

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

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

**MEDHOST’S NOTICE OF INTEREST IN RUSSELLVILLE
DEBT SERVICE RESERVE ACCOUNT**

Come MEDHOST of Tennessee, Inc., its wholly-owned subsidiary, MEDHOST Direct, Inc., and MEDHOST Cloud Services, Inc., formerly known as YourCareUniverse, Inc. (referred collectively as “MEDHOST”), and respectfully submit this Notice of MEDHOST’s interest in a certain debt service reserve fund which was effectively funded from proceeds of a loan made by ServisFirst Bank to the Alabama Hospitals,² including Russellville Hospital, Inc., pursuant to the requirements of said loan. None of the Alabama Hospitals is a debtor in a case pending under Title II, United States Code. Such Notice has been served upon counsel for the Debtors, the Official Committee of Unsecured Creditors herein, ServisFirst Bank, MidCap Financial Trust and Shumacher Clinical Partners (the “Notice Parties”), via correspondence dated March 11, 2019, from MEDHOST’s counsel to the Notice Parties. A true copy of said correspondence is attached as Exhibit A hereto.

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); Clarksdale Regional Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); and Clarksdale Regional Physicians, LLC (5311).

² Capitalized terms not defined herein are intended to have the meanings ascribed to them in Docket Item No. 461, as filed herein.

Respectfully submitted this the 11th day of March, 2019.

/s/ Thomas H. Forrester

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*Attorneys for MEDHOST of Tennessee, Inc. and
affiliated MEDHOST entities*

CERTIFICATE OF SERVICE

I hereby certify that on March 11, 2019, a true and correct copy of the foregoing document was filed electronically. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt. Parties may access this filing through the Court's electronic filing system.

/s/ Thomas H. Forrester

Thomas H. Forrester



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March 11, 2019

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Lee Hart, Esquire
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Re: Curae Health, Inc., et al (jointly administered under Case No. 18-05665)

EXHIBIT A

Dear Counsel,

This firm represents MEDHOST of Tennessee, Inc., its wholly-owned subsidiary MEDHOST Direct, Inc., and MEDHOST Cloud Services, Inc. (collectively, "MEDHOST"). We have reviewed the EXPEDITED MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) AUTHORIZING PAYMENT OF THE DIP OBLIGATIONS, (II) AUTHORIZING THE USE OF CASH COLLATERAL, (III) GRANTING ADEQUATE PROTECTION, (IV) MODIFYING THE AUTOMATIC STAY, AND (V) GRANTING RELATED RELIEF, filed by the Debtors on Friday evening, March 8, 2019 (the "Expedited Motion") (Docket No. 847).

MEDHOST supports the payment in full of the MidCap Financial Trust indebtedness. MEDHOST is likewise supportive of ServisFirst Bank providing post-petition financing to the Debtors as the Debtors attempt to close a sale of the Panola assets and the Clarksdale assets.

However, the Expedited Motion contemplates the use of funds in a "Debt Service Reserve Fund" to pay down the MidCap indebtedness. The Debt Service Reserve Fund and the funds therein are not property of the bankruptcy estates. As MEDHOST has made clear on several occasions, \$622,442.52 of the funds in the Debt Service Reserve Fund are earmarked for MEDHOST pursuant to an Agreement titled "Authorization to Release Debt Service Reserve Fund" dated March 20, 2018 (the "Debt Service Reserve Agreement"), executed by authorized representatives of Curae Health, Inc., ServisFirst Bank and MEDHOST. A true copy of the Debt Service Reserve Agreement is attached hereto.

Pursuant to the terms of the Debt Service Reserve Agreement, upon completion of the sale of Curae Health, Inc.'s Alabama affiliates and the termination of the subject loan agreement, \$622,442.52 of the funds in the Debt Service Reserve Fund (the "MEDHOST Funds") should have been paid directly by ServisFirst to MEDHOST. Thus, the MEDHOST Funds may not be used to satisfy the MidCap indebtedness. Demand is hereby made to pay the MEDHOST Funds to MEDHOST within ten (10) days of the date of this letter.

If the MEDHOST Funds in the Debt Service Reserve Fund are used for any purpose other than to pay MEDHOST, MEDHOST intends to pursue ServisFirst and any other party which has aided in the conversion of the MEDHOST Funds, in an appropriate forum, which may include the Alabama state court or the United States Bankruptcy Court.

Later today, MEDHOST intends to file a formal Objection to the Expedited Motion. MEDHOST also objects to the scheduling of the hearing on the Expedited Motion on an expedited basis, at least to the extent the Expedited Motion addresses the Debt Service Reserve Fund, and specifically, the MEDHOST Funds.

Feel free to contact Rhea Bucy or me should you desire to discuss this matter. With best regards,
I remain,

Yours Very Truly,



Thomas H. Forrester

Attachment

cc: G. Rhea Bucy, Esquire
Megan Reed Seliber, Esquire (megan.seliber@usdoj.gov)

AUTHORIZATION TO RELEASE DEBT SERVICE RESERVE FUND

This Authorization to Release Debt Service Reserve Fund (this "Authorization") is made and entered into as of March 20, 2018 by and between CURAE HEALTH, INC. ("Curae"), SERVISFIRST BANK ("ServisFirst"), and MEDHOST OF TENNESSEE, INC. ("MedHost").

WITNESSETH:

WHEREAS, Curae and certain of its affiliates entered into that certain Loan Agreement with ServisFirst, dated December 31, 2014 (as amended from time to time, the "Loan Agreement"), pursuant to which ServisFirst required the establishment of a reserve fund (the "Debt Service Reserve Fund");

WHEREAS, Curae requires the services of MedHost in connection with the operations of its Mississippi affiliated hospitals and MedHost has requested that Curae direct ServisFirst to release a portion of the Debt Service Reserve Fund to MedHost subject to the terms hereof.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the above premises, the mutual covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. **Release of Debt Service Reserve Fund**, ServisFirst is hereby authorized and directed to release up to \$622,442.52 of the Debt Service Reserve Fund directly to MedHost after the sale of Curae's Alabama affiliates are complete and the Loan Agreement is terminated.

2. **Counterparts**, This Authorization may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Authorization as of the day and year first above written.

SERVISFIRST BANK

By: [Signature]
Name: Bill Bevel
Title: SUP

MEDHOST OF TENNESSEE, INC.

By: [Signature]
Name: Kenneth Misch
Title: CFO

CURAE HEALTH, INC.

By: [Signature]
Name: Tim S Brown
Title: CFO

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