

Dated: March 3, 2014



*Eileen W. Hollowell*

Eileen W. Hollowell, Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re:

REGIONAL CARE SERVICES CORP., ☐  
CASA GRANDE COMMUNITY HOSPITAL ☐  
D/B/A CASA GRANDE REGIONAL MEDICAL  
CENTER,  
REGIONAL CARE PHYSICIAN'S GROUP, ☐  
INC., and  
CASA GRANDE REGIONAL RETIREMENT ☐  
COMMUNITY,

Debtors.

This Filing Applies to:

- ☒ All Debtors  
☐ Specified Debtor(s)

Chapter 11 Proceedings

Case Nos. 4:14-bk-01383-EWH  
4:14-bk-01384-EWH  
4:14-bk-01385-EWH  
4:14-bk-01386-EWH  
(Joint Administration)

STIPULATED FINAL ORDER (1) AUTHORIZING USE OF CASH  
COLLATERAL; AND (2) GRANTING ADEQUATE PROTECTION TO  
TRUSTEE

Upon the motion (the "**Motion**")<sup>1</sup> of Casa Grande Community Hospital, Inc. ("**Casa Grande**") and its jointly administered debtor affiliates, the debtors and debtors-in-possession in the above-captioned jointly administered cases (the "**Debtors**"), for a final order (this "**Final Order**") (1) authorizing the Debtors to use the cash collateral of the Trustee and (2) granting the Trustee adequate protection upon the terms set forth in interim

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

1 and final orders; and upon the interim hearing on the relief requested in the Motion on an  
2 interim basis conducted by the Court on February 6, 2014; and upon the *Interim Order (1)*  
3 *Authorizing Interim Use of Cash Collateral, and (2) Granting Adequate Protection* (Docket  
4 No. 49, the “**Interim Order**”) entered by the Court on February 6, 2014; and upon the final  
5 hearing on the Motion conducted by the Court on February 27, 2014; and it appearing that  
6 this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334;  
7 and it appearing that venue of this case and the Motion in this district is proper pursuant to  
8 28 U.S.C. § 1408; and it appearing that this matter is a core proceeding pursuant to 28  
9 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is  
10 in the best interests of the Debtors, their estates, their creditors and other parties in interest;  
11 and it appearing that proper and adequate notice of the Motion has been given and that no  
12 other or further notice is necessary; and after due deliberation thereon; and good and  
13 sufficient cause appearing therefor;

14 **IT IS HEREBY FOUND THAT<sup>2</sup>:**

15 A. On the Petition Date, each of the Debtors filed a petition for relief under  
16 Chapter 11 of the Bankruptcy Code. The Debtors’ cases are jointly administered for  
17 procedural purposes.

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

22  
23  
24 <sup>2</sup> The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to  
25 Rule 7052 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), made applicable to this proceeding  
26 pursuant to Bankruptcy Rule 9014. 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 C. The Debtors stipulate and agree that Casa Grande is obligated under the  
2 following undertakings (collectively, the “**Bond Financing Documents**”):

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

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

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

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

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

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

25 (7) those certain Hospital Revenue Bonds (Casa Grande Regional Medical  
26 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  
principal amount of \$25,475,000; and

(8) a certain Loan Agreement dated July 1, 2001 (as supplemented and  
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

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<sup>3</sup> Wells Fargo Bank Arizona, National Association was the original master trustee under the Master Indenture. Wells  
Fargo Bank Arizona, National Association thereafter changed its name to Wells Fargo Bank, National Association.

1 amounts so as to provide for the payment of the principal of, premium, if any, and interest  
2 on the Bonds and any fees, costs and expenses related thereto (collectively, the “**Prepetition**  
3 **Obligations**”).

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

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

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

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

21 (3) The Trustee’s liens and security interests with respect to the Casa  
22 Grande Hospital Site, all Buildings and Improvements thereon, all Collateral, all Fixtures,  
23 and the Casa Grande Hospital Revenues (each as defined in the Bond Financing  
24 Documents) are valid, enforceable and perfected (subject to operation of federal anti-  
25 assignment provisions, to the extent applicable, and including cash to the extent that it  
26 constitutes proceeds of collateral which is subject to the Trustee’s perfected liens and  
security interests), and such liens and security interests are not subject to recharacterization,  
disallowance, reduction or subordination pursuant to the Bankruptcy Code or non-  
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;

1           (4) Pursuant to the Bond Financing Documents, certain accounts were  
2 established and are held in trust by the Trustee (collectively, the “**Trustee-Held Funds**”),  
3 including, without limitation, (i) a certain “Revenue Fund”, (ii) a certain “Interest Account”,  
4 (iii) a certain “Principal Account”, and (iv) a certain “Bond Reserve Account” (each as  
5 defined in the Bond Indenture). The Trustee-Held Funds are held in trust for the benefit of  
6 the holders of the Bonds as set forth the Bond Financing Documents and for the express  
7 purposes set forth therein. The Trustee believes that the Trustee-Held Funds are not  
8 property of the Debtors’ estates. The Debtor acknowledges that the Trustee holds a validly  
9 perfected possessory security interest in the Trustee-Held Funds, and is entitled to access the  
10 Trustee-Held Funds in accordance with the Bond Financing Documents. To the extent that  
11 the automatic stay otherwise applies to such Trustee-Held Funds pursuant to Bankruptcy  
12 Code Section 362(a), as adequate protection for the use of the Trustee’s Cash Collateral, the  
13 Debtors stipulate to relief from such stay for the limited purpose of allowing the Trustee to  
14 administer and apply the Trustee-Held Funds in accordance with the Bond Financing  
15 Documents. The Trustee-Held Funds shall not be used or made available to the Debtors as  
16 Cash Collateral or otherwise pursuant to the Interim Order, this Final Order or any other  
17 order entered in this case; and

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

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

21           E. The Debtors have requested that the Trustee consent to the Debtors’ use of  
22 Cash Collateral and the Trustee is willing to consent to the Debtors’ use of Cash Collateral  
23 on the terms and conditions provided herein. The Trustee is relying on the terms, conditions  
24 and protections provided herein in so consenting.

1 F. The agreements and arrangements described in the Motion and authorized in  
2 this Final Order have been negotiated at arm's-length with all parties represented by  
3 counsel, are fair and reasonable under the circumstances, and are enforceable in accordance  
4 with their terms. The Debtors and the Trustee are acting in good faith with respect to the  
5 use of Cash Collateral as provided in this Final Order. The superpriority claims, security  
6 interests and liens and other protections granted to the Trustee pursuant to this Final Order  
7 will not be affected by any subsequent reversal, modification, vacatur or amendment of this  
8 Final Order or any other order, as provided in section 364(e) of the Bankruptcy Code.

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

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

20 I. Good cause has been shown for entry of this Final Order. Without use of  
21 Cash Collateral, the Debtors will not be able to fund their day-to-day operations, including  
22 payroll for their employees. Unless the Court authorizes the use of Cash Collateral, the  
23 Debtors will be unable to pay for the goods and services necessary to preserve and  
24 maximize the value of their assets while they attempt to obtain confirmation of their Chapter  
25 11 plans providing for, among other things, the sale ("**Sale**") of substantially all of their  
26 assets (the "**Assets**"). Accordingly, this Final Order is required to avoid immediate and



1 irreparable harm to the Debtors' estates. Entry of this Final Order is in the best interests of  
2 the Debtors, their creditors, and the estate.

3 **THE COURT HEREBY ORDERS, AS FOLLOWS:**

4 1. Motion Granted. The Motion is granted on a final basis in accordance with  
5 the terms and conditions of this Final Order.

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

23 3. Reporting. No later than Friday of each week (or if such day is not a Business  
24 Day, the next succeeding Business Day), the Debtors will submit to the Trustee or its  
25 advisors (a) a cash flow report setting forth the Debtors' actual performance for the  
26

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

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



1 proceeds thereof, arising under or permitted by sections 502(d), 506(c), 544, 545, 547, 548,  
2 549 and 550 of the Bankruptcy Code and any other avoidance claims and causes of action  
3 arising under state or federal law; provided, however, that the Replacement Liens shall be  
4 subject and subordinate to (a) the Carve-Out (defined below), (b) the Prior Senior Liens, and  
5 (c) any administrative claim granted to Banner Health (the “**DIP Lender**”) in connection  
6 with the approved debtor-in-possession financing facility (the “**DIP Financing**,” and the  
7 documents governing the DIP Financing, the “**DIP Financing Documents**”). The  
8 Replacement Liens so granted are in addition to all security interests, liens, and rights of  
9 setoff existing in favor of the Trustee on the Petition Date, and are and shall be valid,  
10 perfected, enforceable and effective as of the Petition Date, without any further action of the  
11 Debtors or the Trustee and without the necessity of the execution, filing or recording of any  
12 financing statements, security agreements, mortgages, or other documents, or of obtaining  
13 control agreements over bank accounts. Notwithstanding the foregoing, the Trustee is  
14 hereby authorized, but not required, to file or record any financing statements, security  
15 agreements, mortgages, or other documents in any jurisdiction or take any other action in  
16 order to validate and perfect the Replacement Liens granted hereunder.

17       5.     Adequate Protection; 507(b) Priority Claim. The Trustee is hereby granted an  
18 administrative claim with a priority equivalent to a claim under sections 364(c)(1), 503(b)  
19 and 507(b) of the Bankruptcy Code, on a dollar-for-dollar basis for and solely to the extent  
20 of any Diminution in Value, which administrative claim shall, among other things, have  
21 priority over all other costs and expenses of the kind specified in, or ordered pursuant to,  
22 sections 105, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 1113 and 1114  
23 of the Bankruptcy Code (the “**Super-Priority Administrative Claim**”), except for  
24 expenditures constituting the Carve-Out and the superpriority administrative claim granted  
25 to the DIP Lender in connection with the DIP Financing.  
26

1           6.     Adequate Protection; Fees and Expenses. The reasonable fees and expenses  
2 of the Trustee's outside legal and financial advisors, and the Trustee's internal fees and  
3 expenses, are hereby authorized to be paid pursuant to the Budget and otherwise through  
4 deductions made by the Trustee and its professionals from (a) any expense retainers funded  
5 by the Debtors prior to the Petition Date and/or (b) the Trustee-Held Funds in accordance  
6 with the Bond Financing Documents. Notwithstanding the foregoing, the Trustee reserves  
7 its right to assert claims for the payment of additional amounts provided for in the Bond  
8 Financing Documents, and to seek additional or further adequate protection from the Court.

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

22           8.     Parties in Interest Bound.

23                     (a) The admissions and stipulations contained in Paragraphs C and D of  
24 this Final Order shall be binding on the Debtors under all circumstances and shall be  
25 binding upon all other parties in interest, other than a Committee that may be appointed or  
26 elected on behalf of the Debtors' estates, except to the extent that (i) a party in interest has  
filed an adversary proceeding or contested matter challenging the validity, enforceability or

1 priority of the Prepetition Debt, no later than the date that is twenty-eight (28) days after the  
2 date of entry of this Final Order and (ii) the Court rules in favor of the plaintiff in any such  
3 timely filed adversary proceeding or contested matter. Any Committee formed in this case  
4 shall have twenty-eight (28) days after the date of its formation to bring such an adversary  
5 proceeding or contested matter. If any such adversary proceeding or contested matter is  
6 timely commenced as of such date, the admissions contained in this Final Order shall  
7 nonetheless remain binding and preclusive (as provided in this paragraph) except to the  
8 extent that such acknowledgments and agreements are expressly challenged in such  
9 adversary proceeding or contested matter.

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

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

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

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

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

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

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

(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;

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

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

5 (i) any of the Debtors voluntarily or involuntarily dissolve or are  
6 dissolved, liquidate or are liquidated or cease the operation of any material portion of their  
7 businesses.

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

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

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

1           13.   No Waiver. The failure of the Trustee to seek relief or otherwise exercise its  
2 rights and remedies under this Final Order or the Bond Financing Documents, as  
3 applicable, shall not constitute a waiver of any of the Trustee's rights hereunder,  
4 thereunder or otherwise.

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

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

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

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

24           18.   Trustee Not in Control of Debtors' Operations. With respect to the Debtors'  
25 use of Cash Collateral pursuant to this Final Order, or any actions reasonably related to this  
26 Final Order, the Motion or the Bond Financing Documents, neither the Trustee nor its

1 agents, employees, attorneys or representatives shall have any liability to any third party  
2 (including creditors of the Debtors) and shall not be deemed to be in control of the Debtors'  
3 operations or to be acting as a "responsible person" or "owner or operator" with respect to  
4 the operation or management of the Debtors.

5 19. Order Governs. In the event of any inconsistency between the provisions of  
6 this Final Order and the Motion, the provisions of this Final Order shall govern.

7 **DATED AND SIGNED ABOVE.**

8 Agreed to by:

9  
10 Casa Grande Community Hospital, Inc., *et al.* as debtors  
11 and debtors-in-possession through their counsel

12 /s/ Kasey C. Nye, #20610

13 Wells Fargo Bank, National Association, as trustee  
14 through its counsel

15 /s/ Nathan F. Coco

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# EXHIBIT A

Casa Grande Regional Medical Center

Cash Flow Forecast

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	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	0	1	2	3	4	5	6	7	8	9	10	11
Week:	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
Week Ending:												
<b>Cash Receipts</b>												
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			
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	1,965,925
<b>Cash Disbursements</b>												
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)	(133,500)	(21,760)	(262,354)	(194,308)
Non-Physician Staffing		(148,573)	(72,500)	(79,696)	(143,500)	(21,760)	(193,500)	(72,938)	(135,000)	(21,760)	(183,500)	(94,518)
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)	(1,505,087)
Trade Payments		(157,791)	(791,864)	(438,845)	(962,164)	(464,497)	(928,896)	(464,497)	(1,038,759)	(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)			(400)				(400)
Mortgage Payments		(100)	(24,126)	(400)		(11,582)	(12,544)			(11,582)		
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												
DIP / Revolver		(383,593)	(481,045)	(93,691)	(352,664)	(155,255)	(60,002)	(734,098)	326,573	(188,732)	(372,157)	(229,130)
Fee / Interest on DIP / Revolver			666,552				794,100				463,445	
Ending Cash Balance		5,191,777	4,808,184	4,993,691	4,900,000	5,055,255	4,900,000	5,634,098	5,226,573	5,037,842	5,129,130	4,900,000
<b>DIP / Revolver Summary</b>												
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	3,974,552	3,974,552	4,482,471	4,482,471	5,276,571	5,276,571	5,276,571	5,276,571	5,740,016	5,740,016
Max DIP / Revolver												

Casa Grande Regional Medical Center

Cash Flow Forecast

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	Week: Week Ending:	Forecast 12 4/27/14	Forecast 13 5/4/14	Forecast 14 5/11/14	Forecast 15 5/18/14	Forecast 16 5/25/14	Forecast 17 6/1/14	Forecast 18 6/8/14	Forecast 19 6/15/14	Forecast 20 6/22/14	Forecast 21 6/29/14	Total Wks 1 - 21
<b>Cash Receipts</b>												
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	-	-	-	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		-	-	-	-	-	-	-	-	-	-	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
<b>Total Cash Receipts</b>		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
<b>Cash Disbursements</b>												
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)	(188,392)	(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)	(687,564)	(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)
<b>Operating Disbursements</b>		(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)
<b>Operating Cash Flow</b>		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)
<b>Other Cash Receipts / Disbursements</b>		(920,000)	(75,000)	-	-	(885,000)	-	(50,000)	-	(625,000)	(310,000)	(4,090,000)
<b>Cash Flow Prior to Add'l Financing</b>		(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		-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>		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
<b>DIP / Revolver Summary</b>												
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
<b>Ending Balance</b>		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