

UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT

IN RE:)
)
CORPORATION OF SOUTHERN) Case No. 20-10268-cab
VERMONT COLLEGE, INC.) Chapter 7 case
Debtor.)

ORDER APPROVING TRUSTEE’S MOTION FOR ENTRY OF AN ORDER (I) APPROVING PROPOSED SALE OF CERTAIN REAL ESTATE, FURNITURE, FURNISHINGS, FIXTURES AND EQUIPMENT, ALL OF WHICH ARE LOCATED IN BENNINGTON, VERMONT, AND INFRASTRUCTURE FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO 11 U.S.C. SECTIONS 363(b) & (f) WITH LIENS TO ATTACH TO PROCEEDS; AND (II) APPROVING THE TERMS AND CONDITIONS OF THE PROPOSED SALE

*(Southern Vermont College Gatehouse Real Estate and Certain Personal Property
Located at 897 Monument Drive, Bennington, Vermont)*

This matter is before the Court for consideration of the **Trustee’s Motion For Entry Of An Order (I) Approving Proposed Sale of certain real estate, furniture, furnishings, fixtures and equipment, all of which are located in Bennington, Vermont, and infrastructure free and clear of all liens, claims, interests and encumbrances pursuant to 11 U.S.C. Sections 363(B) & (F) with liens to attach to proceeds to Southwestern Vermont Health Care Corporation (“Buyer”) for the sum of \$300,000.00; and (II) approving the terms and conditions of the proposed sale** (the “Sale Motion”) brought by Raymond J. Obuchowski, the Chapter 7 Trustee (the “Trustee”).

The chapter 7 trustee filed the Motion to Approve Sale on November 16, 2020 [ECF# ____]. SVC Funding, LLC, Frederic Poses and the Debtor filed electronic consents to the Motion on November ____, 2020.

The Sale Motion having been duly noticed, no objections or other bids for the assets having been filed, and cause for the relief requested having been shown, in accordance with 11 U.S.C. § 363(f), Fed. R. Bankr. P. 6004(c), and Vt. LBR 6004-1 and 6005-1,

IT IS HEREBY FOUND, DETERMINED AND CONCLUDED THAT:

1. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

2. The Court has jurisdiction over the Sale Motion and the transactions contemplated therein pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M), and (O). Venue in this district is proper under 28 U.S.C. §§ 1408 and 1409.

3. The Sale Motion is granted in its entirety.

4. The Trustee is authorized to sell certain real property and personal property assets of the bankruptcy estate, which together comprise land and premises located at **897 Monument Drive, Bennington, Vermont** (the "Gatehouse Sale Property"), to the Buyer, free and clear of any interest in the Gatehouse Sale Property of any entity other than the bankruptcy estate (the "Estate"), except as provided in this Order ("Sale"). The Gatehouse Sale Property is further described in Exhibits A and B to the Purchase and Sale Agreement ("PSA"), a copy of which is attached as Exhibit 1 to this Order.

5. Trustee is authorized to sell the Gatehouse Sale Property to the Buyer pursuant to the PSA free and clear of all liens, claims, and any other interests in such property of an entity other than the estate, including without limitation, liens for all real estate taxes, if any, municipal assessments, the liens of Frederic Poses, SVC Funding LLC, and Vermont Mill Properties, and the encumbrances of Ira and Marcia

Wagner, all as defined in the Sale Motion, and collectively referred to therein as the Encumbrances (“Encumbrances”). The encumbrances listed in Exhibit C to the PSA, the (“Permitted Encumbrances”) shall not be impaired by the Sale. The Trustee shall obtain an updated payoff of the amounts owed to the Town of Bennington for real estate taxes and Water and Sewer Charges, which will be paid through the date of closing of the sale, and the liens of Fredric Poses and SVC Funding LLC will attach to the proceeds until paid pursuant to this and subsequent Order of this Court.

6. Trustee’s proposed distribution of proceeds from the sale of the Gatehouse Sale Property, all as set forth in the Sale Motion and below, is approved.

7. The Trustee shall, within two (2) business days of its receipt of the proceeds of the Gatehouse Sale make the following distributions if not paid directly by Buyer at closing:

- i. Delinquent and current real estate taxes for the Gatehouse Sale Property, if any, current and delinquent water and sewer charges as assessed to the Gatehouse Sale Property by the Town of Bennington, in the amount of \$_____ as of _____, 2020, and any additional per diem or charges as pro-rated through closing;
- ii. \$15,000.00 plus 5.0% of any purchase price exceeding \$300,000 to the Trustee for a net carve-out to the bankruptcy estate it being the intention of the Court that such carve-out be net of any and all expenses or deductions for a total amount of \$_____ (the “Carve-Out”) consistent with the Stipulation and Consent with Order [ECF#_____];
- iii. \$_____ to Keen/TPW as commissions in the amount of 5.5% of the Gross Proceeds, which will be apportioned 66.6% to Keen, and 33.3% to

TPW.

- iv. Closing and recording costs and the remaining proceeds from the Purchase Price for the Gatehouse Sale Property after payment of the amounts set forth above shall be held by the Trustee in escrow pending determination by the Bankruptcy Court in an Adversary Proceeding to determine nature, extent and validity of liens and lien priority in the proceeds..

8. The Gatehouse Sale Property will be sold "as is-where is" with no warranties or representations of any kind whatsoever, whether expressed, implied or imposed by law. Furthermore, there will be no warranties relating to title, possession or quiet enjoyment.

9. The real estate constituting the Gatehouse Sale Property will be conveyed by a Trustee's Deed, by quitclaim only and personal property by Trustee's Bill of Sale and Assignment by quitclaim only.

10. As evidenced by the pleadings previously filed with this Court, and based on the representations of the Trustee and counsel at the Sale Hearing, (i) proper, timely, adequate, and sufficient notice of the Sale has been provided in accordance with sections 102(l) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 9006, 9007, 9008 and 9014, the Local Rules of this Court, the procedural due process requirements of the United States Constitution; (ii) such notice was reasonable, sufficient, and appropriate under the circumstances; and (iii) no other or further notice of the Sale shall be required.

11. A reasonable opportunity to object or be heard with respect to the Sale Motion and the relief requested in the Sale Motion has been afforded to all interested persons and entities, including without limitation: (i) all entities known to have expressed an interest in a transaction

with respect to the Gatehouse Sale Property (or any portion thereof); (ii) any persons or entities known to have asserted any lien, claim or interest in the Gatehouse Sale Property; (iii) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by the Sale Motion; (iv) the Office of the United States Trustee; (v) the Internal Revenue Service; (vi) all entities that have requested notice in accordance with Bankruptcy Rule 2002; and (vii) all known creditors of the Debtor.

12. Buyer is a third-party purchaser unrelated to the Debtor or the Trustee.

13. The Trustee has demonstrated sound business justifications, pursuant to section 363(b) of the Bankruptcy Code, with respect to the Sale and other transactions contemplated by the Sale Motion on the timeline set forth therein.

14. Buyer is a purchaser in good faith, as that term is used in the Bankruptcy Code and court decisions thereunder and is entitled to the protections of section 363(m) of the Bankruptcy Code. The terms and conditions of the Sale as set forth in the PSA were proposed, and agreed to by the Trustee and Buyer as parties thereto without collusion, in good faith, and from arm's-length bargaining positions. The Trustee has followed in good faith the procedures for notice and sale as set forth in the Bankruptcy Code and Bankruptcy Rules. Buyer is not an "insider" or "affiliate" of the Debtor (as each such term is defined in the Bankruptcy Code). Neither the Trustee nor Buyer have engaged in any conduct that would prevent the application of section 363(m) of the Bankruptcy Code to the Sale and the transactions contemplated by the PSA. Buyer is entitled to the protections afforded under section 363(m) of the Bankruptcy Code because Buyer is a good faith purchaser in that, *inter alia*: (a) Buyer's bid was the subject of the opportunity for higher and better offers by other interested parties, (b) Buyer in no way induced or caused the chapter 7 filings by the Debtor; (c) all payments to be made by Buyer in connection with the Sale have been disclosed; (d)

there is no common identity of controlling stockholders between Buyer and the College, and the one common director between Buyer and the Debtor has been recused from any role in the Sale; (e) any directors of Buyer with any conflict of interest were recused from any participation in this transaction, and (f) the negotiation and execution of the PSA was at arm's length and in good faith.

15. In the absence of a stay pending appeal, Buyer will be deemed to have acted in good faith, pursuant to section 363(m) of the Bankruptcy Code and entitled to the protections therein in closing the transactions contemplated by the PSA after the entry of this Sale Order and in accordance with the PSA. Furthermore, in the absence of a stay pending appeal, Buyer closing and otherwise performing after the entry of the Sale Order in accordance with the PSA while an appeal or motion for rehearing pertaining to the Sale Order is pending shall entitle the Buyer to the protections of section 363(m) of the Bankruptcy Code in the event this Sale Order or any authorization contained herein is reversed or modified on appeal.

16. Neither Buyer nor the Trustee has engaged in any conduct that would cause or permit the PSA to be voided under section 363(n) of the Bankruptcy Code. Buyer has not violated section 363(n) of the Bankruptcy Code by any action or inaction. The sale price to be paid by Buyer was not controlled by any agreement among any potential bidders. The transactions under the PSA may not be avoided, and no damages may be assessed against Buyer or any other party under section 363(n) of the Bankruptcy Code or any other applicable bankruptcy or non-bankruptcy law.

17. The consideration provided by Buyer for the Gatehouse Sale Property (i) is fair and reasonable; (ii) is the highest and best offer for the property; (iii) constitutes fair consideration and reasonably equivalent value (as those terms are defined in each of the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, the Uniform Voidable Transactions Act

and section 548 of the Bankruptcy Code) under the Bankruptcy Code and under the laws of the United States, any state, territory, possession or the District of Columbia; and (iv) will provide a greater recovery for the Debtor's creditors and other interested parties than would be provided by any other practically available alternative.

18. Through marketing, and an open, non-collusive and competitive sale process, the Trustee (i) afforded interested potential purchasers a full, fair and reasonable opportunity to qualify as bidders and submit their highest or otherwise best offers to purchase the Gatehouse Sale Property; and (ii) provided potential purchasers, upon request, sufficient information to enable them to make an informed judgment on whether to bid on the Gatehouse Sale Property.

19. The transfer of the Gatehouse Sale Property to Buyer pursuant to the Sale, the PSA and this Sale Order will be a legal, valid and effective transfer of the Gatehouse Sale Property and shall vest Buyer with all rights, title and interests of the Debtor in and to the Gatehouse Sale Property free and clear of any and all interest in such property of any entity other than the Debtor, except as provided in Paragraph 5 hereof. Buyer shall not assume or become liable for any liability relating to the Gatehouse Sale Property.

20. All persons or entities having or acquiring an interest in the Gatehouse Sale Property that is extinguished by operation of this Order shall be forever barred, estopped and permanently enjoined from pursuing or asserting such interest against Buyer or any of its assets, property, successors or assigns.

21. The terms and conditions of the Sale and the PSA, including the total consideration to be realized by the Trustee pursuant to the PSA, are fair and reasonable, and the transactions contemplated by the PSA are in the best interests of the Trustee, the creditors, and the estate. A valid business purpose exists for the approval of the Sale and other transactions contemplated by

the Sale Motion.

22. The requirements of sections 363(b) and 363(f) of the Bankruptcy Code and any other applicable law relating to the sale of the Gatehouse Sale Property have been satisfied.

23. The transactions contemplated under the PSA do not amount to a consolidation, merger or de facto merger of Buyer and the Debtor, there is no substantial continuity between Buyer and the Debtor, there is no continuity of enterprise between the Debtor and Buyer, Buyer is not a mere continuation of the Debtor or its chapter 7 estate, and Buyer does not constitute a successor to the Debtor.

24. The transfer of the Gatehouse Sale Property to Buyer does not and will not subject Buyer or any of its affiliates or subsidiaries to any liability by reason of such transfer under (i) the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based in whole or part on, directly or indirectly, including without limitation, any theory of antitrust, environmental, products liability, successor, transferee or vicarious liability, labor law, de facto merger or substantial continuity or (ii) any employment contract, understanding or agreement, including without limitation collective bargaining agreements, employee pension plans or employee welfare or benefit plans (collectively, "Debtor Liabilities"). Buyer has not assumed, and shall not be liable for any obligations of the Debtor or the Trustee, and such liabilities or obligations are expressly excluded from the Sale, and shall remain liabilities and obligations of the Debtor and its estate.

25. Time is of the essence in consummating the Sale, it is essential that the Closing thereunder occur as soon as possible. Accordingly, there is cause to lift the fourteen (14) day stay imposed by Bankruptcy Rules 6004 and 6006 and the stay is waived.

26. This Court will retain jurisdiction to hear and determine all matter arising from or

relating to the implementation of this Order and the sale of the Gatehouse Sale Property.

Dated:

Hon. Colleen A. Brown
United States Bankruptcy Judge

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