



IT IS ORDERED as set forth below:

Date: October 19, 2015

Wendy L. Hagenau

Wendy L. Hagenau
U.S. Bankruptcy Court Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:

**SOUTHERN REGIONAL
HEALTH SYSTEM, INC., et al.,**

Debtors.

CHAPTER 11

**Jointly Administered Under
CASE NO. 15-64266-wlh**

**FINAL ORDER ON DEBTOR'S MOTION
FOR AUTHORITY TO USE CASH COLLATERAL
AND NOTICE OF FINAL HEARING**

This matter is before the Court for hearing on October 13, 2015 (the “**Fourth Hearing**”) on the *Motion for Authority to Use Cash Collateral* (the “**Motion**”) filed on July 31, 2015 [Dkt. No. 13], by the Debtor, Southern Regional Health System, Inc. (the “**Debtor**”), in the above-captioned chapter 11 case, (1) requesting authority to use Cash Collateral (as defined below) pursuant to section 363 of Title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the “**Bankruptcy Code**”), and (2) seeking authorization to provide adequate protection to (a) Gemino Healthcare Finance, LLC (“**ABL Lender**”), as secured lender under the Credit Agreement dated September 26, 2014 (hereinafter, together with all amendments, exhibits and schedules thereto and



modifications thereof, the “**Pre-Petition Credit Agreement**”), between ABL Lender and Debtor, and (b) US Foods, Inc. (“**US Foods**”), which holds a pre-petition claim against the Debtor in the approximate amount of \$60,362.85 (the “**US Foods Pre-Petition Claim**”) which US Foods asserts is subject to a perfected security interest (the “**US Foods Pre-Petition Lien**”) in all assets of the Debtor (the “**US Foods Pre-Petition Collateral**”), including, without limitation, the Pre-Petition Collateral (as defined below) pursuant to the terms of a customer agreement and UCC-1 financing statement filed on or about December 3, 2013, with the Clerk of the Superior Court of Fayette County, Georgia, File No. 056-2013-002130.

The Court conducted initial hearings on the Motion on August 4, 2015, August 21, 2015, and September 17, 2015 (the “**Initial Hearings**”; and together with the Fourth Hearing, the “**Hearings**”), following which the Court entered an *Interim Order on Debtor’s Motion for Authority to Use Cash Collateral and Notice of Final Hearing* [Dkt. No. 43] (the “**First Cash Collateral Order**”), a *Second Interim Order on Debtor’s Motion for Authority to Use Cash Collateral and Notice of Final Hearing* [Dkt. No. 179] (the “**Second Cash Collateral Order**”), and a *Third Interim Order on Debtor’s Motion for Authority to Use Cash Collateral and Notice of Final Hearing* [Dkt. No. 324] (the “**Third Cash Collateral Order**”). The Debtor filed a motion [Dkt. No. 77] (the “**DIP Financing Motion**”) seeking approval for the Debtor and certain of its affiliates to obtain post-petition financing from Prime Healthcare Foundation, Inc. (“**DIP Lender**”) pursuant to, among other documents, a Senior Secured Debtor-in-Possession Loan Agreement (as at any time amended, the “**DIP Loan Agreement**”) in the form attached to the DIP Financing Motion, the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507: (A) Authorizing the Debtors to Obtain Post-Petition Financing; (B) Granting Liens and Providing Superpriority Administrative Expense Status; and (C) Granting Related Relief* [Dkt. No. 178], and

the *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507*: (A) *Authorizing the Debtors to Obtain Post-Petition Financing*; (B) *Granting Liens and Providing Superpriority Administrative Expense Status*; and (C) *Granting Related Relief* [Dkt. No. 326] (including any subsequent interim or final order on the DIP Financing Motion, the “**Financing Order**”).

Based upon the Court’s consideration of the Motion, and all matters brought to the Court’s attention at the Hearings, pursuant to Rules 4001(b) and (d) of the Federal Rules of Bankruptcy Procedure, and after due deliberation and consideration, the Court, based on evidence presented and the representations made by the Debtor, including in the Declaration of Kimberly J. Ryan in Support of First Day Applications and Motions [Dkt. No. 18], makes the following findings of fact and conclusions of law applicable to the Debtor’s use of Cash Collateral (to the extent any findings of fact constitute conclusions of law, they are adopted as such, and *vice versa*):

A. Petition Date. On July 30, 2015 (the “**Petition Date**”), the Debtor filed with the Court its voluntary petition for relief under chapter 11 of the Bankruptcy Code and is continuing to manage its properties and to operate its business as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed.

B. Pre-Petition Debt and Liens. The Debtor has agreed and stipulated as follows:

(1) The Debtor was indebted to ABL Lender, as of the Petition Date, for revolving credit loans in the approximate principal amount of \$8,855,818.56 (the “**Revolving Loans**”) plus interest, fees, expenses, charges, reimbursements and indemnities as set forth in the Pre-Petition Credit Agreement (collectively with all Obligations (as defined in the Pre-Petition Credit Agreement) and all interest, fees, costs, legal expenses and other amounts heretofore or (to the extent allowable under the Bankruptcy Code) hereafter accruing thereon or at any time chargeable

to the Debtor in connection therewith, the “**Pre-Petition Debt**”). All of the Pre-Petition Debt is payable without defense, offset or counterclaim in accordance with the Pre-Petition Credit Agreement.

(2) As security for the payment of all Pre-Petition Debt, the Debtor granted to ABL Lender pursuant to the Pre-Petition Credit Agreement and related documents (collectively, the “**Pre-Petition Loan Documents**”), security interests in and liens (collectively, the “**Pre-Petition Liens**”) upon all of the Debtor’s (i) accounts, payment intangibles, instruments, intercompany claims, and other rights to receive payments of the Debtor (including, without limitation, the accounts), whether now existing or hereafter arising or acquired, (ii) related general intangibles (including, without limitation, contract rights and intellectual property), chattel paper, documents, supporting obligations, letter-of-credit rights, commercial tort claims set forth in schedules to the Pre-Petition Credit Agreement, remedies, guarantees and collateral evidencing, securing or otherwise relating to or associated with the property in subpart (i) above, including, without limitation, all rights of enforcement and collection, (iii) commercial lockboxes, government lockboxes and collection accounts, (iv) funds received thereby or deposited therein, and any checks or instruments from time to time representing or evidencing the same, (v) books and records of the Debtor evidencing or relating to or associated with any of the foregoing, (vi) information and data compiled or derived by the Debtor with respect to any of the foregoing (other than any such information and data subject to legal restrictions of patient confidentiality), and (vii) collections, accessions, receipts and all proceeds of any and all of the foregoing (all such personal property, as the same existed on the Petition Date, together with all cash and non-cash proceeds thereof, the “**Pre-Petition Collateral**”). The Debtor further stipulates that the value of the Pre-Petition Collateral on the Petition Date exceeded the Pre-Petition Debt on such date.

C. Need for Use of Cash Collateral. The Debtor requires the use of Cash Collateral to continue operating its business, including making payroll, paying vendors and suppliers for post-petition obligations, and meeting ordinary working capital expenses. Potentially irreparable harm to the Debtor, its creditors and its estate may occur absent authorization for the use of Cash Collateral.

D. Service of Motion; Objections. The Debtor has certified that copies of the Motion and notice of the Hearings have been served by electronic mail, telecopy transmission, hand delivery, overnight courier or first class United States mail upon the Office of the United States Trustee (the “**U.S. Trustee**”), counsel for ABL Lender, parties identified on the Debtor’s consolidated list of 30 largest unsecured creditors, and all parties who had filed requests for notices under Rule 2002 of the Bankruptcy Rules as of the date of the Motion. The Court finds that notice of the Motion, as it relates to this Order, is sufficient for all purposes under the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, sections 102(1) and 363 of the Bankruptcy Code and Bankruptcy Rule 4001(b) and (d).

E. Finding Cause. Good cause has been shown for the entry of this Order, the granting of adequate protection and authorization for the Debtor to use Cash Collateral as set forth herein. The Debtor’s need for use of Cash Collateral is ongoing, immediate and critical. Entry of this Order will preserve the assets of Debtor’s estate and its value and is in the best interests of the Debtor, its creditors and the Debtor’s estate.

F. Committee Formation. On August 11, 2015, the U.S. Trustee appointed an official committee of unsecured creditors (the “**Committee**”).

G. Jurisdiction; Core Proceeding; Venue. This Court has jurisdiction to enter this Order pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core

proceeding, as defined in 28 U.S.C. § 157(b)(2). Venue for this chapter 11 case and proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

H. Adequate Protection. ABL Lender and U.S. Foods have requested and are entitled to adequate protection of their interests in the Pre-Petition Collateral under 11 U.S.C. §§ 361 and 363 as set forth herein.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, as follows:

1. Grant of Motion; Authority to Use Cash Collateral.

(a) Subject to all of the terms, conditions and limitations of this Order, the Debtor shall be authorized to use Cash Collateral (as defined below) for Permitted Purposes (as defined below). Notwithstanding anything to the contrary in this Order, nothing in this Order shall be construed to (a) grant any party in interest a lien in any accounts receivable sold by the Debtor pre-petition to First Financial Investment Fund V, LLC pursuant to that June 20, 2014 Purchase and Sale Agreement (Insurance Claim Receivables), as subsequently amended, or that June 20, 2014 Purchase and Sale Agreement (Patient Responsibility Accounts), as subsequently amended (collectively, the “**Accounts Receivable Sale Agreements**”) (collectively, the “**Purchased Receivables**”), or (b) authorize the Debtor to use any proceeds received from the Purchased Receivables. Any proceeds of Purchased Receivables which are received by the Debtor shall be turned over promptly to First Financial Investment Fund V, LLC, in accordance with the terms of the Accounts Receivable Sale Agreements (Section 12.3.2). Furthermore, Debtor shall send weekly payment reports to First Financial Investment Fund V, LLC in accordance with the terms of the Accounts Receivable Sale Agreements (Section 12.3.3).

(b) The term “**Cash Collateral**” shall mean all monies (i) in the possession of the Debtor on the Petition Date consisting of Pre-Petition Collateral or (ii) received by the Debtor after the Petition Date in respect of or arising out of Debtor’s use, sale, consumption, collection, or other disposition of any Pre-Petition Collateral or Replacement Collateral (as defined below).

(c) The term “**Permitted Purposes**” shall mean the use by the Debtor of Cash Collateral in the ordinary course of the Debtor’s business solely for the purposes of supporting the Debtor’s ongoing working capital needs, to the extent and up to the amounts set forth in the budget attached to this Order (as such may be amended with the consent of ABL Lender, DIP Lender and the Debtor, which consent must be express and in writing and may not be implied, the “**Budget**”), including a ten percent (10%) permitted negative variance on aggregate collections and disbursements during any calendar week.

2. **Collection of Accounts Receivable; Use of Blocked Accounts.** The Debtor shall diligently attempt to collect all of its pre-petition and post-petition accounts receivable and all other rights to the payment of money and shall cause all such collections remitted by its customers and other account obligors to be promptly deposited in the Debtor’s operating accounts, the Commercial Lockbox or the Government Lockbox, as applicable under (and defined in) the Pre-Petition Credit Agreement, which may consist of lockbox or deposit accounts in existence prior to the Petition Date and used in connection with the Debtor’s pre-petition cash management system. For so long as the Debtor is authorized to use Cash Collateral hereunder, ABL Lender shall transfer to the Debtor’s debtor-in-possession operating account, on each business day, all fully collected funds received in the Collection Account (as defined in the Pre-Petition Credit Agreement) until the aggregate amount of collections of receivables remitted to the Debtor’s operating accounts (whether by ABL Lender or otherwise) equals the amount that the Debtor is permitted to use under

the Budget. Nothing in this Order shall be construed to require ABL Lender to extend credit, approve overdrafts or make available to the Debtor any funds received by ABL Lender that are not good, collected funds at such time. ABL Lender shall be authorized to deduct from Cash Collateral amounts sufficient to pay and to be used to pay reasonable and customary fees and expenses associated with the wiring or other transfer of such funds and administration and maintenance of the lockbox and deposit accounts used to collect receivables.

3. Cash Collateral Subject to ABL Lender's Liens. Until expended by the Debtor, all Cash Collateral shall remain subject to the liens and claims of ABL Lender under the Pre-Petition Loan Documents and this Order.

4. Suspension and Termination of Authority to Use Cash Collateral.

(a) Suspension. Subject to the notice and hearing provisions of paragraph 4(b) hereof, the Debtor's authority to use Cash Collateral shall be suspended (and the Debtor shall therefore not be authorized to use such Cash Collateral for any purpose without further approval of the Court) if and for so long as any one or more of the following conditions exists (each, a "**Suspension Event**"): (i) the Debtor has failed to discharge any duty or other obligation imposed upon it in this Order or has otherwise violated any requirement or condition to use of Cash Collateral provided in this Order and such failure has not been cured or otherwise remedied; (ii) a Termination Event (as defined in the Financing Order) has occurred and the DIP Lender has terminated its obligations under the DIP Loan Agreement or declined to make an advance to the Debtor as a result thereof; (iii) there is pending any motion by the Debtor to dismiss or convert this chapter 11 case to a case under chapter 7; (iv) an Overadvance Condition (defined below) exists; or (v) any of the Sale Progress Conditions is not timely satisfied. As used herein, the term "**Overadvance Condition**" means, on any date, that the principal balance of the Revolving Loans exceeds an amount on such

date equal to (a) the sum of (i) 90% of the Estimated Net Value (as defined in the Pre-Petition Credit Agreement) of all billed Eligible Accounts (as defined in the Pre-Petition Credit Agreement), plus (ii) 80% of the Estimated Net Value of all unbilled Eligible Accounts, minus (b) the Medicaid Reserve (defined below), minus (c) unposted cash, using a measurement of one day (as opposed to two days), which one day shall be calculated as an average of the collections received during the previous five business days (by way of illustration only, if the Debtor collects a total of \$1,000,000 during the previous five business days, then the average used as the unposted cash figure for purposes of this Paragraph would be \$200,000), minus (d) any Carve-Out Funding Deficit (defined in paragraph 7(b) below). As used herein, the term “**Medicaid Reserve**” means, on any date, the aggregate amount of debt owed by the Debtor to any governmental agency on such date in any way related to or arising out of the Debtor's participation in the Medicaid program, including, without limitation, as a result of overpayments, cost reports, provider payments and penalties, “bed taxes” and other amounts owed under state or federal law. As used herein, the term “**Sale Progress Conditions**” shall mean the following conditions: (i) the Debtor has obtained and agreed to one or more asset purchase agreements (“**APAs**”) for the sale of all or substantially all of its business assets, with no financing contingencies and a cash purchase price that exceeds the Pre-Petition Debt, which APA shall be final in all respects but for execution by the sellers once approval has been received from the Georgia Attorney General’s office; (ii) each such APA remains effective and binding, does not expire and is not terminated or repudiated by any party thereto; (iii) on or before October 19, 2015, the Bankruptcy Court shall have entered an order in form and substance reasonably satisfactory to ABL Lender authorizing the sale of substantially all of the Debtor’s assets (an “**Approved 363 Sale**”), and (iv) on or before December 15, 2015, the

closing occurs with respect to the Approved 363 Sale. Any deadline for achieving a Sale Progress Condition may be extended by written agreement of ABL Lender and the Debtor.

(b) Disputes. On any date that ABL Lender determines that a Suspension Event has occurred, ABL Lender or its counsel may file (using the Court's CM/ECF filing system) a notice of suspension of use of Cash Collateral (a "**Suspension Notice**") specifying the condition or conditions resulting in a Suspension Event, and thereafter the Debtor shall cease to be authorized to issue any checks, make any ACH transfers or otherwise withdraw funds drawn on any of its depository accounts that contain any Cash Collateral, other than to transfer funds in such accounts to ABL Lender or to an account under the control of ABL Lender; provided, however, that if the Debtor disputes that its authority to use Cash Collateral has been properly suspended (including, but not limited to, for the reason that notwithstanding that an Overadvance Condition may have occurred, that ABL Lender is nonetheless still adequately protected), the Debtor may file a notice of such dispute with the Court no later than two business days after ABL Lender's filing of a Suspension Notice (a "**Suspension Dispute**"), and the Court shall schedule an expedited hearing (subject to the Court's schedule) to adjudicate the dispute; provided, further, that the Debtor shall be authorized to continue to use Cash Collateral pursuant to the Budget and this Order (and ABL Lender shall be required to continue to transfer collected funds from the Collection Account to the Debtor's operating accounts on a daily basis) pending the Court's adjudication of the Suspension Dispute.

(c) Termination. The Debtor's authority to use Cash Collateral shall automatically terminate for all purposes (except to pay the Pre-Petition Debt) upon the soonest to occur of the following events or conditions: (i) the earlier to occur of (x) December 31, 2015, or (y) the date that a closing occurs with respect to a sale by the Debtor of all or substantially all of its assets

under section 363 of the Bankruptcy Code; (ii) three business days after the filing of a Suspension Notice if the Debtor has not filed a Suspension Dispute; (iii) a chapter 11 trustee is appointed; (iv) this chapter 11 case is converted to a chapter 7 case or dismissed; (v) the Court enters an order granting ABL Lender relief from the automatic stay or prohibiting the use of Cash Collateral by the Debtor; or (vi) this Order is amended, vacated, stayed, reversed or otherwise modified without the prior written consent of ABL Lender.

5. Adequate Protection.

(a) Adequate Protection Liens. As adequate protection for any diminution in the value of ABL Lender's interest in the Pre-Petition Collateral, including, without limitation, any diminution resulting from the use of Cash Collateral, from and after the Petition Date, ABL Lender is hereby granted, pursuant to sections 361, 362 and 363 of the Bankruptcy Code, valid, binding, enforceable and automatically perfected liens on and security interests (collectively, the "**Adequate Protection Liens**") in (i) all personal property of the Debtor that is of a kind or nature described as Collateral in the Pre-Petition Loan Documents, whether existing or arising prior to, on or after the Petition Date, and (ii) all other personal property of the Debtor, wherever located and whether created, acquired or arising prior to, on or after the Petition Date, including, without limitation, all of the Debtor's goods (including, without limitation, inventory and equipment), chattel paper, instruments (including all promissory notes), documents, deposit accounts, letters of credit, banker's acceptances, letter-of-credit rights, supporting obligations, investment property (including, without limitation, securities, whether certificated or uncertificated, securities accounts, security entitlements, commodity contracts or commodity accounts), monies, credit balances, deposits, commercial tort claims, books and records, vehicles, and intellectual property (all such personal property, together with all cash and non-cash proceeds thereof, being hereinafter

referred to as the “**Replacement Collateral**”; and together with the Pre-Petition Collateral, the “**Collateral**”). The Adequate Protection Liens shall be junior in priority only to the Pre-Petition Liens, the US Foods Reserve (defined below), the ABL Lender Carve-Out (defined below), the DIP Lender Carve-Out (defined below) in respect of the DIP Priority Collateral (defined below) and the DIP Lender’s liens in the DIP Priority Collateral. The Adequate Protection Liens shall at all times be senior to the rights of the Debtor and any successor trustee or estate representative of the Debtor’s estate, and any security interest or lien upon the Debtor’s assets that is avoided or otherwise preserved for the benefit of the Debtor’s estate under section 551 or any other provision of the Bankruptcy Code shall be subordinate to the Adequate Protection Liens. The Adequate Protection Liens and all claims, rights, interests, administrative claims and other protections granted to or for the benefit of ABL Lender pursuant to this Order and the Bankruptcy Code shall constitute valid, enforceable, non-avoidable and duly perfected security interests and liens. ABL Lender shall not be required to file or record financing statements, mortgages, deeds to secure debt or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession or control, to validate and perfect such security interests and liens, but upon request by ABL Lender, the Debtor is hereby authorized and directed to execute and deliver any such financing statements, mortgages, deeds to secure debt or similar instruments. The failure by ABL Lender to request, or the failure or refusal of the Debtor to execute or deliver, any documentation relating to the Adequate Protection Liens shall in no way affect the validity, perfection or priority of such Adequate Protection Liens.

(b) Interest Payments. The Debtor shall pay to ABL Lender in cash, on the first day of each calendar month, interest that has accrued in respect of the Revolving Loans at the non-default rate in effect from time to time under the Pre-Petition Credit Agreement; provided that ABL

Lender has not waived, intends to seek to recover, and asserts that it is entitled to recover, interest at the default rate (as well as all fees included in the definition of “Obligations” in the Pre-Petition Credit Agreement), and the Debtor reserves the right to contest any such assertion. ABL Lender may apply such interest payments to the Pre-Petition Debt.

(c) ABL Lender’s Professional Fees. As additional adequate protection, the Debtor shall pay to ABL Lender in cash the reasonable professional fees and expenses (including, but not limited to, the fees and disbursements of counsel, third-party consultants, financial advisors, and auditors) incurred by ABL Lender, whether arising prior to or after the Petition Date and notwithstanding any limitations in the Budget. The Debtor shall make each such payment to ABL Lender, without the necessity of filing formal fee applications, no later than two business days following the conclusion of a Review Period (defined below). ABL Lender may send by electronic mail to counsel for the Debtor, counsel for the Committee, counsel for DIP Lender, and the U.S. Trustee, copies of invoices for such fees and expenses (the “**Invoiced Fees**”) (subject in all respects to applicable privilege or work product doctrines), and each such noticed party shall have 10 days from the date of its receipt of such notice from ABL Lender (the “**Review Period**”) to serve on ABL Lender a written objection to the payment of any of such fees and expenses. If a timely objection is made as to any portion of an invoice, then the Debtor shall pay within two business days after expiration of the Review Period the portion of such invoice not subject to such objection, and the Bankruptcy Court shall decide any such objection unless otherwise resolved by agreement of ABL Lender and the objecting party.

(d) US Foods Reserve. As adequate protection for any interest of US Foods in the US Foods Pre-Petition Collateral, the Debtor shall establish a cash reserve in the amount of \$65,000 (the “**US Foods Reserve**”). US Foods shall have a lien and security interest in and to the US

Foods Reserve as security for the US Foods Pre-Petition Claim in the same priority as the US Foods Pre-Petition Lien holds with respect to the US Foods Pre-Petition Collateral. The Debtor shall not be permitted to use the funds in the US Foods Reserve without further order of the Court following notice to US Foods and ABL Lender.

(e) Priority of Pre-Petition Liens and Adequate Protection Liens in Respect of DIP Liens; Standstill as to Enforcement Actions.

1. Priority Collateral Definitions. The term “**ABL Priority Collateral**” shall mean all of the following assets of the Debtor, whether arising, existing or generated prior to, on or after the Petition Date and wherever located: (i) all accounts, payment intangibles, instruments, intercompany claims, and other rights to receive payment of money (including, without limitation, the accounts), whether now existing or hereafter arising or acquired; (ii) all related general intangibles (including, without limitation, contract rights and intellectual property), chattel paper, documents, supporting obligations, letter-of-credit rights, commercial tort claims, remedies, guarantees and collateral evidencing, securing or otherwise relating to or associated with the property in clause (i) above, including, without limitation, all rights of enforcement and collection; (iii) all commercial lockboxes, government lockboxes and collection accounts; (iv) all funds received thereby or deposited therein, and any checks or instruments from time to time representing or evidencing the same; (v) all books and records of the Debtor evidencing or relating to or associated with any of the foregoing; (vi) all information and data compiled or derived by the Debtor with respect to any of the foregoing (other than any such information and data subject to legal restrictions of patient confidentiality); and (vii) all collections, accessions, receipts and proceeds of any and all of the foregoing. The term “**DIP Priority Collateral**” shall mean all Collateral that is not ABL Priority Collateral. Notwithstanding anything to the contrary

in this Order, the terms “DIP Priority Collateral,” “Replacement Collateral” and “ABL Priority Collateral” shall not include, and shall specifically exclude, all claims and causes of action of the Debtor under 11 U.S.C. §§ 544, 547, 548 or 550 (“**Avoidance Actions**”) and any proceeds of any such claims or causes of action (“**Avoidance Proceeds**”).

2. Priority of Liens and Administrative Claims. With respect to the ABL Priority Collateral, all liens, security interests, setoff rights and administrative priority claims at any time granted to or existing in favor of ABL Lender shall at all times (whether during the pendency of these chapter 11 cases, after conversion or dismissal, or otherwise) be senior in priority to all liens, security interests and administrative priority claims at any time granted to or existing in favor of DIP Lender. With respect to the DIP Priority Collateral, all liens, security interests, setoff rights and administrative priority claims at any time granted to or existing in favor of DIP Lender shall at all times (whether during the pendency of these chapter 11 cases, after conversion or dismissal, or otherwise) be senior in priority to all liens, security interests and administrative priority claims at any time granted to or existing in favor of ABL Lender. With respect to unencumbered assets, if any, the administrative priority claims granted to ABL Lender hereunder shall be junior in priority to the administrative priority claims granted to DIP Lender in the Financing Order.

3. Limitations on Enforcement Actions. Unless and until all Obligations (as defined in the Pre-Petition Credit Agreement) have been indefeasibly paid to ABL Lender in full in cash or cash-collateralized (as and to the extent contemplated by the Pre-Petition Credit Agreement), (i) DIP Lender shall not enforce any remedies or take any enforcement action in respect of any ABL Priority Collateral, including, without limitation, seizure, repossession, collection, foreclosure, purchase by credit bid, or setoff, whether during the

pendency of these chapter 11 cases, after dismissal or conversion, or otherwise, and (ii) DIP Lender shall turn over to ABL Lender any ABL Priority Collateral at any time received by or in the possession or control of DIP Lender. Unless and until all Obligations (as defined in the DIP Loan Agreement) have been indefeasibly paid to DIP Lender in full in cash or cash-collateralized (as and to the extent contemplated by the DIP Loan Agreement), (i) ABL Lender shall not enforce any remedies or take any enforcement action in respect of any DIP Priority Collateral, including, without limitation, seizure, repossession, collection, foreclosure, purchase by credit bid, or setoff, whether during the pendency of these chapter 11 cases, after dismissal or conversion, or otherwise, and (ii) ABL Lender shall turn over to DIP Lender any DIP Priority Collateral at any time received by or in the possession or control of ABL Lender.

6. **Superpriority Claim.** ABL Lender has requested adequate protection and shall be entitled to an administrative priority claim under section 507(b) of the Bankruptcy Code (a “Section 507(b) Claim”) in the amount, if any, by which the protections afforded herein for the Debtor’s use, sale, consumption or disposition of any Pre-Petition Collateral (including, without limitation, Cash Collateral) prove to be inadequate to protect ABL Lender’s interest in such Pre-Petition Collateral, provided, however, that with respect to unencumbered assets (if any), and Avoidance Proceeds, such Section 507(b) Claim shall be junior in all respects to the administrative priority claims granted to DIP Lender in the Financing Order. The Section 507(b) Claim granted pursuant to this Paragraph shall extend to Avoidance Proceeds, but only to the extent that the Collateral and any other payments received by ABL Lender are insufficient to satisfy the Pre-Petition Debt in full. Until such time as the Pre-Petition Debt has been repaid in full, the Debtors (and any successor trustee or estate representative of the Debtors) (x) shall be required to segregate

all proceeds of avoidance actions under chapter 5 of the Bankruptcy Code, and (y) shall not be permitted to use or spend any such proceeds (whether for estate purposes or otherwise).

7. Carve-Out.

(a) For the purposes of this Order, the “**Carve-Out**” shall mean an amount equal to the sum of the following: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under 28 U.S.C. § 1930(a) plus interest pursuant to 31 U.S.C. § 3717; (ii) all reasonable fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an aggregate amount not to exceed \$25,000; (iii) all reasonable fees and expenses incurred by a patient care ombudsman appointed under section 333 of the Bankruptcy Code, not to exceed \$25,000; and (iv) to the extent allowed by this Court at any time, and subject to the Budget, all accrued and unpaid fees, disbursements, costs and expenses of professionals or professional firms retained by the Debtor and the Committee incurred at any time before or on the date and time of the delivery by DIP Lender of a Carve Out Trigger Notice (as defined in the Financing Order) (collectively, “**Professional Fees**”), whether allowed by this Court prior to or after delivery of a Carve Out Trigger Notice. Nothing herein shall be construed to impair the right of any party to object to any fees, expenses, reimbursement or compensation sought by any such professionals or any other person or entity. As used in this Order, the term “**ABL Lender Carve-Out**” shall mean on any date an amount equal to fifty percent (50%) of the aggregate Carve-Out on such date, and the term “**DIP Lender Carve-Out**” shall mean on any date an amount equal to the other fifty percent (50%) of the aggregate Carve-Out on such date. ABL Lender’s Pre-Petition Liens, Adequate Protection Liens and claims under section 507(b) of the Bankruptcy Code shall be junior and subordinate to the ABL Lender Carve-Out and the DIP Lender Carve-Out (as to DIP Priority Collateral), but in no event shall ABL Lender be deemed to have subordinated any of its priority claims or liens in

an amount that exceeds fifty percent (50%) of the aggregate Carve-Out on any date. The Carve-Out described above is the same Carve-Out referenced in the Financing Order and does not duplicate it; rather, irrespective of the actual source of funding of the Carve-Out Escrow Account (defined below), one-half of the amount of the Carve-Out on any date shall be and constitute the ABL Lender Carve-Out.

(b) For so long as the Debtor is authorized to use Cash Collateral, on each date under this Order and the Budget on which the Debtor is authorized to fund Professional Fees (a “**Fee Funding Date**”), the Debtor shall set aside in two segregated escrow accounts (one for the Debtors’ professionals (the “**Debtors’ Carve-Out Escrow Account**”) and one for all other estate professionals, including the U.S. Trustee and any patient care ombudsman (the “**Committee’s Carve-Out Escrow Account**”, and together with the Debtors’ Carve-Out Escrow Account, collectively, the “**Carve-Out Escrow Accounts**”)) funds in the amount of the Professional Fees authorized to be funded on such Fee Funding Date and shall pay from such escrow accounts any allowed Professional Fees that have been authorized by the Court to be paid. All amounts either paid to professionals or being held in any Carve-Out Escrow Account shall reduce the Carve-Out. On each Fee Funding Date, the Debtor shall notify the U.S. Trustee, the Committee, ABL Lender and DIP Lender in writing (including by electronic mail) as to the amount(s) of Professional Fees paid to professionals or set aside in the Carve-Out Escrow Accounts on such date. Funds in the Carve-Out Escrow Accounts shall be used first to pay allowed Professional Fees accrued through the delivery of a Carve-Out Trigger Notice, and then to the extent of any excess, paid to ABL Lender and DIP Lender with each to receive one-half of the amount of such excess up to the full amount of their respective allowed claims. To the extent that on any Fee Funding Date, the Debtor does not either pay or set aside in the Carve-Out Escrow Accounts the full amount of Professional

Fees authorized to be paid pursuant to the Budget on such date, then the aggregate amount of such deficiency shall be a “**Carve-Out Funding Deficit**” for purposes of the definition of Overadvance Condition.

(c) Notwithstanding anything to the contrary herein, neither the Carve-Out nor any Collateral may be used for the payment of any fees or disbursements incurred in connection with (i) attempting to modify or otherwise alter any of the terms and conditions set forth in this Order without the prior written consent of ABL Lender; (ii) asserting, alleging, bringing, or supporting any claim or cause of action, or the initiation or prosecution of any claim or action, against ABL Lender, including, without limitation, challenging the amount, extent, priority, validity, perfection or enforcement of the Pre-Petition Debt or any of ABL Lender’s security interests and liens; or (iii) bringing or asserting any claims or causes of actions against ABL Lender, or its advisors, attorneys or agents, including formal discovery proceedings in anticipation thereof, or challenging any lien or security interest in favor of ABL Lender.

8. Additional Provisions Regarding Committee Professional Fees. Immediately after the earlier to occur of (a) the closing of a sale to the DIP Lender (or its designee), and (b) the repayment in full of the DIP Obligations and all amounts due to the ABL Lender, the first \$300,000 of unencumbered cash received by the Debtors’ estates from any source shall be deposited into the Committee’s Carve-Out Escrow Account, to be used to pay allowed fees and expenses incurred prior to December 1, 2015 by professionals retained by the Committee. However, to the extent that either or both of the Committee’s Carve-Out Escrow Account and the Debtors’ Carve-Out Escrow Account have not been fully funded as of the date of the occurrence of subparagraph (a) or (b), above, then the provisions of this Paragraph shall not apply until such time as both Carve-

Out Escrow Accounts have been fully funded. For the sake of clarity, nothing in this Paragraph is intended to alter or modify the provisions of Paragraph 7, above.

9. No Surcharge. In consideration of the Carve-Out, in no event shall any costs or expenses of administration of these chapter 11 cases be imposed upon ABL Lender, any Pre-Petition Collateral, or any Replacement Collateral under section 506(c) of the Bankruptcy Code or otherwise. No consent to surcharge under section 506(c) of the Bankruptcy Code or otherwise shall be implied from any action, inaction or acquiescence by ABL Lender.

10. Access to Premises and Records; Reporting.

(a) ABL Lender and its respective representatives and agents (including, without limitation, employees, officers, legal counsel, appraisers, auditors, accountants, and consultants) shall be authorized, during normal business hours upon reasonable notice, to conduct on-site field examinations in order to inspect and evaluate the Debtor's property and financial records. The Debtor shall contemporaneously deliver to ABL Lender the same reports delivered by the Debtor to DIP Lender, including, without limitation, those described in section 8(a) of the DIP Loan Agreement.

(b) On each business day, the Debtor shall deliver to ABL Lender a written report, in form and substance satisfactory to ABL Lender, showing the cash balances and cash collections received by the Debtor in all bank accounts used by the Debtor as of, or on, the prior business day.

(c) On each Monday, the Debtor shall deliver to ABL Lender updated lists and reports of accounts receivable agings, cash balances, operating statistics, and other data, documents and files that were being delivered to ABL Lender weekly prior to the Petition Date under the Pre-Petition Credit Agreement.

(d) On each Wednesday commencing on August 12, 2015, the Debtor shall provide to ABL Lender a report as of the preceding Friday comparing the Debtor's actual performance to the Debtor's performance projected in the Budget for the applicable period and the Debtor's actual versus projected eligible collateral levels.

(e) No later than (i) September 16, 2015, the Debtor shall deliver to ABL Lender the static pool files that were being delivered to ABL Lender monthly prior to the Petition Date (the "**Static Pool Files**"), current as of July 31, 2015, (ii) October 16, 2015, the Debtor shall deliver to ABL Lender the Static Pool Files current as of August 31, 2015, (iii) November 16, 2015, the Debtor shall deliver to ABL Lender the Static Pool Files current as of September 30, 2015, and (iv) December 16, 2015, the Debtor shall deliver to ABL Lender the Static Pool Files current as of October 30, 2015.

(f) ABL Lender shall provide to the Debtor on a weekly basis a Borrowing Base Report in the same form used prior to the Petition Date from which the Debtor can determine whether an Overadvance Condition has occurred.

(g) Monthly, beginning on October 1, 2015, the Debtor shall provide the ABL Lender a report showing all amounts paid by the Debtor to or for the benefit of Southern Crescent Physicians Group, Inc.

11. Survival of Provisions of This Order. The provisions of this Order and any action taken pursuant to the terms hereof shall survive the entry of any order dismissing this chapter 11 case or converting this chapter 11 case to a case under chapter 7 of the Bankruptcy Code, and all of the terms and conditions of this Order as well as the liens and security interests granted pursuant hereto shall continue in this or in any superseding case under the Bankruptcy Code, and such liens and security interests shall retain their priorities provided by this Order until satisfied and

discharged. The Court retains jurisdiction to implement, interpret and enforce this Order notwithstanding confirmation of any chapter 11 plan of liquidation or reorganization, conversion or dismissal of any of these chapter 11 cases.

12. Expiration of Challenge Period. In each of the First Cash Collateral Order, the Second Cash Collateral Order and the Third Cash Collateral Order (collectively, the "**Prior Cash Collateral Orders**"), creditors and parties in interest were notified that any interested party having standing to do so, excluding the Debtor, was entitled to commence an appropriate adversary proceeding or contested matter objecting to the validity or amount of the Pre-Petition Debt, or the validity, extent, perfection, priority or non-avoidability of the Pre-Petition Liens in the Pre-Petition Collateral or seeking disgorgement of all or any part of the payment of the Pre-Petition Debt, or asserting against ABL Lender any lender liability or other claim or cause of action that such party reasonably believes has merit, which adversary proceeding or contested matter was required to be filed no later than October 6, 2015 (the "**Challenge Deadline**"). No party in interest moved the Court to extend the Challenge Deadline, and no such adversary proceeding or contested matter was filed prior to expiration of the Challenge Deadline. As a result, (i) the liens and security interests of ABL Lender in the Pre-Petition Collateral are deemed legal, valid, binding, enforceable, perfected and unavoidable, (ii) all of the Pre-Petition Debt is allowed, conclusive and binding upon all parties in interest in this case and in any superseding chapter 7 case, including any subsequently appointed trustee, as a legal, valid, binding, enforceable fully secured claim that is not subject to offset, surcharge, counterclaim, equitable subordination, recharacterization or other defense or claim, (iii) any claims or causes of action that the Debtor or its estate may have had against ABL Lender have been released and discharged, and (iv) the admissions, stipulations, agreements and releases in favor of ABL Lender contained in the Prior Cash Collateral Orders and

this Order, including, without limitation, those contained in paragraph B and in this paragraph 11, are binding and preclusive on all parties in interest.

13. Reservation of Rights. Nothing in this Order shall constitute or be construed to (a) be an admission by ABL Lender as to the adequacy of the protection provided herein; (b) release, impair or alter in any way the obligations and liability of any guarantor of the Pre-Petition Debt or any subordination of other obligations of the Debtor in favor of prior payment of the Pre-Petition Debt; (c) prohibit ABL Lender from seeking any further relief in this chapter 11 case, including, without limitation, additional adequate protection, dismissal or conversion, relief from the automatic stay under section 362(d) of the Bankruptcy Code, the appointment of a trustee or examiner, or the taking of any Bankruptcy Rule 2004 examinations; or (d) constitute a waiver by the Debtor or ABL Lender of the right to request prospective relief from the Court with respect to terms and conditions for use of Cash Collateral that may be different from or in addition to the provisions contained in this Order (other than with respect to the provisions of Paragraphs 4 and 9 of this Order, as to which retrospective relief may be requested).

14. Order Immediately Effective; Survival. Notwithstanding anything to the contrary in the Federal Rules of Bankruptcy Procedure or otherwise, the effectiveness of this Order shall not be stayed, and this Order shall be immediately effective upon its entry. The provisions of this Order shall survive any dismissal or conversion of this chapter 11 case.

15. Service of Order. Promptly after the entry of this Order, the Debtor shall mail, by first class mail, a copy of this Order to counsel for ABL Lender, the United States Trustee, counsel for the Committee, any creditors holding liens on any of the Pre-Petition Collateral or Replacement Collateral, the Internal Revenue Service, and all parties who have filed requests for notices under

Rule 2002 of the Bankruptcy Rules, and shall file a certificate of service regarding same with the Clerk of the Court.

END OF DOCUMENT

Prepared and presented by:

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	9	10	11	12	13	14	15	16	17	18	Total
	9/28/2015	10/5/2015	10/12/2015	10/19/2015	10/26/2015	11/2/2015	11/9/2015	11/16/2015	11/23/2015	11/30/2015	Weeks 9 - 18
STARTING CASH DAY 9/28	\$ 3,727,726										
TOTAL CASH IN	\$ 2,850,000	\$ 2,850,000	\$ 2,850,000	\$ 2,910,000	\$ 4,514,723	\$ 2,546,710	\$ 2,850,000	\$ 2,850,000	\$ 2,615,000	\$ 2,850,000	\$ 29,686,433
CASH OUT											
Net Pay	1,561,188	-	1,561,188	-	1,561,188	-	1,561,188	-	1,561,188	-	7,805,939
Payroll Taxes	583,285	103,407	583,285	103,407	583,285	103,407	583,285	103,407	583,285	103,407	3,433,457
Medical Quarterly Provider Tax	-	689,851	-	-	-	-	-	-	-	-	689,851
US Trustee Fee	-	-	-	20,000	-	-	-	-	-	-	20,000
Debtor's Professionals	130,000	350,000	-	-	-	-	-	-	-	-	1,180,000
DIP Lender Fees	5,000	115,000	5,000	6,240	5,627	5,903	6,344	9,018	3,229	6,665	168,024
Gemino Interest & Fees	40,000	15,000	-	15,000	40,000	-	-	-	55,000	-	165,000
Other Debtor Professionals	-	10,000	-	-	-	10,000	-	-	-	10,000	30,000
Notice Agent	-	40,000	-	-	-	20,000	-	-	-	20,000	80,000
Committee Professional Fees	-	56,250	-	-	-	50,000	-	-	-	50,000	156,250
Bank Fees	500	10,000	500	500	500	10,000	500	500	500	10,000	33,500
Benefits / Empl Ded / Empl Reimb	481,750	476,250	481,750	476,250	481,750	476,250	481,750	476,250	481,750	605,250	4,919,000
IT & Hospital Services, Contracts & Equipment	223,750	223,750	223,750	223,750	223,750	223,750	223,750	223,750	223,750	223,750	2,237,500
Food Supplies and Services	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750	81,750	817,500
Insurance	-	-	-	-	-	-	-	-	-	-	142,000
Inter Company & A/R Payable 3rd Party	160,000	-	100,000	71,000	100,000	60,000	100,000	-	171,000	60,000	822,000
Management Company & Other Professionals	41,125	41,125	41,125	41,125	41,125	41,125	41,125	41,125	41,125	41,125	411,250
Rent	77,839	20,000	20,000	20,000	77,839	20,000	20,000	20,000	77,839	20,000	373,516
Other Services, Expenses and Contract Labor	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	3,120,000
Supplies and Utilities	1,185,201	1,069,375	1,176,201	1,069,375	1,185,201	1,069,375	1,176,201	1,069,375	1,185,201	1,069,375	11,254,880
Professional Liability Insurance escrow	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000
Estimated closing & post closing expenditures	-	-	-	-	-	-	-	-	-	-	3,750,000

TOTAL CASH OUT

\$ 4,883,387 \$ 3,613,758 \$ 4,586,549 \$ 2,511,397 \$ 5,694,014 \$ 2,833,559 \$ 4,587,892 \$ 2,337,174 \$ 8,598,616 \$ 2,963,322 \$ 42,609,667

WEEKLY NET CASH

\$ (2,033,387) \$ (763,758) \$ (1,736,549) \$ 398,603 \$ (1,119,291) \$ (286,849) \$ (1,737,892) \$ 512,826 \$ (5,983,616) \$ (113,322)

CUMULATIVE NET CASH

\$ 1,694,338 \$ 930,581 \$ (805,968) \$ (407,364) \$ (1,586,656) \$ (1,873,505) \$ (3,611,397) \$ (3,098,572) \$ (9,082,188) \$ (9,195,509)

Assumptions

1. Closing takes place during week 18.
2. Revenue budget revised down to 2.85m starting week 9 to better represent actual billings and cash collections
3. It is anticipated that approval for insurance trust monies of approximately \$1.968m will be available for the Debtor by week 13. \$1m will be set aside for malpractice self insurance fund.
4. Debtor professional's line item increased by \$125,000 per month based on increase in scope of debtor professional's work, which is offset by moving \$65,000 per month from the "management company & other professionals" line. This represents a net increase of Debtor's Professional budget of \$60,000 per month.
5. Notice agent increased to 20K per month due to additional work being performed
6. Committee professionals increased to 200K total.
7. Supplies expense is reduced \$125,000 per week starting in week 9 to more accurately trend expenses.
8. Week 17 expenses of \$3,75m added for estimated contract cures (\$2m), self funded health insurance liability (\$1.25), and D&O tail (\$5m). This number is an estimate only. The actual line item for purposes of funding authorization under the budget shall be determined in accordance with Sections 2.3(b) and 2.8 of the Asset Purchase Agreement between the Debtors and Prime.
9. Week 18, \$129,000 added as an estimate of TPA's fee to handle pre-closing insurance claims that come in over the next few months post closing.
10. Prior weeks budgeted but not spent amounts of \$110,000 for DIP Lender legal fees, \$15,000 for Gemino legal fees, & \$20,000 for the Notice Agent have been moved to week 10 to pay for estimated accrued expenses.
11. Starting cash is net of professional fee reserve funds