

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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

**FINAL ORDER AUTHORIZING THE DEBTOR TO USE
CASH COLLATERAL OF EXISTING SECURED PARTIES AND GRANTING
ADEQUATE PROTECTION FOR SUCH USE**

This matter came before the Court on the motion (the “Motion”)¹ of the above-captioned debtor (the “Debtor”) for interim and final orders pursuant to sections 105, 361 and 363 of title 11 of the United States Code (the “Bankruptcy Code”) and rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (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 initial interim hearing (the “Initial Interim Hearing”), second interim hearing (the “Second Interim Hearing”), third interim hearing (the “Third Interim Hearing”), fourth interim hearing (the “Fourth Interim Hearing”), fifth interim hearing (the “Fifth Interim Hearing”), sixth interim hearing (the “Sixth Interim Hearing”), seventh interim hearing (the “Seventh Interim Hearing”), eighth interim hearing (the “Eighth Interim Hearing”), ninth interim hearing (the “Ninth Interim Hearing”), tenth interim hearing (the “Tenth Interim Hearing”), eleventh interim hearing (the “Eleventh

¹ Capitalized terms not defined herein shall have the meanings set forth in the Motion.

Interim Hearing”), twelfth interim hearing (“Twelfth Interim Hearing”), and the Final Hearing on the Motion, the Court hereby makes the following findings of fact and conclusions of law:

A. Under the circumstances of this case, adequate and sufficient notice of the Motion, the Initial Interim Hearing, Second Interim Hearing, Third Interim Hearing, Fourth Interim Hearing, Fifth Interim Hearing, Sixth Interim Hearing, Seventh Interim Hearing, Eighth Interim Hearing, Ninth Interim Hearing, Tenth Interim Hearing, Eleventh Interim Hearing, Twelfth Interim Hearing and Final Hearing, each of which was held pursuant to Bankruptcy Rule 4001(b)(2), has been provided to all persons entitled thereto pursuant to Bankruptcy Rules 2002 and 4001 and no further notice of the Motion is necessary.

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

The Debtor’s Need to Use Cash Collateral

For purposes of this Final Order, the Secured Parties and the Debtor agree that:

C. The Debtor requires use of the Patient Revenues (which include all funds received on account of patient care associated with former residents of Norristown State Hospital), the Distribution and the Escrow, as well as any proceeds thereof, in which the Secured Parties may assert liens and security interests (collectively, the “Cash Collateral”) in order to preserve the value of its business and assets and to avoid immediate and irreparable harm to the Debtor’s estate and to meet its operating obligations. If the Debtor is unable to pay amounts that come due, 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 to, among other things, fund its obligations and pay other operating expenses that come due.

F. Good cause has been shown for entry of this Final Order, as an immediate and critical need exists for the Debtor to be permitted access to funds to continue its operations.

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

H. Subsequent to the entry of this Order, the Debtor seeks to use Cash Collateral existing on or after the Petition Date that may be subject to the Secured Parties' liens, solely on the terms set forth in the Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363 and 364 and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (1) Authorizing Incurrence by the Debtor of Post-Petition Priority Secured Indebtedness, (2) Granting Liens and Superpriority Claims, (3) Authorizing Use of Cash Collateral and Providing for Adequate Protection, (4) Modifying the Automatic Stay and (5) Scheduling a Final (the "DIP Order") entered by this Court on May 1, 2017 [Docket No. 339].

I. The Debtor has offered, pursuant to sections 361 and 363(e) of the Bankruptcy Code, to provide to the Secured Parties' as adequate protection of their interests, if any, in the Cash Collateral against (i) any diminution in value from the use of their Cash Collateral and other collateral, and (ii) for the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, the consideration set forth in the DIP Order.

J. Subject to compliance with the terms of this Final Order and the DIP Order, the Debtor is authorized to use the Cash Collateral on a final basis.

K. The Debtor may use any of the proceeds of the Charles English Trust in its possession, as all issues involving the Charles English Trust have been resolved pursuant to the terms of the DIP Order or prior agreement of the parties.

L. On May 5, 2017, the Debtor closed on its Debtor-in-possession financing.

M. This Final 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 Final Order and the authorizations herein. Among other things, the entry of this Final Order 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. All findings of fact that are or may be deemed to be conclusions of law are incorporated herein as conclusions of law.


AND ACCORDINGLY, IT IS HEREBY ORDERED THAT:

1. The Debtor is permitted to use Cash Collateral pursuant to the terms and conditions of the DIP Order. The Budget referenced in the DIP Order may be updated by: (i) consensual agreement between the Debtor and the Secured Parties or (ii) further order of the Court.

2. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

3. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

SO ORDERED this 10th day of May, 2017.



Honorable Magdeline D. Coleman
United States Bankruptcy Judge