




Frank W. Volk, Chief Judge
United States Bankruptcy Court
Southern District of West Virginia

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

**In re:
PASSAGE MIDLAND MEADOWS
OPERATIONS, LLC,
a Delaware limited liability company, et al.
Debtors.¹**

Chapter 11

Case No. 17- bk-30092

(Jointly Administered)

**FIFTH INTERIM ORDER (I) AUTHORIZING (A) USE OF CASH
COLLATERAL PURSUANT TO 11 U.S.C. § 363, (B) GRANT OF
ADEQUATE PROTECTION PURSUANT TO 11 U.S.C. §§ 361, 362
AND 363, PENDING ENTRY OF A FINAL CASH COLLATERAL ORDER**

This Court having (1) entered on March 15, 2017 its *Interim Order (I) Authorizing (A) Use Of Cash Collateral Pursuant To 11 U.S.C. § 363, (B) Grant Of Adequate Protection Pursuant To 11 U.S.C. §§ 361, 362 And 363, And (II) Scheduling A Final Hearing Thereon* [ECF 29]; (2) entered on April 3, 2017 its *Order Amending the Interim Order* [ECF 104]; (3) entered on May 5, 2017 its *Third Interim Order (I) Authorizing (A) Use Of Cash Collateral Pursuant To 11 U.S.C. § 363, (B) Grant Of Adequate Protection Pursuant To 11 U.S.C. §§ 361, 362 And 363, Pending Entry Of A Final Cash Collateral Order* [ECF 209]; and (4) entered on May 31, 2017 its *Fourth Interim Order (I) Authorizing (A) Use Of Cash Collateral Pursuant To 11 U.S.C. § 363, (B) Grant Of Adequate Protection Pursuant To 11 U.S.C. §§ 361, 362 And 363, Pending Entry Of A Final Cash Collateral Order* [ECF 275] (the “Fourth Interim Order” and,

¹ The Debtors are the following entities (followed by the last four digits of their tax identification numbers): Passage Midland Meadows Operations, LLC (2519); Passage Healthcare Property, LLC (6909); Passage Village of Laurel Run Operations, LLC (0217); and Passage Longwood Manor, LLC (6781). The service address for all of the Debtors for purposes of these chapter 11 cases is: P.O. Box 553, Charleston, WV 25322-0553.

collectively, the “Interim Orders”), the Debtors, PHSG, LLC (“PHSG”), and Welltower, Inc. and HCRI Pennsylvania Properties Holding Company (collectively, “Welltower”) have further agreed to this additional interim order to bridge the potential gap, if any, between the expiration of the Fourth Interim Order and the Court’s decision on the proposed *Final Order (I) Authorizing Use Of Cash Collateral Pursuant To 11 U.S.C. § 363 And (II) Approving Grant Of Adequate Protection Pursuant To 11 U.S.C. §§ 361, 362 And 363*, filed on May 22, 2017 [ECF 253] (“Proposed Final Order”), to further amend the Interim Orders to replace the budget incorporated into the Interim Orders with a budget prepared and proposed by the Debtors covering the month of July, 2017 (the “July Budget”) in the form attached as **Exhibit A** to this order (the “Fifth Interim Order”). The July Budget is virtually the same as the July, 2017 portion of the budget attached to the Proposed Final Order, except that it limits to \$50,000 the payment of adequate protection to PHSG pending the Court’s decision on the Proposed Final Order (“Cash Decision”).

THE INTERIM ORDER IS HEREBY AMENDED AS FOLLOWS:

1. The July Budget shall govern the Debtors for the month of July, 2017 until the Cash Decision, which may supersede this Fifth Interim Order.
2. The Debtors shall pay the July Rent (\$460,324.17) and the July tax escrow payment (\$28,720) to Welltower, Inc. on or before July 25, 2017.
3. The Debtors shall pay PHSG an adequate protection payment of \$15,000 on or before July 15, 2017 and an additional adequate payment of \$35,000, but only after payment in full of the Welltower rent and tax escrow payments provided for in paragraph 2 above.
4. The Debtors shall not make any payments to non-Debtor related parties except the management fees authorized in the July Budget and payments to Trinity Rehabilitation Services for services actually performed post-petition.

5. This Fifth Interim Order is hereby deemed effective immediately pursuant to Bankruptcy Rule 6004(h).

6. The Debtors shall provide PHSG with weekly financial reporting, in form and substance reasonably acceptable to PHSG, and shall deliver any other financial documents reasonably requested by PHSG on reasonable prior notice. These reports will also be provided to Welltower at the same time as PHSG.

7. This Fifth Interim Order, and its endorsement by any party, is without prejudice to any party's rights with respect to entry of any future interim cash collateral orders, or any proposed final cash collateral order (including without limitation any objections to the Proposed Final Order), or any other position relating to the Debtors' use of cash collateral or adequate protection in connection therewith, in post-hearing submissions permitted by the Court or, if applicable, as may otherwise be permitted by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules of this Court, or any Court order. In addition, this Fifth Interim Order is without prejudice to (i) PHSG's rights to seek the full amount of the monthly adequate protection payments, including for the month of July 2017, as set forth in the Proposed Final Order, and (ii) Welltower's right to object to any such adequate protection payments and to any other provisions in the Proposed Final Order.

8. Except as modified by this Fifth Interim Order, the Interim Orders shall remain in full force and effect.

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END OF ORDER
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Approved by:

/s/ William F. Dobbs, Jr.

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PASSAGE HEALTHCARE PROPERTIES AND OPERATING ENTITIES						
One Month Cash Flows Projection for the period from July 1, 2017 to July 31, 2017						
Expected sources of cash -						
	VLR	Longwood	Midland	P. Properties		Total
Private Pay	\$ 1,025,000	\$ 360,000	\$ 399,000	\$ -		\$ 1,784,000
Medicare	190,000	-	-	-		190,000
Medicaid	185,000	-	-	-		185,000
Other	10,000	3,500	3,000	489,044		505,544
Expected incoming cash	\$ 1,410,000	\$ 363,500	\$ 402,000	\$ 489,044		\$ 2,664,544
Expected uses of cash -						
	VLR	Longwood	Midland	Properties		Total
Rent Payment (Welltower)	\$ (249,544)	\$ (117,750)	\$ (121,750)	(489,044)	a	\$ (978,088)
Payroll	(533,000)	(154,000)	(170,000)	-		(857,000)
Food	(108,000)	(24,180)	(20,762)	-		(152,942)
Utilities	(31,000)	(8,000)	(11,367)	-		(50,367)
Insurance	-	-	-	-		-
COO Compensation	(16,250)	(3,750)	(5,000)	-		(25,000)
Medical / Incontinence Supplies	(20,000)	(5,000)	(6,000)	-		(31,000)
US Trustee Fees	-	-	-	-		-
Professional fees	(75,000)	(12,500)	(12,500)	-		(100,000)
Other operating expenses	(298,750)	(15,100)	(22,796)	-		(336,646)
Adequate protection payment	(30,000)	(8,000)	(12,000)	-		(50,000)
Expected disbursements	\$ (1,361,544)	\$ (348,280)	\$ (382,175)	\$ (489,044)		\$ (2,581,043)
Beginning cash	15,545	(50,300)	64,754	-		29,999
Projected ending cash balance	\$ 64,001	\$ (35,080)	\$ 84,579	\$ -		\$ 113,500
a Passage properties subleases the facilities to VLR, Longwood and Midland. The amounts reflected herein include the payment from the facilities to Passage Properties and from Passage Properties to the Landlord. The true disbursement outside Passage is \$489,000						

PASSAGE HEALTHCARE PROPERTIES AND OPERATING ENTITIES				
One Month Cash Flows Projection starting July 1 to July 31, 2017				
Detail of other operating expenses	VLR	Longwood	Midland	Total
Management fees	\$ (84,500)	\$ (6,000)	\$ (9,000)	\$ (99,500)
Bed tax	(40,000)	-	-	(40,000)
Rehab, respiratory and therapy svc.	(100,000)	-	-	(100,000)
Nutritionist services	(5,000)	-	-	(5,000)
Resident refunds	(30,000)	(2,000)	(5,000)	(37,000)
Physician services	(5,000)	(1,000)	-	(6,000)
Hair dresser	(2,000)	-	(500)	(2,500)
CPR Trainer	(500)	-	-	(500)
Lab work	(1,000)	-	-	(1,000)
Ambulance service	(5,000)	-	-	(5,000)
Entertainment and activities	(3,000)	(1,500)	(1,000)	(5,500)
Legal (Billing Services)	(3,000)	-	-	(3,000)
Uniforms	(1,000)	(500)	(500)	(2,000)
IT services	(1,500)	(800)	(500)	(2,800)
Cable TV & Internet	(3,500)	(700)	(3,396)	(7,596)
Maintenance supplies	(1,500)	(500)	(500)	(2,500)
Marketing	(2,000)	(500)	(1,000)	(3,500)
Medical transcriptions	(2,000)	-	-	(2,000)
Accounting	(5,000)	-	-	(5,000)
Bank fees	(500)	(350)	(350)	(1,200)
Snow removal	-	-	-	-
Office supplies	(1,000)	(500)	(500)	(2,000)
Auto maintenance and fuel	(1,000)	(500)	(300)	(1,800)
Postal services	(250)	(250)	(250)	(750)
Chaplain service	(500)	-	-	(500)
Totals	\$ (298,750)	\$ (15,100)	\$ (22,796)	\$ (336,646)