

## **Coshocton County Memorial Hospital Collects Final DIP Nod**

*The Coshocton, Ohio, hospital operator is headed to a Sept. 22 auction centered on the \$10 million offer of stalking horse Prime Healthcare Foundation.*

July 25, 2016

Coshocton County Memorial Hospital Association can tap all of its cash collateral and up to \$10 million of a debtor-in-possession financing.

Judge Alan Koschik of the U.S. Bankruptcy Court for the Northern District of Ohio in Akron on Thursday, July 21, signed a final order approving the debtor's use of cash collateral and the \$10 million DIP from stalking horse Prime Healthcare Foundation Inc.

The DIP carries an 8% per annum interest rate and 2% commitment fee. The loan matures on Dec. 31.

The financing includes certain milestones, including holding an auction for the debtor's assets by Sept. 28, securing sale approval by Sept. 30 and closing the deal by Dec. 31.

Koschik on Thursday also signed an order authorizing the debtor's bidding procedures centered on a \$10 million offer from Prime for Coshocton's assets. Prime also would satisfy cure costs for executory contracts and unexpired licenses.

According to the bidding procedures motion, Prime would agree to keep the Coshocton, Ohio, hospital open as a full-service, acute care hospital. The proposed purchaser would commit to invest \$1 million for physician recruitment and \$25 million for capital improvements, information technology, infrastructure improvements and working capital over five years.

Interested parties have until Sept. 19 to offer at least \$10.6 million, which includes the purchase price, bid protections and \$100,000 overbid. Bidders also must submit a \$1.06 million cash deposit.

If Coshocton received at least one rival offer, it would hold an auction on Sept. 22 at which bids would have to increase in increments of at least \$100,000.

Koschik is set to consider approving the sale on Sept. 27.

The stalking horse would be entitled to a \$350,000 breakup fee and up to \$150,000 in expense reimbursement if it were beat out at auction.

Coshocton on June 30 filed for Chapter 11 protection after suffering financial difficulties from the effects of healthcare reform, reduced Medicare reimbursement rates, increased competition, aggressive reimbursement policies by private insurers and increases in patients' bad debt, according to a declaration by CEO Lorri Wildi.

The acute care hospital operator listed \$10 million to \$50 million in assets and liabilities in its petition.

The nonprofit hospital, which has operated for more than 100 years, has 56 beds and employs more than 400 workers. It generates about \$50 million in annual net revenue, according to court papers.

Debtor counsel Sean Malloy of McDonald Hopkins LLC was not available for comment on Friday. Michael J. Kaczka and Maria G. Carr are also debtor counsel.

**SOLIC Capital Advisors LLC is the debtor's financial adviser.**

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