CERTIFICATE OF SERVICE

Christina M. Sanfelippo, an attorney, certifies that she caused to be served a true copy of the above and foregoing notice and attached pleading upon the Electronic Mail Notice List through the ECF System which sent notification of such filing via electronic means or via federal express, as indicated, on September 12, 2019.

/s/ Christina M. Sanfelippo

Mailing Information for Case 19-22878

Electronic Mail Notice List

The following is the list of **parties** who are currently on the list to receive email notice/service for this case.

- **Terence G Banich** tbanich@foxrothschild.com, kjanecki@foxrothschild.com
- **Ira Bodenstein** iratrustee@foxrothschild.com, IL29@ecfcbis.com;plove@foxrothschild.com;chdocket@foxrothschild.com
- **Rosanne Ciambrone** rciambrone@duanemorris.com, jkahane@duanemorris.com;rpdarke@duanemorris.com;jjohnson3@duanemorris.com
- **David R Doyle** ddoyle@foxrothschild.com, kjanecki@foxrothschild.com
- **Robert M Fishman** rfishman@foxrothschild.com, kjanecki@foxrothschild.com
- **Allen J Guon** aguon@foxrothschild.com, plove@foxrothschild.com;chdocket@foxrothschild.com
- **Patrick S Layng** USTPRegion11.ES.ECF@usdoj.gov
- **Kevin H Morse** kmorse@clarkhill.com
- **Nancy A Peterman** petermann@gtlaw.com, chilitdock@gtlaw.com;greenbergc@gtlaw.com
- **John R Weiss** jrweiss@duanemorris.com

Manual Notice List – Via Federal Express

Counsel to the Debtors
Brya Michele Keilson
Eric J Monzo
Jeffrey R Waxman
MORRIS JAMES LLP
500 Delaware Avenue, Suite 1500
P.O. Box 2306
Wilmington, DE 19801

Counsel to Village of Melrose Park
Karen Grivner
Clark Hill PLC
824 N Market Street Suite 710
Wilmington, DE 19801

Counsel for VHS of Illinois, Inc.
J. Mark Ray, Esquire
Russell Hilton, Esquire
Alston & Bird LLP
1201 W. Peachtree Street
Atlanta, Georgia 30309

VHS of Illinois, Inc.
c/o Tenet Healthcare Corporation
Attention: Michael Maloney and Steven Schaefer
1445 Ross Ave., Suite 1400
Dallas, Texas 75202

Kimberly M. Foxx,
State's Attorney of Cook County
Attn: Paul A. Castiglione
Attn: Prathima Yeddanapudi
500 Richard J. Daley Center
Chicago, Illinois 60602

Jorge Nevarez
Centers for Medicare and Medicaid Services
Office of the Regional Administrator
233 North Michigan Avenue, Suite 600
Chicago, Il 60601

Robert Squier, Jr. Esq.
National Government Services, Inc.
8115 Knue Road
Legal Department
Mail Stop AF-25
Indianapolis, IN 46250

Karen Senger, Division Chief
Illinois Department of Public Health
Division of Health Care Facilities and Programs
525 W. Jefferson Street, 4th floor
Springfield, IL 62761-0001

Courtney Avery, Administrator
Health Facilities and Services Review Board
Illinois CON Executive Director
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761-0001

Conor P. Desmond
Assistant Attorney General
Office of the Attorney General
100 W. Randolph Street, 13th Floor
Chicago, Illinois 60601

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 7
	)	Case No. 19-22878
WESTLAKE PROPERTY HOLDINGS, LLC, *et al.*,	)	(Jointly Administered)
	)	
	)	Hon. Deborah L. Thorne
Debtors.	)	
	)	
	)	

TRUSTEE'S MOTION FOR THE ENTRY OF AN ORDER (I) AUTHORIZING THE TRUSTEE TO (A) UNDERTAKE CERTAIN ACTIONS NECESSARY TO MAINTAIN THE ASSETS OF THE ESTATES AND (B) CONTINUE THE BUSINESS OPERATIONS OF THE MEDICAL OFFICE BUILDING; AND (II) GRANTING RELATED RELIEF

Ira Bodenstein, not individually, but solely in his capacity as chapter 7 trustee ("Trustee") of the bankruptcy estates of Westlake Property Holdings, LLC ("Westlake") and Pipeline – Westlake Hospital, LLC ("Pipeline," and together with Westlake, the "Debtors"), pursuant to 11 U.S.C. §§ 363(c)(1) and 721, hereby moves ("Motion") for the entry of an order (i) authorizing him to (a) undertake certain actions to maintain the assets of the Debtors' bankruptcy estates ("Estates") and (b) continue the business operations of Westlake's Medical Office Building ("MOB"); and (ii) granting related relief. In support of this Motion, the Trustee respectfully states as follows:

JURISDICTION AND BACKGROUND

1. On August 6, 2019 ("Petition Date"), the Debtors filed bankruptcy petitions under chapter 7 of title 11 of the United States Code ("Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware ("Delaware Court"), designated as Case Nos. 19-11756 and 19-11757, respectively (collectively, the "Cases").

2. On August 6, 2019, the Office of the United States Trustee appointed Mr. Alfred T. Giuliano to serve as chapter 7 trustee ("Original Trustee") of the Estates.

3. On August 13, 2019, the Delaware Court entered the Order Granting Motion of the United States Trustee to Transfer Venue to the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division ("Transfer Orders") in each of the Cases [Case No. 19-11756, Dkt. No. 59; Case No. 19-11757, Dkt. No. 57]. Pursuant to the Transfer Orders, the Delaware Court transferred the Cases to this Court.

4. On August 14, 2019, the Office of the United States Trustee appointed Mr. Bodenstein to serve as the successor chapter 7 trustee of the Estates.

5. On August 26, 2019, the Court approved the joint administration of the Cases for procedural purposes only [Dkt. No. 33].

6. This Court has jurisdiction to hear this matter and enter a final order granting the relief requested herein pursuant to 28 U.S.C. §§ 157(b)(2) and 1334 and Internal Operating Procedure 15(a) of the United States District Court for the Northern District of Illinois. Venue of this proceeding and Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A), (M) and (O).

EVENTS SINCE THE FILING OF THE CASES

7. Prior to the Petition Date, the Debtors owned and operated a 230-bed hospital ("Hospital") and the adjoining MOB in Melrose Park, Illinois. The equipment and underlying real property utilized by the Hospital and the MOB are owned by Westlake, and Pipeline is the operating entity for the Hospital.

8. On August 13, 2019 ("August 13 Order"), the Delaware Court authorized and directed the Original Trustee to, among other things, perform the following tasks:

i. Discharge and/or transfer the current patients in the Hospital to another accepting health care facility subject to 11 U.S.C. § 704(a)(12);

ii. Manage all pharmaceutical supplies and hazardous materials at the Hospital;

iii. Transfer and store the medical records in accordance with applicable law;

iv. Retain Employees as long as necessary and/or terminate Employees in accordance with the Chapter 7 Trustee's business judgment;

v. Pay Hospital operating expenses, including, but not limited to, utilities, food, insurance, and payroll, including Prepetition Employee Claims;

vi. Terminate such utilities as the trustee determines are no longer necessary; and

vii. Secure the Hospital facility.

9. The Original Trustee was also authorized to make transfers for the payment of employee obligations on account of their prepetition claims for wages, deductions, payroll taxes to the extent such payments did not violate the priority cap under § 507(a)(4) of the Bankruptcy Code. August 13 Order at ¶ 2.

10. Importantly, the August 13 Order prohibited the Original Trustee from operating the Hospital. August 13 Order at ¶ 6.

11. In light of the Delaware Court's determination to transfer the Cases to this Court, the August 13 Order also provided that this Court "may schedule a further hearing for final relief and to consider whether to authorize the Chapter 7 Trustee to continue performing under this Order at a date and time convenient for such Court." August 13 Order at ¶ 10.

12. The Trustee has continued to administer the assets of these Estates pursuant to the terms of the August 13 Order since his appointment.

13. The Hospital has ceased operating and discontinued accepting patients, and as of August 14, 2019, no patients remained at the Hospital. As of the filing of this Motion, however, the MOB remains partially leased and is occupied by a number of tenants.

RELIEF REQUESTED

14. By this Motion, the Trustee seeks the entry of an order pursuant to sections 363(c)(1) and 721 of the Bankruptcy Code (i) authorizing him to (a) undertake certain actions to maintain the assets of the Estates and (b) to continue the business operations of the MOB.

15. In connection with the relief requested herein, the Trustee also requests authority to continue to retain certain employees to assist with the wind-down of the Hospital and the operation of the MOB. Further, the Trustee seeks authority to pay certain third-party providers and vendors for postpetition goods and services that the Trustee deems, in his business judgment, necessary and appropriate to either maintain the Estates' assets or continue the business operations of the MOB.

BASIS FOR RELIEF REQUESTED

16. Section 721 of the Bankruptcy Code provides that the Court may, in its discretion, authorize a chapter 7 trustee to continue to operate a debtor's business if such action is "in the best interest of the estate and consistent with the orderly liquidation of the estate." 11 U.S.C. § 721. Generally, courts approve of continued operation "to maximize receipts when the business is sold." *In re Hessinger Resources, LTD.*, 67 B.R. 378, 383 (C.D. Ill. 1986).

17. Further, section 363(c)(1) of the Bankruptcy Code provides in pertinent part that:

> [i]f the business of the debtor is authorized to be operated under section 721 ... of this title and unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c)(1).

18. As set forth below, the Trustee believes that it is in the best interests of the Estates to continue to administer the Estates' assets in a manner substantially consistent with the terms of

the August 13 Order and to clarify that he is authorized to continue the business operations of the MOB.

A. Continuation of the August 13 Order

19. In order to wind-down the Debtors' businesses and liquidate the remaining assets of the Debtors, the Trustee requests authority to continue to maintain the Estates' assets and perform the following tasks (collectively, "Tasks"):

a. Manage all pharmaceutical supplies and hazardous materials at the Hospital;

b. Transfer and store the medical records in accordance with applicable law;

c. Provide for security, repair and maintenance of the existing real and personal property owned by the Debtors;

d. Perform accounting functions, including the collection of health care receivables;

e. Perform responsibilities and obligations related to human resources;

f. Maintain information technology;

g. Pay Hospital and MOB postpetition expenses, including, but not limited to, utilities, food, insurance, and payroll;

h. Continue the business operations of the MOB and retain a property manager for the MOB;

i. Terminate such utilities as the Trustee determines are no longer necessary;

j. Retain employees as long as necessary and/or terminate employees in accordance with the Trustee's business judgment; and

k. Retain appropriate professionals and/or other service providers as necessary to properly preserve, investigate, marshal and liquidate the Estates' assets.

20. These Tasks are especially vital considering that the Hospital contains sensitive and valuable medical, imaging and other types of equipment which the Trustee must secure and preserve for the benefit of the Estates' creditors. Pipeline also has medical records (both paper and electronic) that contain protected health information ("Medical Records") that must be

preserved and maintained in a secured manner so it can be accessed by former patients of the Hospital in accordance with applicable non-bankruptcy law.

21. Further, the MOB is partially leased. It is imperative that the Trustee be permitted to continue to supervise the management and leasing of the MOB, collect rents and maintain and repair the MOB as necessary, including retaining a third-party property manager to assist the Trustee.

22. The Trustee will file a notice and/or report on a quarterly basis containing such information as required by the U.S. Trustee or the Court.

23. Accordingly, the Trustee believes that the requested relief is necessary and appropriate under the circumstances.

B. Retention of Certain Employees

24. Although the majority of Pipeline's employees have been terminated, the Trustee has identified approximately 25 employees who should continue to be retained on an "as needed" basis to assist with the wind-down of the Hospital and the operation of the MOB ("Employees"). Specifically, the Trustee requires the Employees to assist with, among other things, (i) maintaining and securing the Hospital building and all equipment located therein; (iii) coordinating with Weiss Memorial Hospital Chicago and West Suburban Hospital with respect to shared administrative functions; (iv) understanding the operations and finances of the Debtors; (v) assessing and liquidating the various types of property of the Estates; (vi) preserving and permitting patient access to Medical Records; (vii) decommissioning and preserving various highly technical medical and imaging equipment; and (viii) assisting the Trustee with the sale or other disposal of the pharmacy and other inventory.

25. Accordingly, the Trustee requests authority to continue to employ the Employees to assist him with the wind-down of the Hospital and perform the Tasks. The Trustee will reduce the number of Employees as circumstances warrant based on his business judgment.

C. Payment of Third-Party Service Providers

26. The Trustee requires the services of a number of third-party service providers in connection with the Tasks. Among other things, the Trustee intends to hire a property manager for the MOB in order to collect rents, maintain the building and to communicate with the tenants. In addition, the Trustee may need to retain various independent contractors in order to address any maintenance issues and repairs at the MOB or the Hospital that cannot be adequately addressed by the Employees. The Trustee will also need to continue to retain other third-party service providers, such as security personnel, in order to preserve and protect the Estates' assets.

27. Accordingly, the Trustee requests that the Court authorize him to hire and pay third-party service providers in connection with the performance of the Tasks.

D. Payment of Vendors

28. Finally, the Trustee seeks authority to pay certain vendors in the ordinary course of business who provide postpetition goods or services to the Estates relating to the Tasks or are otherwise essential to the maintenance and preservation of the Estates' assets.

CONCLUSION

WHEREFORE, the Trustee respectfully requests that the entry of an order, in substantially the form attached hereto: (i) authorizing the Trustee to (a) perform the Tasks; (b) continue to retain and pay the Employees, (c) retain and pay such other third-party service providers as he determines are necessary, and (d) pay certain vendors for postpetition good and services; and (ii) granting such other relief as this Court deems just and appropriate.

Respectfully submitted,

Ira Bodenstein, not personally, but as chapter 7 trustee for the bankruptcy estates of Pipeline – Westlake Hospital, LLC and Westlake Property Holdings, LLC

Dated: September 12, 2019

By: */s/ Christina M. Sanfelippo*
One of his proposed attorneys

Robert M. Fishman
Allen J. Guon
Christina M. Sanfelippo
FOX ROTHSCHILD LLP
321 North Clark Street, Suite 1600
Chicago, Illinois 60654
Tel: (312) 517-9200

Form G5 (20170105_bko)

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

In Re:	)	BK No.: 19-22878
	)	(Jointly Administered)
WESTLAKE PROPERTY HOLDINGS, LLC, et al.,	)	Chapter: 7
	)	Honorable Deborah L. Thorne
Debtor(s)	)	

ORDER (I) AUTHORIZING THE TRUSTEE, PURSUANT TO 11 U.S.C. §§ 363(c)(1) and 721, (A) TO UNDERTAKE CERTAIN ACTIONS NECESSARY TO MAINTAIN THE ASSETS OF THE ESTATES AND (B) TO CONTINUE THE BUSINESS OPERATIONS OF THE MEDICAL OFFICE BUILDING; AND (II) GRANTING RELATED RELIEF

Upon consideration of the motion ("Motion" and all capitalized terms not defined herein shall have the meaning ascribed to them in the Motion) of Ira Bodenstein, not individually, but solely in his capacity as chapter 7 trustee ("Trustee") of the bankruptcy estates of Westlake Property Holdings, LLC ("Westlake"), and Pipeline – Westlake Hospital, LLC ("Pipeline," and together with Westlake, the "Debtors"), pursuant to 11 U.S.C. §§ 363(c)(1) and 721, seeking the entry of an order (i) authorizing him to (a) undertake certain actions to maintain the assets of the Debtors' bankruptcy estates ("Estates") and (b) continue the business operations of Westlake's Medical Office Building ("MOB"); due and proper notice of the Motion having been provided; it appearing that there is good cause to grant the relief requested; and, there being no objection to the relief requested;

IT IS HEREBY ORDERED:

1. The Motion is granted.

2. The Trustee is authorized to perform the following tasks pursuant to 11 U.S.C. §§ 363(c)(1) and 721:

a. Manage all pharmaceutical supplies and hazardous materials at the Hospital;
b. Transfer and store the medical records in accordance with applicable law;
c. Provide for security, repair and maintenance of the existing real and personal property owned by the Debtors;
d. Perform accounting functions, including the collection of health care receivables;
e. Perform responsibilities and obligations related to human resources;
f. Maintain information technology;
g. Pay Hospital and MOB postpetition expenses, including, but not limited to, utilities, food, insurance, and payroll;
h. Continue the business operations of the MOB and retain a property manager for the MOB;
i. Terminate such utilities as the Trustee determines are no longer necessary;
j. Retain Employees as long as necessary and/or terminate Employees in accordance with the Trustee's business judgment; and
k. Retain appropriate professionals and/or other service providers as necessary to properly preserve, investigate, marshal and liquidate the assets of the Estates.

3. Not withstanding any provision of this Order, the Trustee is not authorized to operate the Hospital.

4. The Trustee is authorized to continue to retain, terminate and pay such Employees as he deems necessary in his business judgment.

5. The Trustee is authorized to retain and pay third-party service providers as he deems necessary in his business judgment.

6. The Trustee is authorized pay certain vendors for postpetition goods and services.

7. The Trustee shall file a notice and/or report on a quarterly basis containing such information as required by the U.S. Trustee or the Court.

8. Nothing in the Motion or this Order, including the payment of any claims pursuant to this Order, shall be deemed or construed as an admission as to the validity or priority of any claim by or against the Debtors or their Estates, or a waiver of the Debtors' or any other party's right to dispute any claim, or for approval, or assumption or rejection of any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code.

9. This Court shall retain jurisdiction to interpret and enforce the terms of this Order.

Enter:

Honorable Deborah L. Thorne
United States Bankruptcy Judge

Dated:

Prepared by:
Christina M. Sanfelippo
FOX ROTHSCHILD LLP
321 N. Clark Street, Suite 1600
Chicago, IL 60654
312-517-9200
csanfelippo@foxrothschild.com