

# SILLS CUMMIS & GROSS

A PROFESSIONAL CORPORATION

The Legal Center  
One Riverfront Plaza  
Newark, New Jersey 07102-5400  
Tel: 973-643-7000  
Fax: 973-643-6500

One Rockefeller Plaza  
New York, NY 10020  
Tel: 212-643-7000  
Fax: 212-643-6500

Jack M. Zackin  
Member of the Firm  
Direct Dial: (973) 643-6975  
E-mail: [jzackin@sillscummis.com](mailto:jzackin@sillscummis.com)

650 College Road East  
Princeton, NJ 08540  
Tel: 609-227-4600  
Fax: 609-227-4646

December 18, 2007

*Via Electronic Mail*

Honorable Rosemary Gambardella  
United States Bankruptcy Court  
50 Walnut Street  
Newark, New Jersey 07102

Re: Pascaek Valley Hospital Association, Inc.  
Case No. 07-23686

Dear Judge Gambardella:

I am enclosing for your consideration a proposed Consented to Supplement to Final Stipulated Order Regarding Use of Cash Collateral and Adequate Protection. The proposed Order has been consented to by the Debtor and the Bank of New York, as Trustee. In addition, I have been authorized by Brett Moore, the attorney for the Official Creditors' Committee, to advise you that the Committee has no objection to the entry of the Order.

The Order is necessitated by the agreement of the Bank of New York to allow the Debtor to use the \$3.6 million in cash proceeds from the Court approved sale of the Debtor's Mobile Intensive Care Unit to fund operating expenses, pursuant to the budget attached to the Order, in lieu of closing on the proposed Debtor in Possession financing with HFG. We advised HFG that because of the availability of the MICU proceeds, the Debtor would not require the budgeted DIP loan facility.

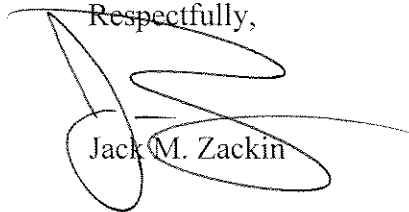
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December 18, 2007

Page 2

We will be appearing before your Honor tomorrow at 11:00 a.m. in connection with the Motion to approve bidding procedures. I intend, at that time, to request that your Honor enter the attached Order.

Respectfully,



Jack M. Zackin

JMZ/kc

Enclosure

cc: William Kannel, Esq. (via e-mail w/encl)  
Kevin Walsh, Esq. (via e-mail w/encl)  
Mitchell Hausman, Esq. (via e-mail w/encl)  
Warran Martin, Esq. (via e-mail w/encl)  
Brett Moore, Esq. (via e-mail w/encl)

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY  
Caption in Compliance with D.N.J. LBR 9004-2(c)**

SILLS CUMMIS & GROSS P.C.  
Jack M. Zackin (JZ-2540)  
Simon Kimmelman (SK-3654)  
Valerie Hamilton (VH-5697)  
One Riverfront Plaza  
Newark, NJ 07102  
(973) 643-7000  
Attorneys for Debtor and Debtor-in-Possession

In re:

PASCACK VALLEY HOSPITAL  
ASSOCIATION, INC.

Debtor.

Chapter 11

Case No. 07-23686

Judge: Hon. Gambardella

**CONSENTED TO SUPPLEMENT TO FINAL STIPULATED ORDER  
REGARDING USE OF CASH COLLATERAL AND ADEQUATE PROTECTION**

The relief set forth on the following pages, numbered two (2) through five (5) and attached Schedule A, is hereby **ORDERED**.

Dated:	
	UNITED STATES BANKRUPTCY JUDGE

Debtor: Pascack Valley Hospital Association, Inc.  
Case No.: Case No. 07-23686  
Caption of Order: Consented to Supplement to Final Stipulated Order Regarding Use  
of Cash Collateral and Adequate Protection

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This Supplement to Final Stipulated Order Regarding Use of Cash Collateral and Adequate Protection (this “Order”) is agreed to by and among Pascack Valley Hospital Association, Inc. (the “Debtor”), the following affiliates of the Debtor: Well Care Group, Inc., Bergen Community Health Care, Inc., Pascack Community Services, Inc., Life Key Ventures, Inc., LKV/Bergen Nursing Team, Inc., and Pascack Valley Medical Management Services, LLC (collectively, the “Affiliates”), The Bank of New York, as indenture trustee (the “Indenture Trustee”) and The Bank of New York as successor master trustee (the “Master Trustee” and collectively with the Indenture Trustee, the “Bank of New York” or the “Trustee” and each Trustee, a “Trustee”), for those certain New Jersey Health Care Facilities Financing Authority Revenue Bonds Pascack Valley Hospital Association Issue, Series 1998 (the “Series 1998 Bonds”) and those certain New Jersey Health Care Facilities Financing Authority Revenue Bonds Pascack Valley Hospital Association Series 2003 (the “Series 2003 Bonds”, along with the Series 1998 Bonds, collectively, the “Bonds.”).<sup>1</sup>

The Debtor and the Trustee hereby stipulate, acknowledge and agree, and the Court makes the following findings:

A. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334, and this matter constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

B. On or about October 17, 2007, the Court entered the Final Stipulated Order Regarding Use of Cash Collateral and Adequate Protection [docket no. 131] (the

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Final Order.

Debtor: Pascack Valley Hospital Association, Inc.  
Case No.: Case No. 07-23686  
Caption of Order: Consented to Supplement to Final Stipulated Order Regarding Use  
of Cash Collateral and Adequate Protection

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“Final Order”), pursuant to which the Debtor received authority to use the Trustee’s cash collateral in compliance with an approved budget in exchange for providing adequate protection as set forth in the Final Order.

C. On or about November 14, 2007, the Court entered the Order Authorizing Sale of Mobile Intensive Care Unit Operating Rights and Related Equipment [docket no. 214] (the “MICU Order”). Pursuant to the MICU Order, the Debtor received authority to sell the MICU Assets (as defined in the MICU Order) for a purchase price in the amount of \$3,600,000.00 (the “MICU Sale Proceeds”).

D. The Debtor currently accounts for the MICU Sale Proceeds in a separate line item in the Cash Collateral Budget to reflect the fact that the Debtor has segregated the MICU Sale Proceeds in its books and records.

E. Pursuant to the Final Order, the Trustee has a valid and enforceable first priority lien on and security interest in the MICU Sale Proceeds. The Debtor waives any and all rights to object to or contest the Trustee’s lien on and security interest in the MICU Sale Proceeds.

F. The Debtor contends that its ability to use the MICU Sale Proceeds pursuant to the terms of the Final Order as supplemented by this Order will obviate the need for the Debtor to close the proposed debtor in possession financing with the DIP Lender, thereby eliminating the attendant fees and costs of such financing.

G. The Trustee does not consent to the use of the MICU Sale Proceeds by the Debtor except upon the terms and conditions of the Final Order as supplemented by this Order.

Debtor: Pascack Valley Hospital Association, Inc.  
Case No.: Case No. 07-23686  
Caption of Order: Consented to Supplement to Final Stipulated Order Regarding Use  
of Cash Collateral and Adequate Protection

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H. The Final Order provides that the Debtor's ability to use Cash Collateral shall terminate upon, inter alia, the occurrence of December 31, 2007.

I. This Order has been served on all parties entitled to notice hereof in accordance with Fed. R. Bankr. Proc. 4001 and the General Order Adopting Guidelines for Financing Requests.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, AND THE COURT HEREBY ORDERS AS FOLLOWS:**

1. Authorization to Use MICU Sale Proceeds as Cash Collateral. Upon the terms of the Final Order as supplemented by this Order, the Debtor is authorized to use the MICU Sale Proceeds as Cash Collateral. The Debtor may use Cash Collateral only in accordance with the Cash Collateral Budget, as amended, which is attached hereto as Schedule A. The Debtor shall first use any other funds on hand that constitute Cash Collateral to make payments according to the Cash Collateral Budget before using any of the MICU Sale Proceeds.

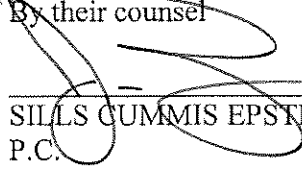
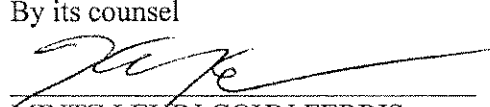
2. Replenishment of MICU Sale Proceeds. To the extent that the Debtor uses any of the MICU Sale Proceeds, after each such use the Debtor shall immediately replenish the balance of the MICU Sale Proceeds, on a dollar for dollar basis, with any funds next received by the Debtor from any source other than MICU Sale Proceeds. The funds accounted for in the Cash Collateral Budget as the MICU Sale Proceeds shall remain subject to the Trustee's lien and security interest in the MICU Sale Proceeds.

Debtor: Pascack Valley Hospital Association, Inc.  
 Case No.: Case No. 07-23686  
 Caption of Order: Consented to Supplement to Final Stipulated Order Regarding Use of Cash Collateral and Adequate Protection

3. Termination Date Extended. Paragraph 15(a)(xvi) of the Final Order is hereby amended to replace "December 31, 2007" with "March 31, 2007" and otherwise remains the same.

4. No Impairment. Nothing in this Order shall impair the liens and other protections (including the grant of adequate protection) provided to the Trustee under the Final Order, and such liens and protections are hereby affirmed and applicable to the MICU Sale Proceeds.

AGREED AND CONSENTED TO BY:

THE DEBTOR AND THE AFFILIATES	THE TRUSTEE
<p>By their counsel</p>  <p>SILLS CUMMIS EPSSTEIN &amp; GROSS            P.C.            Jack M. Zackin            Simon Kimmelman            Valerie Hamilton            One Riverfront Plaza            Newark, NJ 07102            (973) 643-7000</p>	<p>By its counsel</p>  <p>MINTZ LEVIN COHN FERRIS            GLOVSKY AND POPEO, P.C.            William W. Kannel            Kevin J. Walsh            One Financial Center            Boston, MA 02111            (617) 542-6000</p>

Debtor: Pascack Valley Hospital Association, Inc.  
Case No.: Case No. 07-23686  
Caption of Order: Consented to Supplement to Final Stipulated Order Regarding Use  
of Cash Collateral and Adequate Protection

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**SCHEDULE A**

**MODIFIED CASH COLLATERAL BUDGET**

Pascack Valley Hospital  
Summary of Cash Flows

	ACTUAL												PROJECTION				
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Plan	Plan	Plan	Plan		
<b>I. Cash Receipts:</b>																	
MD-X Collections	\$9,764,104	\$6,932,504	\$10,235,752	\$9,548,155	\$10,250,268	\$9,722,676	\$9,125,311	\$9,950,137	\$6,404,902	\$9,949,119	\$6,239,123	\$5,203,000	\$4,209,000	\$2,500,000	\$1,000,000	\$1,000,000	
Other	817,263	568,793	1,273,113	1,018,952	611,163	980,431	1,170,172	500,000	718,645	518,870	0	350,000	0	0	0	0	
Funds from DIP Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
A/R Funds held against Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Funds from Affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Investments	0	0	0	0	0	0	1,258,166	0	0	600,000	0	0	120,000	0	0	0	
Net Cash from Encrowed Funds	0	0	0	750,000	1,959,413	1,500,000	0	0	0	0	0	0	0	0	0	0	
Analysis Board Disposed Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Cash Receipts</b>	<b>\$10,581,367</b>	<b>\$9,521,697</b>	<b>\$11,508,865</b>	<b>\$11,316,741</b>	<b>\$12,809,684</b>	<b>\$11,703,107</b>	<b>\$11,353,681</b>	<b>\$10,450,137</b>	<b>\$8,123,547</b>	<b>\$11,267,989</b>	<b>\$6,279,123</b>	<b>\$5,463,000</b>	<b>\$4,329,000</b>	<b>\$2,500,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	
<b>II. Cash Disbursements:</b>																	
Salaries	4,342,560	4,095,199	\$4,386,260	4,148,131	5,957,061	4,075,406	4,365,914	3,937,149	3,783,342	3,508,969	4,551,428	4,500,000	400,000	160,000	1,500,000	1,500,000	
Benefits	967,259	996,236	990,589	863,629	974,168	1,006,604	759,266	1,322,969	795,621	1,092,947	1,460,896	700,000	500,000	250,000	100,000	100,000	
Pension	0	0	0	0	0	0	1,337,090	0	0	0	0	0	0	0	0	0	
Debt Service	505,593	501,438	501,438	501,438	501,438	501,438	500,923	500,823	510,265	500,823	500,823	500,823	500,823	500,823	500,823	500,823	
Professional Fees	0	100,000	0	0	197,575	242,115	165,936	0	274,810	75,000	100,000	100,000	100,000	100,000	100,000	100,000	
Chapter 11 Administration Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cardinal Health	530,104	572,631	349,870	586,431	672,361	91,496	356,970	111,272	642,202	403,601	392,396	400,000	0	0	0	0	
MD-X Solutions	98,531	263,162	175,423	175,423	333,065	0	0	863,712	0	39,017	582,396	600,000	360,000	250,000	150,000	150,000	
Housekeeping Services	242,013	76,403	152,801	152,801	306,603	160,633	112,715	206,651	196,214	195,418	66,254	100,000	0	0	0	0	
Insurance	298,394	338,176	341,062	327,769	389,269	272,054	317,270	317,270	73,614	81,282	381,952	250,000	250,000	250,000	250,000	250,000	
Supplies & Expenses	3,856,450	2,566,012	4,831,164	2,970,802	4,686,620	3,868,696	3,603,456	1,757,761	3,292,846	2,590,900	1,740,573	550,000	175,000	45,000	25,000	25,000	
<b>Total Cash Disbursements</b>	<b>\$10,907,813</b>	<b>\$9,512,246</b>	<b>\$11,736,538</b>	<b>\$10,051,121</b>	<b>\$13,625,160</b>	<b>\$10,250,311</b>	<b>\$10,967,365</b>	<b>\$8,422,916</b>	<b>\$9,422,916</b>	<b>\$9,137,493</b>	<b>\$9,808,202</b>	<b>\$7,960,823</b>	<b>\$2,525,823</b>	<b>\$1,725,823</b>	<b>\$2,525,823</b>	<b>\$2,525,823</b>	
<b>Cash Flow</b>	<b>(326,446)</b>	<b>9,451</b>	<b>(227,734)</b>	<b>1,265,621</b>	<b>(794,296)</b>	<b>464,096</b>	<b>666,816</b>	<b>1,962,571</b>	<b>(299,369)</b>	<b>2,070,496</b>	<b>(6,579,179)</b>	<b>(2,510,823)</b>	<b>1,794,177</b>	<b>784,177</b>	<b>(1,524,823)</b>	<b>(1,524,823)</b>	
Cash, beginning	34,302	1201,544	698,324	440,699	1,706,211	911,815	1,376,011	2,051,827	4,054,396	3,755,039	5,825,925	2,246,346	(264,477)	1,529,700	2,323,877	2,323,877	
Cash, ending	<b>(291,544)</b>	<b>(5,282,955)</b>	<b>540,590</b>	<b>\$1,706,211</b>	<b>\$1,706,211</b>	<b>\$1,376,011</b>	<b>\$2,061,827</b>	<b>\$4,054,396</b>	<b>\$3,755,039</b>	<b>\$2,246,346</b>	<b>\$2,246,346</b>	<b>\$2,246,346</b>	<b>\$1,529,700</b>	<b>\$2,323,877</b>	<b>\$2,323,877</b>	<b>\$2,323,877</b>	
<b>III. Reaffirmed Cash and Investments</b>																	
Cash, ending	(291,544)	(282,093)	\$440,590	1,706,211	911,815	1,376,011	2,061,827	4,054,396	3,755,039	5,825,925	2,246,346	(264,477)	1,529,700	2,323,877	2,323,877	2,323,877	
Investments	827,734	834,556	804,623	91,636	2,239,795	1,246,037	0	0	0	0	0	0	0	0	0	0	
Construction Cash	36,967	37,264	37,159	37,264	37,348	37,447	37,548	37,648	37,748	37,848	37,948	38,048	38,148	38,248	38,348	38,448	
Restricted Cash	231,480	466,769	565,721	573,629	26,667	296,200	282,434	282,434	282,434	289,197	289,197	289,197	289,197	289,197	289,197	289,197	
Restricted Investments	1,822,745	1,936,457	1,837,319	1,837,659	0	0	0	0	0	0	0	0	0	0	0	0	
Sale of MCO Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accrued costs for Invoicing Coverage and Record Retention	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Cash Available</b>	<b>\$2,657,442</b>	<b>\$2,684,240</b>	<b>\$3,715,413</b>	<b>\$4,265,630</b>	<b>\$3,722,865</b>	<b>\$2,085,634</b>	<b>\$3,381,028</b>	<b>\$4,374,300</b>	<b>\$4,765,611</b>	<b>\$5,114,720</b>	<b>\$5,114,720</b>	<b>\$5,624,720</b>	<b>\$4,416,856</b>	<b>\$4,960,974</b>	<b>\$4,960,974</b>	<b>\$4,960,974</b>	