



Eileen W. Hollowell

Eileen W. Hollowell, Bankruptcy Judge

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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA**

In re: REGIONAL CARE SERVICES CORP., Debtor.	Chapter 11 Proceedings No. 4:14-bk-01383-EWH
In re: CASA GRANDE COMMUNITY HOSPITAL D/B/A CASA GRANDE REGIONAL MEDICAL CENTER, Debtor.	No. 4:14-bk-01384-BMW
In re: REGIONAL CARE PHYSICIAN'S GROUP, INC., Debtor.	No. 4:14-bk-01385-EWH
In re: CASA GRANDE REGIONAL RETIREMENT COMMUNITY, Debtor.	No. 4:14-bk-01386-EWH

**STIPULATED INTERIM ORDER (1) AUTHORIZING INTERIM USE OF CASH
COLLATERAL, (2) GRANTING ADEQUATE PROTECTION TO TRUSTEE
AND (3) SCHEDULING A FINAL HEARING**

Upon the motion (the "**Motion**")¹ of Casa Grande Community Hospital, Inc. ("**Casa Grande**") and its jointly administered debtor affiliates, the debtors and debtors-in-possession in the above-captioned case (the "**Debtors**"), for an interim order (this "**Order**")

¹ All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

1 (1) authorizing the Debtors to use the cash collateral of the Trustee, (2) granting the Trustee
2 adequate protection upon the terms set forth in interim and final orders, and (3) scheduling a
3 final hearing on the Motion and approving the form and manner of notice thereof; and it
4 appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§
5 157 and 1334; and it appearing that venue of this case and the Motion in this district is
6 proper pursuant to 28 U.S.C. § 1408; and it appearing that this matter is a core proceeding
7 pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in
8 the Motion is in the best interests of the Debtors, their estates, their creditors and other
9 parties in interest; and it appearing that proper and adequate notice of the Motion has been
10 given and that no other or further notice is necessary; and after due deliberation thereon; and
11 good and sufficient cause appearing therefor;

12 IT IS HEREBY FOUND THAT²:

13 A. On the Petition Date, each of the Debtors filed a petition for relief under
14 Chapter 11 of the Bankruptcy Code.

15 B. The Debtors continue in the management and operation of their businesses
16 and properties as a debtors-in-possession pursuant to sections 1107 and 1108 of the
17 Bankruptcy Code. No trustee or committee has been appointed in the Debtors' Chapter 11
18 cases.

19 C. The Debtors stipulate and agree that Casa Grande is obligated under the
20 following undertakings (collectively, the "**Bond Financing Documents**");

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23 ² The findings and conclusions set forth herein constitute the Court's findings of fact and
24 conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the
25 "*Bankruptcy Rules*"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014.
26 To the extent any of the following findings of fact constitute conclusions of law, they are
adopted as such. To the extent any of the following conclusions of law constitute findings of
fact, they are adopted as such.

1 (1) a certain Master Indenture of Trust dated July 1, 2001 (as supplemented
and amended, the “**Master Indenture**”), by and between Casa Grande and Wells Fargo
2 Bank, National Association,³ not individually, but as master trustee (the “**Master Trustee**”);

3 (2) certain “Obligations” (as defined in the Master Indenture), in the form
4 of promissory notes, made by Casa Grande pursuant to the Master Indenture;

5 (3) a certain Bond Indenture, dated July 1, 2001 (as supplemented and
amended, the “**Bond Indenture**”), by and between the Industrial Development Authority of
6 the City of Casa Grande (the “**Authority**”) and Wells Fargo Bank, National Association, not
individually, but as bond trustee (the “**Bond Trustee**” and, together with the Master Trustee,
7 the “**Trustee**”);

8 (4) a certain Deed of Trust and Assignment of Rents with Security
9 Agreement dated August 1, 2001 (as supplemented and amended, the “**Deed of Trust**”),
pursuant to which Casa Grande granted a lien on its interest in the “Casa Grande Hospital
10 Site,” all “Buildings and Improvements” thereon, all “Collateral,” and all “Fixtures,” and a
security interest in the Casa Grande Hospital Revenues (each as defined in the Deed of
11 Trust);

12 (5) those certain Hospital Revenue Refunding Bonds (Casa Grande
13 Regional Medical Center), Series 2001A (the “**2001A Bonds**”), issued pursuant to the Bond
14 Indenture in the initial aggregate principal amount of \$41,845,000;

15 (6) those certain Hospital Revenue Refunding Bonds (Casa Grande
Regional Medical Center), Series 2001B (the “**2001B Bonds**”) issued pursuant to the Bond
16 Indenture in the initial aggregate principal amount of \$4,645,000;

17 (7) those certain Hospital Revenue Bonds (Casa Grande Regional Medical
18 Center) Series 2002A (the “**2002A Bonds**” and, together with the 2001A Bonds and the
2001B Bonds, the “**Bonds**”) issued pursuant to the Bond Indenture in the initial aggregate
19 principal amount of \$25,475,000; and

20 (8) a certain Loan Agreement dated July 1, 2001 (as supplemented and
21 amended, the “**Loan Agreement**”), by and between the Authority and Casa Grande,
pursuant to which Casa Grande covenanted to make payments at such times and in such
22 amounts so as to provide for the payment of the principal of, premium, if any, and interest
23 on the Bonds and any fees, costs and expenses related thereto (collectively, the “**Prepetition**
24 **Obligations**”).

25 ³ Wells Fargo Bank Arizona, National Association was the original master trustee under the
Master Indenture. Wells Fargo Bank Arizona, National Association thereafter changed its
26 name to Wells Fargo Bank, National Association.

1 The foregoing acknowledgments and stipulations shall be binding on the Debtors but not on
2 any other party-in-interest in this Case, except as provided in Paragraph 8 hereof.

3 D. The Debtors further stipulate and agree as follows:

4 (1) As of the Petition Date, the Bond Financing Documents are each valid
5 and enforceable against Casa Grande, and the Debtors do not possess and agree not to assert
6 any claim (as such term is defined in section 101(5) of the Bankruptcy Code), counterclaim,
7 setoff or defense of any kind, nature or description which would in any way affect the
8 validity or enforceability of the Bond Financing Documents;

9 (2) As of the Petition Date, the Prepetition Obligations constitute legal,
10 valid and binding obligations of Casa Grande, enforceable in accordance with the terms of
11 the Bond Financing Documents (other than with respect to a stay of enforcement arising
12 from section 362 of the Bankruptcy Code); no offsets, defenses or counterclaims to any of
13 the Prepetition Obligations exists; no portion of the Prepetition Obligations is subject to
14 recharacterization, disallowance, reduction or subordination pursuant to the Bankruptcy
15 Code or non-bankruptcy law; the Prepetition Obligations constitute allowable secured
16 claims; and the Debtors have irrevocably waived, discharged and released any rights they
17 may have to challenge or object to the Prepetition Obligations;

18 (3) The Trustee's liens and security interests with respect to the Casa
19 Grande Hospital Site, all Buildings and Improvements thereon, all Collateral, all Fixtures,
20 and the Casa Grande Hospital Revenues (each as defined in the Bond Financing
21 Documents) are valid, enforceable and perfected (subject to operation of federal anti-
22 assignment provisions, to the extent applicable, and including cash to the extent that it
23 constitutes proceeds of collateral which is subject to the Trustee's perfected liens and
24 security interests), and such liens and security interests are not subject to recharacterization,
25 disallowance, reduction or subordination pursuant to the Bankruptcy Code or non-
26 bankruptcy law. (The Debtors' assets subject to such liens and security interests, to the
extent valid, enforceable, perfected and unavoidable shall be referred herein to as the
"Prepetition Collateral.") All of such financing statements and the Deed of Trust were
validly authorized by Casa Grande or validly executed by authorized representatives of Casa
Grande. Pursuant to the Bond Financing Documents, the Trustee has security interests in
and liens on all of the Prepetition Collateral, including the Cash Collateral (defined herein)
and all proceeds of the Prepetition Collateral, to secure payment of the Prepetition
Obligations;

(4) Pursuant to the Bond Financing Documents, certain accounts were
established and are held in trust by the Trustee (collectively, the "**Trustee-Held Funds**"),
including, without limitation, (i) a certain "Revenue Fund", (ii) a certain "Interest Account",
(iii) a certain "Principal Account", and (iv) a certain "Bond Reserve Account" (each as

1 defined in the Bond Indenture). The Trustee-Held Funds are held in trust for the benefit of
2 the holders of the Bonds as set forth the Bond Financing Documents and for the express
3 purposes set forth therein. The Trustee believes that the Trustee-Held Funds are not
4 property of the Debtors' estates. The Debtor acknowledges that the Trustee holds a validly
5 perfected possessory security interest in the Trustee-Held Funds, and is entitled to access the
6 Trustee-Held Funds in accordance with the Bond Financing Documents. To the extent that
7 the automatic stay otherwise applies to such Trustee-Held Funds pursuant to Bankruptcy
8 Code Section 362(a), as adequate protection for the use of the Trustee's Cash Collateral, the
9 Debtors stipulate to relief from such stay for the limited purpose of allowing the Trustee to
10 administer and apply the Trustee-Held Funds in accordance with the Bond Financing
11 Documents. The Trustee-Held Funds shall not be used or made available to the Debtors as
12 Cash Collateral or otherwise pursuant to this Interim Order, the Final Order or any other
13 order entered in this case;

14 (5) The Trustee's security interests and liens have attached to all funds and
15 property of Casa Grande consisting of the Prepetition Collateral and the products and
16 proceeds thereof, and the Trustee's security interests and liens will, notwithstanding the
17 commencement of the Chapter 11 Case, as of the Petition Date and thereafter, attach to the
18 products and proceeds of the Prepetition Collateral. Without limiting the foregoing, the
19 Trustee's security interests and liens attach to all cash (whether as original collateral or cash
20 proceeds of the Prepetition Collateral), negotiable instruments, documents of title, securities,
21 deposit accounts, or other cash equivalents now or hereafter in the possession, custody or
22 control of Casa Grande (as defined in section 363(a) of the Bankruptcy Code, the "**Cash
23 Collateral**"). For the avoidance of doubt, the term "Cash Collateral" does not include
24 Trustee-Held Funds for purposes of this Order.

25 The foregoing acknowledgments and stipulations shall be binding on the Debtors but not on
26 any other party-in-interest in this Case, except as provided in Paragraph 8 hereof.

1 E. The Debtors have requested that the Trustee consent to the Debtors' use of
2 Cash Collateral and the Trustee is willing to consent to the Debtors' use of Cash Collateral
3 on the terms and conditions provided herein. The Trustee is relying on the terms, conditions
4 and protections provided herein in so consenting.

5 F. The agreements and arrangements described in the Motion and authorized in
6 this Order have been negotiated at arm's-length with all parties represented by counsel, are
7 fair and reasonable under the circumstances, and are enforceable in accordance with their
8 terms. The Debtors and the Trustee are acting in good faith with respect to the use of Cash

1 Collateral as provided in this Order. The superpriority claims, security interests and liens
2 and other protections granted to the Trustee pursuant to this Order will not be affected by
3 any subsequent reversal, modification, vacatur or amendment of this Order or any other
4 order, as provided in section 364(e) of the Bankruptcy Code.

5 G. In light of the Trustee's agreement to subordinate its liens and superpriority
6 claims to the Carve-Out (defined herein), and its agreement to permit use of its Cash
7 Collateral, the Trustee is entitled to all of the rights and benefits of section 552(b) of the
8 Bankruptcy Code, and the "equities of the case" exception shall not apply.

9 H. The liens and security interests granted to the Trustee hereunder shall not
10 prime or impair any validly perfected lien or security interest senior to the liens and security
11 interests of the Trustee with respect to Casa Grande's assets and properties as of the Petition
12 Date (the "**Prior Senior Liens**"). The granting of the replacement liens, super-priority
13 administrative claims and other agreements of the Debtors hereunder constitute adequate
14 protection to the Trustee for the Debtors' use of Cash Collateral for purposes of this Order.

15 I. Good cause has been shown for entry of this Order. Without use of Cash
16 Collateral, the Debtors will not be able to fund their day-to-day operations, including payroll
17 for their employees. Unless the Court authorizes the use of Cash Collateral, the Debtors
18 will be unable to pay for the goods and services necessary to preserve and maximize the
19 value of their assets while they attempt to obtain confirmation of their Chapter 11 plans
20 providing for, among other things, the sale ("**Sale**") of substantially all of their assets (the
21 "**Assets**"). Accordingly, this Order is required to avoid immediate and irreparable harm to
22 the Debtors' estates. Entry of this Order is in the best interests of the Debtors, their
23 creditors, and the estate.

24 THE COURT HEREBY ORDERS, AS FOLLOWS:
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1 1. The Motion is granted on an interim basis in accordance with the terms and
2 conditions of this Order.

3 2. Use of Cash Collateral. Subject to the terms and conditions set forth in this
4 Order, the Debtors are, through and including the earlier of (a) the conclusion of the final
5 hearing on the Debtors' use of Cash Collateral or (b) termination of this Order following
6 issuance of a Termination Notice as set forth in Paragraph 10 below, authorized pursuant to
7 Bankruptcy Code sections 105, 361, 362 and 363, and Bankruptcy Rules 2002, 4001, 6003
8 and 9014 to use Cash Collateral on an interim basis pending a final determination by the
9 Court. The Cash Collateral may only be used to fund the types and corresponding amounts
10 of itemized expenditures contained in the budget attached hereto as Exhibit A (the
11 "Budget"); provided, however, that the Debtors may use Cash Collateral in excess of the
12 line-item amounts designated for (x) payroll and employee-related expenses and (y) all other
13 non-employee-related expenses so long as the percentage of deviation of each such line item
14 category during any rolling 4-week period does not exceed twenty percent (20%) per line-
15 item and, in addition, overall cash receipts and disbursements under the Budget do not
16 exceed ten percent (10%) in aggregate (the "Variance"); and provided further that any
17 amendment or modification of the terms and conditions, or any amendment, modification,
18 roll-forward or replacement of the Budget itself, shall be subject to the prior written consent
19 of the Trustee. Any unused portion of the Variance will carry over to the following rolling
20 4-week period.

21 3. Reporting. No later than Friday of each week (or if such day is not a Business
22 Day, the next succeeding Business Day), the Debtors will submit to the Trustee or its
23 advisors (a) a cash flow report setting forth the Debtors' actual performance for the
24 immediately preceding week and a comparison of the actual performance for such week
25 against the forecast for such week in the Budget, in each case with written explanations of
26 material variances, and (b) a flash report of key performance metrics for the immediately

1 preceding week (i.e., average daily census, emergency room visits, urgent care visits,
2 observations, births, and, every two weeks, total paid FTEs and total productive FTEs).
3 The Debtors will further submit monthly discharges, consolidated balance sheets, related
4 consolidated statements of income or operations, and cash flows, cash balance reports or
5 any other financial reports as reasonably requested by the Trustee. The Debtors will make
6 their books and records, and their financial staff and advisors, reasonably available to the
7 Trustee and its advisors at any time between the hours of 9:00 a.m. and 5:00 p.m. (CST) on
8 any weekday, with not less than forty-eight (48) hours advance notice, to enable the Trustee
9 to monitor the Debtors' compliance with the Budget and this Interim Order and the Debtors'
10 operations (whether historic, current, or prospective).

11 4. Adequate Protection; Replacement Liens. The Trustee is entitled, pursuant to
12 sections 361 and 363(e) of the Bankruptcy Code, to adequate protection of its interests in the
13 Prepetition Collateral, including, but not limited to, the Cash Collateral, for any diminution
14 in value of its interests in the Prepetition Collateral, including, without limitation, any such
15 diminution resulting from the Debtors' use of Cash Collateral and any other Prepetition
16 Collateral and the imposition of the automatic stay pursuant to section 362 of the
17 Bankruptcy Code. As security for and solely to the extent of any diminution in the value of
18 the Trustee's Prepetition Collateral from and after the Petition Date, calculated in
19 accordance with section 506(a) of the Bankruptcy Code (a "**Diminution in Value**"), the
20 Trustee is hereby granted senior priority replacement liens, upon all assets and property of
21 the Debtors and their respective estates of any kind or nature whatsoever, now existing or
22 hereafter acquired, including, without limitation, the Prepetition Collateral (the
23 "**Replacement Liens**"), but excluding all claims and causes of action, and the products and
24 proceeds thereof, arising under or permitted by sections 502(d), 506(c), 544, 545, 547, 548,
25 549 and 550 of the Bankruptcy Code and any other avoidance claims and causes of action
26 arising under state or federal law; provided, however, that the Replacement Liens shall be

1 subject and subordinate to (a) the Carve-Out (defined below), (b) the Prior Senior Liens, and
2 (c) any administrative claim granted to Banner Health (“**DIP Lender**”) in connection with
3 an approved debtor-in-possession financing facility (the “**DIP Financing**,” and the
4 documents governing the DIP Financing, the “**DIP Financing Documents**”). The
5 Replacement Liens so granted are in addition to all security interests, liens, and rights of
6 setoff existing in favor of the Trustee on the Petition Date, and are and shall be valid,
7 perfected, enforceable and effective as of the Petition Date, without any further action of the
8 Debtors or the Trustee and without the necessity of the execution, filing or recording of any
9 financing statements, security agreements, mortgages, or other documents, or of obtaining
10 control agreements over bank accounts. Notwithstanding the foregoing, the Trustee is
11 hereby authorized, but not required, to file or record any financing statements, security
12 agreements, mortgages, or other documents in any jurisdiction or take any other action in
13 order to validate and perfect the Replacement Liens granted hereunder.

14 5. Adequate Protection; 507(b) Priority Claim. The Trustee is hereby granted an
15 administrative claim with a priority equivalent to a claim under sections 364(c)(1), 503(b)
16 and 507(b) of the Bankruptcy Code, on a dollar-for-dollar basis for and solely to the extent
17 of any Diminution in Value, which administrative claim shall, among other things, have
18 priority over all other costs and expenses of the kind specified in, or ordered pursuant to,
19 sections 105, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 1113 and 1114
20 of the Bankruptcy Code (the “**Super-Priority Administrative Claim**”), except for
21 expenditures constituting the Carve-Out and the superpriority administrative claim granted
22 to the Banner in connection with the DIP Financing.

23 6. Adequate Protection; Fees and Expenses. The reasonable fees and expenses
24 of the Trustee’s outside legal and financial advisors, and the Trustee’s internal fees and
25 expenses, are hereby authorized to be paid pursuant to the Budget and otherwise through
26 deductions made by the Trustee and its professionals from (a) any expense retainers funded

1 by the Debtors prior to the Petition Date and/or (b) the Trustee-Held Funds in accordance
2 with the Bond Financing Documents. Notwithstanding the foregoing, the Trustee reserves
3 its right to assert claims for the payment of additional amounts provided for in the Bond
4 Financing Documents, and to seek additional or further adequate protection from the Court.

5 7. Carve-Out. The Replacement Liens and Super-Priority Administrative Claim
6 granted hereunder shall be junior and subordinate to the following fees and expenses (the
7 “*Carve-Out*”): (a) all budgeted and accrued but unpaid fees and expenses (the
8 “**Professional Fees and Expenses**”) of the attorneys, accountants or other professionals
9 retained by the Debtors and any statutory committee of unsecured creditors appointed in the
10 Chapter 11 case under section 327 or 1103(a) of the Bankruptcy Code (the “**Committee**”)
11 (collectively, the “**Professionals**”), allocable to the Debtors under and to the extent set forth
12 in the Budget and incurred prior to the delivery of a Termination Notice; (b) Professional
13 Fees and Expenses in the amount of \$50,000.00 incurred after delivery of a Termination
14 Notice; and (c) the payment of fees pursuant to 28 U.S.C. § 1930 to the extent related to the
15 Debtors’ Chapter 11 cases, provided that all such fees and expenses shall be subject to
16 approval by a final order of the Court pursuant to sections 326, 328, 330, 331 or 363 of the
17 Bankruptcy Code.

18 8. Parties in Interest Bound.

19
20 (a) The admissions and stipulations contained in Paragraphs C and D of
21 this Order shall be binding on the Debtors under all circumstances and shall be binding upon
22 all other parties in interest, other than a Committee that may be appointed or elected on
23 behalf of the Debtors’ estates, except to the extent that (i) a party in interest has filed an
24 adversary proceeding or contested matter challenging the validity, enforceability or priority
25 of the Prepetition Debt, no later than the date that is twenty-eight (28) days after the date of
26 entry of the Final Order and (ii) the Court rules in favor of the plaintiff in any such timely
filed adversary proceeding or contested matter. Any Committee formed in this case shall
have twenty-eight (28) days after the date of its formation to bring such an adversary
proceeding or contested matter. If any such adversary proceeding or contested matter is
timely commenced as of such date, the admissions contained in this Order shall nonetheless

1 remain binding and preclusive (as provided in this paragraph) except to the extent that such
2 acknowledgments and agreements are expressly challenged in such adversary proceeding or
3 contested matter.

4 (b) If no such adversary proceeding or contested matter is commenced as
5 of such date, then (i) the Prepetition Obligations shall constitute allowed secured claims, not
6 subject to subordination (other than as set forth herein with respect to the Carve-Out, the
7 Prior Senior Liens, and any administrative claim granted to the DIP Lender in connection
8 with the DIP Financing), for all purposes in these Chapter 11 cases and any subsequent
9 Chapter 7 cases, and (ii) the Prepetition Obligations shall not be subject to any other or
10 further challenge by any party-in-interest seeking to exercise the rights of the Debtors'
11 estates, including, without limitation, any successor thereto.

12 9. Events of Default. Each of the following shall constitute an event of default
13 (“**Event of Default**”) with respect to the Debtors’ authorization to use Cash Collateral
14 hereunder, unless otherwise waived in writing by the Trustee:

15 (a) entry of an order converting these Chapter 11 cases to cases under
16 Chapter 7 of the Bankruptcy Code;

17 (b) entry of an order dismissing these Chapter 11 cases;

18 (c) entry of an order appointing or directing the election of a trustee or
19 examiner for the Debtors under section 1104 or section 1106(b) of the Bankruptcy Code;

20 (d) without the prior written consent of the Trustee, the entry of any order
21 (or other judicial action which has the effect of) amending, reversing, supplementing,
22 staying the effectiveness of, vacating, or otherwise modifying this Order;

23 (e) the Debtors use Cash Collateral for any purpose or in a manner other
24 than as permitted in this Order and in the Budget or otherwise fail to comply with any term
25 of this Order;

26 (f) entry of an order by the Bankruptcy Court authorizing relief from stay
by any person (other than the Trustee) on or with respect to all or any portion of the
Prepetition Collateral with a value in excess of \$50,000;

(g) the material breach by the Debtors of their obligations under this Order
or the DIP Financing Documents;

(h) the filing by the Debtors of any debtor-in-possession financing
pleadings or any final documents pertaining to a debtor-in-possession financing, other than
those filings related to the DIP Financing, not acceptable to and not supported by the
Trustee; or

1 (i) any of the Debtors voluntarily or involuntarily dissolve or are
2 dissolved, liquidate or are liquidated or cease the operation of any material portion of their
3 businesses.

4 10. Termination Notice. Immediately upon the occurrence or existence of an
5 Event of Default, the Trustee shall be authorized to issue a notice (a “**Termination Notice**”)
6 thereof to the Debtors, their counsel, counsel to any Committee and the U.S. Trustee, which
7 Termination Notice may be delivered by electronic mail or facsimile. Unless, within five
8 (5) business days after the issuance of such notice, the Court determines that the applicable
9 Event of Default has not occurred or does not exist, the Debtors’ authority to use Cash
10 Collateral shall terminate without prejudice the right of the Debtors to seek court authority
11 to use it or the right of the Trustee to oppose..

12 11. Trustee-Held Funds. The Trustee may, without further Court authority
13 (including, without limitation, the need to file a motion to lift the automatic stay), access the
14 Trustee-Held Funds in accordance with the terms of the Bond Financing Documents.

15 12. No Duty to Monitor Compliance. The Trustee may assume that the
16 Debtors will comply with all terms and conditions of this Order and the Budget and shall
17 not (a) be obligated to ensure or monitor the Debtors’ compliance with any financial
18 covenants, formulae or other terms and conditions of this Order or the Bond Financing
19 Documents, (b) be obligated to pay (directly or indirectly from Cash Collateral or
20 otherwise) any expenses incurred or authorized to be incurred pursuant to this Order or in
21 connection with the operation of the Debtors’ businesses, or (c) be obligated to ensure or
22 monitor that Cash Collateral exists to pay such expenses.

23 13. No Waiver. The failure of the Trustee to seek relief or otherwise exercise its
24 rights and remedies under this Order or the Bond Financing Documents, as applicable,
25 shall not constitute a waiver of any of the Trustee’s rights hereunder, thereunder or
26 otherwise.

1 14. No Third Party Rights. Except as explicitly provided for herein, this Order
2 does not create any rights for the benefit of any third party, creditor, equity holders or
3 any direct, indirect or incidental beneficiary.

4 15. Section 552(b). In light of its agreement to subordinate its liens and
5 superpriority claims to the Carve-Out, the Trustee shall be entitled to all of the rights and
6 benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case”
7 exception under section 552(b) of the Bankruptcy Code shall not apply to the Trustee with
8 respect to products and proceeds of any of the Prepetition Collateral.

9 16. Effect of Order. This Order shall be effective upon its entry and not subject to
10 any stay (notwithstanding anything to the contrary contained in the Bankruptcy Rules,
11 including Bankruptcy Rule 4001(a)(3)).

12 17. Amendments and Waivers. The Debtors and the Trustee may amend, modify,
13 supplement or waive any provision of this Order in writing if such amendment,
14 modification, supplement or waiver is not material, with notice to the Committee, but
15 without any need to apply to, or receive further approval from, the Court. The Debtors shall
16 provide notice of any such nonmaterial amendment, modification, supplement or waiver to
17 counsel for any Committee and the Office of the United States Trustee. Any material
18 amendment, modification, supplement or waiver shall be in writing, signed by the Debtors
19 and the Trustee, and approved by the Court on appropriate notice by the Debtors.

20 18. Trustee Not in Control of Debtors’ Operations. With respect to the Debtors’
21 use of Cash Collateral pursuant to this Interim Order and any subsequent order, or any
22 actions reasonably related to this Interim Order, the motion or the Bond Financing
23 Documents, neither the Trustee nor its agents, employees, attorneys or representatives shall
24 have any liability to any third party (including creditors of the Debtors) and shall not be
25 deemed to be in control of the Debtors’ operations or to be acting as a “responsible person”
26 or “owner or operator” with respect to the operation or management of the Debtors.

EXHIBIT A

Casa Grande Regional Medical Center

Cash Flow Forecast
(\$s)

	Week: 0	Forecast 1	Forecast 2	Forecast 3	Forecast 4	Forecast 5	Forecast 6	Forecast 7	Forecast 8	Forecast 9	Forecast 10	Forecast 11
Week Ending:	2/2/14	2/9/14	2/16/14	2/23/14	3/2/14	3/9/14	3/16/14	3/23/14	3/30/14	4/6/14	4/13/14	4/20/14
Cash Receipts												
Net Patient Receipts net of RAC		1,876,098	1,902,125	1,923,413	1,949,716	2,022,259	2,134,159	2,197,763	2,241,255	2,128,434	1,986,102	1,974,046
Non Patient Receipts												
Cerner		-	-	-	-	-	1,100,000	-	-	-	-	-
Rental Income		22,844	-	-	22,844	22,844	-	-	22,844	22,844	-	-
Cafeteria		5,725	5,725	5,725	5,725	5,919	5,919	5,919	5,919	6,459	6,459	6,459
Express Scripts Rebate		-	-	-	-	-	-	20,000	-	-	-	-
Other Non Patient Receipts		5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420
Total Non Patient Receipts		33,989	11,145	11,145	33,989	34,183	1,111,339	31,339	34,183	34,723	11,879	11,879
Total Cash Receipts		1,910,087	1,913,269	1,934,558	1,983,705	2,056,442	3,245,497	2,229,101	2,275,438	2,163,157	1,997,981	1,985,925
Cash Disbursements												
Payroll		(1,290,218)	-	(1,290,218)	-	(1,251,222)	-	(1,251,222)	-	(1,191,780)	-	(1,191,780)
Physician Staffing		(434,494)	(54,208)	-	(75,208)	(166,420)	(288,162)	(19,700)	-	(78,208)	(262,354)	(194,308)
Non-Physician Staffing		(148,573)	(72,500)	(79,696)	(143,500)	(21,760)	(193,500)	(72,938)	(133,500)	(21,760)	(183,500)	(54,518)
Medical Benefits		(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)
Payroll Taxes & Benefits		(79,682)	(669,343)	(40,481)	(736,343)	(89,481)	(619,257)	(40,481)	(614,257)	(109,481)	(651,630)	(19,481)
Total Payroll Related Disbursements		(2,087,966)	(931,051)	(1,545,395)	(1,090,051)	(1,663,884)	(1,235,920)	(1,519,341)	(882,757)	(1,536,229)	(1,232,484)	(1,595,087)
Trade Payments		(157,791)	(791,864)	(438,845)	(962,164)	(464,497)	(928,896)	(464,497)	(1,039,759)	(520,053)	(1,029,220)	(568,157)
Medicare Cost Report - 2012		-	-	-	-	-	-	-	-	-	(90,000)	-
Cerner		-	-	-	-	-	(1,115,000)	-	-	-	-	-
Lease and Rental Expense		(22,572)	(21,479)	(22,329)	(22,572)	-	(2,479)	(22,329)	(4,761)	(17,811)	-	(24,808)
Medical Malpractice Insurance		-	(17,563)	-	(89,871)	-	-	-	-	(89,871)	-	-
Utilities		-	(6,229)	(2,770)	(15,094)	(70,102)	(9,029)	-	(2,770)	(74,710)	(4,258)	(4,971)
CapEx		-	(38,100)	(16,878)	(12,800)	-	-	-	-	-	-	-
Mortgage Payments		(100)	(24,126)	(400)	-	(11,582)	(12,544)	(400)	-	(11,582)	(12,544)	(400)
Tax Assessment		-	(562,270)	-	-	-	-	-	-	-	-	-
Other		(250)	(1,632)	(1,632)	(18,817)	(1,632)	(1,632)	(1,632)	(18,817)	(1,632)	(1,632)	(1,632)
Operating Disbursements		(2,268,679)	(2,394,315)	(2,028,249)	(2,211,369)	(2,211,697)	(3,305,499)	(2,008,200)	(1,948,865)	(2,251,889)	(2,370,138)	(2,195,055)
Operating Cash Flow		(358,593)	(481,045)	(93,691)	(227,664)	(155,255)	(60,002)	220,902	326,573	(88,732)	(372,157)	(209,130)
Debtors Professional Fees		(25,000)	-	-	(125,000)	-	-	(705,000)	-	(100,000)	-	-
Creditors Committee Fees		-	-	-	-	-	-	(50,000)	-	-	-	-
Bondholders Professional Fees		-	-	-	-	-	-	(175,000)	-	-	-	-
US Trustee Fees		-	-	-	-	-	-	-	-	-	-	(20,000)
Other		-	-	-	-	-	-	(25,000)	-	-	-	-
Other Cash Receipts / Disbursements		(25,000)	-	-	(125,000)	-	-	(955,000)	-	(100,000)	-	(20,000)
Cash Flow Prior to Add'l Financing		(383,593)	(481,045)	(93,691)	(352,664)	(155,255)	(60,002)	(734,098)	326,573	(188,732)	(372,157)	(229,130)
Beginning Balance		5,191,777	4,808,184	4,993,691	4,900,000	5,055,255	4,900,000	5,634,098	4,900,000	5,226,573	5,037,842	5,129,130
Pre-financing Cash Flow		(383,593)	(481,045)	(93,691)	(352,664)	(155,255)	(60,002)	(734,098)	326,573	(188,732)	(372,157)	(229,130)
DIP / Revolver		-	666,552	-	507,919	-	794,100	-	-	-	463,445	-
Fee / Interest on DIP / Revolver		-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance		5,191,777	4,808,184	4,993,691	4,900,000	5,055,255	4,900,000	5,634,098	4,900,000	5,226,573	5,037,842	4,900,000
DIP / Revolver Summary												
Starting Balance		3,308,000	3,308,000	3,974,552	3,974,552	4,482,471	4,482,471	5,276,571	5,276,571	5,276,571	5,276,571	5,740,016
Drawdown / (Payback)		-	666,552	-	507,919	-	794,100	-	-	-	-	463,445
Ending Balance		3,308,000	3,308,000	3,974,552	3,974,552	4,482,471	4,482,471	5,276,571	5,276,571	5,276,571	5,740,016	5,740,016

Max DIP / Revolver

Subject to Confidentiality and Non-Disclosure Agreement
Draft Subject to Revision

Casa Grande Regional Medical Center

Cash Flow Forecast												
(\$s)												
	Week:	Forecast	Total									
	Week Ending:	12	13	14	15	16	17	18	19	20	21	Wks 1 - 21
		4/27/14	5/4/14	5/11/14	5/18/14	5/25/14	6/1/14	6/8/14	6/15/14	6/22/14	6/29/14	
Cash Receipts												
Net Patient Receipts net of RAC		1,928,538	1,919,356	1,909,597	1,885,541	1,883,392	1,866,267	1,860,253	1,827,945	1,809,282	1,787,810	41,013,352
Non Patient Receipts												
Cerner		-	-	-	1,100,000	-	-	-	-	-	-	2,200,000
Rental Income		22,844	22,844	-	-	-	22,844	22,844	-	-	22,844	228,440
Cafeteria		6,459	5,760	5,760	5,760	5,760	5,760	6,078	6,078	6,078	6,078	125,526
Express Scripts Rebate		-	-	-	-	-	-	-	-	-	20,000	40,000
Other Non Patient Receipts		5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	5,420	113,819
Total Non Patient Receipts		34,723	34,024	11,180	1,111,180	11,180	34,024	34,342	11,498	11,498	54,342	2,707,784
Total Cash Receipts		1,963,262	1,953,380	1,920,777	2,996,721	1,894,572	1,900,291	1,894,596	1,839,444	1,820,780	1,842,152	43,721,136
Cash Disbursements												
Payroll		-	(1,159,641)	-	(1,159,641)	-	(1,153,244)	-	(1,153,244)	-	(1,153,244)	(13,245,454)
Physician Staffing		(4,700)	(76,208)	(255,721)	(168,392)	(4,700)	(76,208)	(99,621)	(306,540)	(10,700)	(51,208)	(2,627,061)
Non-Physician Staffing		(136,496)	(21,760)	(183,500)	(54,518)	(136,496)	(21,760)	(183,500)	(54,518)	(136,496)	(21,760)	(2,076,547)
Medical Benefits		(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(2,835,000)
Payroll Taxes & Benefits		(604,630)	(107,481)	(587,564)	(81,481)	(591,453)	(107,481)	(575,830)	(19,481)	(629,830)	(40,481)	(7,015,629)
Total Payroll Related Disbursements		(880,825)	(1,500,090)	(1,161,785)	(1,599,032)	(867,649)	(1,493,693)	(993,951)	(1,668,783)	(912,026)	(1,401,693)	(27,799,692)
Trade Payments		(950,337)	(432,737)	(876,567)	(359,543)	(841,096)	(304,054)	(837,073)	(304,054)	(848,424)	(304,054)	(13,423,685)
Medicare Cost Report - 2012		-	-	-	-	-	-	-	-	-	-	(90,000)
Cerner		-	-	-	(1,115,000)	-	-	-	-	-	-	(2,230,000)
Lease and Rental Expense		-	(22,572)	-	(24,808)	-	(22,572)	-	(24,808)	-	(22,572)	(278,470)
Medical Malpractice Insurance		(7,297)	(89,871)	-	(12,994)	-	-	(89,871)	-	-	-	(397,338)
Utilities		(3,723)	-	(63,075)	(11,028)	(2,770)	-	(953)	(90,177)	(11,526)	(3,723)	(376,910)
CapEx		-	-	-	-	-	-	-	-	-	-	(161,078)
Mortgage Payments		-	(11,582)	(12,544)	(400)	-	(11,582)	(12,544)	(5,500)	-	(11,582)	(139,414)
Tax Assessment		-	-	-	(562,270)	-	-	-	-	-	-	(1,124,541)
Other		(1,632)	(18,817)	(1,632)	(1,632)	(1,632)	(18,817)	(1,632)	(1,632)	(1,632)	(1,632)	(101,631)
Operating Disbursements		(1,843,815)	(2,075,670)	(2,115,603)	(3,686,707)	(1,713,147)	(1,850,719)	(1,936,024)	(2,094,953)	(1,773,608)	(1,838,557)	(46,122,758)
Operating Cash Flow		119,447	(122,290)	(194,826)	(689,987)	181,425	49,572	(41,428)	(255,509)	47,172	3,595	(2,401,622)
Debtors Professional Fees		(710,000)	(75,000)	-	-	(685,000)	-	(50,000)	-	(485,000)	(240,000)	(3,200,000)
Creditors Committee Fees		(35,000)	-	-	-	(25,000)	-	-	-	(15,000)	(25,000)	(150,000)
Bondholders Professional Fees		(150,000)	-	-	-	(150,000)	-	-	-	(125,000)	-	(600,000)
US Trustee Fees		-	-	-	-	-	-	-	-	-	(20,000)	(40,000)
Other		(25,000)	-	-	-	(25,000)	-	-	-	-	(25,000)	(100,000)
Other Cash Receipts / Disbursements		(920,000)	(75,000)	-	-	(885,000)	-	(50,000)	-	(625,000)	(310,000)	(4,090,000)
Cash Flow Prior to Add'l Financing		(800,553)	(197,290)	(194,826)	(689,987)	(703,575)	49,572	(91,428)	(255,509)	(577,828)	(306,405)	(6,491,622)
Beginning Balance		4,900,000	5,097,290	4,900,000	5,589,987	4,900,000	4,900,000	4,949,572	5,155,509	4,900,000	5,206,405	5,191,777
Pre-financing Cash Flow		(800,553)	(197,290)	(194,826)	(689,987)	(703,575)	49,572	(91,428)	(255,509)	(577,828)	(306,405)	(6,491,622)
DIP / Revolver		997,843	-	884,813	-	703,575	-	297,366	-	884,233	-	6,199,845
Fee / Interest on DIP / Revolver		-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance		5,097,290	4,900,000	5,589,987	4,900,000	4,900,000	4,949,572	5,155,509	4,900,000	5,206,405	4,900,000	4,900,000
DIP / Revolver Summary												
Starting Balance		5,740,016	6,737,858	6,737,858	7,622,671	7,622,671	8,326,246	8,326,246	8,623,612	8,623,612	9,507,845	3,308,000
Drawdown / (Payback)		997,843	-	884,813	-	703,575	-	297,366	-	884,233	-	6,199,845
Ending Balance		6,737,858	6,737,858	7,622,671	7,622,671	8,326,246	8,326,246	8,623,612	8,623,612	9,507,845	9,507,845	9,507,845
Max DIP / Revolver												9,507,845

Subject to Confidentiality and Non-Disclosure Agreement
Draft Subject to Revision