

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re:	:	Chapter 11
	:	
MODIVCARE INC., <i>et al.</i> ,	:	Case No. 25-90309 (ARP)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	X	

**DECLARATION OF CHAD J. SHANDLER  
IN SUPPORT OF THE EMERGENCY MOTION AND NOTICE  
OF DEBTORS TO AUTHORIZE PAYMENTS IN EXCESS OF INTERIM  
CAP UNDER INTERIM CRITICAL VENDOR ORDER**

I, Chad J. Shandler, hereby declare as follows:

1. I submit this declaration (this “***Declaration***”) in support of the *Emergency Motion and Notice of Debtors to Authorize Payments in Excess of Interim Cap Under Interim Critical Vendor Order* (the “***Motion***”), filed contemporaneously herewith.<sup>2</sup>

2. I am the Chief Transformation Officer (“***CTO***”) of ModivCare Inc. (“***ModivCare***” or the “***Company***”) and its debtor affiliates (collectively the “***Debtors***”). My background and qualifications are set forth in the First Day Declaration and incorporated herein by reference.

3. As set forth in my First Day Declaration, I am knowledgeable about, and familiar with, the Debtors’ day-to-day operations, business and financial affairs, books and records, and the circumstances that led to the commencement of the Chapter 11 Cases. In particular, as part of

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<sup>1</sup> A complete list of each of the Debtors in these chapter 11 cases (the “***Chapter 11 Cases***”) and the last four digits of each Debtor’s taxpayer identification number (if applicable) may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Debtor ModivCare Inc.’s principal place of business and the Debtors’ service address in these Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.



my evaluation of the Debtors' businesses, I have developed a firm understanding of the Debtors' liquidity needs. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, my opinion based upon experience, knowledge, and information concerning the Debtors' operations and financial condition, my own reasonable inquiry, and/or my discussions with the Debtors' other officers, directors, and restructuring advisors. If called upon to testify, I would testify to the facts set forth in this Declaration. I am authorized to submit this declaration.

#### **FIRST DAY HEARING AND INTERIM CRITICAL VENDOR ORDER**

4. On August 21, 2025, the Court held a hearing (the “*First Day Hearing*”) at which the Debtors presented certain “first day motions,” including the Critical Vendor Motion. The Court subsequently entered an interim order [Docket No. 64] (the “*Interim Critical Vendor Order*”) that authorized, among other things, the Debtors to make payments to Trade Vendors, including Transportation Vendors, on account of prepetition claims held by such Trade Vendors. On the Petition Date, I understand that the Debtors had estimated that the total prepetition amounts owed to Trade Vendors was approximately \$103,560,000. My understanding is that of this amount, the Debtors estimated that approximately \$98,958,000 was either due and payable, or would fall due in the period from the Petition Date through the date that the Debtors would seek a final order in respect of the Critical Vendor Motion. Accordingly, the Debtors sought authority to pay amounts up to \$99 million under the Interim Critical Vendor Order, which was approved by this Court.

5. In addition to the Interim Critical Vendor Order, the Court entered an interim order [Docket No. 106] (the “*Interim DIP Order*”) approving the Debtors' proposed debtor-in-possession financing facility (the “*DIP Facility*”). My understanding is that (a) the proceeds of

the DIP Facility are to be used in accordance with the approved budget attached as Schedule 1 to the Interim DIP Order (the “***DIP Budget***”), (b) all payments sought to be made pursuant to the Motion are reflected in the DIP Budget, and (c) the Debtors are ***not*** seeking to make any changes to the DIP Budget as a result of such payments.

**RECONCILIATION OF TRADE CLAIMS AND NEED FOR IMMEDIATE PAYMENTS  
IN EXCESS OF INTERIM VENDOR CAP**

6. I understand that the Debtors, along with their advisors, have been reconciling claims and requests for payment received from their Trade Vendors since the Petition Date, most notably their Transportation Vendors. I believe that the Transportation Vendors are of critical importance to the Debtors’ NEMT business. In my opinion, immediate payment of Transportation Vendors’ prepetition claims is necessary for the Debtors to continue operating in the ordinary course and, absent payment of these claims, the Debtors’ business will suffer immediate and irreparable harm.

7. As the reconciliation process has progressed, and as the Second Day Hearing was adjourned at the request of the Committee, I understand that the Debtors became aware of impending Trade Claims that are due and necessary for the Debtors to pay prior to the rescheduled Second Day Hearing. These payments would considerably exceed the Interim Vendor Cap. Based on the reconciliation process, I understand that the Debtors now estimate that the amount of prepetition Trade Claims is approximately \$181,000,000, and that approximately \$150,000,000 of such prepetition Trade Claims will become due and owing prior to the adjourned Second Day Hearing (an increase of approximately \$51 million).

8. Importantly, this increase in interim payments reflected in paragraph 7 above is not an actual increase in anticipated amounts owed to Trade Vendors. Rather, this increase has arisen principally as a result of (a) the Debtors’ ongoing reconciliation process, which clarified the correct

prepetition versus postpetition categorization of certain Transportation Vendor invoices, and (b) the timing shift caused by the adjournment of the Second Day Hearing. I understand that the DIP Budget already accounts for these payments being made to Trade Vendors and, therefore, does not require any increase to the DIP Facility, nor a change to the DIP Budget. The relief requested in the Motion merely reflects a change in the categorization of these payments; from initially anticipated postpetition administrative expenses to now-confirmed prepetition claims.

9. It is my understanding that upon learning of the immediate need to make payments in excess of the Interim Vendor Cap, the Debtors promptly informed the Committee's advisors and the advisors to the First Lien Agent, the Consenting Creditors, and the DIP Lenders in order to try and reach a consensual solution to enable the Debtors to make these critical payments. The Debtors and the Committee have been negotiating revisions to the final order sought under the Critical Vendor Motion and are continuing to work cooperatively together.

**IMMEDIATE AND IRREPARABLE HARM IF PAYMENTS ARE DELAYED**

10. The notice procedure in the Interim Critical Vendor Order requires that, if the Debtors seek to exceed the Interim Vendor Cap, the Debtors are to file a notice with the Court and wait five business days before paying the overage absent objections. It is my understanding that waiting these five business days before payments could be made to the Trade Vendors would cause immediate and irreparable harm to the Debtors' business and estates. Specifically, many Transportation Vendors operate on thin margins and short payment cycles and have communicated to the Debtors that, without payment on account of the reconciled prepetition amounts coming due now, they may suspend or materially curtail services. Any such disruption would immediately impair the Debtors' NEMT operations, jeopardize contractual relationships and service-level commitments, risk loss of network capacity that cannot be quickly replaced, and threaten patient access and safety, all of which would erode revenue and value. For these reasons, the Debtors

filed the Motion so that the requested relief could be obtained sooner than the five business days as prescribed by the applicable notice procedures set forth in the Interim Critical Vendor Order.

**CONCLUSION**

11. For all the reasons stated above, under the facts and circumstances of these Chapter 11 Cases, I believe that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors' businesses and estates and is a sound exercise of the Debtors' business judgment.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: September 17, 2025

/s/ Chad J. Shandler

Name: Chad J. Shandler

Title: Chief Transformation Officer