

1222eric.txt
7 hear otherwise, we are assuming the
8 percentage allocation holds, and the
9 Littleton is incremental to it, the
10 10.3 out partial is incremental to
11 the allocation and that cash amount.
12 So the bid from Coastwood 278.5.
13 Redwood, do you have a
14 counter?
15 MR. BUTLER: Our counter bid
16 is 277.5 plus our credit bid of 1.5.
17 MR. NIEMANN: So the
18 effective bid for Redwood is 279.
19 Coastwood, do you have a counter?
20 MR. STEMPEL: Coastwood, the
21 next bid is 282.5.
22 MR. NIEMANN: The Coastwood
23 bid is 282.5. Redwood, do you have
24 a counter?
25 MR. BUTLER: The Redwood bid

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1 -Proceedings-
2 is 283 plus the credit bid of one
3 and-a-half.
4 MR. NIEMANN: The Redwood bid
5 effective bid is 284.5. Coastwood,
6 do you have a counter.
7 MR. STEMPEL: The Coastwood bid
8 is 289.5.
9 MR. NIEMANN: The Coastwood

10 bid is 289.5. Redwood, do you have
11 a counter?
12 MR. BUTLER: Yes. We are 209
13 million plus the credit bid of 1.5.
14 MR. NIEMANN: Redwood, the
15 effective bid is 291.5. Coastwood
16 do you have a counter?
17 MR. ZILKHA: Can we speak with
18 you briefly off the record, Matt?
19 MR. NIEMANN: Yes. Off the
20 record.
21 (Whereupon, an off the
22 record discussion was held.)
23 MR. NIEMANN: Back on the
24 record. We were consulted by
25 Coastwood as to some thoughts they

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1 -Proceedings-
2 had with respect to their next bid,
3 and with respect to other aspects of
4 their next bid.
5 We told them to put it on the
6 record so they will put on the
7 record exactly what they socialized
8 with us.
9 MR. STEMPEL: The Coastwood
10 next bid, two new components. One
11 is increased cash and the other is
12 in lieu of both our requested

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13 substantial contribution claim of 2
14 million and in lieu of the existing
15 breakup fee arrangement that Redwood
16 has.
17 MR. NIEMANN: Of 1.5 million.
18 MR. STEMPEL: Whatever it is.
19 However, I know they have been paid
20 some of it already.
21 MR. NIEMANN: Their credit
22 bid is 1.5 million in this auction
23 so in lieu of 1.5?
24 MR. STEMPEL: It replaces both.
25 So our cash is 305 as part of this

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1 -Proceedings-
2 bid, and our request for a fee to
3 whoever doesn't win between us and
4 Coastwood in connection between us
5 and Redwood in connection with this
6 is 10 percent of the benefit to the
7 estate between the difference of the
8 winning bid, cash winning bid and
9 260. So hypothetically if it was
10 310 that one making up a number to
11 illustrate that is 50 extra 10
12 percent would be 5 million to the
13 losing party, the unsuccessful
14 bidder as a fee.
15 MR. NIEMANN: So right now

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16 the incremental is 45, you are at
17 305; so the losing bidder if that
18 was the topping bid would be 4.5
19 million.

20 MR. STEMPEL: Correct. That's
21 a correct interpretation.

22 MR. NIEMANN: The debtor is
23 going to take and consult with the
24 lenders committee off the record.

25 (Whereupon, an off the

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1 -Proceedings-
2 record discussion was held.)
3 MR. NIEMANN: Back on the
4 record. Before we broke, the last
5 bid from Coastwood was at 305
6 conditioned upon a 10 percent
7 breakup fee, if you will, to the
8 loser over a threshold of 260
9 million, which would have put the
10 fee at 305 at 4 and-a-half million
11 in consultation with creditors the
12 debtors discussed increasing the
13 threshold from 260 to 275 million.

14 We understand that Coastwood
15 is prepared to do that, and on that
16 basis the losing party would receive
17 a fee of 10 percent of the
18 consideration over 275, which at a

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19 305 bid would be a 3 million fee,
20 there would be no credit bid rights
21 to either party under that scenario,
22 and the debtor is prepared to accept
23 that offer assuming Coastwood can
24 confirm they stand by that proposal
25 with the increased threshold to 275.

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1 -Proceedings-
2 MR. STEMPEL: Coastwood
3 confirms that is how we are
4 proposing the bid with that
5 increase.
6 MR. CALIFANO: Redwood, would
7 you have a counter bid?
8 MR. BUTLER: Our counter bid
9 is 307 million.
10 MR. NIEMANN: Coastwood, do
11 have a counter bid?
12 MR. STEMPEL: Coastwood, the
13 next bid is 310 million?
14 MR. NIEMANN: Redwood do you
15 have a counter bid.
16 MR. BUTLER: The Redwood bid
17 is 312 million.
18 MR. NIEMANN: Coastwood.
19 MR. STEMPEL: Coastwood's next
20 bid is 315 million.
21 MR. NIEMANN: Redwood.

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22 MR. BUTLER: Redwood's bid is
23 320.
24 MR. NIEMANN: Coastwood.
25 MR. STEMPEL: Coastwood's next

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1 -Proceedings-
2 bid is 325.
3 MR. NIEMANN: Redwood.
4 MR. BUTLER: Redwood's bid is
5 330.
6 MR. NIEMANN: Coastwood.
7 MR. STEMPEL: Coastwood's bid
8 is 335.
9 MR. NIEMANN: Redwood.
10 MR. BUTLER: Let's take a
11 break.
12 MR. NIEMANN: Yes.
13 Off the record.
14 (whereupon, an off the
15 record discussion was held.)
16 MR. NIEMANN: Back on the
17 record. Coastwood's last bid was
18 335. Redwood.
19 MR. BUTLER: our bid is 340.
20 MR. NIEMANN: Coastwood.
21 MR. STEMPEL: Coastwood bids
22 345.
23 MR. NIEMANN: Redwood.
24 MR. BUTLER: Redwood's bid is

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25 350.

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1 -Proceedings-
2 MR. NIEMANN: Coastwood.
3 MR. STEMPEL: Coastwood's bid
4 is 355.
5 MR. NIEMANN: Redwood.
6 MR. BUTLER: Redwood's bid is
7 360.
8 MR. NIEMANN: Coastwood.
9 MR. ZILKHA: Let's take a
10 break, please.
11 MR. NIEMANN: Off the record.
12 (Whereupon, an off the
13 record discussion was held.)
14 MR. NIEMANN: Back on the
15 record. The last bid from Redwood
16 was 360 million. Coastwood.
17 MR. STEMPEL: Coastwood bids
18 363.
19 (Whereupon, an off the
20 record discussion was held.)
21 MR. NIEMANN: Back on the
22 record.
23 MR. NIEMANN: Coastwood's bid
24 was 363. Redwood.
25 MR. BUTLER: Redwood's bid is

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1 -Proceedings-

2 365.

3 MR. NIEMANN: Coastwood.

4 MR. ZILKHA: We would like to
5 congratulate the new owners of the
6 Erickson Retirement Communities.

7 MR. NIEMANN: So to just
8 close the record, we congratulate
9 Redwood the debtors in their
10 business judgment, and we will be
11 recommending Redwood as the
12 prevailing bidder at their
13 prevailing bid of 365.

14 At this point we want to
15 ensure that there is no creditor
16 that intends to make a credit bid at
17 the auction.

18 Having heard no creditor, we
19 will deem the auction closed at 365
20 no credit bids received.
21 Congratulation to Redwood.

22 (Time noted: 4:00 a.m.)

23

24

25

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2 C E R T I F I C A T E.
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3 STATE OF NEW YORK)

4 : ss.

5 COUNTY OF NEW YORK)

6

7 I, WILLIAM BYRNE, a Notary Public
8 within and for the State of New York, do
9 hereby certify that the within is a true
10 and accurate transcript of the
11 proceedings taken on December 22, 2009.

12 I further certify that I am
13 not related to any of the parties to
14 this action by blood or marriage and
15 that I am in no way interested in the
16 outcome of this matter.

17 IN WITNESS WHEREOF, I have
18 hereunto set my hand this 23rd day of
19 December, 2009.

20

21

22

WILLIAM BYRNE

23

24

25

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