



U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS


**ENTERED**

TAWANA C. MARSHALL, CLERK

THE DATE OF ENTRY IS  
ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed January 9, 2015

  
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re:	§	CASE NO. 14-32821-11
	§	
SEARS METHODIST RETIREMENT	§	CHAPTER 11
SYSTEM, INC., <i>et al.</i> <sup>1</sup>	§	
	§	Jointly Administered
Debtors.	§	

STIPULATION BETWEEN SEARS TYLER METHODIST  
RETIREMENT CORPORATION AND UMB BANK, N.A., AS  
TRUSTEE, FOR EXTENSION OF USE OF CASH COLLATERAL  
[RELATED TO DOCUMENT NO. 261]

Sears Tyler Methodist Retirement Corporation ("Tyler"), one of the debtors and debtors in possession in the above-captioned cases, and UMB Bank, N.A., not individually but in its capacity as successor bond trustee and master trustee (the "Trustee"), hereby stipulate and agree as follows:

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

**WHEREAS**, on June 10, 2014 (the “Petition Date”), Tyler filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code with the United States Bankruptcy Court for the Northern District of Texas (the “Court”); and

**WHEREAS**, on the Petition Date, Tyler filed the *Motion of Sears Tyler Methodist Retirement Corporation for Interim and Final Orders (I) Authorizing the Use of Cash Collateral, (II) Granting Adequate Protection to the Trustee, and (III) Scheduling a Final Hearing* [Dkt. No. 20] (the “Cash Collateral Motion”);<sup>2</sup> and

**WHEREAS**, on July 23, 2014, the Court entered a *Stipulated Final Order: (1) Authorizing Sears Tyler Methodist Retirement Corporation to Use Cash Collateral; and (2) Granting Adequate Protection to the Trustee* [Dkt. No. 261] (the “Cash Collateral Order”) pursuant to which Tyler was authorized to, among other things, use Cash Collateral subject to the terms and conditions set forth in the Cash Collateral Order and in accordance with a certain budget attached thereto; and

**WHEREAS**, the Cash Collateral Order contains certain milestones requiring Tyler to take certain actions by specified dates, including the following actions:

- (a) on or before November 7, 2014 (the “APA Deadline”), enter into an asset purchase agreement with a prospective purchaser, in a form and substance acceptable to Tyler and the Trustee, memorializing a letter of intent in connection with a sale of all or substantially all of Tyler’s assets (the “Sale”) and any non-material modifications resulting from due diligence;
- (b) on or before November 7, 2014 (the “Sale Procedures Motion Deadline”), file
  - (i) a motion with the Court seeking approval of bidding and auction procedures relating to the Sale (the “Sale Procedures”), (ii) a proposed order approving the Sale Procedures, (iii) a proposed order approving the Sale as contemplated under the Sale Procedures, and (iv) appropriate supporting declarations, in each case in a form and substance acceptable to Tyler and the Trustee;

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



- (c) on or before November 25, 2014 (the “Sale Procedures Order Deadline”), obtain entry of an order approving the Sale Procedures, in a form and substance acceptable to Tyler and the Trustee; and
- (d) on or before December 24, 2014 (the “Sale Order Deadline”), obtain entry of an order approving the Sale, in a form and substance acceptable to Tyler and the Trustee; and

**WHEREAS**, on November 24, 2014, Tyler filed a motion with the Court [Dkt. No. 584] (the “Tyler Sale Motion”) seeking entry of an order authorizing and approving, among other things, (a) the sale (the “Tyler Sale”) of substantially all of Tyler’s assets and related business operations free and clear of all liens, claims, interests, and encumbrances to ER Propco CO, LLC (the “Tyler Stalking Horse”) in accordance with the terms and conditions of an Asset Purchase and Sale Agreement with the Tyler Stalking Horse, (b) certain auction and bid procedures to be employed in connection with the Tyler Sale, and (c) certain bid protections offered to the Tyler Stalking Horse; and

**WHEREAS**, on December 6, 2014, Tyler and certain of its debtor affiliates filed the *Plan Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, modified, or supplemented from time to time, the “Plan”) providing for, among other things, the creation of a liquidating trust and an orderly distribution of Tyler’s assets, including proceeds of the Tyler Sale, to holders of allowed claims against Tyler and its estate in accordance with the terms of the Plan; and

**WHEREAS**, in light of the parties’ continued negotiations and the transactions contemplated in the Plan and Tyler Sale Motion, Tyler and the Trustee have agreed to (a) extend certain of the deadlines and milestones set forth in the Cash Collateral Order, and (b) extend Tyler’s continued use of Cash Collateral through and including March 1, 2015, subject to and in accordance with the revised budget attached hereto as Exhibit 1 (the “Extended Budget”).

**NOW, THEREFORE, TYLER AND THE TRUSTEE STIPULATE AND AGREE THAT:**

1. Tyler is authorized to continue using Cash Collateral through and including March 1, 2015, in accordance with the terms of the Cash Collateral Order, subject to and in accordance with the Extended Budget.

2. Notwithstanding the "Ending DIP Balance" set forth in the Extended Budget, Tyler is authorized to borrow money and incur indebtedness under the \$3,000,000 Senior Secured Super-Priority Debtor-in-Possession Note Purchase and Security Agreement between Tyler and Invesco High Yield Municipal Fund up to an aggregate principal amount of Three Million Dollars (\$3,000,000.00).

3. The following milestones and deadlines set forth in the Cash Collateral Order are extended as follows:

- (a) the APA Deadline is extended through and including November 24, 2014;
- (b) the Sale Procedures Motion Deadline is extended through and including November 24, 2014;
- (c) the Sale Procedures Order Deadline is extended through and including December 31, 2014; and
- (d) the Sale Order Deadline is extended through and including January 31, 2015.

4. Except as otherwise expressly provided herein, all terms, conditions, and provisions of the Cash Collateral Order are unchanged and remain in full force and effect.

**IT IS FURTHER STIPULATED AND AGREED** that a copy of the signatures on this stipulation may be treated as an original for all purposes.

**STIPULATED AND AGREED:**

**SEARS TYLER METHODIST  
RETIREMENT CORPORATION**, debtor  
and debtor in possession through its counsel

**DLA PIPER LLP (US)**

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**UMB BANK, N.A.**, not individually but in its  
capacity as successor bond trustee and master  
trustee through its counsel

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**Exhibit 1**

**Extended Budget**



Chapter 11 Budget  
SMRS - Meadow Lake

CRO Budget  
SMRS - Meadow Lake in Tyler

Week	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Week Ending	11/23/2014	11/30/2014	12/7/2014	12/14/2014	12/21/2014	12/28/2014	1/4/2015	1/11/2015	1/18/2015	1/25/2015	2/1/2015	2/8/2015	2/15/2015	2/22/2015	3/1/2015
Beginning Book Cash Balance	\$ (962,189)	\$ (994,708)	\$ (1,097,403)	\$ (1,096,550)	\$ (1,289,636)	\$ (1,360,706)	\$ (1,703,400)	\$ (1,803,057)	\$ (1,760,833)	\$ (2,191,153)	\$ (2,293,847)	\$ (2,198,504)	\$ (2,411,586)	\$ (2,790,805)	\$ (3,034,900)
<b>Receipts</b>															
Deposits	72,509	72,509	250,251	121,917	72,509	72,509	250,251	121,917	72,509	72,509	250,251	121,917	72,509	72,509	250,251
Medicare	-	-	75,120	-	-	-	75,120	-	-	-	75,120	-	-	-	75,120
Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shared Services Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>72,509</b>	<b>72,509</b>	<b>325,371</b>	<b>121,917</b>	<b>72,509</b>	<b>72,509</b>	<b>325,371</b>	<b>121,917</b>	<b>72,509</b>	<b>72,509</b>	<b>325,371</b>	<b>121,917</b>	<b>72,509</b>	<b>72,509</b>	<b>325,371</b>
<b>Disbursements</b>															
Payroll & Benefits	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313
Trade Payables	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715
Entrance Fee Refunds	-	-	-	-	-	240,000	-	-	240,000	-	-	-	240,000	-	-
Adequate Protection	-	-	100,000	-	-	-	100,000	-	-	-	100,000	-	-	-	-
Shared Services Expenses	-	-	104,460	-	-	-	-	104,460	-	-	-	158,795	-	-	142,040
Utility Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtors Counsel - DLA	-	-	-	40,800	-	-	-	-	34,800	-	-	-	-	46,400	183,500
Debtors Advisor - A&M	-	-	-	36,000	-	-	-	-	75,750	-	-	-	39,750	53,000	53,000
Debtors Banker - RBC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	326,250
Creditors Professionals	-	-	-	52,500	-	-	-	-	30,000	-	-	-	15,000	20,000	20,000
Claims Agent - GCG	-	-	-	6,750	-	-	-	-	13,500	-	-	-	6,750	17,000	13,000
Ombudsman	-	-	-	3,750	-	-	-	-	3,750	-	-	-	-	5,000	5,000
US Trustee	-	-	-	-	-	-	-	-	-	-	-	-	10,400	-	10,400
System Conversion / Special Project:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Interest and Fees	-	-	15,000	-	-	-	20,000	-	-	-	25,000	-	-	-	95,000
<b>Total Disbursements</b>	<b>105,028</b>	<b>175,203</b>	<b>324,518</b>	<b>315,003</b>	<b>143,578</b>	<b>415,203</b>	<b>225,028</b>	<b>279,683</b>	<b>502,828</b>	<b>175,203</b>	<b>230,028</b>	<b>334,998</b>	<b>451,728</b>	<b>316,603</b>	<b>993,219</b>
<b>Net Cash Flow</b>	<b>(32,520)</b>	<b>(102,694)</b>	<b>853</b>	<b>(193,086)</b>	<b>(71,070)</b>	<b>(342,694)</b>	<b>100,343</b>	<b>(167,776)</b>	<b>(430,320)</b>	<b>(102,694)</b>	<b>96,343</b>	<b>(213,081)</b>	<b>(379,220)</b>	<b>(244,094)</b>	<b>(667,848)</b>
<b>Ending Book Cash Balance</b>	<b>\$ (994,708)</b>	<b>\$ (1,097,403)</b>	<b>\$ (1,096,550)</b>	<b>\$ (1,289,636)</b>	<b>\$ (1,360,706)</b>	<b>\$ (1,703,400)</b>	<b>\$ (1,603,057)</b>	<b>\$ (1,760,833)</b>	<b>\$ (2,191,153)</b>	<b>\$ (2,293,847)</b>	<b>\$ (2,198,504)</b>	<b>\$ (2,411,586)</b>	<b>\$ (2,790,805)</b>	<b>\$ (3,034,900)</b>	<b>\$ (3,702,747)</b>
Beginning DIP Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 3,500,000	\$ 3,500,000
DIP Funding	-	-	-	-	500,000	-	-	-	500,000	-	-	-	1,000,000	-	300,000
<b>Ending DIP Balance</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,500,000</b>	<b>\$ 2,500,000</b>	<b>\$ 2,500,000</b>	<b>\$ 2,500,000</b>	<b>\$ 3,500,000</b>	<b>\$ 3,500,000</b>	<b>\$ 3,800,000</b>
<b>Adjusted Ending Cash Balance</b>	<b>\$ 505,292</b>	<b>\$ 402,597</b>	<b>\$ 403,450</b>	<b>\$ 210,364</b>	<b>\$ 639,294</b>	<b>\$ 296,600</b>	<b>\$ 396,943</b>	<b>\$ 239,167</b>	<b>\$ 308,847</b>	<b>\$ 205,163</b>	<b>\$ 301,496</b>	<b>\$ 88,414</b>	<b>\$ 709,195</b>	<b>\$ 486,100</b>	<b>\$ 97,253</b>