



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 August 17, 2014

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 SYSTEM, INC., et al.¹	§	CHAPTER 11
	§	
Debtors.	§	Jointly Administered
	§	

**STIPULATION APPROVING
THIRD EXTENSION OF INTERIM USE OF CASH
COLLATERAL BY SEARS PLAINS RETIREMENT CORPORATION
[RELATED TO DOCUMENT NO. 22]**

WHEREAS, on June 10, 2014 (the "Petition Date"), Sears Plains Retirement Corporation (the "Debtor"), debtor and debtor-in-possession in the above-captioned cases, filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code; and

¹ 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, the Debtor filed its Motion Of Sears Plains Retirement Corporation For Interim And Final Orders (I) Authorizing The Use Of Cash Collateral, (II) Granting Adequate Protection To Prosperity And (III) Scheduling A Final Hearing on June 10, 2014 (Docket No. 22) (the “Motion”); and

WHEREAS, the Court entered an interim order on June 12, 2014 (1) authorizing the Debtor to use the cash collateral of Prosperity Bank, N.A. (“Lender”), (2) granting the form of adequate protection provided therein to Lender upon the terms set forth therein, and (3) scheduling a final hearing on the Motion and approving the form and manner of notice thereof (Docket No 64) (the “Interim Order”)²; and

WHEREAS, on July 3, 2014, the Court entered an order approving a stipulation between the Debtor and Lender pursuant to which the Debtor’s use of Cash Collateral in accordance with the revised budget, was extended through July 15, 2014 (Docket No. 140) (the “First Extension Order”); and

WHEREAS, on July 15, 2014, the Court entered an order approving a stipulation between the Debtor and Lender pursuant to which the Debtor’s use of Cash Collateral in accordance with the revised budget, was further extended through August 3, 2014 (Docket No. 201) (the “Second Extension Order”); and

WHEREAS, in light of the parties continued negotiations, the Debtor and Lender have agreed to the Debtor’s continued interim use of the Cash Collateral through October 2, 2014 in accordance with the revised budget (a copy of which is attached hereto as Exhibit 1 (the “Third Extended Budget”); and

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Order.

WHEREAS, the Lender reserves its right to contest the relief being sought in the Motion at the final hearing, including, without limitation, the amount of professional fees set forth in the Third Extended Budget.

NOW, THEREFORE, DEBTOR AND LENDER STIPULATE AND AGREE THAT:

1. The Debtor is authorized to use Cash Collateral, which Cash Collateral includes the Reserve Funds (as defined in the Motion), on an interim basis under the terms and conditions of the Interim Order, as amended by the First Extension Order, Second Extension Order and herein, pending a final determination by the Court.

2. The Debtor's use of Cash Collateral under the Interim Order shall be solely in accordance with the Third Extended Budget.

3. Except as otherwise expressly provided herein, all terms, conditions and provisions of the Interim 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:

DLA PIPER LLP (US)

By: /s/ Vincent P. Slusher

Vincent P. Slusher, State Bar No. 00785480

vincent.slusher@dlapiper.com

Andrew Zollinger, State Bar No. 24063944

andrew.zollinger@dlapiper.com

DLA Piper LLP (US)

1717 Main Street, Suite 4600

Dallas, Texas 75201-4629

Telephone: (214) 743-4500

Facsimile: (214) 743-4545

Thomas R. Califano (admitted *pro hac vice*)

thomas.califano@dlapiper.com

Gabriella L. Zborovsky (admitted *pro hac vice*)

gabriella.zborovsky@dlapiper.com

Jacob S. Frumkin (admitted *pro hac vice*)

jacob.frumkin@dlapiper.com

DLA Piper LLP (US)

1251 Avenue of the Americas

New York, New York 10020-1104

Tel: (212) 335-4500

Fax: (212) 335-4501

*Proposed Attorneys for the Debtors
and Debtors in Possession*

McWHORTER, COBB & JOHNSON, LLP

By: /s/ R. Michael McCauley, Jr.

R. Michael McCauley, Jr.

mccauley@mcjllp.com

Todd J. Johnston

tjohnston@mcjllp.com

McWhorter, Cobb & Johnson, LLP

P.O. Box 2547

Lubbock, Texas 79408

Telephone: (806) 762-0214

Facsimile: (806) 762-8014 (Fax)

Attorneys for Prosperity Bank, N.A.

Exhibit 1

Third Extended Budget

Chapter 11 Budget
SMRS - Garrison Sixty Days

DRAFT -
SUBJECT TO CHANGE

CRO Budget
SMRS - Garrison (Plains) in Lubbock

Week	6	7	8	9	10	11	12	13	14	15	16	11 Weeks
Week Ending	7/20/2014	7/27/2014	8/3/2014	8/10/2014	8/17/2014	8/24/2014	8/31/2014	9/7/2014	9/14/2014	9/21/2014	9/28/2014	Total 7/20/2014 9/28/2014
Beginning Book Cash Balance	\$ 232,215	\$ 109,693	\$ 310,072	\$ 146,446	\$ 105,181	\$ (17,340)	\$ (87,427)	\$ (24,483)	\$ (106,984)	\$ (220,303)	\$ (352,023)	\$ 232,215
Receipts												
Deposits	61,321	61,321	92,643	92,643	61,321	61,321	61,321	92,643	92,643	61,321	61,321	799,819
Medicare	-	185,465	33,721	-	-	-	185,465	33,721	-	-	-	623,837
Medicaid	-	54,383	-	54,383	-	54,383	-	-	54,383	-	-	271,914
Shared Services Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	61,321	301,169	126,364	147,026	61,321	115,704	246,786	126,364	147,026	61,321	301,169	1,695,570
Disbursements												
Payroll & Benefits	118,399	35,348	118,399	35,348	118,399	35,348	118,399	35,348	118,399	35,348	118,399	887,136
Trade Payables	65,443	65,443	65,443	65,443	65,443	65,443	65,443	65,443	65,443	65,443	65,443	719,873
Entrance Fee Refunds	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Shared Services Expenses	-	-	106,147	-	-	-	-	-	-	-	-	212,293
Utility Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Debtors Counsel - DLA	-	-	-	43,500	-	39,000	-	-	-	-	-	119,000
Debtors Advisor - A&M	-	-	-	31,000	-	26,500	-	-	-	-	-	84,000
Debtors Banker - RBC	-	-	-	2,500	-	2,500	-	-	-	-	-	7,500
Creditors Professionals	-	-	-	5,000	-	10,000	-	-	-	-	-	25,000
Claims Agent - GCG	-	-	-	5,500	-	4,500	-	-	-	-	-	14,500
Ombudsman	-	-	-	-	-	2,500	-	-	-	-	-	5,000
US Trustee	-	-	-	-	-	-	-	-	-	-	9,750	9,750
System Conversion / Special Projects	-	-	-	-	-	-	-	-	-	-	-	76,502
DIP Interest and Fees	-	-	-	-	-	-	-	1,927	-	-	-	1,927
Total Disbursements	183,842	100,791	289,989	188,291	183,842	185,791	183,842	208,865	260,344	193,041	183,842	2,162,481
Net Cash Flow	(122,521)	200,378	(163,626)	(41,285)	(122,521)	(70,087)	62,944	(82,501)	(113,319)	(131,720)	117,327	(466,911)
Ending Book Cash Balance	\$ 109,693	\$ 310,072	\$ 146,446	\$ 105,181	\$ (17,340)	\$ (87,427)	\$ (24,483)	\$ (106,984)	\$ (220,303)	\$ (352,023)	\$ (234,696)	\$ (234,696)
Beginning DIP Balance	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
DIP Funding	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Ending DIP Balance	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Adjusted Ending Cash Balance	\$ 109,693	\$ 310,072	\$ 146,446	\$ 355,181	\$ 232,660	\$ 162,573	\$ 225,517	\$ 143,016	\$ 29,697	\$ (102,023)	\$ 15,304	\$ 15,304
Cumulative Fees Incurred Case to Date	115,805	172,500	172,500	172,500	172,500	172,500	255,000	255,000	255,000	255,000	332,500	332,500

While professional fees are incurred each month, the Debtors do not expect any payments to be made during this projection period.