



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

9/1/17

**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.<sup>1</sup>**

**Chapter 11  
Case No. 17- bk-30092  
(Jointly Administered)**

**SEVENTH 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 has entered:

(1) 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) on April 3, 2017, its *Order Amending the 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 (III) Scheduling a Final Hearing Thereon* [ECF 104];

(3) 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];

<sup>1</sup> 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.

(4) 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];

(5) on June 23, 2017, its *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* [ECF 348]; and

(6) on July 31, 2017, its *Sixth 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 383] (the “Sixth Interim Order” and collectively, the “Interim Orders”).

The Debtors and PHSO, LLC (“PHSO”), the only parties with an interest in the Debtors’ cash and cash collateral, have agreed to the entry of this order to bridge the potential gap between the expiration of the Sixth Interim Order and the Court’s final decision on the Debtors’ use of cash collateral and to replace the budget incorporated into the Interim Orders with a budget prepared and proposed by the Debtors covering the month of September, 2017 (the “September Budget”) in the form attached as **Exhibit A** to this order (the “Seventh Interim Order”). Welltower, Inc. and HCRI Pennsylvania Properties Holding Company (collectively, “Welltower”) have not consented to entry of this interim order, but Welltower’s consent is not necessary for entry of this order.

The September Budget is largely the same as the September 2017 portion of the budget attached to the Proposed Final Order, as replaced by the Revised Budget pursuant to the Court’s August 6, 2017 *Amended Agreed Order Granting Motion to Modify Budget Attached to Proposed Final Order* [ECF 397], except that, as in the most recent interim orders as requested by Welltower, it limits to \$50,000 payment of adequate protection to PHSO pending the Court’s decision on the Proposed Final Order (“Cash Decision”).

THE INTERIM ORDERS ARE HEREBY AMENDED AS FOLLOWS:

1. The September Budget shall govern the Debtors for the month of September, 2017 until the Cash Decision, which may supersede this Seventh Interim Order.

2. The Debtors shall pay the September Rent (\$474,133.89) and the September tax escrow payment (\$28,720) to Welltower on or before September 25, 2017.

3. The Debtors shall pay PHSG an adequate protection payment of \$15,000 on or before September 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 September Budget and payments to Trinity Rehabilitation Services for services actually performed post-petition.

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

6. The Debtors shall continue to 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 Seventh 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 Seventh Interim Order is without prejudice to (i) PHSG's rights to seek the full amount of the monthly adequate protection payments, including for the months of July, August, and September 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 Seventh Interim Order, the Interim Orders shall remain in full force and effect.

=====  
END OF ORDER  
=====

Approved by:

/s/ William F. Dobbs, Jr.

William F. Dobbs, Jr. (WV State Bar No. 1027)  
L. Jill McIntyre (WV State Bar No. 8837)  
Elizabeth A. Amandus (WV State Bar No. 11062)  
Jackson Kelly PLLC  
500 Lee Street, East, Suite 1600  
Post Office Box 533  
Charleston, WV 25322  
(304) 340-1000  
wdobbs@jacksonkelly.com  
jmcintyre@jacksonkelly.com  
eamandus@jacksonkelly.com

*Counsel to the Debtors*

/s/ Kevin M. Capuzzi

William E. Schonberg  
Benesch, Friedlander, Coplan & Aronoff  
200 Public Square, Suite 2300  
Cleveland, OH 44114-2378  
(216) 363-4634  
wschonberg@beneschlaw.com

Kevin M. Capuzzi  
Benesch, Friedlander, Coplan & Aronoff  
222 Delaware Avenue, Suite 801  
Wilmington, DE 19801-1611  
(302) 442-7010  
kcapuzzi@beneschlaw.com

*Counsel to PHSG*

## PASSAGE HEALTHCARE PROPERTIES AND OPERATING ENTITIES

### One Month Cash Flows Projection for the period from September 1, 2017 to September 30, 2017

Expected sources of cash -	VLR	Longwood	Midland	P. Properties	Total
Private Pay	\$ 1,077,000	\$ 370,000	\$ 410,000	\$ -	\$ 1,857,000
Medicare	190,000	-	-	-	190,000
Medicaid	185,000	-	-	-	185,000
Other	10,000	3,500	3,000	502,854	519,354
Expected incoming cash	\$ 1,462,000	\$ 373,500	\$ 413,000	\$ 502,854	\$ 2,751,354
Expected uses of cash -	VLR	Longwood	Midland	Properties	Total
Rent Payment (Welltower)	\$ -	\$ -	\$ -	(502,854)	a \$ (502,854)
Rent Payment Sub-Leases	(256,591)	(121,075)	(125,188)	-	(502,854)
Payroll	(533,000)	(154,000)	(255,000)	-	(942,000)
Food	(108,000)	(23,400)	(20,000)	-	(151,400)
Utilities	(30,000)	(8,000)	(11,000)	-	(49,000)
Insurance	(27,000)	(10,800)	(16,200)	-	(54,000)
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	(293,750)	(15,100)	(24,796)	-	(333,646)
Adequate protection payment	(50,000)	-	-	-	(50,000)
Expected disbursements	\$ (1,409,591)	\$ (353,625)	\$ (475,684)	\$ (502,854)	\$ (2,741,754)
Beginning cash	210,046	(16,685)	104,464	-	297,825
Projected ending cash balance	\$ 262,455	\$ 3,190	\$ 41,780	\$ -	\$ 307,425

**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 \$503,000

**PASSAGE HEALTHCARE PROPERTIES AND OPERATING ENTITIES**

**One Month Cash Flows Projection starting September 1 to September 30, 2017**

<b>Detail of other operating expenses</b>	<b>VLR</b>	<b>Longwood</b>	<b>Midland</b>	<b>Total</b>
Management fees	\$ (84,500)	\$ (6,000)	\$ (9,000)	\$ (99,500)
Bed tax	(80,000)		-	(80,000)
Rehab, respiratory and therapy svc.	(80,000)	-	-	(80,000)
Nutritionist services	(5,000)	-	-	(5,000)
Resident refunds	(5,000)	(2,000)	(7,000)	(14,000)
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)
<b>Totals</b>	<b>\$ (293,750)</b>	<b>\$ (15,100)</b>	<b>\$ (24,796)</b>	<b>\$ (333,646)</b>