Protection Program and the Debtor's pending adversary proceeding against Jovita Carranza, as administrator of the U.S. Small Business Administration (Adv. No. 20-1004).

Vermont shall provide the Exit Funding to the Debtor through a grant of **\$2,000,000.00** to be used solely for the purpose of funding payment of Berkshire's Class 1 Claim. As a condition to receipt of the Exit Funding, upon the Effective Date and Disbursement of the Exit Funding by Vermont, the Debtor shall be obligated as to the following: (i) the Debtor shall cooperate with Vermont in: (A) inspecting the roof of the Foundry Building not less than twice a year, (B) facilitating the remediation and redevelopment of the Foundry Building, and (C) applying for all available grants needed to facilitate such remediation and redevelopment of the Foundry Building; (ii) the Debtor shall cooperate with Vermont and the Hospital in submitting a final report on the recent closing of monitoring wells, preparing an update to the Hospital's facility management plan and filing a notice in the land records related to environmental assessment activities that have taken place at the Springfield Hospital campus; and (iii) upon the Effective Date and Disbursement of the Exit Funding, Vermont shall be released, remised, and discharged by the Debtor and the Estate from all claims (including, without limitation, crossclaims, counterclaims, and rights of setoff and/or recoupment), actions, causes of action, suits, debts, accounts, interests, liens, liabilities, promises, warranties, damages and consequential damages, demands, agreements, obligations, bonds, bills, specialties, covenants, controversies, variances, trespasses, judgments, executions, costs, expenses or other claims of whatever nature or kind, accruing at any time prior to the Effective Date, in each case whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, direct or indirect, now existing or hereafter arising, in law, equity, or otherwise that directly or indirectly relate to, arise out of or otherwise are in connection with any matter whatsoever, provided, however, that the Debtor specifically reserves and does not release any and all claims, demands, rights to payment, causes of action, or defenses of any kind whatsoever with respect to: (i) payments or other benefits to which the Debtor may be entitled as a provider of services to any person whose health care is paid for by Medicaid or any other program of Vermont; (ii) unexpired agreements among and between the Debtor and Vermont that are assumed hereunder; (iii) any regulatory proceeding or rights related thereto pending as of the Effective Date; and (iv) the full extent of Vermont's obligations under this Plan.

The Confirmation Order grants the Debtor express authority to sell, convey, transfer, and/or assign any or all of the Assets in order to make payments under the Plan and/or to operate (and make operational changes to) the Debtor's businesses. Additionally, after the Confirmation Date, the Debtor shall be authorized to take all actions necessary to prosecute or not prosecute, as the Debtor deems appropriate, any and all Causes of Action.

Except as may otherwise be provided in the Plan, on and after the Confirmation Date, all Assets shall vest in the Debtor free and clear of all Claims, liens, charges, other encumbrances, interests, or defenses (including recoupment) of any Holder of a Claim to the maximum extent permitted under § 1141 of the Bankruptcy Code.

The Debtor shall remain a Vermont non-profit business corporation after the Effective Date. The Debtor is currently the Class B Member of the Hospital (the “Class B Membership”). Through the Plan, effective as of the Effective Date, the Debtor shall divest itself of the Class B Membership through execution of a corporate resolution. Additionally, effective as of the Effective Date, the Bylaws of the Debtor and the Hospital shall be amended and restated to reflect the elimination of the Debtor as its Class B member, among other changes.

The Debtor’s officers and directors on the Confirmation Date are expected to be the same officers and directors that existed during the course of the Case, provided, however, two (2) additional directors shall be added to the Board of Directors of the Debtor, with the qualifications and selection of those additional directors to be subject to review and approval by Vermont. Following the Confirmation Date, the Debtor shall recruit and retain a Chief Executive Officer and Chief Financial Officer, with the qualifications and selection of these officers to be subject to review and approval by Vermont. Before initiating the search for the Chief Executive Officer, the Debtor shall engage a consulting firm with human resources expertise (with the selection of such firm to be approved by Vermont). The consulting firm shall review the Debtor’s current Chief Executive Officer and consider whether he has the qualifications and skills to support his retention as the permanent Chief Executive Officer. The consulting firm shall report its findings to the Debtor and to Vermont. The new officers will be approved and retained in sufficient time to assume their positions no later than ninety (90) days after the Effective Date, unless otherwise agreed by the Debtor and Vermont. Any additional officers appointed by the Debtor following the Confirmation Date shall be subject to review and approval by Vermont. The rights of review and approval set forth herein are a condition of the Exit Funding and grants to be provided by Vermont in connection with the Plan and shall remain in place for three (3) years after the Confirmation Date.

As a further condition of the Exit Funding to be provided by Vermont, Vermont shall have the right to review the Debtor’s operations and compliance with its Plan obligations. Such review shall be conducted quarterly for the first year after the Confirmation Date and on a semi-annual basis thereafter. Such review shall be conducted by BerryDunn, with the expense of such audit to be paid by the Debtor. To the extent this quarterly and semi-annual review and reporting reveals deficiencies or defaults in connection with the Debtor’s operations and Plan performance, the Debtor shall propose a plan of correction subject to approval by Vermont, and the Debtor shall comply with such plan. Vermont’s semi-annual review rights shall remain in place for three (3) years after the Confirmation Date.

The Health Resources and Services Administration (“HRSA”) places restrictions on the governance structure of the Debtor. To the extent that any of the governance provisions set forth herein relating to the rights of Vermont violate such restrictions, Vermont and the Debtor shall

work cooperatively to modify the governance rights set forth herein to ensure compliance with any and all HRSA restrictions.

G. Jurisdiction

The Plan proposes that the Bankruptcy Court shall retain and have jurisdiction over any matter arising under the Bankruptcy Code, arising in or related to the Case or the Plan, to the fullest extent permitted by law, including, but not limited to, the following matters:

A. Resolution of any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear, determine, and if necessary, liquidate, any Claims arising therefrom, including those matters related to any amendments, if any, of the Plan after the Effective Date, and to add or delete any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed;

B. Entry of such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan;

C. Determination of any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Debtor after the Effective Date;

D. Ensuring that Distributions to Holders of Allowed Claims are accomplished as provided for under the Plan;

E. Hearing and determining any timely objections to Administrative Claims or to proofs of claim Filed, both before and after the Confirmation Date, including any objections to the classification of any Claim and to allow, disallow, determine, liquidate, classify, estimate, or establish the priority of secured or unsecured status of any Claim, in whole or in part;

F. Entry and implementation of such orders as may be appropriate in the event the Confirmation Order is, for any reason, stayed, revoked, modified, reversed, or vacated;

G. Issuance of orders in aid of execution of the Plan, to the extent authorized by § 1142 of the Bankruptcy Code;

H. Consideration of any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

I. Hearing and determining all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

J. Hearing and determining disputes arising in connection with, or relating to, the Plan or the interpretation, implementation, or enforcement of the Plan, or the extent of any Person's obligations incurred in connection with or released or exculpated under the Plan;

K. Issuance of injunctions or other orders as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;

L. Determination of any other matters that may arise in connection with, or are related to, the Plan, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan;

M. Hearing and determining matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code;

N. Hearing and determining any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code;

O. Entry of a final decree closing the Case; and

P. Interpreting and enforcing Orders entered by the Bankruptcy Court.

If the Bankruptcy Court abstains from exercising jurisdiction or is without jurisdiction over any matter, then this section shall not effect, control, prohibit, or limit the exercise of jurisdiction by any other court that has jurisdiction over that matter.

ALL CREDITORS THAT FILED PROOFS OF CLAIM IN THE CASE SHALL BE DEEMED TO HAVE CONSENTED TO THE JURISDICTION OF THE BANKRUPTCY COURT FOR ALL PURPOSES WITH RESPECT TO SUCH CLAIMS.

H. Treatment of Executory Contracts and Unexpired Leases

1. Assumed Contracts

Under the Plan, any and all executory contracts or unexpired leases that: (i) have not expired by their own terms on or prior to the Effective Date; (ii) have not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court or by operation of law prior to the Effective Date; (iii) are not the subject of a motion to assume or assume and assign pending as of the Effective Date; or (iv) are not Rejected Contracts (as defined below), are assumed by the Debtor as of the Effective Date (collectively, the “Assumed Contracts”).

Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumption as of the Effective Date, pursuant to §§ 365(a) and 1123 of the Bankruptcy Code. Attached as **Exhibit B** to the Plan is a schedule of Assumed Contracts specifically identified by the Debtor (there may be additional Assumed Contracts that are subject to assumption by the terms of this section that are not specifically identified on **Exhibit B** to the Plan), as well as the cure amounts with respect to the Assumed Contracts (the “Schedule of Assumed Contracts”).

Premised on the history of operations between the Debtor and the Hospital, certain of the Assumed Contracts may identify the Hospital as the party to various Assumed Contracts, in circumstances where the Debtor is the correct party. Upon entry of the Confirmation Order, unless an objection to the same is filed by the counterparty (utilizing the procedures set forth below) to

the applicable Assumed Contract, the Debtor shall be deemed the counterparty to the Assumed Contracts. Upon the request of the Debtor, the counterparty shall sign amendments to the Assumed Contracts reflecting the Debtor as the party to the applicable Assumed Contract.

The Plan further provides that, to the extent § 365 of the Bankruptcy Code is applicable to Medicare and/or Medicaid Provider Agreement(s) with a Federal agency, Vermont, New Hampshire, or any other governmental entity (the “Provider Agreements”), the Confirmation Order shall be an order authorizing the Debtor to assume the Provider Agreements, including all benefits and burdens, identified therewith. The Provider Agreements are not identified on the Schedule of Assumed Contracts. The Debtor and the counterparties to the Provider Agreements reserve all rights in relation to a determination as to whether or not the Provider Agreements are the subject of § 365 of the Bankruptcy Code.

Any party to an Assumed Contract that disputes: (i) the cure amount (or lack thereof); (ii) the ability of the Debtor to provide “adequate assurance of future performance” (within the meaning of § 365 of the Bankruptcy Code) under the applicable Assumed Contract; or (iii) any other matter pertaining to assumption of an Assumed Contract, including the credit terms proposed, if any, must file an objection on or before the deadline to object to Confirmation of the Plan. Failure to file an objection to the assumption of an Assumed Contract within the applicable timeframes set forth herein, shall be deemed consent to the cure amount (or lack thereof) on the Schedule of Assumed Contracts and payment terms for the same. Certain of the cure payment amounts and terms as reflected on the Schedule of Assumed Contracts are the result of agreements reached between the Debtor and the counterparty to the Assumed Contract. The Confirmation Order shall constitute approval by the Bankruptcy Code for the Debtor to enter into such compromises. A dispute regarding the Debtor’s assumption of any Assumed Contract shall be subject to the jurisdiction of the Bankruptcy Court.

2. Rejection of Executory Contracts and Leases

Under the Plan, unless identified as an Assumed Contract on the Schedule of Assumed Contracts, all executory contracts or unexpired leases are rejected as of the Confirmation Date (the “Rejected Contracts”).

IF THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE RESULTS IN DAMAGES TO THE OTHER PARTY OR PARTIES TO SUCH CONTRACT OR LEASE, THEN ANY CLAIM FOR SUCH DAMAGES, IF NOT PREVIOUSLY EVIDENCED BY A FILED PROOF OF CLAIM, SHALL BE FOREVER BARRED AND SHALL NOT BE ENFORCEABLE AGAINST THE ESTATE, THE DEBTOR, ITS ASSETS OR AGENTS, OR SUCCESSORS OR ASSIGNEES, UNLESS A PROOF OF CLAIM IS FILED WITH THE BANKRUPTCY COURT AND SERVED UPON COUNSEL FOR THE DEBTOR ON OR BEFORE THIRTY (30) CALENDAR DAYS AFTER THE LATER TO OCCUR OF: (A) THE CONFIRMATION DATE; OR (B) THE DATE OF ENTRY OF AN ORDER BY THE BANKRUPTCY COURT AUTHORIZING REJECTION OF A PARTICULAR EXECUTORY CONTRACT OR UNEXPIRED LEASE. REJECTION DAMAGES CLAIMS SHALL BE CLASSIFIED AS GENERAL UNSECURED CLAIMS AND SHALL BE TREATED AS CLAIMS IN CLASS

10 UNDER THE PLAN.

3. **Reservation of Rights with Respect to Assumed or Rejected Contracts**

Under the Plan, the Debtor reserves the right to add or delete contracts from the Schedule of Assumed Contracts until fifteen (15) days prior to the date of the Confirmation Hearing. The Debtor, on the same day that such addition or deletion is filed or as soon as is reasonably practicable thereafter, shall notify the non-Debtor counterparty of the Assumed Contracts. If the change is to the Schedule of Assumed Contracts, then the notice shall contain an explanation of the counterparty's right to object to the cure amount or the assumption of the Assumed Contract for other reasons. Such notice shall be delivered by facsimile, electronic mail, or, if neither of those methods is available, by overnight delivery.

I. **Effect of Confirmation of the Plan**

There are important provisions located in Section X of the Plan. You are encouraged to read them closely, including provisions not restated in this Disclosure Statement, as they alter or impact the rights of parties bound by the Plan. The following is a summary of certain provisions contained in Section X of the Plan:

1. **Binding Effect of Confirmation**

Confirmation will bind the Debtor, all Creditors, and any other party in interest to the provisions of the Plan. If the Plan is confirmed by the Bankruptcy Court, then the treatment of Claims set forth in the Plan supersedes and replaces any agreements or rights the Holders of Claims have in or against the Debtor and/or the Estate and/or the Assets.

2. **Good Faith**

Confirmation of the Plan shall constitute a finding that the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code. The Debtor is a non-profit, and thus there is no offer, issuance, sale, or purchase of any security under the Plan. To the extent a Court concludes otherwise, Confirmation of the Plan shall constitute a finding that such offer, issuance, sale, or purchase has been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

Under the Plan, as of the Effective Date, the Debtor and each of its advisors and attorneys that were employed as of the date the Plan was Filed shall be deemed exculpated by Holders of Claims against and Interests in the Debtor and other parties in interest to the Case (including, without limitation, the Debtor and/or the Estate), from any and all claims, causes of action, and other assertions of liability (including, without limitation, breach of fiduciary duty), arising out of or relating to the Debtor, the Estate, the Case or the exercise by such entities of their functions as members of, advisors to or attorneys for the Debtor or otherwise under applicable law in connection with or relating to the Debtor, the Estate, or the Case, including, without limitation, the formulation, negotiation, preparation, dissemination, Confirmation, and consummation of the Plan and any agreement, instrument, or other document issued hereunder or relating hereto; provided, however,

that neither the Plan, nor the Confirmation Order, shall have any effect on liability for any act or omission of the Debtor or its respective advisors or attorneys to the extent that such act or omission constitutes gross negligence, fraud, or willful misconduct.

3. Exculpation and Injunction

According to the Plan, on or after the Effective Date, the Debtor, the Debtor's officers and directors, and the Debtor's advisors and attorneys that were employed as of the date the Plan was Filed (collectively, the "Exculpation Parties") shall not have or incur any liability for, and are expressly exculpated, released, and discharged from any claim or any past or present actions taken or omitted to be taken under or in connection with, related to, effecting, or arising out of: (i) the Debtor's operations between the Petition Date and the Confirmation Date; (ii) the Case; (iii) the administration of the Debtor's Cash and real and personal property after the Petition Date; (iv) the pursuit of Confirmation; (v) the formulation, preparation, dissemination, implementation, administration, Confirmation, or consummation of the Plan; (vi) any other act taken or omitted to be taken in connection with the Debtor's business during the Case; or (vii) any contract, instruction, release, or other agreement entered into or created in connection with the foregoing, except only for actions or omissions to act to the extent determined by a court of competent jurisdiction (with such order becoming a final, non-appealable order) to be by reason of such party's gross negligence, willful misconduct, or fraud, and in all respects, such party shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; it being expressly understood that any act or omission with the approval of the Bankruptcy Court shall be conclusively deemed not to constitute gross negligence, willful misconduct, or fraud, unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation (collectively, the "Released Acts").

As of the Confirmation Date, but subject to the occurrence of the Effective Date, and except as otherwise expressly provided in the Plan, all past or present Holders of Claims or Interests, directly or indirectly, shall release, and be deemed to forever release and discharge, the Exculpation Parties from the Released Acts and shall be precluded and permanently enjoined from: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a right of subrogation of any kind against any debt, liability, or obligation due to the Debtor and/or the Estate; and (v) commencing or continuing any action, in any manner or in any place, against the Exculpation Parties that does not comply with or that is inconsistent with the provisions of the Plan.

4. Injunctions or Stays

Unless otherwise provided, all injunctions or stays arising under or entered during the Case under §§ 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

5. Discharge of Debtor

Except as may otherwise be provided herein: (i) the rights afforded under the Plan and the treatment of all Claims and Interests therein, shall be in exchange for and in complete satisfaction, discharge, and release of Claims (and any defenses thereto or based upon such Claims, including recoupment) and Interests of any nature whatsoever against the Debtor, the Estate, and/or any of the Assets; (ii) on the Effective Date, all such Claims provided for under the Plan against the Debtor, the Estate and/or the Assets shall be satisfied, discharged, and released in full, as provided for under the Plan as well as any defenses based upon such Claims, including recoupment; and (iii) all Persons and entities shall be precluded from asserting against the Debtor, the Estate, their successors, or the Assets any Claims (or defenses arising therefrom) based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date, except as may be specifically authorized under the Plan with respect to Claims for which further proceedings are permitted under the Plan. Entry of the Confirmation Order shall provide the Debtor the full effect of the discharge provided for under § 1141(d) of the Bankruptcy Code.

6. No Admissions

Except as specifically provided in the Plan, nothing contained in the Plan or this Disclosure Statement shall be deemed or construed in any way as an admission by the Debtor and/or the Estate with respect to any matter set forth in the Plan, including the amount or allowability of any Claim, or the value of any Assets. Notwithstanding anything to the contrary in the Plan, if the Plan is not confirmed or the Effective Date does not occur, then the Plan shall be null and void, and nothing contained in the Plan shall: (i) be deemed to be an admission by the Debtor and/or the Estate with respect to any matter discussed in the Plan, including liability on any Claim or the propriety of any Claim's classification; (ii) constitute a waiver, acknowledgement, or release of any Claims, Interests, or any claims held by the Debtor and/or the Estate; or (iii) prejudice in any manner the rights of the Debtor and/or the Estate in any further proceedings.

J. Miscellaneous Additional Provisions

1. Holders of Claims and Interests as of Effective Date

All Distributions under the Plan shall be tendered to the Person that is the Holder of the Allowed Claim as of the Effective Date, unless the Debtor receives a notice of a change of address.

2. Successors and Assigns

The rights, benefits, and obligations of any Person or entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such Person or entity.

3. Reservation of Rights

The Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, except as expressly set forth in the Plan or this Disclosure Statement. The filing of the Plan,

the statements or provisions therein, or the taking of any action by the Debtor with respect to the Plan or the Disclosure Statement shall not be, or shall not be deemed to be, an admission or waiver of any rights of the Debtor and/or the Estate with respect to the Holders of Claims or Interests prior to the Effective Date.

4. Post-Confirmation Effectiveness of Proofs of Claim

Except as may otherwise be provided in the Plan, proofs of claim shall, upon the Effective Date, represent only the right to participate, to the extent the proofs of claim become Allowed Claims, in the Distributions contemplated by the Plan and otherwise shall have no further force or effect.

5. Services by and Fees for Professionals

Fees and expenses for the Professionals retained by the Debtor for services and costs incurred after the Petition Date and prior to the Confirmation Date, as well as fees and expenses incurred by those Professionals for the preparation of their final fee applications, shall be fixed by the Bankruptcy Court after notice and a hearing, and such fees and expenses shall be paid (less deductions for any and all amounts thereof already paid to such Professional) after approval by the Bankruptcy Court, to the extent so approved and as provided in the Plan.

6. Severability of Plan Provisions

If, before Confirmation, the Bankruptcy Court holds that any Plan term or provision is invalid, void, or unenforceable, then the Bankruptcy Court may alter or interpret that term or provision so that it is valid and enforceable to the maximum extent possible, consistent with the original purpose of that term or provision. That term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the Plan's remaining terms and provisions shall remain in full force and effect and will in no way be affected, or impaired, or invalidated.

The Confirmation Order shall constitute a judicial determination providing that each Plan term and provision, as it may have been altered or interpreted in accordance with this section, is valid and enforceable under its terms. Should any provision in the Plan be determined to be unenforceable after Confirmation, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan.

7. Governing Law

The rights and obligations under the Plan and any agreements, contracts, documents, or instruments executed in connection with the Plan shall be governed by, and construed and enforced in accordance with, the laws of Vermont without giving effect to Vermont's conflict-of-laws principles, unless a rule of law or procedure is supplied by: (i) federal law (including the Bankruptcy Code and Bankruptcy Rules); or (ii) an express choice-of-law provision in any document provided for or executed under or in connection with, the Plan.

8. Final Decree

Once the Plan has been substantially consummated, the Debtor shall, as soon as is reasonably practicable, file a motion with this Court to obtain a final decree to close the Case.

V. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes that the Plan is in the best interests of Creditors and Holders of Claims and that it should be accepted and confirmed. If the Plan as proposed, however, is not confirmed, then the following alternatives may be available to the Debtor: (i) liquidation under chapter 7 of the Bankruptcy Code; (ii) the Debtor or another party could propose an alternative chapter 11 plan; or (iii) the Case could be dismissed.

A. Chapter 7 Liquidation

The Debtor is a non-profit business corporation. This Case cannot be converted to one under chapter 7 without the Debtor's consent. See 11 U.S.C. § 1112(c). The Debtor does not consent to conversion. Thus, the Debtor does not believe that liquidation under chapter 7 is a viable alternative to consider and does not believe that potential recoveries under a hypothetical liquidation are relevant because this could not happen non-consensually.

Nevertheless, the Debtor believes that, if required, a liquidation under chapter 7 in accordance with the priority rules of the Bankruptcy Code would result in smaller Distributions being made to Creditors than those provided for under the Plan because: (1) the wind-down costs of the Debtor, as a health care provider, would be significant and materially impact distributions; and (2) liquidated recoveries would likely yield less than maintaining the value of the Debtor as a going concern. The Debtor's liquidation analysis is set forth in **Exhibit 3** hereto.

Although no liquidation could occur without the Debtor's consent, the Debtor believes that Confirmation will provide Holders of Allowed Claims with a recovery that is not less than would be available under chapter 7 of the Bankruptcy Code.

B. Alternative Chapter 11 Plan

If the Plan is not confirmed, the Debtor may propose a different plan, which might involve an alternative means for the reorganization or liquidation of the Assets. However, it is difficult to speculate on or assess the terms and potential treatment of Allowed Claims under any such alternative plan. Furthermore, for the Debtor or Creditors to formulate, solicit, and confirm any such alternative plan would likely require the Estate to incur additional administrative and other expenses, may substantially delay distributions to Creditors, and may result in lower recoveries to Creditors than the proposed Plan. The Debtor believes that the terms of the Plan, in conjunction with the timing of the Plan, provide the realization of the most value for Holders of Claims against the Debtor and/or the Estate.

C. **Dismissal of this Case**

Dismissal of the Case would have the effect of restoring (or attempting to restore) all parties to the status quo. Upon dismissal of the Case, the Debtor would lose the protection of the Bankruptcy Code, thereby requiring, at the very least, an extensive and time-consuming process of negotiation with the various creditors of the Debtor, and possibly resulting in costly and protracted litigation in various jurisdictions.

Dismissal would also permit unpaid unsecured creditors to obtain and enforce judgments against the Debtor. The Debtor believes that these actions could lead ultimately to the liquidation of the Assets under chapter 7 of the Bankruptcy Code or a state law receivership. Therefore, the Debtor believe that dismissal of the Case is not a preferable alternative to the Plan.

VI. CERTAIN FEDERAL TAX CONSEQUENCES

A. **General**

This discussion is intended only as a summary of certain tax consequences of the Plan and is not a substitute for careful tax planning with a tax professional. This discussion is for informational purposes only and is not tax advice. The tax consequences of the Plan may be uncertain or vary depending on particular facts and circumstances.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE; (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

B. **U.S. Federal Income Tax Consequences to the Debtor**

The Debtor is a non-profit business corporation that is exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code. It is intended that nothing in the Plan shall adversely affect this status. The Debtor does not expect the implementation of the Plan to have any adverse federal income tax consequences on the Debtor before or after the Effective Date. If the tax-exempt status of the Debtor would terminate, then the Debtor may be subject to tax on its income.

C. **U.S. Federal Income Tax Treatment with Respect to Holders of Allowed Claims**

Holder of Allowed Claims as of the Effective Date are encouraged to seek independent tax advice about the tax consequences of the Plan and participation in Distributions thereunder.

The tax consequences could vary based on the facts and circumstances of a particular Holder's Claim, the extent to which payment of the same is on account of interest or principal, or other factors. The Debtor does not, and its Professionals do not, intend that the Plan or Disclosure Statement provide tax advice to any party.

VII. RISK FACTORS IN CONNECTION WITH THE PLAN

The Holders of Claims against the Debtor should read and carefully consider the following risk factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together with this Disclosure Statement or thereafter) before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. Bankruptcy Considerations

Although the Debtor believes that the Plan does or will satisfy all requirements necessary for Confirmation by the Bankruptcy Court, there are no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for Confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction of the conditions precedent set forth in the Plan, and there can be no assurance that such conditions will be satisfied. In the event the conditions precedent described in the Plan have not been satisfied as of the Effective Date, then the Confirmation Order shall be vacated, no Distributions shall be made pursuant to the Plan, and the Debtor and all Holders of Claims shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

AS TO EACH IMPAIRED CLASS THAT HAS NOT ACCEPTED THE PLAN, THE PLAN MAY BE CONFIRMED IF THE BANKRUPTCY COURT DETERMINES THAT THE PLAN "DOES NOT DISCRIMINATE UNFAIRLY" AND IS "FAIR AND EQUITABLE" WITH RESPECT TO THESE CLASSES. THE DEBTOR BELIEVES THAT THE PLAN SATISFIES THESE REQUIREMENTS. NEVERTHELESS, THERE CAN BE NO ASSURANCE THAT THE BANKRUPTCY COURT WILL REACH THE SAME CONCLUSION.

B. No Duty to Update Disclosures

The Debtor has no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Debtor is required to do so pursuant to an order of the Bankruptcy Court. Delivery or service of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

C. Representations Outside this Disclosure Statement

This Disclosure Statement contains representations concerning or related to the Debtor and the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised that any representations or inducements made outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims that are entitled to vote to accept or reject the Plan.

D. No Admission

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan or the Debtor.

E. Tax and Other Related Considerations

A discussion of potential tax consequences of the Plan is set forth in this Disclosure Statement. However, the content of this Disclosure Statement is not intended and should not be construed as tax, legal, business, or other professional advice. Holders of Claims should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VIII. RECOMMENDATION AND CONCLUSION

The Debtor believes that the Plan provides the best available alternative for maximizing the recoveries that Creditors may receive from the Estate. The Debtor, therefore, recommends that all Creditors that are entitled to vote on the Plan vote to accept the Plan.

**SPRINGFIELD MEDICAL CARE
SYSTEMS, INC.**

By its counsel:

Dated: November 2, 2020

/s/ D. Sam Anderson

D. Sam Anderson, Esq.

Adam R. Prescott, Esq.

BERNSTEIN SHUR

100 Middle Street, P.O. Box 9729

Portland, Maine 04104-5085

(207) 774-1200

sanderson@bernsteinshur.com

aprescott@bernsteinshur.com



**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**SPRINGFIELD MEDICAL CARE SYSTEMS,
INC.,¹**

Debtor.

Chapter 11

Case No. 19-10285

**SECOND AMENDED PLAN OF REORGANIZATION OF SPRINGFIELD MEDICAL
CARE SYSTEMS, INC. DATED NOVEMBER 2, 2020**

By and through:

**D. Sam Anderson, Esquire
Adam R. Prescott, Esquire
BERNSTEIN SHUR
100 Middle Street
Portland, Maine 04101
(207) 774-1200
sanderson@bernsteinshur.com
aprescott@bernsteinshur.com**

Attorneys For Springfield Medical Care Systems, Inc.

¹ The last four digits of the taxpayer identification number of Springfield Medical Care Systems, Inc. are 4813. See 11 U.S.C. § 342(c)(1). The principal office of Springfield Medical Care Systems, Inc. is located at 25 Ridgewood Road, Springfield, Vermont. Id.

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I. INTRODUCTION

Springfield Medical Care Systems, Inc. is the debtor and debtor-in-possession in this chapter 11 bankruptcy case. The Debtor² commenced this Case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code on June 26, 2019. This is the Second Amended Plan of Reorganization of Springfield Medical Care Systems, Inc. Dated November 2, 2020.

The Plan is a reorganization plan under chapter 11 of the Bankruptcy Code. It provides for the payment of Allowed Claims against the Debtor and/or its Estate to the extent and on the terms and conditions of this document.

All Holders of Claims and Interests are encouraged to read this Plan in its entirety. Confirmation of this Plan is intended to and shall result in full and final satisfaction of any and all Claims or Interests that the Holders of such Claims or Interests may have against the Debtor and/or its Estate, as well as any defenses of any kind based on Claims provided for under this Plan or in existence prior to the Confirmation Date.

II. DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

In addition to other terms defined elsewhere in this Plan, the following terms, which appear in this Plan as capitalized words, have the following meanings:

“503(b)(9) Claim” means a Claim for the value of goods received by the Debtor in the ordinary course of its business within twenty (20) calendar days before the Petition Date, as provided for under § 503(b)(9) of the Bankruptcy Code.

“Administrative Claim” means a claim for administrative costs or expenses that is

² Capitalized terms not specifically defined when the capitalized term is first utilized herein shall have the meaning ascribed to such terms in Section II of this Plan.

allowable under §§ 365(b) or 503(b) of the Bankruptcy Code or under 28 U.S.C. § 1930, including, without limitation: (i) Non-Ordinary Course Administrative Claims; and (ii) Ordinary Course Administrative Claims.

“Administrative Tax Claim” means a Claim that a governmental unit asserts against the Debtor for taxes or related interest or penalties that is allowable under § 503(b) of the Bankruptcy Code.

“Allowed Administrative Claim” means an Allowed Claim that is an Administrative Claim.

“Allowed Claim” means: (i) a Claim, as to which no proof of claim has been Filed, that is (a) listed in the Schedules in an amount greater than zero and not in an unknown amount, (b) not listed in the Schedules as disputed, contingent, or unliquidated, and (c) as to which no objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, set off, or otherwise limit the recovery thereon has been asserted before the expiration of the time period to object to such Claim as set forth in this Plan or a Final Order of the Bankruptcy Court, or (d) as to which any objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, or set off has been resolved by agreement or by a Final Order of the Bankruptcy Court; or (ii) a Claim as to which a proof of claim has been Filed and to which (a) no objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, set off, or otherwise limit the recovery thereon has been asserted before the expiration of the time period to object to such Claim as set forth in this Plan or a Final Order of the Bankruptcy Court, or (b) any objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, or set off has been resolved by agreement or by a Final Order of the Bankruptcy Court.

“Allowed Priority Tax Claim” means an Allowed Claim that is a Priority Tax Claim.

“Assets” means “property of the estate” as described in § 541 of the Bankruptcy Code, including, but not limited to, Cash, Causes of Action, proceeds of insurance and insurance policies, all rights and interests, all real and personal property, and all files, books, and records of the Debtor and/or the Estate.

“Assumed Contracts” means any executory contracts and unexpired leases that the Debtor has assumed or will assume pursuant to § 365 of the Bankruptcy Code upon the Effective Date of this Plan.

“Avoidance Causes of Action” means all Causes of Action arising under §§ 544, 545, 547, 548, 549, and 550 of the Bankruptcy Code, and subject to § 546 of the Bankruptcy Code.

“Avoidance Recoveries” means collections from all Avoidance Causes of Action through settlement or entry of a Final Order with respect to any specific Avoidance Causes of Action.

“Bankruptcy Code” means chapter 11 of title 11 of the United States Code as in effect as of the Petition Date.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of Vermont.

“Bankruptcy Rules” or **“Bankruptcy Rule”** means the Federal Rules of Bankruptcy Procedure and/or any applicable local rules of procedure or any one such rule, as indicated by the context.

“Berkshire” means Berkshire Bank and any and all predecessor, successor and/or assignees of Berkshire Bank and shall include the United States Department of Agriculture (the **“USDA”**) in the event the USDA purports to hold a Claim against the Debtor for any reason, including any Claim arising out of any guaranty provided by the USDA to Berkshire relating to

the Debtor's obligations to Berkshire.

"Business Day" means any day other than a Saturday, Sunday, or a legal holiday (as defined in Bankruptcy Rule 9006(a)).

"Case" means the case under chapter 11 of the Bankruptcy Code commenced by the Debtor and bearing a Case Number of 19-10285 and pending in the Bankruptcy Court.

"Cash" means United States dollars transmitted via wire transfer, ACH transfer and/or check at the sole discretion of the Debtor.

"Cash Flow Projections" means projections modeling the Debtor's future financial liquidity as attached hereto as **Exhibit A**.

"Causes of Action" means any and all claims, demands, rights, actions, suits, causes of action, third-party claims, counterclaims and cross-claims of, or liabilities or obligations owing to, the Debtor and/or the Estate of any kind or character whatsoever, known or unknown, suspected or unsuspected, whether arising prior to, on or after the Petition Date, in contract or in tort or otherwise, at law or in equity or under any other theory, that the Debtor and/or the Estate has or asserts or may have or assert, whether or not brought as of the Effective Date, and which have not been settled or otherwise resolved by a Final Order as of the Effective Date, including, but not limited to: (i) rights of setoff, counterclaim, or recoupment, and claims on contracts or for breaches of duties imposed by law; (ii) the right to object to Claims or Interests; (iii) such claims and defenses as fraud, mistake, duress, and usury; (iv) causes of action under Chapter V of the Bankruptcy Code (including Avoidance Causes of Action); (v) claims for tax refunds; (vi) claims to recover outstanding accounts receivable; (vii) any other claims which may be asserted against other Persons; and (viii) all claims and possible claims described in the Plan.

“Claim” means a claim, as defined in § 101(5) of the Bankruptcy Code, against the Debtor and/or the Estate.

“Claimant” means any Person who holds an Allowed Claim against the Debtor and/or the Estate.

“Claims Objection Deadline” means the deadline for the Debtor to File objections to any asserted Claim, including 503(b)(9) Claims, Priority Tax Claims, Priority Non-Tax Claims, and General Unsecured Claims, which is no later than ninety (90) days after the Effective Date, unless, upon motion of the Debtor, the Bankruptcy Court extends such deadline, as set forth in this Plan.

“Claims Bar Dates” means, in addition to those bar dates that may be described elsewhere in this Plan, the bar dates for filing Claims against the Debtor and/or the Estate established by the Bankruptcy Court as follows: (a) September 4, 2019 for all Claims arising prior to the Petition Date (unless a different date is set by a Final Order of the Bankruptcy Court), excepting Claims of governmental units; and (b) December 23, 2019 in relation to Claims arising prior to the Petition Date of governmental units.

“Confirmation” means the entry of an Order by the Bankruptcy Court confirming this Plan pursuant to § 1129 of the Bankruptcy Code.

“Confirmation Date” means the date on which the Confirmation Order becomes a Final Order.

“Confirmation Hearing” means a hearing or any number of hearings conducted by the Bankruptcy Court regarding Confirmation of this Plan.

“Confirmation Order” means the Final Order confirming this Plan entered by the Bankruptcy Court.

“Creditor” means the Holder of a Claim against the Debtor.

“Cure Claim” means the right to payment of Cash or the Distribution of other Assets (as the parties may agree or the Bankruptcy Court may order), as necessary to cure defaults under an executory contract or unexpired lease of the Debtor, or as otherwise required by § 365(b) of the Bankruptcy Code as a condition of assumption and/or assignment of such executory contract or unexpired lease, so that the Debtor may assume or assume and assign the contract or lease pursuant to §§ 365 or 1123(b)(2) of the Bankruptcy Code.

“Debtor” means Springfield Medical Care Systems, Inc., in every capacity, including as a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code and as the reorganized debtor emerging from chapter 11 through this Plan.

“Disallowed Claim” means a Claim or any portion thereof that: (i) has been disallowed by agreement or by Final Order of the Bankruptcy Court; (ii) is Scheduled in an unknown amount or as zero or as contingent, disputed, or unliquidated, or is not Scheduled and as to which no proof of claim or Administrative Claim has been Filed; or (iii) has been withdrawn by the Creditor.

“Disputed Claim” means any Claim that is not an Allowed Claim or a Disallowed Claim.

“Distribution” means any transfer by the Debtor under this Plan of Cash or other Assets to a Holder of an Allowed Claim or the release of any Claims of the Debtor and/or the Estate against the Holder of an Allowed Claim.

“Effective Date” means the first Business Day after the date when the following have occurred: (i) the Confirmation Order has become a Final Order; provided, however, in the discretion of the Debtor, a Confirmation Order that is subject to a pending appeal or certiorari proceeding may be considered a Final Order if no court of competent jurisdiction has entered an order staying the effect of the Confirmation Order; (ii) all actions, documents, and agreements deemed necessary in the Debtor’s discretion to implement this Plan have been effected or executed;

and (iii) the Debtor has received, in addition to the Confirmation Order, all authorizations, consents, rulings, opinions, or other documents that are determined by the Debtor to be necessary to implement this Plan.

“Estate” means the estate created in the Case under § 541 of the Bankruptcy Code.

“Exit Funding” means a grant from Vermont to the Debtor in the amount of **\$2,000,000.00** to be used as provided for under this Plan and subject to and conditioned upon Confirmation of this Plan and the occurrence of the Effective Date.

“File” or **“Filed”** means duly and properly filed with the Bankruptcy Court and reflected on the Bankruptcy Court’s official docket for this Case.

“Final Order” means an order or judgment of the Bankruptcy Court entered on the Bankruptcy Court’s docket: (a) that has not been reversed, rescinded, stayed, modified, or amended; (b) that is in full force and effect; and (c) with respect to which (i) the time to appeal or seek review, remand, rehearing, or a writ of certiorari has expired and as to which no timely filed appeal or petition for review, rehearing, remand, or writ of certiorari is pending, or (ii) any such appeal or petition has been dismissed or resolved by agreement of the parties or by the highest court to which the order or judgment was appealed, or from which review, rehearing, remand, or a writ of certiorari was sought.

“General Unsecured Claims” means Prepetition Claims that are not Administrative Claims, Priority Tax Claims, or Priority Non-Tax Claims.

“GUC Avoidance Recoveries” means all Avoidance Recoveries, less applicable costs of collection, including attorneys’ fees, to be distributed to the Holders of Allowed General Unsecured Claims in Class 10.

“Holder” means the owner of a Claim against or Interest in the Debtor, provided, however, with respect to transfers of Claims governed by Bankruptcy Rule 3001(e), in order for the transferee to be deemed the Holder of the Claim for Distribution purposes, the deadline for any objection to the proposed transfer of a Claim must have passed with either: (i) no objection to the transfer having been Filed; or (ii) any objection to such transfer having been resolved in favor of the transferor by no later than thirty (30) calendar days prior to the later of the Effective Date and the date upon which a Claim becomes an Allowed Claim.

“Hospital” means Springfield Hospital, Inc., which filed for chapter 11 protection in the Bankruptcy Court (Case No. 19-10283).

“Impaired” means, when used with respect to a Claim or Interest, the legal, equitable, and/or contractual rights to which a Holder of a Claim or Interest is entitled when altered by this Plan.

“Interest” means the interest, as the term “interest” is defined in § 101(17) of the Bankruptcy Code, of any Person who holds an equity security in the Debtor, to the extent applicable, no matter how held.

“IRS” means the United States Internal Revenue Service, part of the United States Department of the Treasury, a federal agency that is responsible for the collection and enforcement of certain taxes.

“Judgment Rate” means the interest rate as set forth in 28 U.S.C. § 1961(a) on a federal judgment entered on the Confirmation Date.

“Non-Ordinary Course Administrative Claim” means Cure Claims, 503(b)(9) Claims, Professional Fee Claims, U.S. Trustee Fees, and Claims arising under §§ 503(b)(3)(D) and/or 503(b)(4) of the Bankruptcy Code, and the term excludes Ordinary Course Administrative Claims.

“Non-Ordinary Course Administrative Claim Bar Date” means, with respect to Non-Ordinary Course Administrative Claims, the date by which the Holders of Non-Ordinary Course Administrative Claims must file a request for allowance of such Claims, which deadline is sixty (60) calendar days after the Effective Date. Notice of the actual date upon which the Non-Ordinary Course Administrative Claims Bar Date falls shall be set forth in the Notice of the Effective Date (defined below) of the Plan that shall be served on parties-in-interest within fourteen (14) calendar days of the Effective Date.

“Non-Priority Wage Claims” means Prepetition Claims for wages, salaries, commissions, vacation, severance, and/or sick leave pay and certain benefits, all as described in §§ 507(a)(4) and (5) of the Bankruptcy Code, but which do not qualify as Priority Wage Claims.

“Ordinary Course Administrative Claim” means an Administrative Claim for administrative costs or expenses that were incurred in the ordinary course of the Debtor’s operations and are allowable under § 503(b) of the Bankruptcy Code, and the term excludes Non-Ordinary Course Administrative Claims.

“People’s United” means People’s United Bank, N.A. and any and all predecessors, successors and/or assignees of People’s United Bank, N.A.

“Person” means the same as the term “person” as defined in § 101(41) of the Bankruptcy Code.

“Petition Date” means June 26, 2019.

“Plan” means this plan of reorganization under chapter 11 of the Bankruptcy Code, including, without limitation, all exhibits, supplements, appendices, and schedules hereto, either in their present form or as altered, amended, or modified from time to time.

“Plan Documents” means those documents necessary to effectuate this Plan.

“Postpetition” means the time from and after the Petition Date through the Effective Date.

“Prepetition” means the time prior to the Petition Date.

“Prepetition Claim” means a Claim that arose prior to the Petition Date.

“Priority Non-Tax Claims” means Prepetition Claims that are referred to in § 507(a) of the Bankruptcy Code, other than § 507(a)(8), that are not Administrative Claims and that are not required to be classified by this Plan.

“Priority Tax Claims” means Prepetition Claims entitled to priority against the Debtor under § 507(a)(8) of the Bankruptcy Code.

“Priority Wage Claims” means Prepetition Claims for wages, salaries, commissions, vacation, severance, and/or sick leave pay and certain benefits as described in §§ 507(a)(4) and (5) of the Bankruptcy Code. Priority Wage Claims fall within the definition of Priority Non-Tax Claims.

“Professionals” means those Persons providing advisory or consulting services to the Debtor: (i) retained pursuant to an order of the Bankruptcy Court in accordance with §§ 327, 1103, or 1106 of the Bankruptcy Code and compensated for services rendered prior to the Confirmation Date pursuant to §§ 327, 328, 329, 330, and 331 of the Bankruptcy Code; or (ii) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to §§ 330 and 503(b)(2) of the Bankruptcy Code.

“Professional Fee Claim” means an Administrative Claim under §§ 327, 328, 330, 331, 503, or 1103 of the Bankruptcy Code for compensation of professional services rendered or expenses incurred on the Debtor’s behalf up to and through the Confirmation Date, but not a claim: (i) under § 503(b)(4) of the Bankruptcy Code for compensation of professional services rendered;

or (ii) under § 503(b)(3)(D) of the Bankruptcy Code for expenses incurred in making a substantial contribution to the Debtor, which is a Non-Ordinary Course Administrative Claim and is subject to the Non-Ordinary Course Administrative Claim Bar Date.

“**QHR**” means Quorum Health Resources, LLC and its affiliates, predecessors and successors in interests.

“**Rejection Damage Claim**” means a Claim for obligations or damages arising under an unexpired lease or executory contract that the Debtor rejects under § 365 of the Bankruptcy Code.

“**Rejection Damage Claim Bar Date**” means thirty (30) calendar days after: (i) the Confirmation Date if rejected pursuant to the terms of this Plan; or (ii) entry of the order approving rejection of the contract or lease if rejected other than by the terms of this Plan.

“**SBA Adversary Proceeding**” means any Causes of Action related to the federal Paycheck Protection Program and the Debtor’s pending adversary proceeding against Jovita Carranza, as administrator of the U.S. Small Business Administration (Adv. No. 20-1004), for which an appeal is pending as of the date this Plan is Filed.

“**Scheduled**” means information set forth in the Schedules.

“**Schedules**” means the Schedules of Assets and Liabilities and the Statement of Financial Affairs Filed by the Debtor with the Bankruptcy Court in this Case as they may have been or may be amended from time to time.

“**Secured Claim**” means a Claim of a Creditor which is secured by a valid, enforceable, and unavoidable lien against any Assets, or that was subject to setoff under the Bankruptcy Code, to the extent of the value of such Creditor’s interest in the Debtor’s and/or the Estate’s interest in such Assets, or to the extent of the amount subject to setoff, as the case may be.

“Unclassified Claim” means any Claim that is not part of any Class, including Administrative Claims, Priority Tax Claims, and Priority Non-Tax Claims.

“Unimpaired” means that the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim are not altered pursuant to this Plan.

“U.S. Trustee” means the Office of the United States Trustee in relation to this Case.

“U.S. Trustee Fees” means all the fees and charges assessed against the Debtor by the U.S. Trustee in the Case and due pursuant to 28 U.S.C. § 1930.

“Vermont” means the State of Vermont and any of its governmental agencies or offices.

B. Interpretation, Rules of Construction, Computation of Time

1. Defined Terms

Any term used in this Plan that is not defined in this Plan but that is used in the Bankruptcy Code or Bankruptcy Rules has the meaning assigned to that term in the Bankruptcy Code or Bankruptcy Rules, as applicable, unless the context requires otherwise.

2. Rules of Interpretation

For purposes of this Plan:

(a) Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural;

(b) Any payment required under this Plan on a particular date shall be made on such date or as soon thereafter as practicable;

(c) Any reference in this Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(d) Any reference in this Plan to an existing document or exhibit Filed or to be Filed

means such document or exhibit, as it may have been or may be amended, modified, or supplemented through and including the Confirmation Hearing which, after such documents or exhibits are Filed, may be amended, modified, or supplemented only with the express written consent of the Debtor;

(e) Unless otherwise specified in a particular reference, all references in this Plan to sections, articles, and exhibits are references to sections, articles, and exhibits of or to this Plan;

(f) The words “herein,” “hereof,” “hereto,” hereunder” and others of similar import refer to this Plan in its entirety rather than to only a particular portion of this Plan;

(g) Captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;

(h) All exhibits to the Plan and Plan Documents are incorporated herein, regardless of when those exhibits are Filed;

(i) To the extent any discrepancy exists between the description contained herein of a document or agreement that is an exhibit to this Plan and with the provisions of that exhibit, the actual agreement or document shall govern;

(j) The rules of construction set forth in § 102 of the Bankruptcy Code shall apply; and

(k) To the extent of any inconsistency, contradiction, or ambiguity between this Plan and the Confirmation Order, the terms of the Confirmation Order shall control.

3. Time Periods

In computing any period of time prescribed by or allowed under this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

III. UNCLASSIFIED CLAIMS

Certain types of Claims are not placed into Classes. Instead, such Claims are Unclassified Claims. Unclassified Claims are Unimpaired, and Holders of Unclassified Claims do not vote on the Plan because they are automatically entitled to specific treatment provided for Unclassified Claims in the Bankruptcy Code or the Claim treatment has been agreed upon by the Debtor and a particular Claimant. Descriptions of the Unclassified Claims and the treatment of such Unclassified Claims under this Plan are provided below.

A. Administrative Claims

1. Allowance of Administrative Claims

a. Allowance of Non-Ordinary Course Administrative Claims

Unless otherwise expressly provided in this Plan, Non-Ordinary Course Administrative Claims shall be Allowed Claims only if: (i) on or before the Non-Ordinary Course Administrative Claim Bar Date, the Person holding such Non-Ordinary Course Administrative Claim both Files with the Bankruptcy Court a motion requesting allowance of the Non-Ordinary Course Administrative Claim and serves the motion on counsel for the Debtor and the U.S. Trustee; and (ii) a Final Order is subsequently entered by the Bankruptcy Court allowing the Non-Ordinary Course Administrative Claim. U.S. Trustee Fees are exempted from the Filing requirements set forth herein, and U.S. Trustee Fees shall be paid as required by statute.

THE NON-ORDINARY COURSE ADMINISTRATIVE BAR DATE IS SIXTY (60) CALENDAR DAYS AFTER THE EFFECTIVE DATE. Notice of the actual date upon which the Non-Ordinary Course Administrative Claims Bar Date falls shall be set forth in the Notice of the Effective Date of the Plan that shall be served on parties-in-interest within fourteen (14) calendar days after the Effective Date (the "Notice of the Effective Date").

Persons holding Non-Ordinary Course Administrative Claims that do not File and serve a request for payment on or before the Non-Ordinary Course Administrative Claim Bar Date shall be forever barred from asserting those Claims against the Debtor, the Estate, and/or the Assets. The Debtor or any other party-in-interest may File an objection to any motion requesting allowance of a Non-Ordinary Course Administrative Claim in accordance with the Bankruptcy Code and/or any applicable Bankruptcy Rules.

b. Allowance of Ordinary Course Administrative Claims

Holders of Ordinary Course Administrative Claims shall not be required to File any request for payment of such Claims. The Debtor has paid and continues to pay all Ordinary Course Administrative Claims as they become due. Any party seeking express allowance of an Ordinary Course Administrative Claim may File a motion by the Non-Ordinary Course Administrative Bar Date or forever waives the right to do so. The Debtor shall identify the parties that the Debtor believes hold Ordinary Course Administrative Claims in a schedule attached to the Notice of the Effective Date.

c. Allowance of 503(b)(9) Claims

Holders of 503(b)(9) Claims, if any, were required to File proofs of claim by the General Bar Date, which was September 4, 2019 for most Creditors. A 503(b)(9) Claim shall be an Allowed 503(b)(9) Claim if: (i) no objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, set off, or otherwise limit the recovery thereon has been asserted before the expiration of the Claims Objection Deadline, which is ninety (90) days after the Effective Date, unless upon motion of the Debtor, the Bankruptcy Court extends such deadline; or (ii) any objection, motion, or other proceeding to estimate, equitably subordinate, reclassify, or set off has been resolved by agreement between the Claimant and the Debtor or by Final Order of the Bankruptcy Court.

d. Allowance of Professional Fee Claims

Each Professional seeking approval by the Bankruptcy Court of a Professional Fee Claim,³ which includes compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date, must (in light of such Claims constituting Non-Ordinary Course Administrative Claims): (i) File its final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date by no later than the date that is **sixty (60) days after the Effective Date**. Any objection to such Professional Fee Claims shall be Filed on or before the date specified in the notice of the application for final compensation. All such requests for payment of such Professional Fee Claims shall be subject to the authorization and approval of the Bankruptcy Court. **Persons holding Professional Fee Claims who do not timely File a final fee application shall be forever barred from asserting those Claims against the Debtor, the Debtor's Estate, or the Assets, unless otherwise ordered by the Bankruptcy Court. To the extent not paid in full prior to the Effective Date, the Debtor shall remain liable for Professional Fee Claims Allowed by the Bankruptcy Court.**

e. Allowance of Cure Claims

A Cure Claim shall become an Allowed Cure Claim when the assumption of the affected unexpired lease or executory contract is effective, pursuant to a Final Order of the Bankruptcy Court addressing assumption of the applicable unexpired lease or executory contract and the amount of the Cure Claim is quantified by that Final Order. **Assumption and rejection of unexpired leases and executory contracts is discussed in § V of this Plan.**

³ Professional Fee Claims do not include Claims either under § 503(b)(4) of the Bankruptcy Code for compensation for professional services rendered or under § 503(b)(3)(D) of the Bankruptcy Code for expenses incurred in making a substantial contribution to the Estate, which Claims are Non-Ordinary Course Administrative Claims and are subject to the Non-Ordinary Course Administrative Claims Bar Date.

f. **U.S. Trustee Fees**

U.S. Trustee Fees shall be determined in accordance with 28 U.S.C. § 1930, and nothing in this Plan shall impose or is intended to impose an obligation on the U.S. Trustee to File any Claim or motion relating to the U.S. Trustee Fees.

2. **Treatment of Administrative Claims**

a. **Payment of Allowed Non-Ordinary Course Administrative Claims**

Except to the extent that any Person entitled to payment of a Non-Ordinary Course Allowed Administrative Claim agrees to different treatment, each Holder of a Non-Ordinary Course Allowed Administrative Claim shall receive in full satisfaction, discharge, exchange, and release thereof, Cash in an amount equal to such Allowed Non-Ordinary Course Administrative Claim on the later of: (i) the Effective Date; or (ii) the date that is fourteen (14) calendar days after such Non-Ordinary Course Administrative Claim becomes an Allowed Non-Ordinary Course Administrative Claim, or, in either case, as soon thereafter as is practicable.

i. **Non-Ordinary Course Administrative Claims Between The Debtor And The Hospital**

The Hospital funded certain costs and expenses relating to the self-funded health and dental plans (the “Funded Health Claims”) of the Debtor from June 26, 2019 through December 31, 2019 (the “Health Claim Funding Period”).⁴ The Debtor, in turn, funded the costs and expenses of the Hospital relating to certain administrative expenses provided to the Hospital by the Debtor (the “Administrative Support Services”) during the Health Claim Funding Period. After the Health Claim Funding Period, the Debtor continued and currently continues to provide the Administrative

⁴ The Funded Health Claims were calculated by taking the total amount of health claims funded during the Health Claim Period for both the Debtor and the Hospital and allocating 43% to the Debtor and 57% to the Hospital. These percentage allocations were driven by the number of participants in the health, pharmacy, and dental plans of each entity.

Support Services to the Hospital, and, effective as of July 31, 2020, the Hospital began to provide and continues to provide certain administrative and other services to the Debtor.

After accounting for the Funded Health Claims, the Administrative Support Services, and any and all additional intercompany claims arising after the Petition Date, as of July 31, 2020, the Debtor owed the Hospital **\$484,685.00** as an Administrative Expense Claim (the “Hospital Administrative Claim”). The amount of the Hospital Administrative Claim may adjust between July 31, 2020 and the Confirmation Date (the as-adjusted Hospital Administrative Claim as of the Confirmation Date shall continue to be referred to as the Hospital Administrative Claim).

By agreement, the Debtor shall satisfy the Hospital Administrative Claim by making equal monthly payments to the Hospital in an amount that will fully satisfy the Hospital Administrative Claim upon the making of the twenty-fourth (24th) monthly payment (the “Monthly Payments”). The first Monthly Payment shall be made on July 1, 2021, and each subsequent Monthly Payment shall be made on approximately the same date of each subsequent month until the twenty-fourth (24th) Monthly Payment is made.

b. Payment of Allowed Ordinary Course Administrative Claims

Each Ordinary Course Administrative Claim, unless disputed by the Debtor, shall be satisfied by the Debtor, under the terms and conditions of the particular transaction (including historic practice between the parties) giving rise to that Ordinary Course Administrative Claim without any further action by the Holder of such Ordinary Course Administrative Claim.

c. Payment of 503(b)(9) Claims

Except to the extent that any Holder of a 503(b)(9) agrees to a different treatment, each Holder of a 503(b)(9) Claim, if any, shall receive in full satisfaction, discharge, exchange, and release thereof, Cash in an amount equal to the Allowed amount of the 503(b)(9) Claim on the later

of: (i) the Effective Date; or (ii) the date that is fifteen (15) days after such 503(b)(9) Claim becomes an Allowed Claim or, in either case, as soon thereafter as is practicable.

d. Payment of Professionals

Holders of Professional Fee Claims, to the extent approved by the Bankruptcy Court, are to be paid, in full satisfaction, discharge, exchange, and release thereof, Cash in such amounts as are Allowed by the Bankruptcy Court on the date such Professional Fee Claim becomes an Allowed Claim, or as soon thereafter as is practicable. **To the extent not paid in full prior to the Effective Date, the Debtor shall remain liable for Professional Fee Claims Allowed at that time or subsequently Allowed by the Bankruptcy Court.**

e. Payment of U.S. Trustee Fees

When due in the ordinary course, all U.S. Trustee Fees payable under 28 U.S.C. § 1930, shall be paid in Cash, in full. Nothing in this Plan alters or modifies any obligation of the Debtor to pay fees required under 28 U.S.C. § 1930 or to file reports required by the U.S. Trustee.

f. Payment of Cure Claims

Each Holder of a Cure Claim shall receive, in full satisfaction, discharge, exchange, and release thereof, payment of such Cure Claim pursuant to the terms of any agreement between the Holder of the Cure Claim and the Debtor or pursuant to the terms of any Final Order of the Bankruptcy Court establishing the Cure Claim. If no terms of payment are specified in either an agreement or a Final Order of the Bankruptcy Court, then the Cure Claim shall be paid in Cash, in full, on the date that the assumption and cure or assumption and assignment of the unexpired lease or executory contract is effective or as soon thereafter as is practicable, as required by § 365(b) of the Bankruptcy Code. Assumption and rejection of executory contracts and unexpired leases is discussed in § V of this Plan. Section V of this Plan includes a schedule of executory contracts

and unexpired leases to be assumed and provisions for cure amounts and payment of those amounts.

3. Treatment of Priority Tax Claims

In accordance with § 1129(a)(9)(C) of the Bankruptcy Code, except as otherwise agreed by the Debtor and the applicable Claimant, and except for the Priority Tax Claim held by the IRS, each Holder of an Allowed Priority Tax Claim shall receive deferred Cash payments over a period not to exceed five (5) years from the Petition Date. Payments shall be made in equal, annual installments, and each installment shall include simple interest accrued on the unpaid portion of such Allowed Priority Tax Claim at the Federal Judgment Rate in effect as of the Effective Date per annum from and after the Effective Date; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining principal balance of such Allowed Priority Tax Claim, in full, at any time on or after the Effective Date and before the expiration of the five-year period without premium or penalty.

The only Priority Tax Claim known to the Debtor is the Priority Tax Claim filed by the IRS in the amount of **\$7,161.21** (the “IRS Priority Claim Amount”). The Debtor shall pay the IRS Priority Claim Amount on or before the Effective Date in accordance with the agreement between the Debtor and the IRS. If the IRS determines that it may hold a Priority Tax Claim in an amount greater than the IRS Priority Claim Amount, the IRS may amend its proof of claim, and the Debtor shall have 90 days from the date of such amendment to file an objection. If no timely objection is filed, the amount of the Priority Tax Claim in the IRS’s amended proof of claim shall become an Allowed Priority Tax Claim and shall be paid immediately.

IV. CLASSIFIED CLAIMS AND INTERESTS

A. General

Claims against the Debtor (other than the Unclassified Claims described above) are classified into the following Classes:

Class	Type of Claim	Impaired/Unimpaired	Entitled to Vote (Yes/No)
Class 1	Berkshire Claims	Impaired	Yes
Class 2	People’s United Secured Claims	Impaired	Yes
Class 3	Vermont Retainer Program Claims	Unimpaired	No
Class 4	State of New Hampshire Covid-19 Loan Claims	Unimpaired	No
Class 5	VHCB	Unimpaired	No
Class 6	Town of Charlestown, New Hampshire	Impaired	Yes
Class 7	Priority Wage Claims	Unimpaired	No
Class 8	Priority Non-Tax Claims, other than Priority Wage Claims	Unimpaired	No
Class 9	Patient Refund Claims	Impaired	Yes
Class 10	General Unsecured Claims	Impaired	Yes

B. Berkshire Secured Claim (Class 1)

1. Description

Class 1 consists of the Berkshire Claims. Prior to the Petition Date, the Debtor entered into the following two loans with Berkshire: (a) Revolving Demand Note in the maximum principal amount of **\$3,000,000.00** (any and all documents entered into in relation to this loan, the

“Revolving Line of Credit Loan Documents” and the loan evidenced by the Revolving Line of Credit Loan Documents, the “Revolving Line of Credit”); and (b) Commercial Term Loan in the original principal amount of **\$12,000,000.00** (any and all documents entered into in relation to this loan, the “Term Loan Documents” and the loan evidenced by the Term Loan Documents, the “Term Loan”). The total amount outstanding under the Revolving Line of Credit and the Term Loan as of the Petition Date (according to the proof of claim filed by Berkshire) equaled **\$9,548,235.99**. The Hospital is jointly liable on the obligations owed to Berkshire under the Revolving Line of Credit and the Term Loan.

In addition, prior to the Petition Date, Berkshire issued a letter of credit to the Debtor and the Hospital in the amount of **\$95,000.00** for the benefit of MEMIC Indemnity Company (the “Letter of Credit”). The Debtor and the Hospital have not drawn on the Letter of Credit.

The Revolving Line of Credit and the Term Loan are secured by liens on only certain personal property of the Debtor, as modified by the Order Granting on a Final Basis Emergency Motion For Authority To Use Cash Collateral On An Interim Basis And Scheduling A Hearing Authorizing The Use Of Cash Collateral On A Final Basis [Dkt. No. 80] (the “Cash Collateral Order”) (any and all personal property of the Debtor, as of the Petition Date, as modified by the Cash Collateral Order, pledged to Berkshire as collateral, the “Berkshire Collateral”). Berkshire does not hold mortgages against any real property owned by the Debtor.

2. Treatment

On the Effective Date, Berkshire’s Class 1 Claim shall be an Allowed Secured Claim in the amount of **\$2,000,000.00** with payment, in full, to be made on the Effective Date or as soon as is reasonably practicable thereafter from the proceeds of the Exit Funding. Berkshire shall also receive an additional **\$2,000,000.00** on the Effective Date or as soon as is reasonably practicable

thereafter from a non-Debtor source, with the expectation being that such additional funds shall be paid by or on behalf of the Hospital. The Letter of Credit has not been drawn upon, and the Debtor shall cause the undrawn Letter of Credit to be terminated on or before the Effective Date. Upon (i) Distribution of the Exit Funding to Berkshire in satisfaction in full of Berkshire's Allowed Claims, (ii) Distribution of the additional \$2,000,000.00 to Berkshire by or on behalf of the Hospital, and (iii) termination of the Letter of Credit with no liability to Berkshire thereunder, all mortgages, liens, security interests, or other interests of Berkshire against any Assets of the Debtor or its Estate shall be fully released and discharged, and all of the right, title, and interests of Berkshire with respect to such mortgages, liens, security interests, or other interests shall revert to the Debtor and its successors and assigns, and the Letter of Credit shall immediately terminate if not terminated previously, without any further approval or Order of the Bankruptcy Court and without any action or filing being required to be made by Berkshire or the Debtor. Notwithstanding the foregoing, Berkshire shall, not later than thirty (30) calendar days after the Effective Date, discharge all mortgages, liens, security interests, or other interests against any Assets of the Debtor or its Estate. On or before fourteen (14) calendar days after the Confirmation Date, Vermont shall provide the Exit Funding to be used solely for the purpose of funding payment of Berkshire's Allowed Claims.

Berkshire's Plan treatment represents the results of negotiation between and among the Debtor, the Hospital, Vermont, and Berkshire pursuant to which Berkshire, subject to certain conditions, will accept a total of \$4,000,000.00, with \$2,000,000.00 each from the Debtor and the Hospital, in Cash on the Effective Date, or as soon as is reasonably practicable thereafter, and the termination of the undrawn Letter of Credit with no liability to Berkshire thereunder, in full satisfaction of Berkshire's Claims against the Debtor and the Hospital. The Debtor reserves all of

its rights in the event the conditions set forth in the Plan are not satisfied.

If Berkshire does not receive a **\$4,000,000.00** payment on the Effective Date, or as soon as is reasonably practicable thereafter, and the undrawn Letter of Credit has not been terminated with no liability to Berkshire thereunder, then Berkshire reserves all liens and rights under the Revolving Line of Credit Loan Documents, Term Loan Documents, and the Cash Collateral Order, and the Debtor reserves all of its rights and remedies available under the Bankruptcy Code and Cash Collateral Order.

Upon (A) payment of \$4,000,000.00 to Berkshire, (B) termination of the Letter of Credit with no liability to Berkshire thereunder, and (C) the release of the Berkshire liens, all as provided for in this Plan, the Debtor releases all claims against Berkshire and shall not assert a claim against Berkshire under any provision of the Plan or the Bankruptcy Code. Further, upon fulfillment of each of the conditions of the immediately preceding sentence, the Debtor releases any and all claims related to the Revolving Line of Credit, the Term Loan, or the Letter of Credit against Berkshire's directors, officers, shareholders, employees, agents, and attorneys.

C. People's United Secured Claim (Class 2)

1. Description

Class 2 consists of the People's United Secured Claim. Prior to the Petition Date, the Debtor entered into a promissory note with People's United pursuant to which the Debtor borrowed the principal amount of **\$302,831.65** (any and all documents entered into in relation to this loan, the "People's Loan Documents" and the loan evidenced by the People's Loan Documents, the "People's Loan"). The total amount outstanding under the People's Loan as of the Petition Date (according to the proof of claim filed by People's United) equaled **\$91,236.53**.

The Hospital guaranteed the obligations owed under the People’s Loan, however, the claim arising out of the People’s Loan is a General Unsecured Claim against the Hospital. The People’s Loan is secured by a mortgage on the real property owned by the Debtor generally located at 1 Elm Street, Ludlow, Vermont (any and all collateral pledged to secure the People’s Loan, the “People’s Collateral”).

2. Treatment

The Debtor shall pay the People’s United Allowed Secured Claim amortized over twenty-five (25) years at a fixed rate of interest equal to the prime rate of interest in effect as of the Confirmation Date plus 1 percentage point. The Debtor shall make monthly payments to People’s United with the first monthly payment to be made on the thirtieth (30th) day after the Effective Date, and each subsequent monthly payment to be made on the same day of each subsequent month. The Debtor shall have thirty (30) days to cure any payment defaults hereunder, after receipt of written notice of the same from People’s United. The Debtor believes that the People’s Collateral has a value greater than the amount owed under the People’s Loan. People’s United shall continue to hold liens in the People’s Collateral to the same extent as existed as of the Petition Date until such time as the Class 2 Claims are satisfied in accordance with the terms hereof.

D. Vermont Retainer Program Claims (Class 3)

1. Description

Class 3 consists of any and all Claims held by Vermont in relation to the Retainer Program initiated by Vermont to provide financial assistance to various medical facilities suffering from revenue downturns caused by the Covid-19 pandemic (the “Retainer Program”). Premised on the impact on revenue caused by the Covid-19 pandemic, after the Petition Date, in early April of 2020, the Debtor applied for money under the Retainer Program, and the Debtor, with the approval

of the Bankruptcy Court, received \$498,800.00 from Vermont under the Retainer Program (the “Retainer Money”). The Retainer Money was provided to the Debtor pursuant to the terms of that certain Order Granting Emergency Motion to Authorize Post-Petition Financing, Disbursement of Loan Proceeds and Shortened and Limited Notice entered by the Bankruptcy Court on April 23, 2020 (the “Retainer Program Order”).

2. Treatment

The Class 3 Claims shall be paid in accordance with the terms of the Retainer Program Order.

E. State of New Hampshire COVID-19 Loan Claims (Class 4)

1. Description

Class 4 consists of any and all Claims held by the State of New Hampshire (“New Hampshire”) in relation to the loan program initiated by New Hampshire to provide financial assistance to various medical facilities suffering from revenue downturns caused by the Covid-19 pandemic (the “NH Loan Program”). Premised on the impact on revenue caused by the Covid-19 pandemic, after the Petition Date, again in early April of 2020, the Debtor applied for money under the NH Loan Program, and the Debtor, with the approval of the Bankruptcy Court, received \$200,000.00 from New Hampshire under the NH Loan Program (the “NH Loan Money”). The NH Loan Money was provided to the Debtor pursuant to the terms of that certain Order Granting Emergency Motion to Authorize Post-Petition Financing, Disbursement of Loan Proceeds and Shortened and Limited Notice and Overruling Berkshire Bank Objection entered by the Bankruptcy Court on June 23, 2020 (the “NH Loan Program Order”).

On October 12, 2020, the Debtor was informed by the Governor’s Office of Emergency Relief & Recovery for New Hampshire that the NH Loan Money qualified for conversion to a

grant and, therefore, is not subject to repayment.

2. Treatment

The Class 4 Claims shall be paid in accordance with the terms of the NH Loan Program Order. To the extent the NH Loan Money is converted to a grant by New Hampshire, the Debtor shall have no obligation to repay the NH Loan Money in accordance with the terms of the NH Loan Program.

F. Vermont Housing and Conservation Board (“VHCB”) (Class 5)

1. Description

The Debtor owns the property generally located at 140 Clinton Street, Springfield, Vermont (the “Edgar May Property”). There are two buildings located on the Edgar May Property. One building has been fully renovated and is operated as the Edgar May Health and Recreation Center (the “Recreation Center”). The Recreation Center is operated by the Southern Vermont Health and Recreation Center Foundation (the “Recreation Center Foundation”) pursuant to an Operating Agreement entered into by and between the Debtor and the Recreation Center Foundation dated October 31, 2012 (the “Operating Agreement”). The Debtor intends to assume the Operating Agreement (see § V of the Plan). The second building on the Edgar May Property is a historic foundry building currently used only for storage by the Recreation Center Foundation (the “Foundry Building”). VHCB holds a mortgage against the Edgar May Property (the “Edgar May Mortgage”), which secures performance of the Debtor’s obligations under a Grant Agreement, pursuant to which VHCB provided **\$100,000.00** for renovation of the Foundry Building for use as part of the Recreation Center (the “Grant Agreement”). Additionally, VHCB and Preservation Trust of Vermont, Inc., hold a Historic Preservation Easement against the Foundry Building. There are no payments required under the Edgar May Mortgage, provided the Debtor remains in compliance with the restrictions and covenants set forth in the Edgar May

Mortgage.

Environmental assessment and remediation activities have taken place and are continuing at the Foundry Building in connection with renovation of the Foundry Building, with funding provided by third parties, including the United States Environmental Protection Agency and the Vermont Department of Environmental Conservation. Full remediation of the Foundry Building could cost over **\$1,000,000.00**.

2. Treatment

The obligations owed to VHCB shall remain as set forth in the Edgar May Mortgage, Grant Agreement and Historic Preservation Easement, leaving VHCB Unimpaired under the Plan. Remediation relating to the Foundry Building is anticipated to be funded by sources outside of the Debtor, and, therefore, this contingent liability is not accounted for in relation to the financial projections attached as **Exhibit A** to the Plan. Nothing in the Plan alters, modifies, or discharges any historic preservation or related obligations that the Debtor may now have or may in the future become subject to under applicable law or the Edgar May Mortgage, Grant Agreement or Historic Preservation Easement. Nothing in this Plan alters any presently existing or subsequently accruing claims of Vermont for non-monetary relief under any applicable laws, regulations, or decisions relating to environmental and health and safety obligations and requirements (collectively, the "**Environmental Laws**"). Any claims by Vermont for recovery of money damages under applicable Environmental Laws arising prior to Confirmation shall be governed by the terms of this Plan. Any claims by Vermont under applicable Environmental Laws arising or accruing post-Confirmation, whether monetary or non-monetary, are not impaired or altered by this Plan in any respect and are fully reserved and preserved.

G. Town of Charlestown, New Hampshire (Class 6)

1. Description

Class 6 consists of any Allowed Secured Claims of the Town of Charlestown, New Hampshire (“Charlestown”), including any and all secured tax claims owed to Charlestown by the Debtor (the “Secured Claims of Charlestown”). The total amount outstanding in relation to the Secured Claims of Charlestown as of the Petition Date (according to the Schedules) equaled **\$14,362.95**. The Secured Claims of Charlestown are secured by tax liens on the real property generally located at 250 CEDA Road, Charlestown, New Hampshire (the “Charlestown Property”).

2. Treatment

The Debtor shall pay the Secured Claims of Charlestown amortized over a period of five (5) years from the Petition Date, with the final payment to be made on June 26, 2024. The Secured Claims of Charlestown shall accrue interest from the Petition Date at a rate equal to the Federal Judgment Rate in effect as of the Confirmation Date. Payments shall be made annually on June 26th of each year, or the first Business Day thereafter, after the Effective Date in roughly equal amounts as needed to fully amortize and satisfy the Secured Claims of Charlestown as provided for herein. The Debtor shall have thirty (30) days to cure any defaults in relation to its obligations hereunder, after receipt of written notice of the same from Charlestown. Charlestown shall continue to hold liens against the Charlestown Property to the same extent as existed as of the Petition Date.

H. Priority Non-Tax Claims (Classes 7 and 8)

1. Description

Class 7 consists of Priority Wage Claims, which are Prepetition Unsecured Claims for wages, salaries, or commissions, including vacation, severance, and sick leave pay and certain

benefits as described in §§ 507(a)(4) and (5) of the Bankruptcy Code. Priority Wage Claims are limited in amount by the Bankruptcy Code to **\$13,650.00** per individual. On June 26, 2019, the Debtor filed that certain Emergency Motion for Authority to Pay Pre-Petition Wages, to Maintain Existing Insurance Coverage, and for Related Relief [DE-13] (the “Payroll Motion”). Pursuant to the order granting the Payroll Motion (the “Payroll Order”), the Debtor paid certain priority wage claims after the Petition Date.

2. Treatment (Class 7)

Excepting cash payouts relating to earned paid time off, Priority Wage Claims shall be satisfied in accordance with the policies of the Debtor that existed as of the Petition Date, subject to the terms of the Payroll Order. Subject to the terms of the Payroll Order, earned paid time off shall be utilized by employees of the Debtor in accordance with policies and practices that existed before the Petition Date. In the event an employee requests a cash payout relating to earned paid time off, however, the Distribution shall be limited by the **\$13,650.00** maximum payment as provided by the Bankruptcy Code. Any Priority Wage Claims that exceed the **\$13,650.00** statutory maximum shall constitute General Unsecured Claims.

3. Treatment of Priority Non-Tax Claims, other than Priority Wage Claims (Class 8)

To the extent any Priority Non-Tax Claims, other than Priority Wage Claims exist, and unless otherwise mutually agreed upon by the Holder of an Allowed Priority Non-Tax Claim that is not a Priority Wage Claim and the Debtor, each such Holder of an Allowed Priority Non-Tax Claim that is not a Priority Wage Claim shall receive Cash in an amount equal to the Holder’s Allowed Claim on the later of the Effective Date or the date such Priority Non-Tax Claim other than Priority Wage Claim becomes an Allowed Claim pursuant to a Final Order, or, in either event, as soon thereafter as is practicable.

I. Patient Refund Claims (Class 9)

1. Description

In the ordinary course of the Debtor's operations, both before and after the Petition Date, the Debtor, at times, owes a refund to patients for medical services provided. These refunds can arise out of a number of scenarios, however, a common scenario occurs when a patient pays for medical services at or near the date of service, and the claim ultimately ends up getting paid through insurance coverage at a point after the initial payment. In such circumstances, the Debtor owes a refund to the patient or the guarantor for the claim. As of the Petition Date, the Debtor owed approximately **\$111,000.00** in patient refunds (the "Patient Refund Claims").

2. Treatment

In order to maintain its reputation and to adhere to best business practices, the Debtor shall pay Allowed Patient Refund Claims in Class 9 to the appropriate patient or guarantor in full no later than the 180th day after the Effective Date. For purposes of the Plan, any Patient Refund Claim (i) identified in the Schedules or in a proof of claim, and (ii) not subject to an objection on or before October 23, 2020, shall be classified as an Allowed Class 9 Claim. To the extent a Patient Refund Claim is not an Allowed Claim on or before the 180th day after the Effective Date, the Debtor shall fund such Patient Refund Claim as soon as practicable after such Claim becomes an Allowed Claim through an agreement between the Debtor and the Holder of the Patient Refund Claim or through a Final Order. The Debtor shall have the right to apply any Patient Refund Claim to amounts owed by such patient or guarantor to the Debtor and to remit only the net amount, if any, owed to such patient or guarantor.

J. General Unsecured Claims (Class 10)

1. Description

Class 10 consists of General Unsecured Claims that are not Unclassified Claims or provided for under any other Class, and Class 10 Claims shall include any deficiency Claim arising from operation of § 506 of the Bankruptcy Code. For avoidance of doubt, any and all Claims of the Hospital relating to the time period before the Petition Date shall constitute Class 10 Claims.

2. Treatment

In full and final satisfaction, settlement, release, and discharge of any Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive Cash Distributions equal to a pro rata share of all GUC Avoidance Recoveries, as provided for in § VII(C) of this Plan. Class 10 Claims shall not accrue interest.

V. EXECUTORY CONTRACTS AND LEASES

The Bankruptcy Code authorizes the Debtor, subject to the Bankruptcy Court's approval, to assume, assume and assign, or reject executory contracts and unexpired leases under § 365 of the Bankruptcy Code. Such assumption, assumption and assignment, or rejection may be effected during the Case or through this Plan. This § V of the Plan contains the provisions relating to the assumption or rejection of executory contracts and unexpired leases of the Debtor.

A. Assumption of Executory Contracts and Leases

Any and all executory contracts or unexpired leases that: (i) have not expired by their own terms on or prior to the Effective Date; (ii) have not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court or by operation of law prior to the Effective Date; (iii) are not the subject of a motion to assume or assume and assign pending as of the Effective Date;

or (iv) are not Rejected Contracts (as defined below), are assumed by the Debtor as of the Effective Date (collectively, the “Assumed Contracts”). Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumption as of the Effective Date, pursuant to §§ 365(a) and 1123 of the Bankruptcy Code. Attached to this Plan as **Exhibit B** is a schedule of Assumed Contracts specifically identified by the Debtor (there may be additional Assumed Contracts that are subject to assumption by the terms of this section that are not specifically identified on **Exhibit B**), as well as the cure amounts with respect to the Assumed Contracts (the “Schedule of Assumed Contracts”). Premised on the history of operations between the Debtor and the Hospital, certain of the Assumed Contracts identify the Hospital as the party to various Assumed Contracts, in circumstances where the Debtor is the correct party. The Schedule of Assumed Contracts identifies the Assumed Contracts where this issue is present. Upon entry of the Confirmation Order, unless an objection to the same is filed by the counterparty (utilizing the procedures set forth below) to the applicable Assumed Contracts, the Debtor shall be deemed the counterparty to the Assumed Contracts. Upon the request of the Debtor, the counterparty shall sign amendments to the Assumed Contracts reflecting the Debtor as the party to the applicable Assumed Contract. To the extent § 365 of the Bankruptcy Code is applicable to Medicare and/or Medicaid Provider Agreement(s) with a Federal agency, Vermont, New Hampshire, or any other governmental entity (the “Provider Agreements”), the Confirmation Order shall be an order authorizing the Debtor to assume the Provider Agreements, including all benefits and burdens, identified therewith. The Provider Agreements are not identified on the Schedule of Assumed Contracts. The Debtor and the counterparties to the Provider Agreements reserve all rights in relation to a determination as to whether or not the Provider Agreements are the subject of § 365 of the Bankruptcy Code.

Any party to an Assumed Contract that disputes: (i) the cure amount (or lack thereof); (ii)

the ability of the Debtor to provide “adequate assurance of future performance” (within the meaning of § 365 of the Bankruptcy Code) under the applicable Assumed Contract; or (iii) any other matter pertaining to assumption of an Assumed Contract, including the credit terms proposed, if any, must file an objection on or before the deadline to object to Confirmation of this Plan. Failure to file an objection to the assumption of an Assumed Contract within the applicable timeframes set forth herein, shall be deemed consent to the cure amount (or lack thereof) on the Schedule of Assumed Contracts and payment terms for the same. Certain of the cure payment amounts and terms as reflected on the Schedule of Assumed Contracts are the result of agreements reached between the Debtor and the counterparty to the Assumed Contract. The Confirmation Order shall constitute approval by the Bankruptcy Code for the Debtor to enter into such compromises. A dispute regarding the Debtor’s assumption of any Assumed Contract shall be subject to the jurisdiction of the Bankruptcy Court.

B. Rejection of Executory Contracts and Leases

Unless identified as an Assumed Contract on the Schedule of Assumed Contracts, all executory contracts or unexpired leases are rejected as of the Confirmation Date (the “Rejected Contracts”).

IF THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE RESULTS IN DAMAGES TO THE OTHER PARTY OR PARTIES TO SUCH CONTRACT OR LEASE, THEN ANY CLAIM FOR SUCH DAMAGES, IF NOT PREVIOUSLY EVIDENCED BY A FILED PROOF OF CLAIM, SHALL BE FOREVER BARRED AND SHALL NOT BE ENFORCEABLE AGAINST THE ESTATE, THE DEBTOR, ITS ASSETS OR AGENTS, OR SUCCESSORS OR ASSIGNEES, UNLESS A PROOF OF CLAIM IS FILED WITH THE BANKRUPTCY COURT AND SERVED

UPON COUNSEL FOR THE DEBTOR ON OR BEFORE THIRTY (30) CALENDAR DAYS AFTER THE LATER TO OCCUR OF: (A) THE CONFIRMATION DATE; OR (B) THE DATE OF ENTRY OF AN ORDER BY THE BANKRUPTCY COURT AUTHORIZING REJECTION OF A PARTICULAR EXECUTORY CONTRACT OR UNEXPIRED LEASE. REJECTION DAMAGES CLAIMS SHALL BE CLASSIFIED AS GENERAL UNSECURED CLAIMS AND SHALL BE TREATED AS CLAIMS IN CLASS 10 UNDER THIS PLAN.

C. Reservation of Rights With Respect to Assumed or Rejected Contracts

The Debtor reserves the right to add or delete contracts from the Schedule of Assumed Contracts until fifteen (15) days prior to the date of the Confirmation Hearing. The Debtor, on the same day that such addition or deletion is filed or as soon as is reasonably practicable thereafter, shall notify the non-Debtor counterparty of the Assumed Contracts. If the change is to the Schedule of Assumed Contracts, then the notice shall contain an explanation of the counterparty's right to object to the cure amount or the assumption of the Assumed Contract for other reasons. Such notice shall be delivered by facsimile, electronic mail, or, if neither of those methods is available, by overnight delivery.

VI. PLAN IMPLEMENTATION

A. The Effective Date

The Plan shall become valid, binding, and enforceable upon the occurrence of the Effective Date. The Plan shall not be consummated or become binding unless and until the Effective Date occurs. As soon as practicable after the occurrence of the Effective Date, but no later than fourteen (14) days thereafter, the Debtor shall File and serve on each Holder of a Claim or Interest and each non-Debtor counterparty to an Assumed Contract a copy of the Notice of the Effective Date

and any schedules or exhibits thereto.

B. Funding the Plan and the Exit Funding

The source of funds for payments that the Debtor shall be required to make (or reserve for) on the Effective Date, which does not include deferred Cash payments, is the Debtor's Cash on hand as of the Effective Date. The sources of funding for deferred Cash payments under this Plan shall be the Cash generated by the on-going operations of the Debtor, including recoveries on Causes of Action (as further described below). The Plan may also be funded through use of the Exit Funding and the proceeds of the SBA Adversary Proceeding.

Vermont shall provide the Exit Funding to the Debtor through a grant of **\$2,000,000.00** to be used solely for the purpose of funding payment of Berkshire's Class 1 Claim. As a condition to receipt of the Exit Funding, upon the Effective Date and Disbursement of the Exit Funding by Vermont, the Debtor shall be obligated as to the following: (i) the Debtor shall cooperate with Vermont in: (A) inspecting the roof of the Foundry Building not less than twice a year, (B) facilitating the remediation and redevelopment of the Foundry Building, and (C) applying for all available grants needed to facilitate such remediation and redevelopment of the Foundry Building; (ii) the Debtor shall cooperate with Vermont and the Hospital in submitting a final report on the recent closing of monitoring wells, preparing an update to the Hospital's facility management plan and filing a notice in the land records related to environmental assessment activities that have taken place at the Springfield Hospital campus; and (iii) upon the Effective Date and Disbursement of the Exit Funding, Vermont shall be released, remised, and discharged by the Debtor and the Estate from all claims (including, without limitation, crossclaims, counterclaims, and rights of setoff and/or recoupment), actions, causes of action, suits, debts, accounts, interests, liens, liabilities, promises, warranties, damages and consequential damages, demands, agreements, obligations,

bonds, bills, specialties, covenants, controversies, variances, trespasses, judgments, executions, costs, expenses or other claims of whatever nature or kind, accruing at any time prior to the Effective Date, in each case whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, direct or indirect, now existing or hereafter arising, in law, equity, or otherwise that directly or indirectly relate to, arise out of or otherwise are in connection with any matter whatsoever, provided, however, that the Debtor specifically reserves and does not release any and all claims, demands, rights to payment, causes of action, or defenses of any kind whatsoever with respect to: (i) payments or other benefits to which the Debtor may be entitled as a provider of services to any person whose health care is paid for by Medicaid or any other program of Vermont; (ii) unexpired agreements among and between the Debtor and Vermont that are assumed hereunder; (iii) any regulatory proceeding or rights related thereto pending as of the Effective Date; and (iv) the full extent of Vermont's obligations under this Plan.

C. Vesting of the Debtor's Assets

Except as may otherwise be provided in this Plan, on and after the Confirmation Date, all Assets shall vest in the Debtor free and clear of all Claims, liens, charges, other encumbrances, interests, or defenses (including recoupment) of any Holder of a Claim to the maximum extent permitted under § 1141 of the Bankruptcy Code. The Confirmation Order grants the Debtor, in its sole discretion, express authority to sell, convey, transfer, and/or assign any or all of the Assets in order to make payments under this Plan and/or to operate the Debtor's business. Additionally, after the Confirmation Date, the Debtor shall be authorized to take all actions necessary to prosecute or not prosecute, as the Debtor deems appropriate, in its sole discretion, any and all Causes of Action.

D. Corporate Structure

The Debtor shall remain a Vermont non-profit business corporation after the Effective Date. The Debtor is currently the Class B Member of the Hospital (the "Class B Membership"). Through this Plan, effective as of the Effective Date, the Debtor shall divest itself of the Class B Membership through execution of a corporate resolution and amended Bylaws. Additionally, effective as of the Effective Date, the Bylaws of the Hospital shall be amended and restated to reflect the elimination of the Debtor as its Class B member.

E. The Debtor's Officers and Directors Post-Confirmation

The Debtor's officers and directors on the Confirmation Date are expected to be the same officers and directors that existed during the course of the Case, except that two additional directors shall be added to the Board of Directors of the Debtor, with the qualifications and selection of those additional directors to be subject to review and approval by Vermont. Following the Confirmation Date, the Debtor shall recruit and retain a Chief Executive Officer and Chief Financial Officer, with the qualifications and selection of these officers to be subject to review and approval by Vermont. Before initiating the search for the Chief Executive Officer, the Debtor shall engage a consulting firm with human resources expertise (with the selection of such firm to be approved by Vermont). The consulting firm shall review the Debtor's current Chief Executive Officer and consider whether he has the qualifications and skills to support his retention as the permanent Chief Executive Officer. The consulting firm shall report its findings to the Debtor and to Vermont. The new officers shall be approved and retained in sufficient time to assume their positions no later than ninety (90) days after the Effective Date, unless otherwise agreed by the Debtor and Vermont. Any additional officers appointed by the Debtor following the Confirmation Date will be subject to review and approval by Vermont. The rights of review and approval set

forth herein are a condition of the Exit Funding and grants to be provided by Vermont in connection with this Plan and shall remain in place for three (3) years after the Confirmation Date.

As a further condition of the Exit Funding to be provided by Vermont, Vermont shall have the right to review the Debtor's operations and compliance with its Plan obligations. Such review shall be conducted quarterly for the first year after the Confirmation Date and on a semi-annual basis thereafter. Such review shall be conducted by BerryDunn, with the expense of such audit to be paid by the Debtor. To the extent this quarterly and semi-annual review and reporting reveals deficiencies or defaults in connection with the Debtor's operations and Plan performance, the Debtor shall propose a plan of correction subject to approval by Vermont, and the Debtor shall comply with such plan. Vermont's semi-annual review rights shall remain in place for three (3) years after the Confirmation Date.

The Health Resources and Services Administration ("HRSA") places restrictions on the governance structure of the Debtor. To the extent that any of the governance provisions set forth herein relating to the rights of Vermont violate such restrictions, Vermont and the Debtor shall work cooperatively to modify the governance rights set forth herein to ensure compliance with any and all HRSA restrictions.

VII. LITIGATION

A. Preservation of Causes of Action

Existing or potential claims or Causes of Action that may be pursued by the Debtor after the Confirmation Date include, without limitation, the following: (i) those listed on a schedule of reserved claims as identified on Exhibit C hereto (the "Reserved Claims Schedule"); (ii) all Causes of Action or proceedings pending related to accounts receivable of the Debtor or any rights to payment, whether on a prospective interim basis or otherwise, on account of services provided to

patients or related in any way thereto and notwithstanding any other provision of this Plan; (iii) any and all Causes of Action pursuant to any applicable section of the Bankruptcy Code; (iv) objections to Claims; (v) claims that the Debtor and/or the Estate is entitled to set off or recoup against parties with Claims; (vi) any action for equitable subordination of any Claim; (vii) any other Causes of Action, whether legal, equitable, or statutory in nature, arising out of, or in connection with, the Debtor's business, Assets, or operations, or otherwise affecting the Debtor; and (viii) any and all rights or claims to surcharge collateral of any Holder of a Secured Claim, regardless of whether such property has left the Estate at the time such surcharge claim is brought and as if such property were still property of the Estate. In addition, there may be Causes of Action that currently exist or may subsequently arise of which the Debtor currently has no knowledge. The Debtor does not intend, and it should not be assumed that, because any existing or potential claims or Causes of Action have not yet been pursued by the Debtor, or do not fall within the description above, that any such claims or Causes of Action have been waived by the Debtor and/or the Estate. Under this Plan, the Debtor retains all rights to pursue any and all claims of the Debtor or Causes of Action to the extent the Debtor deems appropriate (under any theory of law or equity) and to the extent not otherwise released, discharged, or waived under this Plan.

The Debtor's investigation of potential Causes of Action held by the Debtor is ongoing. As a result, Holders of Claims and other parties in interest are specifically advised that, notwithstanding that any particular Causes of Action may not be listed, disclosed, or set forth in this Plan, Causes of Action may be brought against the Holder of any Claim at any time, subject to any applicable statute of limitations under state law or federal law, as such may have been extended by the Bankruptcy Code. No preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial,

equitable, or otherwise), or laches shall apply to such claims or Causes of Action upon or after Confirmation of this Plan, except where such claims or Causes of Action have been expressly released in this Plan or other Final Order.

Under § 502(d) of the Bankruptcy Code, the Bankruptcy Court shall disallow any claim of any entity that is a transferee of an Avoidance Cause of Action. All Holders of Claims against the Debtor who are listed on Exhibit C are hereby on notice that their Claim, if any, may be disallowed or objected to on the basis of § 502(d).

B. The Debtor as Representative of the Estate

From and after the Confirmation Date, the Debtor shall continue to be the representative of the Estate pursuant to §§ 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code and, as such, shall be vested with the authority and power to, among other things: (i) object to Claims against the Debtor; (ii) administer, investigate, prosecute, settle, and abandon all claims of the Debtor and Causes of Action; (iii) make Distributions provided for in this Plan, including, but not limited to, on account of Allowed Claims; and (iv) take such action as required to administer, wind-down, and close the Case. As the representative of the Estate, as of the Confirmation Date, the Debtor shall succeed to all of the rights and powers of the Debtor while in the Case and the Estate with respect to all Assets vested in the Debtor as of the Confirmation Date. The Debtor retains, and may exclusively enforce, any and all such Claims, rights, and Causes of Action without the consent or approval of any third party, and without any further order of the Bankruptcy Court.

Any Person to whom the Debtor has incurred an obligation (whether on account of services, purchase of goods, or otherwise), or who has received services from the Debtor or a transfer of Cash or Assets of the Debtor and/or the Estate, or who has transacted business with the Debtor and/or the Estate, or leased equipment or property to the Debtor and/or the Estate should assume

that such obligation, transfer, or transaction may be reviewed by the Debtor subsequent to the Confirmation Date and may, if appropriate, be the subject of an action after the Confirmation Date, whether: (i) such Person has Filed a proof of claim; (ii) such Person's proof of claim has been objected to by Debtor; (iii) such Person's Claim was included in the Schedules; (iv) such Person's Scheduled Claims have been objected to by the Debtor or has been identified by the Debtor as disputed, contingent, or unliquidated; or (v) such action falls within the description of Causes of Action in the preceding section.

C. Provisions Related To Avoidance Causes Of Action

In addition to the foregoing, the Debtor shall, in the exercise of its business judgment, have standing to bring and authority to settle, release, liquidate, or otherwise collect and enforce all Avoidance Causes of Action in order to effectuate the provisions of this Plan including funding requirements hereunder. For the sake of clarity and without limiting the generality of the foregoing, the Debtor shall have discretion to select which Avoidance Causes of Action to pursue based on factors that the Debtor deems appropriate, including, without limitation: (a) the size of the particular Avoidance Cause of Action, including the limitations of § 547(c)(9) of the Bankruptcy Code; (b) any known or likely defenses to the particular Avoidance Cause of Action; and (c) potential adverse impacts to the Debtor's post-Confirmation business operations from bringing such Avoidance Cause of Action. Distributions from Avoidance Recoveries shall be made as follows: **first**, to the Debtor to reimburse all collection costs, including attorneys' fees or other compensation or expenses reasonably necessary in the Debtor's business judgment; and **second**, pari passu to Holders of General Unsecured Claims.

The Debtor shall have authority, but not the obligation, to assign all Avoidance Causes of Action to a trustee for the benefit of the Holders of Allowed General Unsecured Claims. Such

trustee shall have the same rights, powers, and standing that the Debtor would have with respect to Avoidance Causes of Action. The trustee shall be entitled to reasonable compensation for services provided to be paid as collection costs from Avoidance Recoveries. In the Debtor's discretion, the trustee may serve as disbursing agent with respect to Avoidance Recoveries and Distributions therefrom.

VIII. OBJECTIONS TO CLAIMS AND DISTRIBUTIONS

A. Objections to Claims: Prosecution of Disputed Claims

The Debtor may object to the allowance of Claims or Interests Filed with the Bankruptcy Court where the Debtor disputes liability or allowance in whole or in part for any reason. All objections will be litigated to a Final Order; provided, however, that the Debtor shall have the authority to File, settle, compromise, or withdraw any objections to Claims or Interests, in its sole and absolute discretion, without approval of the Bankruptcy Court. The Debtor shall File and serve all objections to Claims as soon as practicable, but no later than ninety (90) days after the Effective Date, unless upon motion of the Debtor, the Bankruptcy Court extends such deadline.

B. Estimation of Claims

The Debtor at any time may request that the Bankruptcy Court estimate any contingent, disputed, or unliquidated Claim pursuant to § 502(c) of the Bankruptcy Code, regardless of whether the Debtor previously objected to such contingent, disputed or unliquidated Claim. The Bankruptcy Court shall retain jurisdiction to estimate any contingent, disputed, or unliquidated Claim at any time during litigation concerning any objection to any contingent, disputed, or unliquidated Claim, including, without limitation, an objection during the pendency of any appeal relating to such objection. Subject to the provisions of § 502(j) of the Bankruptcy Code, in the event that the Bankruptcy Court estimates any contingent, disputed, or unliquidated Claim, the

amount so estimated shall constitute the allowed amount of such contingent, disputed, or unliquidated Claim. If the estimated amount constitutes a maximum limitation on the amount of such contingent, disputed, or unliquidated Claim, then the Debtor may pursue supplementary proceedings to object to the allowance of such contingent, disputed, or unliquidated Claim. All of the forgoing procedures are intended to be cumulative, and not necessarily exclusive, of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

C. Payments and Distributions on Disputed Claims

At such time as a Disputed Claim becomes an Allowed Claim, the Debtor shall distribute to the Holder thereof any Distribution to which such Holder is then entitled under this Plan (net of any expenses, including any taxes, relating thereto). No Distribution, including of any releases with respect to Avoiding Power Causes of Action, shall be made or effective with respect to all or any portion of any Disputed Claim pending resolution thereof.

D. Time and Method of Distributions

All Distributions under this Plan shall be made by the Debtor, except as otherwise provided herein. Whenever any Distribution to be made under this Plan is due on a day other than a Business Day, such Distribution shall instead be made on the immediately succeeding Business Day or as soon thereafter as is practicable, but shall be deemed to have been made on the date due. Unless the Holder of the Claim receiving a payment agrees otherwise, any payment required by the terms of this Plan shall be made in Cash.

E. Time Bar to Cash Payment

Any Cash or other Assets that is unclaimed for 180 days after the Distribution is sent by mail to the last known mailing address for the Person entitled thereto, as provided in this Plan

(“Unclaimed Property”), shall be deemed paid to such entitled Person and such Person shall not be entitled to any future Distributions under this Plan. Any Unclaimed Property shall re-vest in the Debtor.

F. Compliance with Tax Requirements

To the extent applicable, the Debtor shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions shall be subject to such withholding and reporting requirements.

G. Setoffs

The Debtor, pursuant to §§ 502(b)(1) and 558 of the Bankruptcy Code and applicable non-bankruptcy law, may set off against any Allowed Claim, and the Distributions to be paid under this Plan, the claims, rights, and Causes of Action of any nature that the Debtor may have against the Holder of such Allowed Claim, including any surcharge rights under § 506(c) of the Bankruptcy Code; provided, however, that neither the failure to effect such a setoff, nor the allowance of any Claim under this Plan, shall constitute a waiver or release by the Debtor of any such claims, rights, and Causes of Action that the Debtor may have against such Holder.

H. De Minimis Distributions

Notwithstanding any other provision of this Plan, the Debtor shall not be required to make Distributions to any Creditor in an amount less than **\$50.00**.

I. Finality of Distributions

All Distributions made prior to the Effective Date pursuant to any order of the Bankruptcy Court or after the Effective Date pursuant to the provisions of this Plan shall be deemed final. No Person shall have any right to require or petition the Bankruptcy Court for a disgorgement of any such Distribution, unless the Distribution was contrary to the provisions of the Plan; provided,

however, nothing herein shall preclude the right of parties in interest to object to the final fee applications Filed by Professionals or the Bankruptcy Court’s authority and ability to review and rule on the final fee applications Filed by Professionals.

J. Name and Address of Holder

For purposes of all Distributions under this Plan, the Debtor shall be entitled to rely on the name and address of the Holder of each Allowed Claim as shown on any timely Filed proof of claim and, if none, as shown on the Schedules as of the date of the Confirmation Order, except to the extent that the Debtor receives written notice of a name change, transfer or change of address (including such a notice Filed with the Bankruptcy Court and served on the Debtor), properly executed by the Holder or its authorized agent, at least fourteen (14) days before the Distribution to be made to that Holder. If such notice is not received fourteen (14) days before the date of the Distribution to that Holder, and the Distribution is returned to the Debtor, such Distribution shall be re-sent within fourteen (14) days after receipt by the Debtor of the returned Distribution in accordance with the information contained on the notice. Notices should be served on the Debtor at the following address: c/o Bernstein Shur, 100 Middle Street, Portland, Maine 04101, Attention: D. Sam Anderson, Esquire.

K. Late-Filed General Unsecured Claims

The following proofs of claim were filed past the applicable General Bar Date and, therefore, entry of the Confirmation Order shall disallow each such Claim:

Claim No.	Claimant	Date Filed
53	Windstream	9/9/2019
62	Evanston Insurance Company	10/8/2019
63	Evanston Insurance Company	10/8/2019
64	Evanston Insurance Company	10/8/2019
65	Evanston Insurance Company	10/8/2019
70	Safilo USA, Inc.	11/4/2019

71	Bionix Development Corp.	11/26/2019
76	Eagle Printing & Publishing	1/21/2020
77	ATC Group	2/6/2020
78	Allscripts Healthcare	2/20/2020
79	Indelible Inc.	10/21/2020

All other rights and bases for objection to such Claims are reserved to the Debtor, **except to the extent set forth herein or by separate Order of the Bankruptcy Court.**

The above list of late-filed Claims does not include Patient Refund Claims, which are addressed in Class 9 of the Plan. To the extent the Debtor had an objection to a Patient Refund Claim, that objection has been or will be filed on or before October 23, 2020. If no objection was filed as of October 23, 2020, the Patient Refund Claim shall be treated as an Allowed Claim in Class 9 of the Plan.

L. Summary and Notice of Certain Additional Claim Objections the Debtor May File After the Confirmation Date

The Debtor has identified in Exhibit D to the Plan and herein a list of Claims to which the Debtor may object if the Bankruptcy Court confirms a plan of reorganization in this Case under terms different than those in the Plan filed by the Debtor (the “Contingent Claim Objections Schedule”).⁵ If the Bankruptcy Court confirms the Plan as proposed, the Debtor will not object to the Claims identified in the Contingent Claim Objections Schedule.

Proof of Claim No.	Creditor	Proof of Claim Amount	Basis for Objection
5	The Inline Group	\$2,970.00	Disputed amount based on Debtor’s records
7	Canon Financial Services, Inc.	\$1,164,916.57	Disputed amount; claim filed in wrong case; not obligation of the Debtor
9	PCM, Inc.	\$10,204.35	Disputed amount based on Debtor’s records
11	Dental Designs, Inc.	\$13,610.73	Disputed amount based on Debtor’s records
15	National Research Corporation	\$37,577.00	Disputed amount based on Debtor’s records
16	TheraCom, LLC	\$47,675.50	Disputed amount based on Debtor’s records
17	Amerisource Bergen Drug Corp.	\$17,550.22	Disputed amount based on Debtor’s records
18	BerryDunn	\$39,977.00	Claim released per retention order

⁵ The Contingent Claim Objections Schedule does not include objections to Claims based solely on late-filed proofs of claim. However, to the extent the Debtor may have additional bases to object to a late-filed proof of claim, those additional bases are identified in the Contingent Claim Objections Schedule.

21	Mobile Maid Cleaning Svc.	\$4,491.60	Disputed amount; claim filed in wrong case; not obligation of the Debtor
26	Cardinal Health 110, LLC	\$26,772.79	Claim satisfied
28	Claremont Glassworks	\$3,300.00	Disputed amount; claim filed in wrong case; not obligation of the Debtor
40	Advanced Answering Center, Inc.	\$7,598.10	Disputed amount based on Debtor's records
41	CVS Manchester NH, LLC	Unliquidated	Disputed amount based on Debtor's records
46	Great Northern Insurance Company	Unliquidated	Disputed amount based on Debtor's records
53	Windstream	\$1,857.93	Disputed amount based on Debtor's records
62	Evanston Insurance Co.	\$207.50	Disputed amount based on Debtor's records
63	Evanston Insurance Co.	\$1,040.00	Disputed amount based on Debtor's records
64	Evanston Insurance Co.	\$13,143.90	Disputed amount based on Debtor's records
65	Evanston Insurance Co.	\$12,932.00	Disputed amount based on Debtor's records
76	Eagle Printing & Publishing	\$3,225.00	Disputed amount based on Debtor's records
77	ATC Group	13963.36	Disputed amount based on Debtor's records
78	Allscripts Healthcare	\$177,166.92	Disputed amount based on Debtor's records

ALL CLAIMANTS ARE ADVISED TO REVIEW AND LOCATE THEIR NAME ON THE CONTINGENT CLAIM OBJECTIONS SCHEDULE. IF A CLAIM IS LISTED ON EXHIBIT D, PLEASE BE ADVISED THAT THE DEBTOR MAY—BUT IS NOT REQUIRED TO—OBJECT TO THAT CLAIM, IN WHOLE OR IN PART, IF THE BANKRUPTCY COURT CONFIRMS A PLAN ON TERMS DIFFERENT THAN THOSE PROPOSED BY THE DEBTOR. THE IDENTIFICATION OF A CLAIM ON EXHIBIT D DOES NOT GUARANTEE THAT THE DEBTOR, IN ITS DISCRETION, WILL OR WILL NOT OBJECT TO SUCH CLAIM.

IX. MODIFICATION, WITHDRAWAL, AND REVOCATION OF THIS PLAN OR CONFIRMATION ORDER

A. Modification of this Plan

The Debtor reserves the right to seek to amend this Plan at any time prior to Confirmation, pursuant to § 1127(a) of the Bankruptcy Code. Subject to approval of the Bankruptcy Court after notice and a hearing, the Debtor reserves the right to seek to modify the Plan after the entry of the Confirmation Order, but before substantial consummation of the Plan, pursuant to § 1127(b) of the Bankruptcy Code.

B. Withdrawal of this Plan

The Debtor reserves the right to withdraw this Plan at any time before the entry of the Confirmation Order. At the option of the Debtor, this Plan shall be deemed null and void if any of the following events occur: (i) this Plan is withdrawn; (ii) the Confirmation Order is not entered; (iii) the Effective Date does not occur; (iv) consummation of this Plan is not substantially achieved; or (v) the Confirmation Order is reversed or revoked. Nothing contained in this Plan shall be deemed to constitute a waiver of any claim by the Debtor and/or the Estate, or to prejudice in any manner the rights of any of the foregoing in any further proceedings.

C. Effect of any Vacation or Revocation of the Confirmation Order

If the Confirmation Order is vacated, then this Plan shall be null and void in all respects and nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims against, or any Interest in, the Debtor or any claim by or right of, the Debtor and/or the Estate; (b) prejudice in any manner the rights of the Debtor and/or the Estate; or (c) constitute an admission, acknowledgement, offer, or undertaking by the Debtor and/or Estate in any respect.

D. Confirmation Request

The Debtor requests Confirmation of this Plan if all of the applicable requirements of the

Bankruptcy Code are met. To the extent necessary, the Debtor specifically requests Confirmation of this Plan under the “cramdown” provisions of § 1129(b) of the Bankruptcy Code.

X. EFFECT OF CONFIRMATION OF THIS PLAN

A. Binding Effect of Confirmation

Confirmation will bind the Debtor, all Creditors, and any other party in interest to the provisions of this Plan. If this Plan is confirmed by the Bankruptcy Court, then the treatment of Claims set forth in this Plan supersedes and replaces any agreements or rights the Holders of Claims have in or against the Debtor and/or the Estate and/or the Assets.

EXCEPT AS SPECIFICALLY SET FORTH IN THIS PLAN, NO DISTRIBUTIONS SHALL BE MADE AND NO RIGHTS SHALL BE RETAINED ON ACCOUNT OF ANY CLAIM, WHETHER AN ALLOWED CLAIM OR NOT, FOLLOWING THE EFFECTIVE DATE.

B. Good Faith

Confirmation of this Plan shall constitute a finding that this Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code. The Debtor is a non-profit business entity, and thus there is no offer, issuance, sale, or purchase of any security under the Plan. To the extent the Bankruptcy Court or any other court of competent jurisdiction concludes otherwise, Confirmation of this Plan shall constitute a finding that such offer, issuance, sale, or purchase has been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

Accordingly, as of the Effective Date, the Debtor and each of its advisors and attorneys that were employed as of the date this Plan was Filed shall be deemed exculpated by Holders of Claims against and Interests in the Debtor and other parties in interest to the

Case (including, without limitation, the Debtor and/or the Estate), from any and all claims, causes of action, and other assertions of liability (including, without limitation, breach of fiduciary duty), arising out of or relating to the Debtor, the Estate, the Case, or the exercise by such entities of their functions as members of, advisors to, or attorneys for the Debtor or otherwise under applicable law in connection with or relating to the Debtor, the Estate, or the Case, including, without limitation, the formulation, negotiation, preparation, dissemination, Confirmation, and consummation of this Plan and any agreement, instrument, or other document issued hereunder or relating hereto; provided, however, that neither the Plan, nor the Confirmation Order, shall have any effect on liability for any act or omission of the Debtor or its respective advisors or attorneys to the extent that such act or omission constitutes gross negligence, fraud, or willful misconduct.

C. Authority to Implement This Plan

Upon entry of the Confirmation Order, all matters provided for under this Plan shall be deemed to be authorized and approved without further approval from the Bankruptcy Court. The Debtor shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary to achieve consummation and carry out this Plan and to make the contemplated Distributions. This authority includes the right of the Debtor to sell, transfer, or otherwise dispose of any or all Assets and use the proceeds of such sale, transfer, or disposition to satisfy the requirements of this Plan.

D. Exculpation and Injunction

On or after the Effective Date, the Debtor, the Debtor's officers and directors, and the Debtor's advisors and attorneys that were employed as of the date the Plan was Filed (collectively, the "Exculpation Parties") shall not have or incur any liability for, and are

expressly exculpated, released, and discharged from any claim or any past or present actions taken or omitted to be taken under or in connection with, related to, effecting, or arising out of: (i) the Debtor's operations between the Petition Date and the Confirmation Date; (ii) the Case; (iii) the administration of the Debtor's Cash and real and personal property after the Petition Date; (iv) the pursuit of Confirmation; (v) the formulation, preparation, dissemination, implementation, administration, Confirmation, or consummation of this Plan; (vi) any other act taken or omitted to be taken in connection with the Debtor's business during the Case; or (vii) any contract, instruction, release, or other agreement entered into or created in connection with the foregoing, except only for actions or omissions to act to the extent determined by a court of competent jurisdiction (with such order becoming a final, non-appealable order) to be by reason of such party's gross negligence, willful misconduct, or fraud, and in all respects, such party shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan; it being expressly understood that any act or omission with the approval of the Bankruptcy Court shall be conclusively deemed not to constitute gross negligence, willful misconduct, or fraud, unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation (collectively, the "Released Acts").

As of the Confirmation Date, but subject to the occurrence of the Effective Date, and except as otherwise expressly provided in this Plan, all past or present Holders of Claims or Interests, directly or indirectly, shall release, and be deemed to forever release and discharge, the Exculpation Parties from the Released Acts and shall be precluded and permanently enjoined from: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any

judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a right of subrogation of any kind against any debt, liability, or obligation due to the Debtor and/or the Estate; and (v) commencing or continuing any action, in any manner or in any place, against the Exculpation Parties that does not comply with or that is inconsistent with the provisions of this Plan.

E. Post-Effective Date Quarterly Fees and Reports to the U.S. Trustee

All fees payable pursuant to 28 U.S.C. § 1930 prior to the Effective Date, to the extent they are not paid prior to the Effective Date, shall be paid when due in the ordinary course. The Debtor shall pay fees that accrue under 28 U.S.C. § 1930 after the Effective Date until no longer required by statute.

F. Withholding and Reporting Requirements

In connection with the consummation of this Plan, the Debtor shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. The Debtor may reasonably request tax reporting information from Persons entitled to receive Distributions under this Plan and may withhold any Distributions from a party pending the receipt of such tax reporting information.

G. Injunctions or Stays

Unless otherwise provided herein, all injunctions or stays arising under or entered during the Case under §§ 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

H. Discharge of Debtor

Except as may otherwise be provided herein: (i) the rights afforded under this Plan and the

treatment of all Claims and Interests herein, shall be in exchange for and in complete satisfaction, discharge, and release of Claims (and any defenses thereto or based upon such Claims, including recoupment) and Interests of any nature whatsoever against the Debtor, the Estate, and/or any of the Assets; (ii) on the Effective Date, all such Claims provided for under this Plan against the Debtor, the Estate and/or the Assets shall be satisfied, discharged, and released in full, as provided for under this Plan as well as any defenses based upon such Claims, including recoupment; and (iii) all Persons and entities shall be precluded from asserting against the Debtor, the Estate, their successors, or the Assets any Claims (or defenses arising therefrom) based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date, except as may be specifically authorized under the Plan with respect to Claims for which further proceedings are permitted under the Plan. Entry of the Confirmation Order shall provide the Debtor the full effect of the discharge provided for under § 1141(d) of the Bankruptcy Code.

I. No Admissions

Except as specifically provided in the Plan, nothing contained in the Plan shall be deemed or construed in any way as an admission by the Debtor and/or the Estate with respect to any matter set forth in the Plan, including the amount or allowability of any Claim, or the value of any Assets. Notwithstanding anything to the contrary in the Plan, if the Plan is not confirmed or the Effective Date does not occur, then the Plan shall be null and void, and nothing contained in the Plan shall: (i) be deemed to be an admission by the Debtor and/or the Estate with respect to any matter discussed in the Plan, including liability on any Claim or the propriety of any Claim's classification; (ii) constitute a waiver, acknowledgement, or release of any Claims, Interests, or any claims held by the Debtor and/or the Estate; or (iii) prejudice in any manner the rights of the Debtor and/or the Estate in any further proceedings before the Bankruptcy Court or any other court.

XI. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain and have exclusive jurisdiction over any matter arising under the Bankruptcy Code, arising in or related to the Case or the Plan, to the fullest extent permitted by law, including, but not limited to, the following matters:

A. Resolution of any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear, determine, and if necessary, liquidate, any Claims arising therefrom, including those matters related to any amendments, if any, of this Plan after the Effective Date, and to add or delete any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed;

B. Entry of such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all contracts, instruments, releases, and other agreements or documents created in connection with this Plan;

C. Determination of any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to this Plan, may be instituted by the Debtor after the Effective Date;

D. Ensuring that Distributions to Holders of Allowed Claims are accomplished as provided for under this Plan;

E. Hearing and determining any timely objections to Administrative Claims or to Proofs of Claim Filed, both before and after the Confirmation Date, including any objections to the classification of any Claim and to allow, disallow, determine, liquidate, classify, estimate, or establish the priority of secured or unsecured status of any Claim, in whole or in part;

F. Entry and implementation of such orders as may be appropriate in the event the

Confirmation Order is, for any reason, stayed, revoked, modified, reversed, or vacated;

G. Issuance of orders in aid of execution of this Plan, to the extent authorized by § 1142 of the Bankruptcy Code;

H. Consideration of any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

I. Hearing and determining all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

J. Hearing and determining disputes arising in connection with, or relating to, this Plan or the interpretation, implementation, or enforcement of this Plan, or the extent of any Person's obligations incurred in connection with or released or exculpated under this Plan;

K. Issuance of injunctions or other orders as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of this Plan;

L. Determination of any other matters that may arise in connection with, or are related to, this Plan, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan;

M. Hearing and determining matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code;

N. Hearing any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code;

O. Entry of a final decree closing the Case; and

P. Interpreting and enforcing Orders entered by the Bankruptcy Court.

If the Bankruptcy Court abstains from exercising jurisdiction or is without jurisdiction over

any matter notwithstanding this section, then this section shall not effect, control, prohibit, or limit the exercise of jurisdiction by any other court that has jurisdiction over that matter. All Creditors that Filed a proof of claim in the Case shall be deemed to have consented to the jurisdiction of the Bankruptcy Court for all purposes with respect to such Claims.

XII. MISCELLANEOUS PROVISIONS OF THE PLAN

A. Holders of Claims and Interests as of Effective Date

All Distributions under the Plan shall be tendered to the Person that is the Holder of the Allowed Claim as of the Effective Date, unless the Debtor receives a notice of a change of address.

B. Successors and Assigns

The rights, benefits, and obligations of any Person or entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such Person or entity.

C. Reservation of Rights

The Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, except as expressly set forth herein. The filing of the Plan, the statements or provisions herein, or the taking of any action by the Debtor with respect to the Plan shall not be, or shall not be deemed to be, an admission or waiver of any rights of the Debtor and/or the Estate with respect to the Holders of Claims or Interests prior to the Effective Date.

D. The Hospital Pension Plan

Upon confirmation of both the Plan and a Hospital plan of reorganization in which the Springfield Hospital Pension Plan (the "Pension Plan") is assumed and continued, the Pension Benefit Guaranty Corporation ("PBGC") shall be deemed to have withdrawn with prejudice any proofs of claim filed by PBGC against the Debtor with respect to the Pension Plan.

Notwithstanding any other provision hereof, nothing in the Plan, the Confirmation Order, or the Bankruptcy Code (including Section 1141 thereof) shall be construed as discharging, releasing, or relieving the Debtor, or any party, in any capacity, from any liability with respect to the Pension Plan under any law, government policy, or regulatory provision. PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability or responsibility against the Debtor or any party with such liability or responsibility as a result of any provisions for satisfaction, release, injunction, exculpation, and discharge of Claims in the Plan and Confirmation Order. The Debtor, the Hospital and PBGC reserve all rights with respect to determining whether the Debtor is liable for any obligations relating to the Pension Plan, including determinations relating to whether the Debtor is a contributing sponsor or a member of the controlled group associated with the Pension Plan.

E. The 457 Plan

Certain employees and former employees of the Debtor participated in a 457(b) retirement plan sponsored by the Debtor (the "457 Plan"). There are no Debtor-paid contributions to the 457 Plan, and it is comprised solely of funds contributed by current or former employees of the Debtor or the Hospital. The Debtor and the Hospital have determined that maintaining the 457 Plan under the same terms and conditions as existed prior to the bankruptcy filings, unaffected by the reorganization, is in the best interests of their respective estates. Any proofs of claim filed by participants in the 457 Plan shall be deemed allowed only to the extent allowed and payable under the 457(b) Plan.

F. Post-Confirmation Effectiveness of Proofs of Claim

Except as may otherwise be provided elsewhere in the Plan, proofs of claim shall, upon the Effective Date, represent only the right to participate, to the extent the proofs of claim become

Allowed Claims, in the Distributions contemplated by this Plan and otherwise shall have no further force or effect.

G. Further Assurances

The Debtor and all Holders of Claims receiving Distributions under the Plan, and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

H. Services by and Fees for Professionals Post-Confirmation

Except as otherwise specifically provided in this Plan from and after the Confirmation Date, any requirement that Professionals comply with §§ 327 through 331 and 1103 of the Bankruptcy Code or any order of the Bankruptcy Court establishing interim fee procedures during the Case in seeking retention or compensation for services rendered after such date shall terminate, and the Debtor may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

I. Entire Agreement

The Plan supersedes all prior discussions, understandings, agreements, and documents pertaining or relating to any subject matter of the Plan.

J. No Recourse

No entity other than an entity entitled to receive a payment or Distribution under this Plan shall have any recourse against the Debtor and/or the Estate, or the Assets for any obligation of or Claim against the Debtor that arises prior to the Effective Date.

K. Severability of Plan Provisions

If, at or before the Confirmation Hearing, the Bankruptcy Court holds that any amended

Plan term or provision is invalid, void, or unenforceable, then the Bankruptcy Court may alter or interpret that term or provision so that it is valid and enforceable to the maximum extent possible, consistent with the original purpose of that term or provision. That term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the Plan's remaining terms and provisions shall remain in full force and effect and shall in no way be affected, or impaired, or invalidated. The Confirmation Order shall constitute a judicial determination providing that each Plan term and provision, as it may have been altered or interpreted in accordance with this section, is valid and enforceable under its terms. Should any provision in this Plan be determined to be unenforceable after the Confirmation Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Plan.

L. Governing Law

The rights and obligations under this Plan and any agreements, contracts, documents, or instruments executed in connection with this Plan shall be governed by, and construed and enforced in accordance with, the laws of Vermont without given effect to Vermont's conflict-of-laws principles, unless a rule of law or procedure is supplied by: (i) federal law (including the Bankruptcy Code and Bankruptcy Rules); or (ii) an express choice-of-law provision in any document provided for or executed under or in connection with, this Plan.

M. Saturday, Sunday, or Legal Holidays

If any payment or act under this Plan should be made or performed on a day that is not a Business Day, then the payment or act may be completed on the next succeeding day that is a Business Day, or as soon as is reasonably practicable thereafter, in which event the payment or act shall be deemed to have been completed on the required day.

N. Notices

Any pleading, notice, or other document required by this Plan to be served on or delivered to the Debtor must be sent by first class United States mail, postage prepaid, and by electronic mail to:

Springfield Medical Care Systems, Inc.
25 Ridgewood Road
Springfield, VT 05156
Attn: Josh Dufresne
Chief Executive Officer

With a copy to: Bernstein Shur
100 Middle Street, P.O. Box 9729
Portland, Maine 04101
Attn: Sam Anderson, Esq.

O. Final Decree

Once this Plan has been substantially consummated, the Debtor shall, as soon as is reasonably practicable, file a motion with this Court to obtain a final decree to close the Case.

**SPRINGFIELD MEDICAL CARE
SYSTEMS, INC.**

By its counsel:


Dated: November 2, 2020

/s/ D. Sam Anderson

D. Sam Anderson, Esq.
Adam R. Prescott, Esq.
BERNSTEIN SHUR
100 Middle Street, P.O. Box 9729
Portland, Maine 04104-5085
(207) 774-1200
sanderson@bernsteinshur.com
aprescott@bernsteinshur.com

For the Debtor:

Dated: November 2, 2020



Joshua R. Dufresne, MBA
Acting Chief Executive Officer &
HRSA Project Director
Springfield Medical Care Systems, Inc.
802.886.8961
jdufresne@springfieldmed.org



Springfield Medical Care Systems 5 year Cash Projections	Projected January-21	Projected February-21	Projected March-21	Projected April-21	Projected May-21	Projected June-21	Projected July-21	Projected August-21	Projected September-21	Projected FY2021 (Jan2021- Sept2021) 9 mos.	Projected FY2022	Projected FY2023	Projected FY2024	Projected FY2025
Cash Receipts:														
Patient Receipts	1,521,896	1,521,896	1,521,896	1,542,241	1,580,441	1,580,441	1,580,441	1,580,441	1,580,441	14,010,136	19,811,444	20,231,912	20,636,550	21,049,281
Other:														
Grants - HRSA	207,394	207,394	216,561	216,561	216,561	216,561	216,561	216,561	216,561	1,930,713	2,598,728	2,598,728	2,598,728	2,598,728
Grants - State	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	26,800	241,200	322,404	322,404	322,404	322,404
One Care	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	270,000	360,900	360,900	360,900	360,900
340B Pharmacy	267,700	267,700	267,700	267,700	267,700	267,700	267,700	267,700	267,700	2,409,300	3,212,400	3,212,400	3,212,400	3,212,400
Community Health Team Payments	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	540,000	721,800	721,800	721,800	721,800
MSSA Shared Wages Payment from SH	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	135,000	139,500	143,222	146,802	150,472
Billing Revenue from SH - Specialty (Hospitalist)	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	31,500	42,000	42,000	42,000	42,000
Rental Income from SH	7,028	7,028	7,028	7,028	7,028	7,028	7,028	7,028	7,028	63,252	84,336	84,336	84,336	84,336
Total Other	617,422	617,422	626,589	626,589	626,589	626,589	626,589	626,589	626,589	5,620,965	7,481,618	7,485,790	7,489,370	7,493,040
Total Receipts	2,139,318	2,139,318	2,148,485	2,168,829	2,207,030	2,207,030	2,207,030	2,207,030	2,207,030	19,631,100	27,293,062	27,717,702	28,125,920	28,542,322
Disbursements:														
Salaries and Wages (Gross, includes employee pr taxes)	533,331	533,331	533,331	548,331	548,331	548,331	548,331	548,331	548,331	4,889,979	6,532,804	6,658,525	6,788,704	6,921,411
Employee Benefits (Health, Dental, Vision, payroll taxes)	304,867	304,867	304,867	308,617	312,784	312,784	312,784	312,784	312,784	2,787,138	3,821,360	3,919,950	3,997,410	4,076,396
Supplies & Drugs	71,750	71,750	71,750	71,750	71,750	71,750	71,750	71,750	71,750	645,750	882,525	904,588	927,203	950,383
Management & Contract Services	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	756,000	1,220,004	1,172,004	1,201,304	1,231,337
Physician Fees - Employed	564,371	564,371	564,371	572,704	589,371	589,371	589,371	589,371	589,371	5,212,672	7,150,043	7,301,234	7,438,937	7,579,186
Physician Fees - Contracted	135,167	135,167	135,167	135,167	135,167	135,167	135,167	135,167	135,167	1,216,500	1,638,220	1,664,280	1,705,887	1,748,534
Other Purchased Services	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	549,000	744,000	756,000	774,900	794,273
Interest	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	9,900	9,900	9,900	9,900	9,900
Insurance	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	202,500	276,000	282,000	289,050	296,276
Other	226,469	226,469	226,469	226,469	226,469	226,469	226,469	226,469	226,469	2,038,222	2,947,114	3,034,736	3,097,144	3,160,801
MSSA Shared Wages Payment to SH	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	73,000	657,000	902,280	929,348	952,582	976,397
Rental Payments to SH	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	3,311	29,795	39,726	39,726	39,726	39,726
Capital Expenditures									50,000	50,000	200,000	200,000	200,000	200,000
Total Disbursements	2,080,865	2,080,865	2,080,865	2,107,949	2,128,782	2,128,782	2,128,782	2,128,782	2,128,782	19,044,456	26,363,976	26,872,291	27,422,747	27,984,620
Change in Cash (Operations) incl Cap Ex	58,453	58,453	67,620	60,880	78,248	78,248	78,248	78,248	78,248	586,645	929,086	845,410	703,173	557,702
Plan Obligations:														
Berkshire \$2.5M (20 yrs @ Prime plus 1%) - Principal only (assume interest incl in proj above)														
Cure Payments	254,851	7,769	7,769	7,769	7,769	7,769	7,769	7,769	7,769	317,001	23,306			
Patient Refunds						111,000				111,000				
Springfield Hospital Intercompany Amt Due	482,000						20,083	20,083	20,083	60,250	241,000	180,750		
Administrative Fees	60,000	40,000								100,000				
U.S. Trustee Fees	80,000									80,000				
Pre-Petition Taxes	20,891									20,891				
Total Plan Obligations	415,742	47,769	7,769	7,769	7,769	118,769	27,852	27,852	27,852	689,142	264,306	180,750	-	-
Change in Cash (Total)	(357,289)	10,684	59,851	53,112	70,479	(40,521)	50,396	50,396	396	(102,498)	664,780	664,660	703,173	557,702
Cash At Beginning	1,400,000	1,042,711	1,053,395	1,113,246	1,166,357	1,236,836	1,196,315	1,246,711	1,297,106	1,400,000	1,297,502	1,962,282	2,626,942	3,330,115
Cash At End	1,042,711	1,053,395	1,113,246	1,166,357	1,236,836	1,196,315	1,246,711	1,297,106	1,297,502	1,297,502	1,962,282	2,626,942	3,330,115	3,887,817

*Other (includes utilities, maintenance and repairs, dues, licenses and property taxes, building and equipment rent, legal and professional fees, non-medical supplies, minor equipment, recruiting, outside training, postage/freight, and misc. expenses).



VENDOR	Original Cure Amount	Discounted Cure Amount (If Any)	Cure Amount Due on Effective Date	Agreed Payment Terms
UVM CMIE	\$0.00		\$0.00	
LABORATORY CORP OF AM HOLDINGS	\$8.00		\$8.00	
MARTINS POINT	\$44.40		\$44.40	
INDELIBLE INC	\$60.00		\$60.00	
GREEN MOUNTAIN PHARMACY	\$71.53		\$71.53	
UNITED HEALTHCARE SHARED SVS	\$76.97		\$76.97	
UNITED HEALTH CARE INS COMPANY	\$121.98		\$121.98	
HEALTH PLANS	\$123.14		\$123.14	
UNITED HEALTHCARE INS CO	\$144.82		\$144.82	
UNITED HEALTHCARE OXFORD	\$157.60		\$157.60	
MARTINS POINT	\$297.44		\$297.44	
UNITED HEALTHCARE INS CO	\$323.96		\$323.96	
GREATER FALLS PHARMACY	\$426.56		\$426.56	
JP PEST SERVICES	\$451.30		\$451.30	
RIVER STREET PHARMACY	\$517.59		\$517.59	
PITNEY BOWES GLOBAL FINANCIAL	\$771.80		\$771.80	
VALHALLA CORP	\$805.00		\$805.00	
NEW ENGLAND DOCUMENT SYSTEMS	\$923.15		\$923.15	
ADVANCED ANSWERING CENTER INC	\$4,517.80		\$4,517.80	
VERMONT TELEPHONE COMPANY CO	\$4,000.00		\$4,000.00	
BI-STATE PRIMARY CARE ASSOC	\$3,990.00		\$3,990.00	
PEOPLES UNITED BANK	\$3,106.55		\$3,106.55	
TOP MOP OFFICE CLEANING	\$2,790.00		\$2,790.00	
AIRGAS USA LLC	\$2,520.25		\$2,520.25	
CANON SOLUTIONS AMERICA	\$2,450.67		\$2,450.67	
NIGHT NURSE INC	\$2,325.75		\$2,325.75	
NATIONAL RURAL HLTH ASSOC.	\$2,025.00		\$2,025.00	
DAYS ENTERPRISES INC	\$2,000.00		\$2,000.00	
SECURSHRED	\$1,761.50		\$1,761.50	
STERICYCLE INC	\$1,247.28		\$1,247.28	
RIDGEWOOD CONDO ASSOC. INC.	\$6,840.00	\$0.00	\$0.00	Full waiver of cure amount
VALLEY HEALTH CONNECTIONS	\$6,666.66	\$1,666.67	\$1,666.67	Discount subject to final agreement

VENDOR	Original Cure Amount	Discounted Cure Amount (If Any)	Cure Amount Due on Effective Date	Agreed Payment Terms
ONE HUNDRED RIVER ST LLC (INCLUSIVE OF LEASE AND ALL ASSOCIATED CONTRACTS)	\$5,600.00	\$2,800.00	\$233.33	50% payable over 12 months
CANON FINANCIAL SERVICES, INC	\$5,577.52		\$5,577.52	
SPRINGFIELD PHARMACY	\$5,223.93		\$5,223.93	
ALLSCRIPTS	\$124,121.67		\$124,121.67	
EMERGENCY SERVICES OF NE	\$76,756.14	\$38,378.07	\$3,198.17	50% payable over 12 months
THE BRATTLEBORO SAVINGS & LOAN (INCLUSIVE OF LEASE AND ALL ASSOCIATED CONTRACTS)	\$41,479.58	\$20,739.79	\$1,728.32	50% payable over 12 months
UVM AHEC PROGRAM	\$27,800.00	\$0.00	\$0.00	Full waiver of cure amount
BI-STATE PRIMARY CARE ASSOC	\$27,224.25	\$13,612.13	\$13,612.13	50% of cure amount
MCKESSON DRUG COMPANY	\$21,932.87		\$21,932.87	
MERRY XRAY INC	\$18,675.00		\$18,675.00	
VALLEY HEALTH CONNECTIONS	\$13,333.32	\$3,333.33	\$3,333.33	Discount subject to final agreement
HEALTH CARE & REHAB SVS OF SO	\$31,307.15		\$2,608.93	Payable over 12 months
HUDSON HEADWATERS HEALTH NET	\$11,980.51		\$11,980.51	
NATIONAL ASSOC COMM HLTH CTRS	\$10,000.00	\$0.00	\$0.00	Agreed reduction
RECREATION CENTER FOUNDATION OPERATING AGREEMENT	\$0.00		\$0.00	
ALL AGREEMENTS WITH HRSA TO THE EXTENT ASSUMABLE	\$0.00		\$0.00	
ALL STATE GRANT CONTRACTS TO THE EXTENT ASSUMABLE	\$0.00		\$0.00	
ALL PAYOR CONTRACTS	\$0.00		\$0.00	
ALL INSURANCE CONTRACTS, INCLUDING MALPRACTICE INSURANCE	\$0.00		\$0.00	
ROCKINGHAM LEASE	\$0.00		\$0.00	
LANE EYE LEASE	\$0.00		\$0.00	
ALL SMCS MEDICAL STAFF PROVIDER CONTRACTS NOT PREVIOUSLY ASSUMED	\$0.00		\$0.00	
Mountain Valley Health Council: - Lease Agreement - Practice Transfer Agreement - Agreement for Laboratory Services - Medical Record Transfer and Administration Agreement - Assignment and Assumption Agreement	\$11,595.12	\$2,898.78	\$2,898.78	75% discount on cure amount; and Debtor / Debtor-in-Possession release Mountain Valley Health Council from all Avoidance Causes of Action liability, with such release binding upon all successors and assigns, including without limitation any subsequently appointed chapter 7 trustee.

VENDOR	Original Cure Amount	Discounted Cure Amount (If Any)	Cure Amount Due on Effective Date	Agreed Payment Terms
Total:	\$476,841.41		\$254,851.19	



PAYEE	AMOUNT PAID IN 90-DAY PERIOD
ALLSCRIPTS	\$114,121.67
AM BANKERS INSURANCE CO OF FL	\$16,905.00
BLACKBAUD	\$17,387.43
COMPHEALTH ASSOCIATES INC	\$131,906.73
CROWN POINT EXCAVATION, LLC	\$23,772.50
DENTAL DESIGNS	\$19,597.75
ESNE	\$15,881.07
HEALTH CARE & REHAB SVS OF SO	\$16,250.00
MCKESSON DRUG COMPANY	\$76,904.07
MEDLINE INDUSTRIES	\$20,477.69
MERRY XRAY INC	\$36,437.50
MICHAUD'S CLEANING SERVICE LLC	\$25,949.00
OLD ENGLISH LLC	\$25,764.00
PATTERSON DENTAL SUPPLY	\$44,302.38
PITT MD PC KARA	\$32,000.00
VERMONT TELEPHONE CO	\$22,679.54
Total:	\$640,336.33



Exhibit D: Contingent Claim Objections Schedule

Proof of Claim No.	Creditor	Proof of Claim Amount	Basis for Objection
5	The Inline Group	\$2,970.00	Disputed amount based on Debtor's records
7	Canon Financial Services, Inc.	\$1,164,916.57	Disputed amount; claim filed in wrong case; not obligation of the Debtor
9	PCM, Inc.	\$10,204.35	Disputed amount based on Debtor's records
11	Dental Designs, Inc.	\$13,610.73	Disputed amount based on Debtor's records
15	National Research Corporation	\$37,577.00	Disputed amount based on Debtor's records
16	TheraCom, LLC	\$47,675.50	Disputed amount based on Debtor's records
17	Amerisource Bergen Drug Corp.	\$17,550.22	Disputed amount based on Debtor's records
18	BerryDunn	\$39,977.00	Claim released per retention order
21	Mobile Maid Cleaning Svc.	\$4,491.60	Disputed amount; claim filed in wrong case; not obligation of the Debtor
26	Cardinal Health 110, LLC	\$26,772.79	Claim satisfied
28	Claremont Glassworks	\$3,300.00	Disputed amount; claim filed in wrong case; not obligation of the Debtor
40	Advanced Answering Center, Inc.	\$7,598.10	Disputed amount based on Debtor's records
41	CVS Manchester NH, LLC	Unliquidated	Disputed amount based on Debtor's records
46	Great Northern Insurance Company	Unliquidated	Disputed amount based on Debtor's records
53*	Windstream	\$1,857.93	Disputed amount based on Debtor's records
62*	Evanston Insurance Co.	\$207.50	Disputed amount based on Debtor's records
63*	Evanston Insurance Co.	\$1,040.00	Disputed amount based on Debtor's records
64*	Evanston Insurance Co.	\$13,143.90	Disputed amount based on Debtor's records
65*	Evanston Insurance Co.	\$12,932.00	Disputed amount based on Debtor's records
76*	Eagle Printing & Publishing	\$3,225.00	Disputed amount based on Debtor's records

77*	ATC Group	13963.36	Disputed amount based on Debtor's records
78*	Allscripts Healthcare	\$177,166.92	Disputed amount based on Debtor's records

* Proofs of claim also filed after claims bar date.

Master Shared Services Agreement

This Master Shared Services Agreement (this "Agreement"), dated as of this 28th day of July, 2020 (the "Effective Date"), is by and between Springfield Medical Care Systems, Inc., a Vermont not-for profit corporation located in Springfield, Vermont ("SMCS"), and Springfield Hospital, Inc., a Vermont not-for profit corporation located in Springfield, Vermont ("Hospital," and together with SMCS, the "Parties, and each a "Party").

WHEREAS, SMCS and Hospital each has the capability and capacity to provide certain services for the other Party's benefit; and

WHEREAS, each Party mutually desires to retain the other Party to provide said services, and each Party is willing to provide such services under the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Services. SMCS shall provide to Hospital the services (the "Services") set out in one or more statements of work to be issued by SMCS and accepted by Hospital (as provided by either Party, each, a "Statement of Work"). Likewise, the Hospital shall provide to SMCS the services set out in one or more statements of work to be issued by Hospital and accepted by SMCS. The initial accepted Statements of Work are attached hereto as Exhibits A (Services provided by SMCS to Hospital) and Exhibit B (Services provided by Hospital to SMCS), respectively. Additional Statements of Work shall be deemed issued and accepted only if signed by the SMCS Contract Manager and the Hospital Contract Manager, appointed pursuant to Section 2.1 and 3.1.

2. SMCS Obligations. SMCS shall:

2.1 Designate one of its employees to serve as its primary contact with respect to this Agreement and to act as its authorized representative with respect to matters pertaining to this Agreement (the "SMCS Contract Manager"), with such designation to remain in force unless and until a successor SMCS Contract Manager is appointed.

2.2 Provide the Hospital with the Services of the employees that SMCS identifies in each Statement of Work ("Provider Representatives").

2.3 Require that the SMCS Contract Manager respond promptly to any reasonable requests from the Hospital for instructions, information, or approvals required by Hospital under this Agreement.

2.4 Cooperate with Hospital in Hospital's provision of Services and provide access to SMCS's premises, employees, contractors, and equipment as required to enable Hospital to provide the Services.

2.5 Take all steps necessary, including obtaining any required licenses or consents, to prevent SMCS-caused delays under this Agreement.

2.6 Make no changes in Provider Representatives except:

(a) Following notice to Hospital.

(b) Upon the resignation, termination, death, or disability of an existing Provider Representative.

(c) At the reasonable request of Hospital, in which case SMCS shall use reasonable efforts to appoint a replacement at the earliest time it determines to be commercially viable.

2.7 Maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials, if any, used by SMCS in providing the Services. During the Term and for a period of ten (10) years thereafter, upon Hospital's written request, SMCS shall allow Hospital or Hospital's representative to inspect and make copies of such records in connection with the provision of the Services; provided that Hospital provides SMCS with at least ten (10) business days advance written notice of the planned inspection, and any such inspection shall take place during regular business hours and shall occur no more than once annually.

3. Hospital Obligations. Hospital shall:

3.1 Designate one of its employees to serve as its primary contact with respect to this Agreement and to act as its authorized representative with respect to matters pertaining to this Agreement (the "Hospital Contract Manager"), with such designation to remain in force unless and until a successor Hospital Contract Manager is appointed.

3.2 Provide SMCS with the Services of the employees that Hospital identifies in each Statement of Work ("Hospital Provider Representatives").

3.3 Require that the Hospital Contract Manager respond promptly to any reasonable requests from SMCS for instructions, information, or approvals required by SMCS under this Agreement.

3.4 Cooperate with SMCS in SMCS's provision of Services and provide access to Hospital's premises, employees, contractors, and equipment as required to enable SMCS to provide the Services.

3.5 Take all steps necessary, including obtaining any required licenses or consents, to prevent Hospital-caused delays under this Agreement.

3.6 Make no changes in Hospital Provider Representatives except:

(a) Following notice to SMCS.

(b) Upon the resignation, termination, death, or disability of an existing Hospital Provider Representative.

(c) At the reasonable request of SMCS, in which case Hospital shall use reasonable efforts to appoint a replacement at the earliest time it determines to be commercially viable.

3.7 Maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials, if any, used by Hospital in providing the Services. During the Term and for a period of ten (10) years thereafter, upon SMCS's written request, Hospital shall allow SMCS or SMCS's representative to inspect and make copies of such records in connection with the provision of the Services; provided that SMCS provides Hospital with at least ten (10) business days advance written notice of the planned inspection, and any such inspection shall take place during regular business hours and shall occur no more than once annually.

4. Fees and Expenses.

4.1 In consideration of the provision of the Services by each Party and the rights granted under this Agreement, each Party shall pay the fees set forth in the other Party's applicable Statements of Work. Each Party represents and agrees that the fees shall be set at a fair market value rate for the Services to be provided. Payment of such fees pursuant to this Section 3.1 shall constitute payment in full for the performance of the Services. Unless otherwise provided in the applicable Statement of Work, said fees will be payable within thirty (30) days of receipt of an invoice. Certain former employees of SMCS were transferred to the Hospital on the Effective Date (the "Former SMCS Employees"). Certain of the Former SMCS Employees held claims for paid time off at the time they were transitioned to the Hospital (the "SMCS PTO"). In addition to the fees set forth in any applicable Statements of Work, in the event a Former SMCS Employee utilizes SMCS PTO, the Hospital shall invoice the cost of the SMCS PTO to SMCS in accordance with the invoicing practices set forth in this Agreement. The SMCS PTO has been calculated as a dollar amount owed for each of the Former SMCS Employees as of the Effective Date and the amount paid in relation to the SMCS PTO shall be reduce this dollar amount on an employee by employee basis. In the event a Former SMCS Employee leaves the employ of the Hospital with amounts outstanding in relation to SMCS PTO (or other circumstances arise that require changes to addressing outstanding liabilities relating to SMCS PTO), the Parties shall work cooperatively to reach agreement on the terms of addressing any outstanding issues with that Former SMCS Employee's SMCS PTO liability.

4.2 Each Party represents and agrees that the Provider Representatives and the Hospital Provider Representatives are employees of the Party providing them per Statements of Work and shall not, by virtue of the Agreement or provision of the Services, be deemed to be employees of the Party receiving their Services under this Agreement. Each Party providing its employees under this Agreement shall be responsible for filing federal and state payroll tax returns, disbursing payroll checks, making workers' compensation and unemployment insurance compensation contributions or payments, paying all salary and/or wages, providing all employee benefits pursuant to the terms and conditions of any

employment agreements and all other payments and/or obligations required by their personnel policies or applicable law now in effect or which take effect during the term of this Agreement.

4.3 The Parties acknowledge that their relationship is that of independent contractors for the furnishing of Services as provided in this Agreement. Neither Party shall have an obligation to the other and shall not be under the direction or supervision of the other in the performance of obligations with respect to the withholding or payment of employment or payroll taxes, workers' compensation insurance premiums, unemployment compensation contributions, social security or Medicare taxes or the like with respect to any Provider Representatives or Hospital Provider Representatives. The Party providing its employees under this Agreement shall be solely responsible for paying and/or withholding of all federal and state taxes with respect to fees paid under this Agreement.

4.4 Except for invoiced payments that a Party has successfully disputed, all late payments (received in excess of thirty (30) days after invoice date) shall bear interest at the lesser of the rate of 1% per month or the highest rate permissible under applicable law, calculated daily and compounded monthly. Each Party shall also be entitled to suspend the provision of any Services if the other Party fails to pay any undisputed amounts within thirty (30) days of receipt of an invoice, and such failure continues for thirty (30) days following written notice of suspension for failure to pay, which notice may issue following the thirty (30) day period.

5. Limited Warranty and Limitation of Liability.

5.1 Each Party warrants that it shall perform the Services:

(a) In accordance with the terms and subject to the conditions set forth in the respective Statements of Work and this Agreement.

(b) Using personnel of required skill, experience, and qualifications.

(c) In a timely and professional manner in accordance with generally recognized industry standards for similar services.

5.2 Except as otherwise set forth herein, each Party's sole and exclusive liability and sole and exclusive remedy for breach of this warranty shall be to use reasonable commercial efforts to promptly cure any such breach; provided, that if a Party cannot cure such breach within a reasonable time (but no more than 30 days) after the other Party's written notice of such breach, that Party providing notice may, at its option, terminate the Agreement by serving written notice of termination in accordance with Section 7.2.

5.3 THE PARTIES MAKE NO WARRANTIES EXCEPT FOR THAT PROVIDED IN SECTION 5.1, ABOVE. ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, ARE EXPRESSLY DISCLAIMED.

6. Confidentiality. Neither Hospital nor SMCS shall disclose any privileged or confidential information which it either obtains or learns as a result of this Agreement, except as

may be required in connection with audits conducted by third-party payers and external auditing procedures. Without limiting the generality of the foregoing, Hospital and SMCS shall maintain the confidentiality of any medical records, business or financial records, and matters of practice of the other to which either shall have access or knowledge.

7. Term, Termination, and Survival.

7.1 This Agreement shall commence as of the Effective Date and shall continue thereafter until the completion of the Services under all Statements of Work, unless sooner terminated pursuant to Section 7.2 or Section 7.3.

7.2 Either Party may terminate this Agreement upon ninety (90) days' notice to the other Party. In the event of a termination, both Parties shall cooperate in terms of providing the Services necessary to allow the Parties to obtain the Services in another manner.

7.3 [Intentionally omitted]

7.4 The rights and obligations of the Parties set forth in Section and any other right or obligation of the Parties in this Agreement which, by its nature, should survive termination or expiration of this Agreement, shall survive any such termination or expiration of this Agreement.

8. Limitation of Liability. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER OR TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR PROFIT, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

9. Compliance with Medicare Access to Books and Records Law. The Parties desire to conform this Agreement to comply with the Medicare access to books, documents, and records law as set forth in Section 1861(v)(1)(I)(i) (the "Statute") of the Social Security Act (the "Act") and implemented at 42 CFR § 420.302. To the extent required by the Statute, each Party shall allow the Comptroller General of the United States, the United States Department of Health and Human Services ("HHS"), and their duly authorized representatives, access to this Agreement, their books, documents, and records until the expiration of four (4) years after the Services are furnished. The access must be provided for in accordance with the provisions of the regulations implementing the Statute.

10. Non-Exclusion. The Parties represent that they are not currently under investigation by any state or federal governmental agency for Medicare or Medicaid false claims, fraud, or abuse ("Investigation"). Further, the Parties represent that they have not been excluded from participating in the Medicare or Medicaid programs, and that, to the knowledge of each respective Party, no proceeding to exclude participation is pending. In the event that an Investigation of a Provider Representative or a Hospital Provider Representative is initiated by

any state or federal governmental agency, or Provider Representative or Hospital Provider Representative is excluded from participating in the Medicare or Medicaid programs, the Parties agree to cooperate in good faith to identify and engage a reasonable substitute for the individual, but if the Parties are unable to identify such individual, the Parties shall agree to terminate the Agreement.

11. Compliance with Law.

(a) The Parties agree that this Agreement is intended to be, and shall be interpreted as, a Professional Services Agreement of the sort described in Sections 1877 and 1903(s) of the Social Security Act [42 U.S.C. §1395nn and 1396b], 42 CFR § 411.357(a) and (d) and 42 CFR § 1001.952(d). In particular, and not by way of limitation, the Parties agree that this Agreement covers all of the Services to be provided for the Term of this Agreement and that the aggregate services contracted for herein do not exceed those which are reasonably necessary to accomplish the commercially reasonable business purposes ought by the Party receiving the Services. The Parties agree that nothing in this Agreement shall require or provide any inducement to either Party or its providers to refer or admit patients to the other Party. The Parties shall maintain a master list of all compensation arrangements between the Parties in the manner described in 42 C.F.R. § 411.357(d)(ii), which shall be maintained centrally at each Party, and be available to the Secretary of HHS upon request.

(b) If either Party shall receive a written opinion from its legal counsel that its exemption from federal income taxation or that of any of its corporate affiliates is significantly jeopardized by the arrangement or operations contemplated by this Agreement, or that changes in federal or state laws or regulations subsequent to the date of this Agreement (or subsequent judicial or administrative interpretations of prior laws or regulations): (1) make either Party's participation in the arrangement or operations contemplated by this Agreement illegal; or (2) cause either Party not to qualify for Medicare or Medicaid reimbursement, the Parties shall attempt to agree upon an amendment to this Agreement to revise and reform the Agreement or enter into such other agreement in such a manner as to eliminate the regulatory problem at issue. If the regulatory problem is caused by some provision of this Agreement or such other agreement that may be severed from the Agreement or other such agreement without materially affecting the nature of the arrangement or operations contemplated thereby and without imposing any undue burden upon one of the Parties hereto, or Parties thereto, that provision shall be deemed excised and the remainder of the agreement in question shall continue to be in full force and effect. If, however, reformation of this Agreement or other such agreement is required, neither Party shall be required to consent to any reformation of the particular agreement to which it objects for any reason.

12. No Referral Requirement. Nothing in this Agreement shall be construed to require either Party to make referrals of patients to one another or to any affiliate of one another. No payment is made under this Agreement in return for the referral of patients or in return for the ordering, purchasing or leasing of products or services from either Party.

13. Insurance. During the term of this Agreement, both Parties shall, at their own expense, maintain and carry insurance with financially sound and reputable insurers, in full force and effect that includes, but is not limited to, commercial general liability with financially sound and reputable insurers for the Services provided hereunder. Upon request, the Parties shall provide a certificate of insurance evidencing the insurance coverage specified in this Agreement. Maintaining cure levels of insurance shall satisfy the requirements of this Section.

14. Entire Agreement. This Agreement, including and together with any related Statements of Work, exhibits, schedules, attachments, and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, regarding such subject matter. The Parties acknowledge and agree that if there is any conflict between the terms and conditions of this Agreement and the terms and conditions of any Statement of Work, the terms and conditions of this Agreement shall supersede and control. Any term of an order of the bankruptcy Court shall take precedent over any conflict terms of this Agreement.

15. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "Notice", and with the correlative meaning "Notify") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all Notices must be delivered by electronic mail on the Notice Party and its counsel.

Notice to Hospital: Michael Halstead
Interim Chief Executive Officer

Notice to SMCS: Joshua Dufresne
Interim Chief Executive Officer

16. Severability. If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to/ the court may modify this Agreement to effect the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

17. Amendments. No amendment to or modification of or rescission, termination, or discharge of this Agreement is effective unless it is in writing, identified as an amendment to or rescission, termination, or discharge of this Agreement and signed by an authorized representative of each Party.

18. Waiver. No waiver by any Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

19. Assignment. The Parties shall not assign, transfer, delegate, or subcontract any of their rights or delegate any of their obligations under this Agreement without the prior written consent of the other Party. Any purported assignment or delegation in violation of this Section 19 shall be null and void.

20. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.

21. No Third-Party Beneficiaries. This Agreement benefits solely the Parties to this Agreement and their respective permitted successors and assigns and nothing in this Agreement, express or implied, confers on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

22. Choice of Law. This Agreement and all related documents including all exhibits attached hereto, and all matters arising out of or relating to the making or performance of this Agreement, whether sounding in contract, tort, or statute are governed by, and construed in accordance with and enforced under the laws of the State of Vermont (or federal bankruptcy law is applicable), without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Vermont.

23. WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT, INCLUDING EXHIBITS, SCHEDULES, ATTACHMENTS, AND APPENDICES ATTACHED TO THIS AGREEMENT, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY EXHIBITS, ORDERS, SCHEDULES, ATTACHMENTS, OR APPENDICES ATTACHED TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

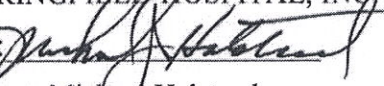
24. Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. Notwithstanding anything to the contrary in Section 15, a signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

25. Force Majeure. Neither Party shall not be liable or responsible to the other Party, nor be deemed to have defaulted or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the Party's reasonable control including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national, state or local emergency, revolution, insurrection, epidemic, pandemic, lock-outs, strikes or other labor disputes (whether or not relating to either Party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, or telecommunication breakdown or power outage.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date by their respective duly authorized officers.


SPRINGFIELD HOSPITAL, INC.

By: 

Name: Michael Halstead

Title: Interim Chief Executive Officer

SPRINGFIELD MEDICAL CARE
SYSTEMS, INC.

By: 

Name: Joshua Dufresne

Title: Interim Chief Executive Officer

EXHIBIT A

**INITIAL STATEMENT OF WORK
SERVICES PROVIDED BY SMCS TO HOSPITAL**

INFORMATION TECHNOLOGY:

Duties:

- (1) CPSI to include the clinical technical component and the payroll technical component
 - a. Technical component means troubleshooting performance and log on issues that are local to the environment
 - b. Resetting of passwords and program installs on local PC's and terminal servers (entire department)
- (2) Human Resource applications for installation and local PC issues
- (3) Servers and Network equipment that are physically at the hospital would be supported by Director of IT and Network Administrator
- (4) Maintenance of all PC's, printers, and fax machines
- (5) Pharmacy, endoscopy, radiology applications support
- (6) Email software
 - a. Email encryption, email filtering, and email backup applications and devices are primary supported by Director of IT, Network Admin, and one tech.
- (7) Accounting applications that are used (entire department)
- (8) Technical applications for device, security, protection, and support (entire department)
- (9) Coding applications (entire department)

Personnel

- System Administrator
- Network Administrator
- PC Coordinator (2)
- Support Tech II

Fee: 50% of monthly cost invoiced on the 10th of every month following month end

CHIEF FINANCIAL OFFICER:

Duties:

- (1) Preparation and submission to the Board for approval, disapproval, or modification by the Board of operating budget adjustments, capital expenditures, budget

adjustments (if appropriate), and cash flow projections, as well as any revisions thereto to reflect material changes during the System's fiscal year.

- (2) Support the preparation of monthly and annual un-audited balance sheets and statements of income and loss.
- (3) Assist with the collection of accounts in accordance with collection policies established by the Board.
- (4) Support management of the operating/cash accounts and available cash of the organizations liabilities and other obligations (subject to the availability of funds to make such payments).

Personnel

- Provided through QHR Health Agreement

Fee: 30% of monthly cost invoiced on the 10th of every month following month end.

PATIENT REGISTRATION AT SPRINGFIELD HEALTH CLINIC

Duties:

Register patients for Laboratory and Physical Therapy

Personnel

- Patient Registration Clerk

Fee: 50 % of monthly cost invoiced on the 10th of every month following month end.

PATIENT REGISTRATION AT LUDLOW HEALTH CLINIC

Duties:

Register patients for Physical Therapy

Personnel

- Patient Registration Clerk

Fee: 40 % of monthly cost invoiced on the 10th of every month following month end.

EXHIBIT B

**INITIAL STATEMENT OF WORK
SERVICES PROVIDED BY HOSPITAL TO SMCS**

HUMAN RESOURCES SERVICES:

Duties:

- (1) Recruitment, Staffing & Onboarding
- (2) Talent Management
- (3) Comp & Benefits
- (4) HR Legal (FMLA, ADA, Harassment, etc.)
- (5) Workers Comp.
- (6) Employee Relations
- (7) Performance Management
- (8) HRIS System Management
- (9) Learning & Development (to be expanded in the future)
- (10) Recognitions/Rewards
- (11) Employee Engagement

Personnel:

- VP of Human Resources
- HR Specialist:
- HR Assistant:
- Benefits Specialist:

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

COMPLIANCE:

Duties:

- (1) Contract drafting
- (2) Privacy audits
- (3) Privacy investigations
- (4) Privacy reporting
- (5) Policy drafting/updates for compliance planning
- (6) Employee investigations related to compliance violations (ranging from fraud to social media use)
- (7) Patient complaints

(8) Provider insurance issues

Personnel

- VP of Quality, Compliance
- Compliance & Risk Management Coordinator
- Quality, Compliance and Risk Management Assistant

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

INFECTION PREVENTION:

Duties:

- (1) Create, manage, and implement all policies and practices related to infectious disease management and prevention
- (2) Fit testing for all N95 masks
- (3) Manage all infectious disease outbreaks
- (4) Serve as a system level resource

Personnel

- Infection Control Nurse:

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

MEDICAL STAFF COORDINATOR:

Duties:

- (1) Privileging new and locum tenens practitioners
- (2) Reappointing practitioners
- (3) Attending, creating agendas, and taking minutes for medical staff meetings
- (4) Bylaws, Rules & Regulations and Policy & Procedure maintenance
- (5) Medical Student on-boarding

Personnel

- Medical Staff Coordinator

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

ACCOUNTING

Duties:

- (1) Monthly closing of general ledger and preparation of financial statements
- (2) Monthly reporting of departmental financials to all directors
- (3) Processing of accounts payable/invoices
- (4) Processing of bi-weekly payroll

Personnel:

- Accountant (2)
- Payroll Coordinator
- Accounts Payable

Fee: 40% of monthly cost invoiced on the 10th of every month following month end.

FINANCE:

Duties:

- (1) Oversee the production of internal financial statements
- (2) Coordinate the annual audit
- (3) Coordinate the cost report data

Personnel

- Manager

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

PLANT ENGINEERING:

Duties:

- (1) Facilities maintenance (equipment/systems) - preventative and corrective maintenance
- (2) Medical equipment maintenance - preventative and corrective
- (3) Coordinate buildings and grounds service - lawn care/plowing/mowing, waste disposal, etc.
- (4) Construction, alteration, and renovation - in-house or via construction contractor
- (5) Customer Requests - office moves, etc.

Personnel

- Director
- Electrician
- HVAC/Maintenance
- Carpenter (2)
- Engineering Assistant

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

PHARMACY:

Duties:

- (1) 340B program management
- (2) Medication ordering and supply management
- (3) Stocking/managing Pyxis in all outpatient clinics
- (4) Subject matter expert for outpatient providers, resource, and reference

Personnel:

- Director:
- Pharmacist:
- Pharmacist:
- 340B Program Coordinator:
- Technicians (4)

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

HEALTH INFORMATION MANAGEMENT:

Duties:

- (1) Release of information
- (2) Transfer of care of patient records
- (3) Scan info to records
- (4) Records destruction

Personnel

- Director
- Clerks (6)

Fee: 20% of monthly cost invoiced on the 10th of every month following month end.

MATERIALS MANAGEMENT

Duties:

- (1) Place storeroom replenishment and non-stock replenishment orders in the departments.
- (2) Confirms approved purchase order requisitions and enters all purchase orders into CPSI.
- (3) Conducts monthly inventory of storeroom items.
- (4) Works with accounting to reconcile invoices to the purchase orders.
- (5) Prepares orders for the couriers to take to the FQHC locations.

Personnel

- Director of Materials Mgmt.
- Purchasing Agent
- Shipper/ Receiver
- Distribution Specialist

Fee: 25% of monthly cost invoiced on the 10th of every month following month end.

CENTRAL SUPPLY:

Duties:

(1) Sterilize all instrumentation used in the office for procedures, exams, etc. i.e. - speculums, circumcision equipment, etc. from family medicine

Personnel

- Primary Technician
- Technicians

Fee: 10% of monthly cost invoiced on the 10th of every month following month end.

CLINICAL APPS

Duties:

Provide consultation regarding various computer applications for FQHC

Personnel

- Kris Jarvis

Fee: 25 % of monthly salary & benefits invoiced on the 10th of every month following month end.

INSURANCE CREDENTIALING

Duties

Provide services to credential providers with various insurance companies

Personnel

- 2 credentialing associates

Fee: 25 % of monthly salary & benefits invoiced on the 10th of every month following month end.

CODING

Duties

Provide coding services for the FQHC providers with various insurance companies

Personnel

- Coding associates

Fee: 15 % of monthly salary & benefits invoiced on the 10th of every month following month end.

Springfield Medical Care Systems, Inc., Liquidation Analysis			
Liquidation Date of December 31, 2020			
	Proceeds		
	Low	High	Average
Assets for Liquidation			
Cash on Hand	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00
Accounts Receivable	\$700,000.00	\$700,000.00	\$700,000.00
FF&E	\$296,631.50	\$593,263.00	\$444,947.25
Avoidance Causes of Action Recovery	\$166,090.25	\$332,180.50	\$249,135.38
Deposits/Prepayments	\$0.00	\$80,000.00	\$40,000.00
250 CEDA Road, Charlestown, NH	\$76,480.00	\$191,200.00	\$133,840.00
8 Main Street, Ludlow VT	\$224,350.00	\$314,090.00	\$269,220.00
1 Elm Street, Ludlow, VT	\$604,650.00	\$846,510.00	\$725,580.00
140 Clinton Street, Springfield, VT	\$613,750.00	\$999,250.00	\$806,500.00
2 Ridgewood Road, Lot #8, Springfield, VT	\$67,850.00	\$94,990.00	\$81,420.00
29 Ridgewood Road, Springfield, VT	\$429,600.00	\$601,440.00	\$515,520.00
192 Park Street, Springfield, VT	\$124,650.00	\$174,510.00	\$149,580.00
Less: 10% Auctioneer/Liquidation Costs	\$214,133.00	\$322,199.00	\$268,166.00
Proceeds from Liquidation	\$4,589,918.75	\$6,105,234.50	\$5,347,576.63
Secured Claims			
	Low	High	Average
Berkshire Bank	\$2,496,631.50	\$2,793,263.00	\$2,644,947.25
People's United	\$91,236.53	\$91,236.53	\$91,236.53
Town of Charlestown	\$14,362.95	\$14,362.95	\$14,362.95
Southern Vermont Health and Recreation Center Foundation	\$100,000.00	\$100,000.00	\$100,000.00
Net Proceed After Payment of Secured Claims	\$1,887,687.77	\$3,106,372.02	\$2,497,029.90
Chapter 7 Administrative Claims			
	High	Low	Average
Chapter 7 Trustee Fees (3%)	\$183,157.04	\$137,697.56	\$160,427.30
Chapter 7 Trustee Professionals	\$300,000.00	\$200,000.00	\$250,000.00
Patient Care Ombudsman	\$40,000.00	\$10,000.00	\$25,000.00
Shared Services Agreement	\$146,000.00	\$73,000.00	\$109,500.00
Post-Conversion Payroll	\$1,200,000.00	\$1,200,000.00	\$1,200,000.00
Post-Closure Wind Down Costs	\$2,682,500.00	\$1,986,462.00	\$2,334,481.00
Total Chapter 7 Administrative Claims	\$4,551,657.04	\$3,607,159.56	\$4,079,408.30
Chapter 11 Administrative Claims			
	High	Low	Average
Final Payroll Claims (assuming no WARN Act Liability)	\$250,000.00	\$181,000.00	\$215,500.00
Post-Petition Employee Health Claims	\$396,000.00	\$269,000.00	\$332,500.00
Unpaid Legal Fees	\$80,000.00	\$40,000.00	\$60,000.00
Unpaid QHR Fees	\$81,000.00	\$40,500.00	\$60,750.00
Total Chapter 11 Administrative Claims	\$807,000.00	\$530,500.00	\$668,750.00
Net Proceeds After Payment of Admin and Secured Claims	(\$3,470,969.27)	(\$1,138,797.08)	(\$2,304,883.17)

ASSUMPTIONS AND NOTES

Liquidation assumes no Pension Plan liability because Pension Plan is with Springfield Hospital, Inc.

Liquidation assumes no surcharge claims. The Debtor reserves all surcharge rights.

Liquidation assumes all cash, A/R, and FFE is collateral of Berkshire. The Debtor reserves all rights regarding the scope and value of Berkshire's collateral.

Liquidation assumes no WARN Act liability.

Liquidation excludes unfunded chapter 11 operating expenses payable as administrative expense claims, except payroll and professional expenses.

The Debtor reserves the right to include all such expenses and other operating costs in future liquidation analysis.

The Debtor reserves all rights regarding valuations and to employ a valuation professional to provide updated valuations if needed.

Exhibit 4 : Contingent Claim Objections Schedule

Proof of Claim No.	Creditor	Proof of Claim Amount	Basis for Objection
5	The Inline Group	\$2,970.00	Disputed amount based on Debtor's records
7	Canon Financial Services, Inc.	\$1,164,916.57	Disputed amount; claim filed in wrong case; not obligation of the Debtor
9	PCM, Inc.	\$10,204.35	Disputed amount based on Debtor's records
11	Dental Designs, Inc.	\$13,610.73	Disputed amount based on Debtor's records
15	National Research Corporation	\$37,577.00	Disputed amount based on Debtor's records
16	TheraCom, LLC	\$47,675.50	Disputed amount based on Debtor's records
17	Amerisource Bergen Drug Corp.	\$17,550.22	Disputed amount based on Debtor's records
18	BerryDunn	\$39,977.00	Claim released per retention order
21	Mobile Maid Cleaning Svc.	\$4,491.60	Disputed amount; claim filed in wrong case; not obligation of the Debtor
26	Cardinal Health 110, LLC	\$26,772.79	Claim satisfied
28	Claremont Glassworks	\$3,300.00	Disputed amount; claim filed in wrong case; not obligation of the Debtor
40	Advanced Answering Center, Inc.	\$7,598.10	Disputed amount based on Debtor's records
41	CVS Manchester NH, LLC	Unliquidated	Disputed amount based on Debtor's records
46	Great Northern Insurance Company	Unliquidated	Disputed amount based on Debtor's records
53*	Windstream	\$1,857.93	Disputed amount based on Debtor's records
62*	Evanston Insurance Co.	\$207.50	Disputed amount based on Debtor's records
63*	Evanston Insurance Co.	\$1,040.00	Disputed amount based on Debtor's records
64*	Evanston Insurance Co.	\$13,143.90	Disputed amount based on Debtor's records
65*	Evanston Insurance Co.	\$12,932.00	Disputed amount based on Debtor's records
76*	Eagle Printing & Publishing	\$3,225.00	Disputed amount based on Debtor's records

77*	ATC Group	13963.36	Disputed amount based on Debtor's records
78*	Allscripts Healthcare	\$177,166.92	Disputed amount based on Debtor's records

* Proofs of claim also filed after claims bar date.