

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
Curae Health, Inc., <i>et al.</i> ¹)	Case No. 18-05665
)	
1721 Midpark Road, Suite B200)	Judge Walker
Knoxville, TN 37921)	
Debtors.)	Jointly Administered

**DEBTORS’ STATUS REPORT REGARDING THE OPERATION AND SALE OF
PANOLA MEDICAL CENTER**

The above captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) in the above-captioned jointly administered chapter 11 cases (these “**Chapter 11 Cases**”), respectfully submit this status report regarding the sale and operation of Panola Medical Center (this “**Status Report**”).² Pursuant to the *Order Continuing Emergency Status Conference Regarding Panola Medical Center* [Docket No. 825], the Court held a continued status conference on March 4, 2019 at 1:00 p.m. (prevailing Central Time) (the “**Continued Status Conference**”). At the Continued Status Conference, the Court instructed the Debtors to file this Status Report on Friday March 8, 2019 to, *inter alia*, provide the Court an update with respect to the Operation and Sale of Panola Medical Center. In accordance with the Court’s instruction, Debtors respectfully state as follows:

Operations and Sale of Panola Medical Center

1. On March 7, 2019, the Court entered the *Agreed Order Regarding Emergency*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

² Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in the Emergency Panola Order [Docket No. 845].

Hearing on the Status of Sale of Panola Medical Center and Panola Medical Center West [Docket No. 845] (the “**Emergency Panola Order**”), which is fully incorporated herein by reference. Pursuant to the Emergency Panola Order, Purchaser continues to operate Panola Medical Center on behalf of the Debtors.

2. Debtors have been informed that Purchaser has been working with its proposed lender, Guaranty Bank & Trust Company (“**Guaranty Bank**”), and ServisFirst Bank (“**ServisFirst**”) to obtain the necessary financing commitment to go forward with the Closing of the Sale of Panola Medical Center.

3. On March 8, 2018, Purchaser provided Debtors with a financing commitment from Guaranty Bank that could enable Purchaser to close the Sale of Panola Medical Center, pending satisfaction of certain conditions. Debtors have been informed that Purchaser will continue negotiating this financing commitment and that Purchaser is attempting to satisfy the conditions set forth in the financing commitment. Purchaser has informed the Debtors that Purchaser hopes to close on the sale of Panola Medical Center prior to the hearing set for March 12, 2019 (the “**Emergency Hearing**”).

4. If Purchaser cannot go forward with the Closing prior to the Emergency Hearing, Purchaser has agreed to continue operating Panola Medical Center on an interim basis provided that Debtors can fund the operations using their cash collateral, as set forth below.

Financing Operations of Panola Medical Center

5. In the event Purchaser is unable to go forward with the Closing of the Sale of Panola Medical Center prior to the Emergency Hearing, Debtors, the Committee, and ServisFirst have simultaneously been negotiating payment of the DIP Obligations and the use of cash collateral so that Debtors can fund operations of Panola Medical Center.

6. Contemporaneously herewith, Debtors filed the *Expedited Motion of Debtors for Entry of an Order (I) Authorizing Debtors to Pay the DIP Obligations, (II) Authorizing the Use of Cash Collateral, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* (the “**Cash Collateral Motion**”), pursuant to which Debtors seek to pay the outstanding DIP Obligations and use cash collateral to fund the operations of Panola Medical Center. Contemporaneously herewith, Debtors also filed the *Proposed Order (I) Authorizing Debtors to Pay the DIP Obligations, (II) Authorizing the Use of Cash Collateral, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* (the “**Proposed Order**”).

7. Debtors and ServisFirst are in the process of negotiating the terms of payment of the DIP Obligations and use of cash collateral; however, as of the filing of this Status Report, no agreement has been reached. Debtors and ServisFirst will continue working towards a consensual resolution of these issues prior to the Emergency Hearing.

Dated: March 8, 2019
Nashville, Tennessee

Respectfully Submitted,

POLSINELLI PC

/s/ Michael Malone
Michael Malone
401 Commerce Street, Suite 900
Nashville, TN 37219
Telephone: (615) 259-1510
Facsimile: (615) 259-1573
mmalone@polsinelli.com

-and-

David E. Gordon (*Admitted Pro Hac Vice*)
Caryn E. Wang (*Admitted Pro Hac Vice*)
1201 West Peachtree Street NW
Atlanta, Georgia
Telephone: (404) 253-6000
Facsimile: (404) 684-6060
dgordon@polsinelli.com
cewang@polsinelli.com

*Proposed Counsel to the Debtors and
Debtors in Possession*