

**EXHIBIT A**

**[Proposed Interim Order]**

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	Chapter 11
	:	
North Philadelphia Health System,	:	Case No. 16-18931-MDC
	:	
Debtor.	:	
	:	

**INTERIM ORDER (A) AUTHORIZING THE DEBTOR TO USE  
CASH COLLATERAL OF EXISTING SECURED PARTIES AND GRANTING  
ADEQUATE PROTECTION FOR USE AND (B) PRESCRIBING THE FORM  
AND MANNER OF NOTICE AND SETTING THE TIME FOR THE FINAL HEARING**

This matter came before the Court on the motion (the “Motion”)<sup>1</sup> of the above-captioned debtor (the “Debtor”) for interim and final orders pursuant to 11 U.S.C. §§ 105, 361 and 363 and Fed. R. Bankr. P. 4001 and 9014, (a) authorizing the Debtor to use the cash collateral of existing secured parties and granting adequate protection to existing secured parties for the use of their cash collateral and (b) prescribing the form and manner of notice and setting the time for the final hearing (the “Final Hearing”) on the Motion. Upon review of the Motion and based upon the evidence presented to this Court at the interim hearing (the “Interim Hearing”) on the Motion, the Court hereby makes the following findings of fact and conclusions of law:

A. Adequate and sufficient notice of the Motion and the Interim Hearing has been provided to all persons entitled thereto pursuant to Rules 2002 and 4001 of the Bankruptcy Rules. No further notice of the Motion is necessary.

B. This matter constitutes a “core proceeding” within the meaning of 28 U.S.C. § 157.

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<sup>1</sup> Capitalized terms not defined herein shall have the meanings set forth in the Motion.

**The Debtor's Need to Use Cash Collateral**

C. The Debtor requires use of the Patient Revenues, the Distribution and the Escrow, as well as any proceeds thereof, in which the Secured Parties may assert liens and security interests (the "Cash Collateral") in order to meet its payroll and other operating obligations pending a restructuring of its finances through Chapter 11. If the Debtor is unable to pay its employees and suppliers, it will not be able to continue to operate and provide much-needed services to the citizens of Philadelphia.

D. Pursuant to sections 363(a) and 552(b) of the Bankruptcy Code, any Cash Collateral held by the Debtor as of the Petition Date may constitute "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code. The Secured Parties assert that they have an interest in the Cash Collateral within the meaning of sections 363(c)(2) and 363(e) of the Bankruptcy Code.

E. The Debtor has an immediate need to use Cash Collateral on an interim basis through the date of expiration of this Interim Order to, among other things, fund its payroll obligations and pay other operating expenses, in accordance with the Budget attached hereto as **Exhibit 1**.

F. Good cause has been shown for entry of this interim cash collateral order (the "Interim Order"), as an immediate and critical need exists for the Debtor to be permitted access to funds to continue its operations.

G. Absent the ability to use Cash Collateral, the Debtor will not be able to pay insurance, wages, rent, utility charges, and other critical operating expenses (all as reflected in the Budget). Consequently, without access to Cash Collateral, the Debtor will not be able to maintain its operations and continue its restructuring efforts.

H. The record adequately demonstrates that without the use of such funds, the Debtor's estate would be immediately and irreparably harmed.

I. The Debtor seeks to use Cash Collateral existing on or after the Petition Date that may be subject to the Secured Parties' liens, for the purposes and in the amounts set forth in the Budget.

J. The Secured Parties' interests, if any, in the Cash Collateral are adequately protected pursuant to sections 361 and 363(e) of the Bankruptcy Code, against (i) any diminution in value from the use of the Collateral, and (ii) for the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, by (a) the value of the Debtor's outstanding accounts receivable; (b) the value of the Debtor's real estate holdings; (c) the continued, uninterrupted operation of the Debtor; and (d) the Replacement Liens (as defined herein).

K. Subject to compliance with the terms of this Interim Order, the Debtor is authorized to use the Cash Collateral during the period and in the amounts set forth herein.

L. All conclusions of law that are or may be deemed to be findings of fact are hereby incorporated as findings of fact.

M. This Interim Order is entered pursuant to, and shall be construed and be consistent with sections 361 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001(b).

ACCORDINGLY, THE COURT HEREBY CONCLUDES THAT:

1. Good cause has been shown for the entry of this Interim Order and the authorizations herein. Among other things, the entry of this Interim Order pending a final hearing (the "Final Hearing") will enable the Debtor to continue operating, avoid immediate and irreparable harm to the Debtor's estate and otherwise is in the best interests of the Debtor, its creditors and its estate.

2. This Interim Order is immediately valid and fully effective upon its entry.

3. All findings of fact that are or may be deemed to be conclusions of law are incorporated herein as conclusions of law.

ACCORDINGLY, IT IS ORDERED:

4. Pending expiration of this Interim Order, the Debtor is permitted to use Cash Collateral, in accordance with the Budget for the month of January, 2017, and without setoff or recoupment by any of the Secured Parties, for, among other things, working capital purposes, the payment of certain obligations in accordance with relief authorized by the Court and other obligations as set forth in the Budget. The Budget may be updated and modified through the date of the Final Hearing by: (i) consensual agreement between the Debtor and the Secured Parties or (ii) further order of the Court.

5. The Debtor shall be, and hereby is, authorized to use Cash Collateral on the terms and conditions set forth in this Interim Order in accordance with the Budget; provided, however, that the Debtor may exceed any line item in the Budget by up to ten percent (10%) in any week, so long as the aggregate amount of the variance from the Budget for any week on a rolling net basis is not exceeded by more than ten percent (10%).<sup>2</sup>

6. The Debtor's right to use Cash Collateral under the Interim Order shall commence on the date of entry of the Interim Order and expire on the earlier of: (a) \_\_\_\_\_, 2017; (b) the entry of a subsequent interim cash collateral order; or (b) the entry of a Final Order.

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<sup>2</sup> The Budget includes amounts budgeted for payment of quarterly bankruptcy fees to the United States Trustee (the "U.S. Trustee Fees"). Notwithstanding anything above or in the Budget, the Debtor shall pay the actual amounts owing on account of such U.S. Trustee Fees as and when due, which payments shall not be subject to the variance otherwise applicable to the Budget.

7. As adequate protection: (i) to protect the Secured Parties' interest, if any, in the Cash Collateral pursuant to sections 361 and 363(e) of the Bankruptcy Code, (ii) for any diminution in value from the use of the Collateral, and (iii) for the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, the Court hereby grants the Secured Parties replacement security interests in and replacement liens (exclusive of any avoidance actions available to the Debtor's estates pursuant to sections 544, 545, 547, 548, 549, 550, 553(b) or 724(a) of the Bankruptcy Code or any proceeds thereof) on all of the Debtor's personal property, whether such property was acquired before or after the Petition Date.

8. Such replacement liens (the "Replacement Liens") shall be equal to the aggregate diminution in value, if any, after the Petition Date of the Collateral. The Replacement Liens shall be of the same extent, validity and priority as the liens of the Secured Parties on the prepetition Collateral.

9. Subject to the foregoing paragraph, the Replacement Liens shall constitute valid and duly perfected security interests and liens as of the Petition Date. The Secured Parties shall not be required to file or serve financing statements, notices of lien or similar interests which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such Replacement Liens.

10. The Replacement Liens shall be subject and subordinate to fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6), the Clerk of the Bankruptcy Court and the professionals retained in this case, to the extent approved by the Bankruptcy Court (collectively, the "Carve Out").

11. The Debtor is directed to keep its books and records of original entry current and updated, so that all business activity is posted to them in the ordinary course of the Debtor's

business. The Debtor shall provide to the Secured Parties the reports of operations required to be provided by the prepetition agreements at the same time and in the same manner as set forth therein.

12. The Debtor shall promptly serve by first-class United States mail a copy of this Interim Order upon the parties having been given notice of the Interim Hearing, any other party that has filed a request for notices with this Court.

13. The Final Hearing to consider the entry of a Final Order authorizing and approving use of Cash Collateral and providing adequate protection is hereby scheduled for January \_\_, 2017, at \_\_:\_\_ \_\_.m.

14. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file a written objection upon the following parties: (a) counsel for the Debtor, Martin J. Weis, Dilworth Paxson LLP, 1500 Market St., Suite 3500E, Philadelphia, PA 19102; (b) the Office of the United States Trustee for the Eastern District of Pennsylvania, 833 Chestnut Street, Suite 500, Philadelphia, PA 19107; (c) counsel to Gemino, Tracy L. Schovain, Esquire, Duane Morris LLP, 190 South LaSalle St., Chicago, IL 60603-3433; (d) counsel to BNY, \_\_\_\_\_; and (e) counsel to HUD, Keisha L. Brooks, Esquire, Deputy Assistant General Counsel, Office of General Counsel, Multifamily Division, U.S. Department of Housing and Urban Development, 451 7<sup>th</sup> St. SW, Room 9230, Washington, DC 20410. All objections to the entry of such Final Order shall be filed with the Clerk of the United States Bankruptcy Court, Eastern District of Pennsylvania, in each case to allow actual receipt by the foregoing notice parties no later than January \_\_, 2017, at 4:00 p.m. (prevailing Eastern Time) (the “Objection Deadline”).

15. This Interim Order shall be fully effective upon its entry.



SO ORDERED this \_\_\_\_ day of January, 2017.

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Honorable Magdeline D. Coleman  
United States Bankruptcy Judge

**Exhibit 1 (to Order)**

[Budget]

**EXHIBIT “1”**

North Philadelphia Health System  
12 Week Budget

	January
<b>Revenues:</b>	
Patient Revenues	2,800,000.00
Non-Operating	<u>30,000.00</u>
Total	2,830,000.00
 <b>Expenses:</b>	
Salaries	2,200,000.00
Benefits	500,000.00
Utilities	108,000.00
Insurance	45,000.00
Other Operating Expenses	<u>350,000.00</u>
	3,203,000.00
Operating Loss	<u><u>(403,000.00)</u></u>

Insurance - All insurance paid from Mortgage Servicer Escrow except the following:

Malpractice (monthly)	10,000.00
Auto (Annual renewal)	<u>35,000.00</u>
	45,000.00