

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF OKLAHOMA

IN RE:

PUSHMATAHA COUNTY – CITY OF ANTLERS
HOSPITAL AUTHORITY,

Debtor.

Case No. 16-81001
(Chapter 9)

**DISCLOSURE STATEMENT WITH RESPECT TO ~~DEBTOR'S FIRST~~
~~DEBTOR'S-AMENDED~~ CHAPTER 9 PLAN OF ADJUSTMENT OF DEBTS OF
THE PUSHMATAHA COUNTY – CITY OF ANTLERS HOSPITAL AUTHORITY**

Pushmataha County – City of Antlers
Hospital Authority

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THIS IS NOT A SOLICITATION OF ACCEPTANCES OF THE CHAPTER 9 PLAN OF ADJUSTMENT IN THIS CASE. ACCEPTANCES MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF OKLAHOMA. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AND IS SUBJECT TO AMENDMENT PRIOR TO SUCH APPROVAL BEING GRANTED.

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I. INTRODUCTION AND OVERVIEW

A. Introduction

Pushmataha County – City of Antlers Hospital Authority (the “Authority”) is the Debtor in the above-captioned Chapter 9 Bankruptcy Case pending before the Honorable Tom R. Cornish, Bankruptcy Judge for the Eastern District of Oklahoma (the “Bankruptcy Court”). The Authority operates the Pushmataha Hospital (the “Hospital”). The Authority filed its Chapter 9 voluntary petition on September 23, 2016 (the “Petition Date”). The Bankruptcy Court entered an Order for Relief on December 6, 2016. Since the Petition Date, the Authority has managed its affairs as a diligent and prudent provider of medical services.

The definitions contained in the Bankruptcy Code, as controlled by 11 U.S.C. §901(b), are incorporated herein by this reference. The definitions set forth in Article I of the Plan shall also apply to capitalized terms used herein that are not otherwise defined.

The Authority filed its *Plan for the Adjustments of Debts of the Pushmataha County – City of Antlers Hospital Authority* on September 27, 2019 [Docket # ____] (and as it may be amended, supplemented, or modified from time to time pursuant to the terms and conditions thereof and pursuant to 11 U.S.C. § 942) (the “**Plan**”), a copy of which is attached hereto as **Exhibit “A.”** Section 1125 of the Bankruptcy Code requires that the Bankruptcy Court must approve a Disclosure Statement that contains “adequate information” concerning the proposed Plan before the Authority can solicit votes of creditors to accept the Plan.

This Disclosure Statement contains information regarding the Authority’s prepetition operating and financial history, significant events leading up to the commencement of the this Chapter 9 case, significant events that have occurred during the Chapter 9 case, and the restructuring transactions that will take place if the Plan is confirmed and becomes effective. This Disclosure Statement also describes the terms and conditions of the Plan, including certain effects of Confirmation of the Plan, certain risk factors and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement describes the Plan Confirmation process and the voting procedures that Holders of Claims entitled to vote on the Plan must follow for their votes to be counted.

On _____, 2019, the Bankruptcy Court entered an order approving this Disclosure Statement as containing “adequate information,” i.e., information of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of the Holders of Claims to make an informed judgment about the Plan. The Bankruptcy Court’s approval of this Disclosure Statement constitutes neither a guaranty of the accuracy or completeness of the information contained herein nor an endorsement of the merits of the Plan by the Bankruptcy Court.

The Authority strongly urges you to review carefully the contents of this Disclosure Statement and the Plan (including the exhibits to each) before making a decision to accept or reject the Plan.

Your vote on the Plan is important. While there are risk factors associated with the Plan, there are also risk factors associated with the Plan not being confirmed. Any alternative to the Plan is unlikely to provide for Distribution of as much value to Holders of Allowed Claims as does the Plan. Accordingly, the Authority urges you to accept the Plan by completing and returning the enclosed ballot(s) marked "Accepts" no later than _____, 20____, at 5:00 p.m., Central Time.

B. Disclaimer.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE AUTHORITY'S PROPOSED PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE DISCLOSURE STATEMENT IS TO PROVIDE "ADEQUATE INFORMATION" OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE HOSPITAL AND THE CONDITION OF THE HOSPITAL'S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. SEE 11 U.S.C. § 1125(A).

FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

NO REPRESENTATIONS CONCERNING THE HOSPITAL'S FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE AUTHORIZED BY THE AUTHORITY OR THE HOSPITAL OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE INDICATED, IS UNAUDITED. MOREOVER, BECAUSE OF THE HOSPITAL'S FINANCIAL DIFFICULTIES, AS WELL AS THE COMPLEXITY OF THE HOSPITAL'S FINANCIAL MATTERS, THE BOOKS AND RECORDS

OF THE HOSPITAL, UPON WHICH THIS DISCLOSURE STATEMENT IN PART IS BASED, MAY BE INCOMPLETE OR INACCURATE. HOWEVER, REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.

INSOLVENCY COUNSEL TO THE AUTHORITY HAVE RELIED UPON INFORMATION PROVIDED BY THE AUTHORITY AND ITS FINANCIAL ADVISORS IN CONNECTION WITH PREPARATION OF THIS DISCLOSURE STATEMENT. COUNSEL HAS NOT INDEPENDENTLY VERIFIED ALL OF THE INFORMATION CONTAINED HEREIN.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND OTHER MATTERS CONCERNING HIS, HER, OR ITS CLAIM.

C. An Overview of the Chapter 9 Process

Chapter 9 of the Bankruptcy Code allows “municipalities” such as the Authority, as a “governmental unit,” to seek relief under the Bankruptcy Code. The purpose of municipal bankruptcy is to provide an umbrella under which insolvent municipalities can obtain temporary protection from creditors so that the municipality can establish a repayment plan with its creditors.

The filing of Petition for Relief under Chapter 9 of the Bankruptcy Code gives rise to the “automatic stay,” which generally enjoins creditors from taking any action to collect or recover obligations owed by a debtor prior to the commencement of a Chapter 9 case. The Bankruptcy Court can grant relief from the automatic stay under certain specified conditions. The governmental unit debtor also continues to operate in the ordinary course on a day-to-day basis without Bankruptcy Court approval. Bankruptcy Court approval is only required for various enumerated kinds of transactions (such as certain financing transactions).

The Bankruptcy Code authorizes the creation of an official committee to protect the collective interests of unsecured creditors, though it does not represent any creditor individually. The fees and expenses of counsel and other professionals employed by the official committee and approved by the Bankruptcy Court are generally borne by the debtor. No official committee has been appointed in this Chapter 9 Case.

A Chapter 9 debtor emerges from bankruptcy by successfully confirming a plan for the adjustments of its debts. A plan may be either consensual or non-consensual. Also, a plan provides for, among other things, the treatment of the claims of creditors, as

well as the mechanics for paying for such treatment. The provisions of the Authority's Plan are summarized below.

D. Plan Overview

The following is a brief overview of the material provisions of the Plan. This overview is qualified in its entirety by a summary of the Plan provisions below, as well as to a reference to the full text of the Plan. The Plan is a plan of adjustment and not of liquidation, and provides for the distribution of funds to the various classes as discussed in more detail below.

The Plan provides for the classification and treatment of Claims against the Authority. For classification and treatment of claims against the Authority, the Plan designates six classes of Claims. These classes and the proposed treatments for Holders of Claims in each class under the terms of the Plan take into account the differing nature and priority under the Bankruptcy Code of the various Claims.

E. Summary of Classification and Treatment of Claims and Interests under the Plan

The following charts briefly summarizes the treatment of Creditors under the Plan. Certain amounts listed below are estimated. Actual amounts of Claims and distributions will vary depending upon, among other things, the amount of Claims filed, outcome of objections to Claims, costs of administration, and other factors.

1. Unclassified Claims

Class	Description	Estimated Amount of Allowed Claims & Estimated Recovery	Treatment
N/A	Administrative Claims	Undetermined 100%	Unless the Person holding an Allowed Administrative Claim agrees to different treatment, or already has been paid the full amount of such Allowed Administrative Claim, the Authority shall pay to that Person Cash in an amount equal to the Allowed amount of such Administrative Claim, without interest, on or before the later of (i) ninety (90) Business Days after the Effective Date, or

			(ii) twenty (20) Business Days after the date on which any order determining such Claim is an Allowed Administrative Claim becomes a Final Order.
N/A	Patient Care Ombudsman ("PCO") Claim	Undetermined	The PCO shall file an application for approval of any PCO Claim on or before the Administrative Claim Bar Date. If the Bankruptcy Court grants such an award, or the Authority and the PCO otherwise agree to the payment of a PCO Claim, the PCO will be paid in full in Cash in such amounts as are approved or agreed as soon thereafter as practicable.
N/A	Professional Fee Claims	\$126,058.74 100%	Professionals and other persons asserting administrative claims pursuant to Section 503(b) of the Bankruptcy Code for services rendered and/or costs or expenses incurred prior to the Effective Date must present a final invoice to the Authority on or before forty-five (45) days after the Effective Date, and such, invoice shall include any amounts previously paid on an interim basis. If the Authority objects to the fees or expenses of a Professional within thirty (30) days of the submission of such invoice, the Professional shall File a fee application with respect to such disputed fees or expenses with the Bankruptcy Court and shall promptly obtain a hearing date from the Bankruptcy Court. Any amounts not disputed may be paid by the Authority according to the Plan. The Authority, in the ordinary course of its business and without the requirement for Bankruptcy Court approval, will pay for professional services rendered and expenses incurred on its behalf following the Effective Date.
N/A	Priority Unsecured Claims	\$0.00	Because Chapter 9 only incorporates administrative claims allowed under

			section 507(a)(2), which are Administrative Claims, the Hospital believes that there are no pre-petition claims eligible for priority status under Chapter 9.
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2. Classified Claims

Class	Description	Estimate of Allowed Claims & Estimated Recovery	Treatment
1	Secured Claim of USDA	\$3,000,000.00 100%	Class 1 consists of the Secured Claim of the USDA. The Holder of this Claim shall have an Allowed Secured Claim in the principal amount of \$3,000,000.00. The remainder of USDA's claim shall fall under Class 65 . The Class 1 Claim is Impaired and is entitled to vote to accept or reject the Plan.
2	Secured Claim of InterBank	No Allowed Class 2 Secured Claim Unknown	Class 2 consists of the Secured Claim of InterBank. The Holder of this Claim is entirely unsecured and shall have an Allowed Unsecured Claim in the principal amount of approximately \$2,413,289.57 under Class 5. The Class 2 Claim is Impaired and is entitled to vote under Class 5 only to accept or reject the Plan
3	Secured Claim of First Bank	No Allowed Class 2 Secured Claim Unknown	Class 3 consists of the Secured Claim of First Bank. The Holder of this Claim is entirely unsecured and shall have an Allowed Unsecured Claim in the principal amount

			<p>of approximately \$593,500.76 under Class 5</p> <p>The Class 3 Claim is Impaired and is entitled to vote under Class 5 only to accept or reject the Plan</p>
4	General Unsecured Convenience Claims	<p>Amount is dependent upon how many creditors choose to participate in this class</p> <p>70%</p>	<p>Class 4 consists of the Holders of General Unsecured Claims against the Hospital that are equal to or less than \$1,000.00, and Holders of General Unsecured Claims in excess of \$1,000.00 who elect to reduce the amount of their General Unsecured Allowed Claims to \$1,000.00.</p> <p>Holders of an Allowed Class 4 Claim will be paid 70% of their Class 4 Allowed Claim.</p> <p>The Class 4 Claims are Impaired and are entitled to vote to accept or reject the Plan.</p>
5	General Unsecured Claims	<p>\$3,690,907.66</p> <p>Unknown</p>	<p>Class 5 consists of the Holders of General Unsecured Claims against the Hospital that are not Class 4 Claims or Class 6 Claims.</p> <p>Each Holder of an Allowed Class 5 Claim shall receive an annual Pro Rata share of the following:</p> <p>a) One-time class payment in the sum of \$50,000.00 to be distributed within 60 days of the Effective Date, and</p> <p>b) 5 annual payments to be paid on or before June 1 of each year, the first of which to be on or before June 1, 2021, and the final on or before June 1, 2025. The amount of each payment shall be the net amount received by the Hospital for its April SHOPP (defined below) payment for the applicable year.</p> <p>Class 5 is Impaired and the Holders of Class 5 Claims are entitled to vote to accept or reject the Plan.</p>

6	Tort Claims	Unknown	<p>Class 6 consists of the Holders of any Tort Claims asserted against the Hospital for which there is any General Liability Insurance Coverage and the Holders of any Employment Claims asserted against the Hospital for which there is any Insurance Coverage.</p> <p>If there is no General Liability Insurance Coverage for any aspect of the Tort Claim, the Tort Claim shall be treated as a Class 5 Claim.</p> <p>Class 6 is Impaired and therefore is entitled to vote to accept or reject the Plan.</p>
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F. Voting on the Plan

1. Who May Vote

In general, a holder of a claim may vote to accept or reject a plan if: (a) the claim is “allowed,” which means generally that it is not disputed, contingent or unliquidated; **and** (b) the claim is impaired by a plan. Under the provisions of the Bankruptcy Code, however, not all creditors are entitled to vote on a chapter 9 plan.

Creditors whose claims are not impaired by a plan are deemed to accept the plan under § 1126(f) of the Bankruptcy Code, and are not entitled to vote. Similarly, creditors who will receive no distribution under a plan are not entitled to vote because they are deemed to have rejected the plan under § 1126(g) of the Bankruptcy Code. For a discussion of these and other legal standards governing the plan confirmation process, see Article VIII, “Requirements for Confirmation of the Plan.”

Here, Holders of Claims in Classes 1, 2, 3, 4, 5 and 6 are Impaired, and therefore are entitled to vote to accept or reject the Plan. Only those votes actually cast by Holders of Allowed Claims shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain Confirmation. An Impaired Class of Claims shall have accepted the Plan if: (a) the Holders (other than any Holder designated under § 1126(e) of the Bankruptcy Code) of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated under § 1126(e) of the Bankruptcy Code) of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

The Authority may request that the Bankruptcy Court confirm the Plan in accordance with § 1129(b) of the Bankruptcy Code in the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by § 1129(a) of the Bankruptcy Code. Further, the Debtor reserves the right either to amend the Plan if it deems necessary.

2. How to Vote.

All votes to accept or to reject the Plan must be cast by using the appropriate form of Ballot. No votes other than ones using such Ballots will be counted except to the extent ordered otherwise by the Bankruptcy Court. A form of Ballot is being provided to Creditors in Class 1, 2, 3, 4, 5 and 6 by which Creditors in such Classes may vote their acceptance or rejection of the Plan. The Ballot for voting on the Plan gives Holders of Class 1, 2, 3, 4, 5 and 6 Claims an important choice to make with respect to the Plan - you can vote to "accept" or to "reject" the Plan. To vote on the Plan, after carefully reviewing the Plan and this Disclosure Statement, please complete the Ballot, as indicated thereon, (1) by indicating on the enclosed ballot that (a) you "accept" the Plan or (b) "reject" the Plan and (2) by signing your name and mailing the ballot in the envelope provided for this purpose. The Authority's counsel will count the Ballots and report the results to the Court.

**IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED,
SIGNED AND RECEIVED BY THE VOTING TABULATOR NO LATER THAN
5:00 P.M. CENTRAL TIME ON _____ AT THE FOLLOWING
ADDRESS:**

Jeffrey E. Tate
Christensen Law Group, P.L.L.C.
The Parkway Building
3401 N.W. 63rd Street, Suite 600
Oklahoma City, Oklahoma 73116

**DO NOT SEND YOUR BALLOT VIA FACSIMILE OR E-MAIL. IF YOUR
BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RECEIVED AS
DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED
OR LOST, YOU MAY REQUEST A REPLACEMENT BY MAKING A
WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE. FACSIMILE OR
ELECTRONICALLY TRANSMITTED BALLOTS WILL NOT BE COUNTED.**

G. Confirming the Plan

1. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a Confirmation Hearing at which it will hear objections and consider evidence with respect to whether the Plan should be confirmed. At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of § 943(b) of the Bankruptcy Code described below are met.

The bankruptcy court conducts a hearing on whether to approve a disclosure statement as containing "adequate information" of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, that would enable a hypothetical reasonable investor typical of the holders of claims or interests of the relevant class to make an informed judgment concerning the plan (the "Disclosure Statement Hearing").

The Disclosure Statement Hearing was conducted on _____, beginning at _____ .m. Central Time before the United States Bankruptcy Court for the Eastern District of Oklahoma, the Honorable Tom R. Cornish, in the Edmondson U.S. District Courthouse located at 101 N 5th Street, Muskogee, Oklahoma 74401. At the Disclosure Statement Hearing, the Court approved the Disclosure Statement.

The Court set the Confirmation Hearing in this Case for _____, beginning at _____ .m. Central Time, at the United States Bankruptcy Court for the Eastern District of Oklahoma, the Honorable Tom R. Cornish, in the Edmondson U.S. District Courthouse located at 101 N 5th Street, Muskogee, Oklahoma 74401. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

2. Deadlines to Object to Confirmation

The Court will enter an Order approving the Authority's Disclosure Statement prior to any solicitation of votes under the Plan. That Order will establish deadlines with respect to objections to the Plan (the "Disclosure Statement Order"). Generally, objections to the confirmation of the Plan must: (1) be in writing; (2) state the name and address of the objecting party and the nature of the Claim of such party; (3) state with particularity the basis and nature of any objection; and (4) be filed with the Bankruptcy Court, and served on the parties specified in the Disclosure Statement Order.

II. OVERVIEW OF THE AUTHORITY AND OF THE PUSHMATAHA HOSPITAL

A. General Information about the Authority

1. History

The Authority is a public trust that operates Pushmataha Hospital located in Antlers, Oklahoma (the “Hospital”). The Authority is managed by its Board of Trustees, which is currently comprised of the following people:

David Smith
Mike Burrage
Michael Riser
Kathy Chappell
Mike Baggett

Pushmataha County and the City of Antlers jointly created the Authority for charitable purposes under a 1980 Trust Indenture pursuant to the provisions of Title 60, Oklahoma Statutes 1971, Section 176 to 180.3. The Authority leases the Hospital’s premises pursuant to the Pushmataha County-Town of Antlers Hospital Authority Lease Agreement” dated June 1, 1981. That lease expires May 31, 2081. The Authority oversees the Hospital, which provides a wide array of in-patient and out-patient health care services.

2. Description of Facilities and Services.

The Hospital is a 25 bed, general medical hospital that is located at 510 E Main Street, Antlers, Oklahoma 74523. It is a one-story building that was originally built in 1965, and has 34,730 square feet. The site area upon which the Hospital is located is 121,522 square feet. The Hospital is devoted to improving the health and quality of life for Oklahomans by providing exceptional patient care that is compassionate and cost effective.

The Hospital provides a wide array of in-patient and out-patient health care services including:

- Adult and Pediatric Services
- Endoscopy & Laparoscopic Procedures
- Diagnostic Testing with Mammography, MRI, and
- CT Scanning
- Sonography

- Respiratory Therapy
- Adult and Pediatric Dental Procedures
- Emergency & Urgent Care
- Laboratory In-patient and Out-patient Services
- Discharge Planning for post care needs
- Laboratory
- Medical Records
- Radiology
- Swing Bed

The Hospital's 24-hour emergency department treats approximately 5,000 patients annually. The emergency department has four beds, including one trauma room. It is supported by 24-hour coverage of testing facilities, including laboratory and radiology.

3. Description of the Service Area

The Hospital's primary patient service area consists of includes all towns and cities and non-incorporated areas of Pushmataha County. The total 2010 Census population of Pushmataha County was 11,572.

Pushmataha is one of many areas in rural Oklahoma designated as a "Medically Underserved Area," meaning that the county as a whole has a relative deficiency of healthcare resources. An MUA is defined by an Index of Medical Underservice (IMU) rating of $\leq 62\%$, which is based on four variables: ratio of primary medical care physicians per 1,000 population; infant mortality rate; percentage of the population with incomes below the poverty level; and percentage of the population age 65 or over. For this reason, among others, the Hospital's presence in the community is critically important. Further, the Hospital is uniquely positioned to respond to the problem of scarce healthcare resources by attracting high quality physicians. The Hospital has been actively recruiting doctors, and will continue to do so outside of bankruptcy.

4. Revenue Sources

In addition to service-generated revenues (the "Service Revenues"), the Authority receives funds for Hospital operations and debt service from the City of Antlers via proceeds of a \$0.01 city sales tax (the "City Sales Tax"), as well as funds from Pushmataha County under a \$0.0075 County sales tax (the "County Sales Tax").

The Hospital also participates in Oklahoma's Supplemental Hospital Offset Payment Program (SHOPP). SHOPP was created and implemented in 2011 for the

purpose of assuring access to quality care for Oklahoma Medicaid members. The program is designed to assess Oklahoma hospitals, unless exempt, a supplemental hospital offset payment program fee. Participating hospitals pay a fee set by the Oklahoma Health Care Authority (“OHCA”). The collected fees are placed in pools, and then allocated back to hospitals as directed by legislation. There is no guarantee that allocations will equal or exceed the amount of the supplemental hospital offset payment program fee paid by the hospital.

B. Summary of the Authority’s Pre-bankruptcy Indebtedness

1. Secured Creditors

Debtor’s secured debts consist solely of traditional loans through InterBank (through merger with First State Bank of Yukon), United States Department of Agriculture – Rural Development (“USDA”), and First Antlers Bancorporation (“FirstBank”). Each of these creditors are listed on the Authority’s List of Claims attached to its Voluntary Petition filed as Docket No. 1 in its bankruptcy case. Through various loan related documents and agreements, the Authority’s secured lenders InterBank and USDA claim parity first-lien secured interests in the Service Revenues, as well as the City Sales Tax and County Sales Tax funds that are paid over to Debtor. Through other loan related documents and agreements, Debtor’s secured lender FirstBank claims second-lien, secured interests in the Service Revenues, as well as the City Sales Tax and County Sales Tax funds that are paid over to Debtor.

2. General Unsecured Creditors

As of the Petition Date, the Authority projected that its non-priority unsecured pre-bankruptcy debts are in the approximate amount of \$3,690,907.66.

C. Summary of the Authority’s Assets

As of the Petition Date, the Hospital's assets consisted primarily of the following assets:

- (1) Net receivables as of July 31, 2019 in the amount of approximately \$3,882,784.00;
- (2) Personal property and equipment as of May 31, 2018, with the fair market value of approximately \$500,000.00; and
- (3) Real property lease rights as of May 31, 2018, with the fair market value of approximately \$1,100,000.00.
- (4) Hospital information system as of May 31, 2018, with the fair market value of approximately \$63,000.00.

D. Events Leading up to Bankruptcy

The Authority's bankruptcy was necessary for several confluent reasons. To begin, Oklahoma's general economic downturn experienced by the oil and gas industry and others between 2013 and 2016 negatively impacted the Hospital as well as the surrounding community. Further, rural hospitals in the United States share several other economic challenges. For example, rural patients often have no commercial insurance, and thus are left to use Emergency Room facilities as their primary care providers. The Hospital is required to treat these patients often with no reimbursement or pay in return. Additionally, Medicare/Medicaid reimbursement margins have fallen significantly in recent years, so even reimbursement through these channels have resulted in reduced income over the years. The Authority's financial condition was further hampered by a temporary closure of the Hospital's operating room for renovations, which resulted in a significant loss of revenue.

Furthermore, another financial challenge has been a decline in the number of practicing physicians in the Hospital's services area over the past 20 years or so. Simply stated, the Hospital needs to recruit additional physicians who will admit additional patients into the Hospital. The Authority has been actively recruiting qualified specialty and subspecialty physicians, but has not been able to secure commitments while it has been in bankruptcy. The Hospital believes that it will be able to secure one or more additional physicians after exiting bankruptcy.

III. THE AUTHORITY'S OPERATION DURING BANKRUPTCY

The Authority has continued to oversee the daily operation of the Hospital during the course of this bankruptcy case. Furthermore, the Authority and its professionals analyzed the operations in an effort to restructure management to increase efficiency and reduce costs. Several months before bankruptcy, the Authority terminated its management contract with the Paul Reno Group, LLC, and hired Nick Rowland as Chief Executive Officer ("CEO"). During Mr. Rowland's term as CEO, the Hospital has implemented many cost savings measures, including a necessary reduction in staff. Additionally, the Authority has been actively involved in negotiations with creditors to best ensure the success of this reorganization.

The community has responded very positively to the changes made in the Hospital. This is evidenced in part by the fact that the average daily census has grown from fewer than 7 patients per day the year the Chapter 9 Case was filed to less than four patients per day to 9.71 patients per day during 2019.

A. List of Claims, Notice of Case, and Order for Relief

On the Petition Date, the Authority filed a list of creditors and claims (the "List of Claims") along with its Voluntary Petition [Docket No. 1]. On September 27, 2016, the

Court entered its *Notice of Commencement of Case Under Chapter 9, Notice of Automatic Stay, Notice of Time for Filing Objections to the Petition, Order for Relief, Notice of Time for Filing Proofs of Claim and Related Orders Combined with Notice Thereof* (the “Notice of Case”) [Docket No. 6]. Further, on December 6, 2016, the Court entered the Order for Relief (the “Order for Relief”) [Docket No. 51].

B. Patient Care Ombudsman

On October 18, 2016, the Authority filed the *Debtor’s Ex-Parte Application for an Order Appointing a Patient Care Ombudsman* [Docket No. 18]. On October 20, 2016, the Court entered an Order granting that Application, and directing the United States Trustee (the “Trustee”) to appoint a Patient Care Ombudsman (“PCO”) in this case [Docket No. 19]. A PCO is responsible for monitoring the quality of patient care and representing the interest of the patients of a healthcare debtor, such as the Authority. The PCO interviews patients and physicians, makes periodic site visits, and files written reports to the court regarding the quality of patient care provided.

On October 21, 2016, the Trustee appointed Deborah Burian as PCO [Docket No. 21]. Ms. Burian has filed approximately 14 reports in the case, which attest to the quality care given by the Hospital.

C. Previously Established Bar Dates

Paragraph 5 of the Notice of Case states:

5. Notice of time for filing Proofs of Claim. The Debtor has filed or will file a list of claims. Any creditor holding a listed claim which is not disputed, contingent, or unliquidated as to amount, may, but need not, file a proof of claim in this case. Creditors whose claims are not listed or whose claims are listed as disputed, contingent, or unliquidated as to amount and who desire to participate in the case or share in any distribution must file their proofs of claim on or before ninety (90) days after the date of the order of relief. Any creditor who desires to rely on the list has the responsibility for determining that the claim is accurately listed.

The Authority’s List of Claims set forth all claims and potential claims of which the Authority was aware of at the time. In accordance with Paragraph 5 cited above, the 90 day deadline for “[c]reditors whose claims are not listed [in the List of Claims] or whose claims are listed [in the List of Claims] as disputed, contingent, or unliquidated as to amount” expired on March 6, 2017.

D. Bar Dates that have Not Expired

The following Bar Dates have not yet expired:

Administrative Claims Bar Date:	The first Business Day that is 30 days after the Confirmation Date.
Amended Creditor List Claim Bar Date:	In the event that the Authority amends its List of Claims (a) to designate a Claim as contingent, disputed, undetermined or unliquidated, (b) to change the amount of any Claim reflected therein, or (c) to add a Claim which was not disclosed in the original list, then the Authority shall notify the affected holder of such amendment and such affected holder shall have 20 days after such notification within which to file a proof of claim.
Rejections Damage Bar Date:	The latest of (a) the first Business Day that is at least thirty (30) calendar days after the later of either (i) the date on which a Rejection Order is entered by the Bankruptcy Court or (ii) the effective date of such Rejection Order; and (b) solely as to those Rejection Damage Claims arising from the rejection of an unexpired lease or an executory contract under the Plan, the first Business Day that is at least thirty (30) calendar days after the Effective Date.
503(b)(9) Bar Date	The first Business Day that is 30 days after the Confirmation Date.

IV. SUMMARY OF THE PLAN

Pursuant to §§ 1122 and 1123 of the Bankruptcy Code, Claims are classified under the Plan for all purposes including the voting and Confirmation. A Claim shall be deemed classified in a particular class only to the extent that the Claim qualifies within the description of that class, and shall be deemed classified in a different class to the extent that any remainder of such Claim qualifies within the description of such other class. Notwithstanding the foregoing, in no event shall any Holder of an Allowed Claim be entitled to receive payments or distributions under the Plan that, in the aggregate, exceed the allowed amount of such Holder's Claim.

The following is a summary of the substantive provisions of the Plan, and is not, nor is it intended to be, a complete description or substitute for the Plan. All Holders of Claims are encouraged to read and study the Plan, a copy of which is attached hereto as Exhibit "A."

Section 1123 of the Bankruptcy Code provides that, except for Administrative Claims, a Plan of Adjustment must categorize claims against the Authority into separate classes. The Plan identifies six Classes of Claims. Administrative Claims are not classified for purposes of voting or receiving distributions under the Plan but are treated separately one of the Unclassified Claims.

The Plan provides specific treatment for each Class of Claims. Only certain Holders of Claims that are impaired under the Plan are entitled to vote and receive distributions under the Plan.

Unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim under the Plan will be in full satisfaction, settlement, release and discharge of such Claim.

If the Plan is confirmed by the Bankruptcy Court, each Allowed Claim in a particular Class will receive the same treatment as the other allowed claims in such class, whether or not the Holder of such claim voted to accept the Plan. Upon confirmation, the Plan will be binding on all Holders of a claim regardless of whether such Holders voted to accept the Plan.

A. Allowance and Treatment of Unclassified Claims Under the Plan

In accordance with Section 1123(a)(1) of the Bankruptcy Code, the following Claims ("Non-Classified Claims") are not classified under the Plan. Non-Classified Claims are treated in the following manner:

1. Administrative Claims Generally

Unless otherwise expressly provided in the Plan or agreed to by the Authority, Administrative Claims will be Allowed only if: (a) on or before the Administrative Claims Bar Date, the Person holding such Administrative Claim Files with the Bankruptcy Court a motion requesting allowance of the Administrative Claim; and (b) the Bankruptcy Court enters a Final Order finding that such asserted Administrative Claim is an Allowed Administrative Claim. The Administrative Claims Bar date shall be the first Business Day that is 30 days after the Confirmation Date.

The Authority may File an objection to such motion within such period of time permitted for Filing such objection. The failure to File a motion requesting an allowance of an Administrative Claim or before the Administrative Claims Bar Date, or the failure to serve such Motion timely and properly, shall result in the Administrative Claim being forever barred and disallowed without further Order of the Bankruptcy Court and the Holder of such Administrative Claim shall have no recourse to any property distributed or otherwise administered pursuant to the Plan.

Treatment: Unless the Person holding an Allowed Administrative Claim agrees to different treatment, or already has been paid the full amount of such Allowed Administrative Claim, the Authority shall pay to that Person Cash in an amount equal to the Allowed amount of such Administrative Claim, without interest, on or before the later of (i) 60 days after the Effective Date, or (ii) 60 days after the date on which any order determining such Claim is an Allowed Administrative Claim becomes a Final Order.

2. Cure Payments

Cure Payments shall be determined and Allowed in accordance with the procedures set forth in Article IV(A)(2) of the Plan.

Treatment: Cure Payments will be made to the counterparties to the subject executory contracts or unexpired leases in accordance with Article VI. A. 2 of the Plan.

3. 503(b)(9) Claims

Unless otherwise expressly provided in the Plan or agreed to by the Authority, a 503(b)(9) Claim will be Allowed only if:

(1) The 503(b)(9) Claim is Filed by the 503(b)(9) Bar Date, or is deemed timely Filed; and

(2) Regardless of whether any objection to such 503(b)(9) Claim is Filed by the Authority on or before the Claim Objection Deadline, the Bankruptcy Court enters a Final Order finding that such asserted 503(b)(9) Claim is allowed.

Treatment: Unless the Person holding an Allowed 503(b)(9) Claim agrees to different treatment, or already has been paid the full amount of such Allowed 503(b)(9) Claim, the Authority shall pay to that Person, Cash in an amount equal to the Allowed amount of such 503(b)(9) Claim, without interest, on or before the later of (i) 60 days after the Effective Date, or (ii) 60 days after the date on which any order determining such Claim to be an Allowed 503(b)(9) Claim becomes a Final Order.

4. Professional Fee Claims

Sections 327 - 331 of the Bankruptcy Code dealing with court approval of professional fees are not applicable in a Chapter 9 case. However, § 943(b)(3) of the Bankruptcy Code states that “all amounts to be paid by the debtor or by any person for services or expenses in the case or incident to the plan” must be both “fully disclosed” and “reasonable.” The Authority has paid the fees of its bankruptcy counsel and other professionals, on a regular basis during the chapter 9 case. A disclosure of (i) all amounts paid to professionals since the filing of the petition; (ii) any unpaid amounts outstanding; and (iii) an estimate of fees and expenses to complete the case will be filed with the Bankruptcy Court prior to the hearing on confirmation of the Plan. Debtor anticipates

filing a final report and application to close the case, at which time it will provide an accounting of all fees and expenses incurred by Debtor's professionals. Finally, the Authority, in the ordinary course of its business and without the requirement for Bankruptcy Court approval, may pay for professional services rendered and expenses incurred on its behalf following the Effective Date.

Treatment: With respect to its treatment, any Allowed Claim for Professional Fee Claims, as defined in the Plan, for services rendered and/or costs or expenses incurred prior to the Effective Date will be paid in full.

5. No Other Priority Claims

The only category of Priority Claims incorporated into a Chapter 9 case through Bankruptcy Code Section 901(a) are Administrative Claims allowable under Bankruptcy Code Section 507(a)(2). The treatment of Allowed Administrative Claims under the Plan is described in Article II(A) of the Plan. No other kinds of Priority Claims set forth in Bankruptcy Code Section 507 are recognized or entitled to priority in Chapter 9 or in this Case, but rather are treated in this Chapter 9 Case, and are classified in the Plan, as General Unsecured Claims.

B. Classification and Treatment of Classified Claims

1. Class 1: Secured Claim of the United States Department of Agriculture, Office of Rural Development ("USDA")

Class 1 consists of the Allowed Secured Claim of the USDA. For the purposes of the Plan, this Claim, USDA is granted an Allowed Secured Claim in the amount of \$3,000,000.00. The approximate amount of the total Claim alleged by USDA as of December 14, 2018, is \$3,101,545.74. The portion of USDA's Claim in excess of the \$3,000,000.00 Allowed Secured Claim shall be Allowed as a General Unsecured Claim under Class 5. Upon confirmation of the Plan, USDA will retain its lien rights against its collateral to the same extent and priority as existed prior to the Petition Date. USDA will also continue to have access to the Board Packets and attached documents so that the agency will be able to see the progress of the Hospital.

The USDA's Allowed Secured Claim shall be divided into two separate categories for the purposes of repayment, Category A and Category B. Category A shall be comprised of the first \$2,000,000.00 of the USDA Allowed Secured Claim. The Authority shall repay the Category A debt under the Plan as follows:

- Category A shall accrue interest at the rate of 3.5% per annum.
- The term of Category A shall be 40 years, beginning from the 25th day of the month following the Confirmation Date. For example, if the Plan is

confirmed on January 1, 2020, then the beginning of the repayment term would be February 25, ~~2019~~2020, and would then extend to February 25, ~~2059~~2060 (the “Maturity Date”).

- The Authority’s monthly payments under Category A to USDA shall be \$7,747.82.
- All amounts that may be outstanding under Category A as of the Maturity Date, shall be due and payable on the Maturity Date.
- Payments under Category A shall first be due the 25th day of the month following the Confirmation Date. For example, if the Plan is confirmed on January 1, 2020, then the first monthly payment would be due February 25, 2020.

Category B shall be comprised of the last \$1,000,000.00 of debt owed under the USDA Allowed Secured Claim. The Authority agrees to repay the Category B debt under the Plan as follows:

- Category B shall accrue interest at the rate of 3.5% per annum.
- The term of Category B shall be 40 years, and shall be deemed to begin as of the first day of the Debtor’s fiscal year in which the Plan is confirmed. Debtor’s fiscal year begins April 1 and ends March 31. So, for example, if the Plan is confirmed on March 1, 2020, then the beginning of the Category B term would be April 1, 2020, and would then extend to April 1, ~~2039~~2060.
- Payments under Category B shall be made in annual installments. Debtor’s annual payment under Category B shall be calculated as follows:
 - The Category B payment shall made exclusively from the Hospital’s excess profits for each fiscal year during Category B’s term (the “Excess Profit”).
 - Excess Profit will be deemed to be revenue, from any source whatsoever, that is in excess of \$250,000.00 above expenses incurred during the relevant fiscal year. For example, if the Debtor earns \$500,000.00 in excess of expenses during a fiscal year, the Excess Profit amount for that fiscal year would be \$250,000.
 - Depreciation will not be deducted as an expense from the calculation of “excess profits” unless funds equaling the amount

of depreciation have been deposited into a deprecation/capital improvement account.

- When funds are to be utilized from the depreciation/capital improvement account a reconciliation will be provided to RHS so that the agency may track those expenditures.

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- Further, for each fiscal year during Category B's term, 70% of the Excess Profit shall be paid to the USDA, and 30% of the Excess Profit shall remain with the Debtor. For example, if a given fiscal year's Excess Profit is \$250,000.00, then \$175,000 (70%) would be paid to the USDA, and \$75,000.00 would remain with the Debtor.
- As Debtor's fiscal year ends March 31, the annual installment of USDA's portion of Excess Profit under Category B shall be due the 31st day of July of each year of the term. The first payment due shall be July 31, ~~2021~~2020. This payment date is approximately 120 days after fiscal year end to allow time for the payment to be calculated from audited numbers.
- Any amounts of Category B debt that remain outstanding and unpaid at the end of the Category B term shall be forever and fully discharged.

The Authority shall abide by the terms and conditions of the USDA's loan documents to the extent that they are not preempted or modified by any confirmed plan.

The Class 1 Allowed Secured Claim of the USDA is impaired and is entitled to vote on the Plan.

2. Class 2: Secured Claim of InterBank

Class 2 consists of the Secured Claim of InterBank. The approximate amount of the total Claim alleged to be secured by InterBank as of the Petition Date is \$2,413,289.57. For the purposes of the Plan, InterBank shall not have an Allowed Secured Claim. The entirety of InterBank's Claim shall be Allowed as a General Unsecured Claim under Class 5, and InterBank shall be allowed to vote on the Plan under Class 5 only.

3. Class 3: Secured Claim of FirstBank

Class 3 consists of the Secured Claim of FirstBank. The approximate amount of the total Claim alleged to be secured by First Bank as of the Petition Date is \$593,500.76. For the purposes of the Plan, FirstBank shall not have an Allowed Secured Claim. The

entirety of First Bank's Claim shall be Allowed as a General Unsecured Claim under Class 5, and FirstBank shall be allowed to vote on the Plan under Class 5 only.

4. Class 4: General Unsecured Convenience Claims

Class 4 consists of Holders of Unsecured Convenience Claims. Convenience Claims are General Unsecured Claims that are either (i) less than or equal to \$1,000.00 or (ii) in excess of \$1,000.00, but the Holder of such General Unsecured Claim elects to reduce its Claim to \$1,000.00; provided that, where any portion(s) of a single Claim has been transferred, the amount of all such portions will be aggregated to determine whether a Claim qualifies as a Convenience Claim and for purposes of the Convenience Claim election. Unless all transferees make the Convenience Claim election on the applicable Ballots, the Convenience Claim election will not be recognized for such Claim.

Holders of Allowed General Unsecured Convenience Claims will receive distribution of 70% of the amount of their Claims within 120 days after the Effective Date. To be clear, Creditors in Class 5 who have claims larger than the \$1,000.00 Convenience Class amount may, at their option, reduce their claim to the Convenience Class amount and receive the 70% distribution in the same manner, and at the same time, as other members of the Convenience Class.

A single payment on claims this small in amount (of which there is a sizable number) is provided because payment over time would be an undue administrative burdensome to the Authority to track and pay these small amounts. The Authority estimates that a number of Class 5 General Unsecured Claims that are comparatively small in dollar amount will exercise the option to opt into the convenience class. This will result in a modestly higher financial burden to make early payment of the distribution to this class, but further reduce the number of claims that must be tracked over time for installment distributions, with accompanying reduction in administrative burden.

The projected total payout on Convenience Class claims is approximately \$40,000.00 to \$60,000.00. This estimate includes claims that are anticipated to "opt-down" from Class 5 into this class. This figure could be lower if there are claims that are found to be subject to valid objections.

5. Class 5: General Unsecured Claims

Class 5 consists of the Holders of General Unsecured Claims including, but not limited to: (i) Holders of Claims resulting from the Hospital's rejection of any executory contracts or unexpired leases as approved by the Court pursuant to a Rejection Order; (ii) Holders of Tort Claims for which there is no General Liability Insurance Coverage, and (iii) Holders of General Unsecured Claims that are greater than \$1,000.00 who do not elect to participate as the Holder of a Class 4 Claim; (iv) the entirety of the Claim of

InterBank; and (v) the entirety of the Claim of FirstBank. Each Holder of an Allowed Class 5 Claim shall receive a *Pro Rata* share of the following:

- a) A one-time class payment in the sum of \$50,000.00 to be distributed within 60 days of the Effective Date, and
- b) 5 annual payments to be paid on or before June 1 of each year, the first of which to be on or before June 1, 2021, and the final to be on or before June 1, 2025 (each an “Annual Payment”). The amount of each Annual Payment shall be the net amount received by the Authority for its April SHOPP payment for the applicable year. For example, if the Hospital’s net April 2021 SHOPP payment (SHOPP payment less SHOPP fee) is \$35,000.00, then each member of Class 5 will receive a *Pro Rata* share of \$35,000.00 on or before June 1, 2021. If the Hospital does not receive any net SHOPP funds during an applicable year, then no payment will be made that year.

Class 5 is Impaired and the Holders of Class 5 Claims are entitled to vote to accept or reject the Plan.

6. Class 6: Tort Claims

Class 6 consists of the Holders of any Tort Claims asserted against the Authority or Hospital for which there is any General Liability Insurance Coverage. If there is no General Liability Insurance Coverage for any aspect of the Tort Claim, the Tort Claim shall be treated as a Class 5 Claim.

Class 6 is Impaired and the Holders of Class 6 Claims are entitled to vote to accept or reject the Plan.

V. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Bankruptcy Code grants the Debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. If an executory contract or unexpired lease is rejected, the counter party to the agreement may file a Claim for damages incurred by reason of the rejection.

A. Assumption of Executory Contracts and Unexpired Leases

Except to the extent (a) the Authority has previously assumed or rejected an executory contract or unexpired lease, (b) prior to the Effective Date, the Bankruptcy Court has entered an Order granting assumption of an executory contract or unexpired lease, (c) at the Confirmation Hearing, the Bankruptcy Court approves the assumption of an executory contract or unexpired lease, or (d) an executory contract or unexpired lease is set forth on Exhibit A to the Plan, all of the Authority’s executory contracts and

unexpired leases shall be deemed rejected on the Effective Date, pursuant to Bankruptcy Code §§ 365, 901, and 1123. The executory contracts and unexpired leases identified on Exhibit A to the Plan, if any, shall constitute the Assumed Contracts, and shall be assumed by the Authority pursuant to the Plan.

The Plan shall serve as, and shall be deemed to be, a motion for entry of an order approving the assumption of the Assumed Contracts as of the Effective Date. Except as otherwise set by Order of the Bankruptcy Court, any objection to the assumption, vesting of, or the proposed cure amount related to an Assumed Contract (as reflected in Exhibit A to the Plan) must be made as an objection to Confirmation of the Plan. If no objection to the assumption, vesting of, or the proposed cure amount under any particular Assumed Contract is Filed and timely served as an objection to Confirmation of the Plan, an Order (which may be the Confirmation Order) that approves the assumption and assignment of, and the proposed cure amount under, each respective Assumed Contract may be entered by the Bankruptcy Court.

If any such objections are so Filed and timely served, a hearing with respect to the assumption and assignment or cure of any of the Assumed Contracts, and the objections thereto, shall be scheduled by the Bankruptcy Court, which hearing may, but is not required to, coincide with the Confirmation Hearing.

If the Bankruptcy Court approves the assumption of one or more Assumed Contracts, such Assumed Contracts shall be assumed by the Authority effective as of the Effective Date. Any Cure Claims relating to the assumption of an Assumed Contract and ordered to be paid by the Bankruptcy Court shall be paid by the Authority on or as soon as reasonably practicable after the Effective Date. Such Cure Claims shall be satisfied in full and shall be deemed in final satisfaction of all defaults, including arrearages, under the Assumed Contracts as of the Effective Date. As of the Effective Date, the Authority shall be relieved and discharged from any liability arising on or before the Effective Date under the Assumed Contracts other than the obligation to satisfy Cure Claims.

B. Rejection of Executory Contracts and Unexpired Leases

1. Rejected Agreements

On the Effective Date, all executory contracts and unexpired leases that the Authority entered into on or before the Petition Date that (i) have not been previously assumed or rejected by the Authority and (ii) are not set forth on the Schedule of Assumed Agreements shall be rejected. The Confirmation Order will constitute a Bankruptcy Court Order approving the rejection, on the Effective Date, of the executory contracts and unexpired leases to be rejected under the Plan.

2. Rejection Bar Date

Any Rejection Damage Claim or other claim for damages arising from the rejection under the Plan of an executory contract or unexpired lease must be Filed and served on the Authority by the Rejection Bar Date. Any such Claims that are not timely Filed and served will be forever barred and unenforceable against the Hospital and its property, and persons holding such Claims will not receive, and will be barred from receiving, any Distributions on account of such untimely Claims.

VI. ADMINISTRATION AFTER CONFIRMATION AND IMPLEMENTATION OF THE PLAN

A. Consent under 11 U.S.C. § 904

Pursuant to and for purposes of Bankruptcy Code section 904, the Authority consents to entry of the Confirmation Order on the terms and conditions set forth herein and to entry of any further orders as necessary or required to implement the provisions of the Plan or any and all related transactions. Provided, however, that, other than as set forth specifically herein, the terms and provisions of the Plan are without prejudice to the rights of the Authority pursuant to section 904 of the Bankruptcy Code, and, other than as specifically set forth herein, shall not be deemed to constitute the Authority's consent to the Bankruptcy Court's interference with (i) any of the governmental powers of the Debtor; (ii) any of the property or revenues of the Debtor; or (iii) the Debtor's use or enjoyment of any income-producing property.

B. Continued Hospital Governance, Trustees, and Officers

1. The Hospital's Continued Existence

Following the Effective Date, the Hospital shall remain in existence and operate in its normal course of business.

2. Trustees of the Authority and Officers of the Hospital

As of and after the Effective Date, the duly elected Board of Trustees, as constituted from time to time, will continue to govern the Authority. The Authority will administer, control, manage, and operate the property and revenues of the Hospital in accordance with the Plan, the Authority's governing documents, applicable Oklahoma law, and other applicable laws. The Trustees shall remain the same as those who served on the Board of Trustees as of the date of the Plan. Likewise, Nick Rowland shall continue to serve as CEO of the Hospital after the Effective Date.

C. Powers of the Authority

Except as provided in the Plan, the Authority need not obtain any court order or approval in the exercise of any provisions or discretion conferred under the Plan, or account to any court in the absence of a breach of trust. The Authority's powers (except

as otherwise expressly limited in the Plan) shall include, without limitation, the following. The Authority may perform the following or designate others to perform them in its stead:

- a. to make or cause to be made Distribution of Available Funds in accordance with the terms of the Plan;
- b. to investigate, pursue, prosecute, or settle any Causes of Action;
- c. to enforce the payment of notes, insurance policies or other obligations of any person or to make contracts with respect thereto;
- d. subject to the requirements of the Plan, to appoint, engage, employ, supervise, and compensate officers, employees, and other persons as may be necessary or desirable, including accountants, technical, financial, attorneys or depositories;
- e. to undertake any action or perform any obligation provided for or required under the Plan;
- f. to perfect and secure its rights, title and interest to the personal or real properties comprising the property of the Hospital;
- g. to pay and discharge any costs, expenses or obligations deemed necessary to preserve the property of the Hospital or any part thereof;
- h. to perform the duties required by the Plan;
- i. to review and, if necessary, object to any Claim or Administrative Claim filed in this Case;
- j. to draw checks and make disbursements; and
- k. to employ and have such attorneys, accountants, appraisers and any other professionals as are reasonably necessary in carrying out and administering the terms of the Plan and to compensate same.

D. Provisions for Implementing the Plan

1. Sources of Plan Payments

The Authority shall pay or cause to be paid all Allowed Claims in cash from Service Revenues, City Sales Tax proceeds, or County Sales Tax proceeds, except for the Annual Payments. Each of the five Annual Payments to be paid to the Allowed Class 5 Claims shall be paid solely from net SHOPP funds received by the Authority, if any, on account of the Hospital as described above.

Attached as Exhibit B to this Disclosure Statement are current financial statements, while Exhibit C hereto is a financial projection of the Trust Authority. These financial documents show that revenues from the Hospital's operations will enable the Trust Authority to make the payments to holders of Allowed General Unsecured Claims as required in the Plan.

2. Authorized Actions

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects whether to occur before, on or after the Effective Date. All matters provided for in the Plan involving the structure of the Authority, and any action required by the Authority in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Trustees of the Authority or the directors or officers of the Hospital. The appropriate officers of Authority or the Hospital, as applicable, shall be authorized and directed to issue, execute and deliver any agreements, documents, certificates, or instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Authority or the Hospital.

3. Reservation of Claims by Authority and Deposit of Recoveries under Avoiding Powers

The Authority specifically and unequivocally reserves the right to assert, after the confirmation of the Plan herein, any and all of the claims, rights, and Causes of Action it may have, if any. The Claims and Causes of Action reserved and preserved for the benefit of the Authority, if any, are addressed in Article IX hereto.

4. Objections to Claims

The Authority shall have the right to object to the allowance of any Class 4, 5, or 6 Claims deemed by the Authority to be improper, inaccurate or otherwise not qualified to be fully Allowed on the basis that liability, amount, priority, classification, or status as secured or unsecured is disputed in whole or in part (except to the extent such Claims have been previously Allowed or are Allowed as set forth in the Plan). The Authority shall have the power, without notice to or approval of the Bankruptcy Court, and in the exercise of its best business judgment, to preserve, abandon, settle, compromise or litigate any Class 4, 5, or 6 Claim Filed or otherwise asserted herein. Except as otherwise provided herein, the right of the Authority to object to, oppose and defend against any Class 4, 5, or 6 Claims is fully preserved.

5. No Recourse to the Board of Trustees

Notwithstanding that the amount of any particular Disputed claim is reconsidered under the applicable provisions of the Bankruptcy Code or becomes an Allowed Claim in

an amount of which there is insufficient Cash in the relevant account to provide a recovery equal to that received by other Holders of Allowed Claims in the relevant Class, **no Holder of an Allowed Claim shall have recourse to the Board of Trustees, or any of their respective professionals, or their successors or assigns, or the Holder of any other Claim, or any of their respective property.** Nothing in the Plan, however, shall modify any right of a Holder of an Allowed Claim under Section 502(j) of the Bankruptcy Code.

6. Treatment of Disputed Claims

On the Effective Date, the Authority shall establish a Disputed Claims Reserve that is adequate and sufficient for the payment of Distributions contemplated by the Plan to the Holders of Disputed Claims. At such time as a Disputed Claim becomes an Allowed Claim, the previous Distributions due on account as such Allowed Claims shall be released from the Disputed Claims Reserve and placed in the appropriate fund for Distribution to the Holder of such Allowed Claim. Any funds that have been reserved on account of a Disputed Claim that becomes an Allowed Claim which funds exceed the amount due to the Holder of such Allowed Claim shall be returned to the appropriate fund.

7. Treatment of Unclaimed Property

If a Distribution to a Holder of an Allowed Claim becomes Unclaimed Property, the Authority will make a reasonable effort to reach the Holder of the Allowed Claim after which the Holder of the Allowed Claim shall cease to be entitled to the Distribution or any further Distributions. In the event that any Distributions become Unclaimed Property, all such Unclaimed Property shall be returned to the appropriate fund for Distribution to creditors, or, if such Unclaimed Property is burdensome to administer, may be kept by the Authority for general use of the Hospital.

8. De Minimis Distributions and Rounding of Distributions

The Authority shall not be required to make a Distribution to the Holder of an Allowed Claim if the amount of the Distribution is less than \$10. All Cash not so distributed shall remain with the Authority. The Authority may round all Distributions to the nearest whole dollar amount.

9. Delivery of Distributions

The Authority shall make Distributions to each Holder of an Allowed Claim as follows:

a. By mail at the address set forth on the Proof of Claim Filed by such Holder in respect of such Allowed Claim, unless such Holder has provided written notice of address change to the Authority;

b. By mail at the address set forth in any written notice of address change delivered to the Authority after the date of any related Proof of Claim; or

c. By mail at the address reflected in the List of Claims if no Proof of Claim is Filed and the Authority has not received a written notice of a change of address.

10. Nominal Distributions

If the amount of any Distribution to the Holder of an Allowed Claim other than the final Distribution is less than \$100.00, the Authority may elect to defer Distribution of such amount until a subsequent Distribution of \$100.00 or greater is made.

11. Distributions Pending Allowance of Claim

Notwithstanding any other provision of the Plan, if any Claim or any portion of a Claim is Disputed, no payment or Distribution provided in the Plan shall be made on account of such Claim unless and until the Disputed Claim is resolved and becomes Allowed. The Authority may estimate an amount to which a Disputed Claim may be allowed, and may reserve from any Distribution such amounts as the Authority deems necessary and appropriate.

12. Full, Final, and Complete Settlement and Satisfaction

The Distributions and other treatment provided under the Plan for each Holder of an Allowed Claim shall be in full, final, and complete settlement, satisfaction, discharge, and release of such Holder's Claims against the Authority, the Hospital and any property belonging thereto.

13. Setoff, Recoupment and Other Rights

Notwithstanding anything to the contrary contained in the Plan and except as otherwise agreed by the Authority, the Authority may, but shall not be required to, setoff against or recoup from any Claim and the Distributions to be made in respect of such Claim (other than with respect to Claims previously Allowed or Allowed as set forth in the Plan) any causes of action of any nature whatsoever that the Authority may have against the claimant. If the Authority elects to so setoff or recoup the Allowed amount of the subject Claim shall be limited to the net amount after giving effect to the Authority's setoff or recoupment; provided, however, that the claimant will be provided with written notice of the proposed setoff or recoupment at least ten (10) Business Days prior thereto, and, if the claimant Files a written objection to such proposed setoff or recoupment, the Authority shall not proceed with the setoff or recoupment absent the withdrawal of the

claimant's objection or the entry of an order overruling the objections, but the Authority may in all events withhold any Distributions on account of such Claim pending resolution of the claimant's objection; provided further, however, that neither the failure to set off against or recoup from any Claim nor the allowance of any Claim shall constitute a waiver or release by the Authority of any Causes of Action the Authority may have against the subject Claimant.

14. The Effective Date

The Plan shall not become binding unless and until the Effective Time on the Effective Date.

15. Binding Effect

Upon the Effective Date and pursuant to section 944(a) of the Bankruptcy Code, the Plan and the Distributions shall be binding upon the Authority and all creditors.

16. Discharge and Injunctions

On the Effective Date, the Authority and its property will be discharged and released to the fullest extent permitted under section 944(b) of the Bankruptcy Code, from all claims that arose before the Effective Date, including all debts and liabilities, and all debts of the kind specified in 11 U.S.C. §§502(g), 502(h) or 502(i).

17. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over the case after the Effective Date to the fullest extent provided by law, including the jurisdiction to:

- a. Except as otherwise allowed pursuant to the Plan or in the Confirmation Order, allow, classify, determine, disallow, establish the priority or secured or unsecured status of, estimate, limit, liquidate, or subordinate any Claim, in whole or in part;
- b. Resolve any motions pending on the Effective Date to assume, assume and assign, or reject any executory contract or unexpired lease to which the Authority is a party or with respect to which the Authority may be liable and to hear, determine and, if necessary, liquidate, any claims arising therefrom;
- c. Resolve any and all other applications, motions, adversary proceedings, and other contested or litigated matters involving the Authority or the Hospital that may be pending on the Effective Date or that may be instituted thereafter in accordance with the terms of the Plan;

d. Ensure that all Distributions are accomplished pursuant to the provisions of the Plan;

e. Enter such orders as may be necessary or appropriate to implement or consummate the Plan and all contracts, instruments, releases, and other agreements or documents entered into in connection with or related to the Plan.

f. Resolve any and all controversies, suits, or issues that may arise in connection with the implementation, consummation, interpretation, or enforcement of the Plan or the Confirmation Order, or any person's rights, obligations, or interests under the Plan or the Confirmation Order;

g. Remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, the Plan, the Disclosure Statement or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

h. Adjudicate any Retained Claims based on the Plan, the Disclosure Statement, or the Confirmation Order, unless such cause of action was expressly released pursuant to the Plan or prior order of the Court.

i. Issue injunctions, enter and implement other orders, or take any other actions as may be necessary or appropriate to restrain interference by any person with consummation or enforcement of the Plan or the Confirmation Order;

j. Enter and implement such orders as may necessary or appropriate if the Confirmation Order is for any reason modified, reversed, revoked, stayed, or vacated;

k. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan; and

l. Enter an Order closing the Case pursuant to Bankruptcy Code Section 945(b). If the Bankruptcy Court abstains from exercising jurisdiction, declines to exercise jurisdiction, or is otherwise without jurisdiction over any matter, then this Article shall have no effect upon and shall not control, limit, or prohibit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matters.

18. Revocation of the Plan

The Authority reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date.

19. Modification of the Plan

The Authority reserves the right to alter, amend, or modify the Plan at any time before the Confirmation Date, subject to 11 U.S.C. §942.

20. Inconsistencies

The terms and provisions contained in the Plan shall govern in the event of any inconsistencies between the Plan and the Disclosure Statement.

21. Governing Law

The rights and obligations arising under the Plan and any contracts or documents executed in connection with the Plan shall be governed by and construed and enforced in accordance with the laws of the State of Oklahoma unless otherwise governed by the Bankruptcy Code and the Bankruptcy Rules.

22. Transactions on Business Days

In the event that the Effective Date or a date that a transaction is to occur falls on a day that is not a business day, the action shall occur on the next succeeding business day.

23. Good Faith

Confirmation of the Plan shall constitute a conclusive determination that (a) the Plan and all transactions thereby have been proposed in good faith and in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules.

VII. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 943(b) of the Bankruptcy Code are met. Section 943(b) of the Bankruptcy Code sets forth the requirements for confirmation of a Chapter 9 Plan. The court shall confirm the plan if:

- (1) the plan complies with the provisions of this title made applicable by sections 103(e) and 901 of this title;
- (2) the plan complies with the provisions of this chapter;
- (3) all amounts to be paid by the debtor or by any person for services or expenses in the case or incident to the plan have been fully disclosed and are reasonable;
- (4) the debtor is not prohibited by law from taking any action necessary to carry out the plan;

- (5) except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that on the effective date of the plan each holder of a claim of a kind specified in section 507(a)(2) of this title will receive on account of such claim cash equal to the allowed amount of such claim;
- (6) any regulatory or electoral approval necessary under applicable nonbankruptcy law in order to carry out any provision of the plan has been obtained, or such provision is expressly conditioned on such approval; and
- (7) the plan is in the best interests of creditors and is feasible.

Among the requirements for Confirmation are that the Plan: (1) is accepted by the requisite Holders of Impaired Classes of Claims or, if not so accepted, is “fair and equitable” and does not discriminate unfairly as to the non-accepting Class; (2) is in the “best interests” of each Holder of a Claim and each Impaired Class under the Plan; (3) is feasible; and (4) complies with the applicable provisions of the Bankruptcy Code.

A. Acceptance or Cramdown

A plan is accepted by an Impaired Class of Claims if Holders of two-thirds (2/3) in dollar amount and a majority in number of allowed Claims of that Class vote to accept the plan. Only those Holders of Claims who actually vote to accept or reject the plan count in the tabulation. The Impaired Classes must accept the plan in order for the plan to be confirmed without application of the “cramdown” test contained in sections 1129(b)(i), (b)(2)(A) and (b)(2)(B) of the Bankruptcy Code.

1. Cramdown

The Bankruptcy Code provides that the Bankruptcy Court may confirm a plan that is not accepted by all Impaired Classes if at least one Impaired Class of Claims accepts the plan and the so-called “cramdown” provisions set forth in sections 1129(b)(1), (b)(2)(A) and (b)(2)(B) of the Bankruptcy Code are satisfied. The Plan may be confirmed under the cramdown provisions if, in addition to satisfying the other requirements of section 943(b) of the Bankruptcy Code, it (i) is “fair and equitable” and (ii) does not discriminate unfairly with respect to each Class of Claims that is Impaired under and has not accepted the Plan. The Authority believes that the Plan and the treatment of all Classes of Claims under the Plan satisfy the following requirements for nonconsensual confirmation (or cramdown) of the Plan.

(a) “Fair and Equitable”

Uncertainty exists as to the contours of the “fair and equitable” requirement in Chapter 9. Outside of the Chapter 9 context, the “fair and equitable” requirement generally requires, among other things, that, unless a dissenting unsecured Class of

Claims receives payment in full for its allowed Claims, no Holder of allowed Claims in any Class junior to that Class may receive or retain any property on account of such Claims. This is known as the “absolute priority rule.” Few published court opinions have addressed the meaning of the “fair and equitable” requirement in Chapter 9 cases. Some courts have suggested that, because there are no equity Holders in Chapter 9 cases (who, in theory, would be junior in priority to a municipal debtor's general unsecured creditors), the absolute priority rule serves no function in Chapter 9 cases and, thus, in Chapter 9 cases, the “fair and equitable” requirement should not be interpreted as synonymous with the absolute priority rule. In light of the scarcity of case law addressing the “fair and equitable” requirement in Chapter 9, it is suggested that, in Chapter 9, the “fair and equitable” requirement is properly understood as requiring that, where a Chapter 9 debtor seeks a nonconsensual confirmation of a plan of adjustment, the Impaired creditors of such debtor, under the proposed Plan, will receive all that they can reasonably expect under the circumstances.

The Authority believes that the Plan is “fair and equitable” with respect to Holders of Claims against the Authority because it provides such Holders of Claims with all they reasonably can expect under the circumstances of this Chapter 9 case. The Authority is not able to commit more of the Hospital’s revenues to a plan for several reasons. For example, the Hospital has had to defer maintenance on all but the most urgent needs during the Chapter 9 Case to preserve its cash position to enable a successful exit from bankruptcy. Further, because hospitals experience wide fluctuations in service generated revenues, they must have an adequate cash reserve for use when economic downturns are experienced. This almost always occurs during summer months. Further, the Authority will need to begin replacing outdated equipment and other assets and must have a reserve from which do so.

(b) No Unfair Discrimination

A plan of reorganization does not “discriminate unfairly” if a dissenting Class is treated substantially equally with respect to other Classes similarly situated, and no Class receives more than it is legally entitled to receive for its Claims. The Authority does not believe that the Plan discriminates unfairly against any Impaired Class of Claims.

PLEASE NOTE: IN THE EVENT ONE OR MORE IMPAIRED CLASSES REJECT THE PLAN, THE AUTHORITY RESERVES THE RIGHT TO REQUEST THE BANKRUPTCY COURT TO CONFIRM THE PLAN IN ACCORDANCE WITH SECTION 1129(b)(1), (b)(2)(A) AND (b)(2)(B) OF THE BANKRUPTCY CODE. THE AUTHORITY HAS RESERVED THE RIGHT TO MODIFY THE PLAN TO THE EXTENT, IF ANY, THAT CONFIRMATION OF THE PLAN UNDER SECTIONS 943 AND 1129(b) OF THE BANKRUPTCY CODE REQUIRES MODIFICATION.

2. The “Best Interests of Creditors” Test

Notwithstanding acceptance of the Plan by each Impaired Class of Claims, the Bankruptcy Court also must determine that the Plan is in the best interests of creditors pursuant to section 943(b)(7) of the Bankruptcy Code. To satisfy this “best interests of creditors” test, a Chapter 9 debtor must establish that confirmation of its proposed plan of adjustment, more likely than not, would leave the debtor's creditors in a better position than would dismissal of the debtor's Chapter 9 bankruptcy case. Because the failure of plan confirmation and dismissal of a Chapter 9 debtor's bankruptcy case in this instance would jeopardize the operational viability of the Hospital and would leave many creditors with a substantially diminished recovery or no recovery at all, the best interests of creditors test is a flexible standard that is less stringent than a test requiring that a plan be “fair and equitable.” A Chapter 9 debtor satisfies the best interests of creditors test if its plan of adjustment makes a reasonable effort to provide a recovery for creditors.

Although the Hospital bears the burden of proving, by a preponderance of the evidence, that its Plan satisfies the best interests of creditors test, section 904 of the Bankruptcy Code instructs the Bankruptcy Court to conduct its examination of a Chapter 9 debtor's ability to pay creditors in a manner that will not “interfere with” the “political or governmental powers of the debtor,” the debtor’s “property or revenues” or “the debtor's use or enjoyment of any income producing property.”

The Authority believes that its Plan satisfies the best interests of creditors test set forth at section 943(b)(7) of the Bankruptcy Code. The Hospital does not have the authority to raise taxes, and can only directly increase its case through increased service revenues, which is likely to increase only slowly over a long period of time. Confirmation of the Plan permits the Authority to relieve a substantial portion of its debt burden, while at the same time providing the Hospital with the opportunity to pay most of its secured debt to USDA, and to make a meaningful distribution to its unsecured creditors in light of its financial situation.

If the Plan is not approved, the Authority may need to dismiss the Chapter 9 Case, which will return the Hospital to the downward spiral that produced this Chapter 9 filing. The adverse consequences of not having a confirmed Plan will only ensure the continued deterioration of the financial status of the Authority and Hospital. Recoveries for the Authority’s unsecured creditors would effectively diminish to zero, and even the ability of the Authority’s secured creditors to collect any meaningful amount would be greatly jeopardized.

The Authority believes that it is imperative that the Plan be approved, and that there is no better bankruptcy outcome, and no better non-bankruptcy restructuring solution to the problems facing the Authority, its creditors, and its patients, that will provide any comparable recovery to unsecured creditors. The Plan embodies the Authority's attempt to provide creditors with the greatest possible recovery consistent with their relative rights. Accordingly, the Authority believes that the Plan satisfies the “best interests of creditors” test set forth at section 943(b)(7) of the Bankruptcy Code.

3. Feasibility

Section 943(b)(7) of the Bankruptcy Code also requires that a plan of adjustment be feasible. While the best interests of creditors test establishes a “floor” with respect to how much a Chapter 9 debtor can be expected to pay creditors under a plan of adjustment, the feasibility standard of section 943(b)(7) of the Bankruptcy Code imposes a “ceiling” on creditor recoveries under such a plan. To satisfy the feasibility requirement, a Chapter 9 debtor must demonstrate, by a preponderance of the evidence, that it has the ability to make the payments set forth in the proposed plan of adjustment.

To determine whether a proposed plan of adjustment satisfies the feasibility standard of section 943(b)(7) of the Bankruptcy Code, a bankruptcy court must analyze the debtor's income and expense projections. A plan of adjustment is feasible if the debtor's income and expense projections (i) are realistic, reliable and not unreasonably optimistic and (ii) the plan is workable and appears to have a reasonable prospect of success; i.e., it appears reasonably probable that the debtor will be able to make the payments to creditors contemplated in the plan of adjustment. As with the determination of whether a plan of adjustment satisfies the best interests of creditors test, the scope of the bankruptcy court's inquiry into the feasibility of a plan of adjustment is limited by section 904 of the Bankruptcy Code. Accordingly, the feasibility inquiry is relatively narrow. The bankruptcy court simply must (i) determine whether the debtor's projected revenues and expenses are reasonable, and (ii) if so, decide whether the debtor will be able to make the contemplated payments while providing adequate services to patients and avoiding a recurrence of the type of financial distress that caused the debtor to commence this Case.

For purposes of determining whether the Plan meets this requirement, the Authority has prepared projections that reflect its ability to meet its obligations under the Plan. The Authority believes that its financial projections (and its underlying assumptions) are reasonable and demonstrate a probability that the Authority will be able to satisfy its obligations under the Plan. Accordingly, the Authority believes that the Plan meets the feasibility requirement of section 943(b)(7) of the Bankruptcy Code.

4. Compliance with Applicable Provisions of the Bankruptcy Code

In addition to the foregoing, the Plan must comply with other applicable provisions of the Bankruptcy Code, as follows:

- The Plan must comply with the provisions of the Bankruptcy Code made applicable by sections 103(e) and 901 of the Bankruptcy Code (11 U.S.C. § 943(b)(1) which incorporates other sections of the Bankruptcy Code);
- The Plan must comply with the provisions of Chapter 9 (11 U.S.C. § 943(b)(2));

- All amounts to be paid by the Authority or by any person for services or expenses in this Chapter 9 case or incident to the Plan must be fully disclosed and must be reasonable (11 U.S.C. § 943(b)(3));
- The Authority must not be prohibited by law from taking any action necessary to carry out the Plan (11 U.S.C. § 943(b)(4));
- Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan must provide that, on the Effective Date, each Holder of a Claim of a kind specified in section 507(a)(2) of the Bankruptcy Code will receive on account of such Claim cash equal to the allowed amount of such Claim (11 U.S.C. § 943(b)(5));
- Any regulatory or electoral approval necessary under applicable non-bankruptcy law in order to carry out any provision of the Plan must be obtained, or such provision must be expressly conditioned upon such approval (11 U.S.C. § 943(b)(6));
- The Plan must be in the best interests of creditors and be feasible (11 U.S.C. § 943(b)(7)) (this has been discussed in detail above);
- The Authority, as the proponent of the Plan, must have complied with all provisions of the Bankruptcy Code (11 U.S.C. § 1129(a)(2)); and
- The Plan must have been proposed in good faith and not by any means forbidden by law (11 U.S.C. § 1129(a)(3)).

B. Alternatives to Confirmation and Consummation of the Plan

The Authority has evaluated numerous alternatives to the Plan, including alternative structures and terms of the Plan. The Authority has concluded that its Plan is clearly the best alternative to maximize recoveries by Holders of Claims. However, if the Plan is not confirmed, the Authority could attempt to formulate and propose a different plan of adjustment. The formulation of an alternative plan of adjustment would consume additional time, and there can be no assurance that the Authority could formulate and propose an acceptable alternative plan of adjustment.

If no plan of adjustment can be confirmed, the Bankruptcy Court may dismiss this Case. If that were to happen, the automatic stay would dissolve, and Holders of Claims likely would compete for the limited resources of the Authority that might be available to pay their Claims (assuming the Hospital remains viable as a going concern for this length of time). The Authority, therefore, believes that Confirmation and consummation of the Plan is the most preferable when compared to the other alternatives described above.

VIII. RESERVED CAUSES OF ACTION

To the extent they exist, the Authority specifically and unequivocally reserves the right to assert, after the confirmation of the Plan herein, any and all of the claims, rights, and Causes of Action, and all proceeds of the foregoing. In the Plan, the Debtor has specifically reserved all Causes of Action for prosecution by the Authority, if any, which are including, but not limited to, those Causes of Action set forth in Exhibit B to the Plan.

Parties in interest may not rely on the absence of a reference in this Disclosure Statement or Plan as any indication that the Authority ultimately will not pursue any and all available claims and causes of action against them. All parties who previously dealt with the Authority hereby are on notice that the Plan preserves certain of the Authority's rights, claims, interests and defenses. The Authority expects that any and all meritorious claims, if any, will be pursued and litigated after the Effective Date to the extent they remain vested in the Authority.

IX. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

A. Conditions Precedent to the Effective Date

Except as expressly waived in writing by the Authority upon written notice Filed with the Bankruptcy Court, the following conditions must occur and be satisfied on or before the Effective Date for the Plan to be effective:

1. The Confirmation Order approving all of the terms and provisions of the Plan, in form and substance satisfactory to the Authority shall have been signed by the Bankruptcy Court and duly entered on the docket for the Case by the clerk of the Bankruptcy Court;
2. The Bankruptcy Court shall have entered an order (which may be included in the Confirmation Order) approving and authorizing the Authority to take all actions necessary or appropriate to implement the Plan, including the transactions contemplated by the Plan and the implementation and consummation of the contracts, instruments, settlements, releases and other agreements or documents entered into or delivered in connection with the Plan;
3. There shall not have been any stay in effect with respect to the Confirmation Order;
4. All authorizations, consents and regulatory approvals, if any, required in connection with the consummation of the Plan have been obtained and not revoked.

B. Waiver of Conditions to the Effective Date

The conditions to the Effective Date may be waived in whole or part at any time by the Authority, subject to Court approval.

C. Plan Binding

Except as provided in the Plan in the Confirmation Order, on the Effective Date, the Plan shall be binding on all Holders of Claims existing as of the Effective Date of the Plan whether or not such Holder has Filed a Claim in the Chapter 9 Case, whether or not such Claim is an Allowed Claim, and whether or not such Holder has voted to accept the Plan. No Holder of a Claim will have any rights of action on account of such Claim except as set forth in the Plan.

X. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN RELATED TO CONFIRMATION AND CONSUMMATION

Circular 230 Disclosure: **TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, EACH HOLDER OF A CLAIM IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER OF A CLAIM FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “IRC”); (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE CONFIRMATION OF THE PLAN TO WHICH THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT ARE ANCILLARY; AND (C) ANY HOLDER OF A CLAIM SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

A DESCRIPTION OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO HOLDERS OF CERTAIN CLAIMS IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE IRC, TREASURY REGULATIONS, JUDICIAL DECISIONS AND ADMINISTRATIVE DETERMINATIONS, ALL AS IN EFFECT ON THE DATE OF THIS DISCLOSURE STATEMENT AND ALL SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. CHANGES IN ANY OF THESE AUTHORITIES OR IN THEIR INTERPRETATION COULD CAUSE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. NO RULING HAS BEEN REQUESTED FROM THE INTERNAL REVENUE SERVICE (THE “IRS”); NO OPINION HAS BEEN REQUESTED

FROM THE HOSPITAL'S COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN; AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THE DESCRIPTION THAT FOLLOWS DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO HOLDERS OF CLAIMS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, PASS-THROUGH ENTITIES AND INVESTORS THEREIN, TAX-EXEMPT ORGANIZATIONS, PERSONS SUBJECT TO THE ALTERNATIVE MINIMUM TAX AND NON-UNITED STATES TAXPAYERS. IN ADDITION, THE DESCRIPTION DOES NOT DISCUSS STATE, LOCAL OR NON-UNITED STATES INCOME OR OTHER TAX CONSEQUENCES (INCLUDING ESTATE OR GIFT TAX CONSEQUENCES).

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-UNITED STATES TAX CONSEQUENCES OF THE PLAN.

The federal income tax consequences of the Plan to a Holder of a Claim will depend, in part, on the nature of the Claim, what type of consideration was received in exchange for the Claim, whether the Holder reports income on the accrual or cash basis, whether the Holder has taken a bad debt deduction or worthless security deduction with respect to the Claim and whether the Holder receives Distributions under the Plan in more than one taxable year.

A. Certain Other Tax Considerations for Holders of Claims

1. Post-Effective Date Distributions

Because distributions may be made to Holders of Claims after the Effective Date, any loss and a portion of any gain realized by a Holder may be deferred until the Holder has received its final distribution. All Holders are urged to consult their tax advisors regarding the possible application of, or ability to elect out of, the "installment method" of reporting gain that may be recognized in respect of a Claim.

2. Bad Debt Deduction

A Holder who, under the Plan, receives in respect of an Allowed Claim an amount less than the Holder's tax basis in the Allowed Claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under section 166(a) of the IRC.

The rules governing the character, timing and amount of bad debt place considerable emphasis on the facts and circumstances of the Holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

3. Information Reporting and Backup Withholding

All distributions under the Plan will be subject to applicable United States federal income tax reporting and withholding. The IRC imposes "backup withholding" of a certain percentage on certain "reportable" payments to certain taxpayers, including payments of interest. Under the IRC's backup withholding rules, a Holder of a Claim may be subject to backup withholding with respect to Distributions or payments made pursuant to the Plan, unless the Holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional federal income tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of income tax. A Holder of a Claim may be required to establish an exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

B. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX OR LEGAL ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

XI. FINANCIAL INFORMATION AND PROJECTIONS

A. Financial Statements

According to the financial statements (the "Financial Statements") maintained by the Authority regarding the operations of the Hospital, in its regular and ordinary course of business, the Authority has the cash flow necessary to perform its duties under the Plan. Financial Statements of the Authority for the last four months ending August 2019 are attached hereto as Exhibit B.

B. Financials Projections

1. Projections

Attached to this Disclosure Statement as Exhibit C is a financial projection showing projected sources and uses of funds for Hospital operations (together, the "Projections"). The Projections reflect the Hospital's projected profitability from operations under the Plan, and are subject to the assumptions set forth below.

THE PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, THE FINANCIAL ACCOUNTING STANDARDS BOARD, THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE HOSPITAL'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROJECTIONS AND, ACCORDINGLY, DOES NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUMES NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIMS ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE HOSPITAL DOES NOT PUBLISH PROJECTIONS OF ITS ANTICIPATED FINANCIAL POSITION. THE HOSPITAL DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THIS DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

2. Assumptions

The Projections were prepared by the Authority with the assistance of its professionals to present the anticipated impact of the Plan. The Projections all assume

that the Plan will be confirmed before and implemented on the Effective Date in accordance with the Plan's stated terms. In addition, the Projections and the Plan are premised upon other assumptions, including the anticipated future performance of the Hospital, general economic and business conditions, no material changes in the laws and regulations applicable to the operation of municipalities such as the Hospital, and other matters largely or completely outside of the Hospital's control. These assumptions are reflected in the numbers in the Projections. Each of the Projections should be read in conjunction with the significant assumptions, qualifications, and notes set forth in the Disclosure Statement, the Plan, any Plan Supplement, the Projections themselves, and other information submitted to the Bankruptcy Court during the course of this Case.

The implementation of the Plan is subject to a number of material risks. Prior to voting on the Plan, each party entitled to vote should carefully consider these risks, as well as all of the information contained in this Disclosure Statement, including the Exhibits hereto. If any of these risks are actually realized, the Hospital's financial condition and operations could be seriously harmed. In addition to the risks set forth below, risks and uncertainties not presently known to the Hospital, or risks that the Hospital currently considers immaterial, may also impair the Hospital's financial condition and operations.

XII. RISK FACTORS TO BE CONSIDERED

The implementation of a confirmed Plan is subject to a number of material risks. Prior to voting on the Plan, each party entitled to vote should carefully consider these risks, as well as all of the information contained in this Disclosure Statement, including the Exhibits hereto. There are risks if the Plan is not confirmed, but there are also risks even if the Plan is confirmed. If any of these risks are actually realized, the Authority's financial condition and operations could be seriously harmed. In addition to the risks set forth below, risks and uncertainties not presently known to the Authority, or risks that the Authority currently considers immaterial, may also impair the Authority's financial condition and operations, and disrupt its ability to continue to operate as a going concern, non-accepting Class than the treatment currently provided in the Plan.

A. Non-Confirmation of the Plan

Even if all Impaired Classes accept or could be deemed to have accepted the Plan, the Plan may not be confirmed by the Bankruptcy Court. As set forth above, section 943(b) of the Bankruptcy Code identifies the requirements for plan Confirmation. Although the Authority believes that the Plan meets all applicable requirements, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Nonconsensual Confirmation

As described above, pursuant to the “cramdown” provisions of section 1129(b) of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Authority’s request if at least one Impaired Class has accepted the Plan and, as to each Impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such an Impaired Class. The Authority reserves the right to modify the terms of the Plan as necessary for Confirmation without the acceptance of all Impaired Classes. Such modification could result in less favorable treatment for any non-accepting Class than the treatment currently provided in the Plan.

C. Conditions to Effectiveness of the Plan

Article VIII(B) of the Plan provides for certain conditions that must be satisfied (or waived) prior to the Effective Date. There can be no assurance that such conditions will be satisfied. Many of the conditions are outside of the control of the Authority. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions to effectiveness of the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the adjustment of the Authority’s debts completed. See Article VI of this Disclosure Statement for a description of the requirements for the Plan to be confirmed.

D. Unforeseen Financial Circumstances Affecting the Hospital's Future Financial Performance

The Plan and the Projections underlying the Plan are based on certain assumptions about the Hospital’s future financial performance. Unforeseen events and circumstances may occur affecting the Hospital’s future financial performance, resulting in those assumptions proving inaccurate and the Authority being unable to fulfill its obligations under the Plan. No guarantee can be made as to the Hospital’s future financial performance due to a variety of unforeseeable circumstances that may affect such performance.

E. Failure of the Hospital to Achieve Projected Financial Performance

Should the Hospital fail to meet projected financial performance over time, it may not be able to generate the cash necessary to meet its obligations under the Proposed Plan of Adjustment. The financial projections upon which the Proposed Plan of Adjustment has been based may not be attained as a result of the risks detailed herein.

F. Unforeseen Financial Circumstances Affecting the Hospital's Future Financial Performance

The financial performance of the Hospital may be affected by many factors in addition to those detailed in I through K above, including:

- Natural or man-made disaster;
- Changes in statutes and/or regulations governing the operation of hospitals and/or the payment for healthcare services; and
- Other factors not foreseen at the time the Proposed Plan of Adjustment was developed and published.

G. Accuracy of Authority's Financial Records

The Proposed Plan of Adjustment was prepared in good faith based upon information contained in the Authority's and Hospital's financial books and records. The financial information incorporated in the Plan has not been subjected to an independent audit and may contain errors and/or not have been prepared in accordance with generally accepted accounting principles for hospitals and other healthcare providers.

H. Loss of Substantial Amount of Healthcare to the Community

Failure of the Authority to secure approval of the proposed Plan of Adjustment will dramatically and adversely affect the availability of healthcare services to the residents of the Hospital's patient services areas. The Hospital currently provides a majority of the hospital services provided within Pushmataha County, including emergency, and other services. Loss of the Hospital would exacerbate the healthcare shortages for the community.

I. Loss of Approximately 112 Jobs

Failure of the Authority to secure approval of the proposed Plan of Adjustment could result in the loss of the jobs of approximately 112 employees directly employed at the Hospital. The resulting loss of economic activity will cause significant additional indirect job losses within the community.

J. Omitted

K. Loss of Future Business for Trade Creditors

Historically the Hospital has expended a significant amount of money each year on supplies, equipment, goods and services. Failure of the Authority to secure approval

of the proposed Plan of Adjustment would in the immediate loss of most if not all of this economic activity.

L. The Hospital Has No Duty to Update

The statements contained in this Disclosure Statement are made by the Authority as of September 27, 2019, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Authority has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

M. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or related to the Hospital, the Authority's Chapter 9 case or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement and any other Solicitation Materials that accompany this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should be relied upon by you at your own risk in arriving at your decision.

XIII. RECOMMENDATION

For the reasons set forth more fully above, the Authority believes that the Confirmation and implementation of the Plan is far superior to any other alternative available to the Authority or its creditors. Accordingly, the Authority recommends that all Creditors who are the Holders of Impaired Claims entitled to vote on the Plan to vote to accept the Plan by checking the box marked "Accept" on their Ballots. The Authority also urges all Creditors, after marking their votes on their Ballots to return their Ballots as directed on their respective Ballots.

Respectfully Submitted,

/s/ Jeffrey E. Tate

J. Clay Christensen (OBA # 11789)

Jeffrey E. Tate (OBA #17150)

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ATTORNEYS FOR DEBTOR

EXHIBIT A

**First Amended Plan of Adjustment of Debts of the
Pushmataha County – City of Antlers Hospital Authority**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF OKLAHOMA

IN RE:

PUSHMATAHA COUNTY – CITY OF ANTLERS
HOSPITAL AUTHORITY,

Debtor.

Case No. 16-81001
(Chapter 9)

**FIRST AMENDED PLAN OF ADJUSTMENT OF DEBTS OF THE
PUSHMATAHA COUNTY – CITY OF ANTLERS HOSPITAL AUTHORITY**

Pushmataha County – City of Antlers
Hospital Authority

BY: J. Clay Christensen (OBA # 11789)
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ATTORNEYS FOR DEBTOR

Dated: ~~September 27~~November 12, 2019

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Pushmataha County – City of Antlers Hospital Authority, debtor and debtor in possession (the “Authority”), proposes the following Plan of Adjustment for the Debts of the Authority, the debtor in this Chapter 9 Case.

ARTICLE I
Definitions & Rules of Construction

A. Definitions.

Unless defined in context, capitalized terms used in the Plan have the following meanings. Additionally, unless defined differently in this Plan, terms in this Plan shall have the definitions, if any, prescribed in the United States Bankruptcy Code.

1. **“503(b)(9) Bar Date”** means, unless otherwise ordered by the Bankruptcy Court, the last day to File a proof of an Administrative Claim, which date shall be the first Business Day that is 30 days after the Confirmation Date.

2. **“503(b)(9) Claim”** means a Claim that is entitled to treatment as an administrative expense under Bankruptcy Code section 503(b)(9).

3. **“Administrative Claim”** means a Claim against the Authority arising on or after the Petition Date and prior to the Effective Date for a cost or expense of administration related to the Chapter 9 Case that is entitled to priority or superpriority under sections 364(c)(1), 503(b), 507(a)(2) and 901 of the Bankruptcy Code.

4. **“Administrative Claims Bar Date”** means, unless otherwise ordered by the Bankruptcy Court, the last day to File a proof of an Administrative Claim, which date shall be the first Business Day that is 30 days after the Confirmation Date.

5. **“Allowed”** means:

(a.) With reference to a Claim other than an Administrative Claim, (i) any claim against the Debtor, or portion thereof, has been listed by the Debtor in the Schedules, as liquidated in amount and not disputed or contingent and no lesser proof of claim has been filed; (ii) any proof of claim has been timely filed, as to which (a) no objection to allowance has been interposed on or before the Claims Objection Deadline in accordance with the Bankruptcy Code, the Bankruptcy Rules or the Plan, or (b) any objection has been determined by a Final Order; or (iii) any Claim that is expressly allowed by a Final Order. Consistent with the foregoing, a Claim shall be an Allowed Claim to the extent it is listed by the Authority in the Schedules as liquidated in amount and not disputed or contingent, although it may be subject to an unresolved objection for any amounts in excess of the amount so listed in the Schedules.

(b.) With respect to Administrative Claims, the Administrative Claim is Allowed in accordance with Article III of this Plan.

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(c.) An Allowed Claim shall not, for any purpose under the Plan, include interest, penalties, or late charges accruing on such Claim from and after the Filing Date. Moreover, any portion of a Claim that is satisfied, released, or waived during the Case is not an Allowed Claim. For the avoidance of doubt, any and all Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed Claims” hereunder.

6. **“Amended Creditor List Claim Bar Date”** means, unless otherwise ordered by the Bankruptcy Court, in the event that the Authority amends its list of creditors (a) to designate a Claim as contingent, disputed, undetermined or unliquidated, (b) to change the amount of any Claim reflected therein, or (c) to add a Claim which was not disclosed in the original list, then the Authority shall notify the affected holder of such amendment and such affected holder shall have 20 days after such notification within which to file a proof of claim.

7. **“Avoidance Actions”** means all causes of action, claims, remedies, or rights that may be brought by or on behalf of the Authority under any section contained within chapter 5 of the Bankruptcy Code or arising under Chapter 5 of the Bankruptcy Code or any Code and any other avoidance or similar action under the Bankruptcy Code or under any related state or federal statutes or common law, including sections 502(d), 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code, regardless whether such action has been commenced prior to the Effective Date.

8. **“Ballot”** means, with respect to any Class of Claims that are Impaired and entitled to vote under this Plan, the forms which will be distributed to Holders of Claims to be used for showing acceptance or rejection of this Plan.

9. **“Bankruptcy Code”** means Title 11 of the United States Code, as amended.

10. **“Bankruptcy Court”** means the United States Bankruptcy Court for the Eastern District of Oklahoma, or any other court having competent jurisdiction to issue an order in this Chapter 9 Case.

11. **“Bankruptcy Rule”** means a Federal Rules of Bankruptcy Procedure.

15. **“Board of Trustees”** shall mean the duly constituted Board of Trustees of Pushmataha County-City of Antlers Hospital Authority.

16. **“Business Day”** means any day other than a Saturday, Sunday or legal holiday (as such term defined in Bankruptcy Rule 9006(a)).

17. **“Cash”** means legal tender of the United States of America and equivalents thereof.

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18. **“Chapter 9 Case”** means the above-captioned case of the Debtor pending in the Bankruptcy Court.

19. **“Claim Objection Deadline”** means the deadline for objecting to a Claim, which shall be on the date that is the latest of: (a) 90 days after the Effective Date, subject to extension by an order of the Bankruptcy Court, (b) 90 days after the Filing of a motion seeking, or Proof of Claim for a Claim, or (c) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court.

20. **“Claim”** means a claim against the Debtor, whether or not asserted, as defined in Section 101(5) of the Bankruptcy Code.

21. **“Claims Register”** means the listing of Claims and/or Interests maintained by the Clerk of the Court, available online through PACER.

22. **“Class”** means a group of similar Claims as classified in Article III of the Plan.

23. **“Clerk”** means the clerk of the Bankruptcy Court.

24. **“CMS”** means Centers for Medicare & Medicaid Services, an agency of the United States Government that has oversight for, among other programs, the Medicare and Medicaid programs.

25. **“Code”** or **“Bankruptcy Code”** means Title 11 of the United States Code, 11 U.S.C. §101, et seq., and any amendments thereto.

26. **“Confirmation Date”** means the date on which the order confirming the Plan is entered on the Docket.

27. **“Confirmation Hearing”** means the hearing held by the Bankruptcy Court to consider confirmation of the Plan as required by Bankruptcy Code section 1128(a), as such hearing may be continued from time to time.

28. **“Confirmation Order”** means the order of the Court entered on the Docket in this Chapter 9 Case confirming the Plan, pursuant to Section 943(b) of the Bankruptcy Code, and any amendments, modifications or changes thereto.

29. **“Contested Claim”** means a Claim that is not an Allowed Claim.

30. **“Cure Payment”** means the payment of Cash or the distribution of other property (as the parties may agree or the Bankruptcy Court may order) that is necessary to cure any and all defaults under an executory contract or unexpired lease so that such contract or lease may be assumed by the Authority pursuant to Bankruptcy Code section 1123(b)(2).

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31. **“Disallowed Claim”** means a Claim, or any portion thereof,

(a) the Bankruptcy Court has disallowed pursuant to Bankruptcy Court Order; or

(b) whose holder has failed to timely file a proof of Claim, and:

(i) is not listed on the Debtor’s Schedules, or

(ii) is listed on Debtor’s Schedules as contingent, unliquidated, or disputed, or

(iii) is listed on Debtor’s Schedules in an amount equal to zero.

32. **“Disclosure Statement”** means the disclosure statement relating to the Plan, as may be amended, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to § 1125 of the Bankruptcy Code.

33. **“Disclosure Statement Order”** means the Order entered by the Bankruptcy Court on the Docket approving the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code, and any amendments, modifications or supplements thereto.

34. **“Docket”** means the docket in this Chapter 9 Case maintained by the Clerk.

35. **“Effective Date”** means the first Business Day following the 30th day after the Confirmation Order becoming a Final Order.

36. **“File,” “Filed,” or “Filing”** means File, Filed or Filing with the Clerk of Bankruptcy Court in the Chapter 9 Case.

37. **“Final Order”** means an Order of the a court of competent jurisdiction that has not been reversed, stayed, modified or amended and the time to appeal from or to seek review or rehearing of such order has expired, or, if appealed, the order is not stayed pending the appeal.

38. **“General Liability Insurance Coverage”** means any insurance coverage under any General Liability Insurance Policy which is available for the payment of liability, damages, fees or expenses arising from or related to Tort Claims, including professional malpractice insurance coverage.

39. **“General Liability Insurance Policy”** means any insurance policy in effect at any time naming the Hospital as an insured, or otherwise affording the Hospital with General Liability Insurance Coverage, upon which any Claim has been or may be made with respect to any Tort Claim including professional malpractice insurance coverage.

40. **“Holder”** means a person or an entity holding a Claim.

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41. **“Hospital”** means Pushmataha Hospital, a community hospital located in Antlers, Oklahoma, and operated by the Authority.

42. **“Impaired”** means, with respect to a Class or a Claim, that such Class or Claim is impaired within the meaning of section 1124 of the Bankruptcy Code.

43. **“Liabilities”** means any and all claims, obligations, suits, judgments, damages, demands, debts, rights, derivative claims, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, arising in law, equity or otherwise, that are based in whole or in part on any act, event, injury, omission, transaction, agreement, employment, exposure or other occurrence taking place on or prior to the Effective Date.

44. **“Lien”** shall be as defined in section 101(37) of the Bankruptcy Code.

45. **“List of Creditors”** means the list of creditors Filed by the Authority in the Chapter 9 Case pursuant to Bankruptcy Code section 924 and Bankruptcy Rule 1007(e), and any amendments, modifications or supplements thereto.

46. **“Litigation Claims”** means (i) any actions commenced, or that may be (or could have been) commenced, before the Effective Date, pursuant to Sections 544, 545, 547, 548, 549, 550, or 551 of the Bankruptcy Code and (ii) and all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, claims, and demands whatsoever, whether known or unknown, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring through the Effective Date.

47. **“Order”** means an order or judgment of the Bankruptcy Court as entered on the Docket.

48. **“Petition Date”** means, September 23, 2016.

49. **“Plan”** means this plan of adjustment and all Exhibits attached hereto or referenced herein, and any amendments, modifications or supplements thereto.

50. **“Plan Supplement”** means any supplement to the Plan containing Exhibits that were not Filed as of the date of the entry of the Disclosure Statement Order. A Plan Supplement or Plan Supplements will be Filed and served on all parties no later than 14 Business Days prior to the Voting Deadline.

51. **“Professional”** or **“Professionals”** means, individually or collectively, those professionals retained by the Authority to render services in connection with the Chapter 9 Case who seek payment of compensation and reimbursement of expenses from the Authority for postpetition services.

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52. **“Pro Rata”** means, when used with reference to a distribution of property to Holders of Allowed Claims in a particular Class or other specified group of Claims, proportionately so that with respect to a particular Allowed Claim in such Class or in such group, the ratio of (a)(i) the amount of property to be distributed on account of such Claim to (ii) the amount of such Claim, is the same as the ratio of (b)(i) the amount of property to be distributed on account of all Allowed Claims in such Class or group of Claims to (ii) the amount of all Allowed Claims in such Class or group of Claims. Until all Disputed Claims in a Class or other specified group of Claims are resolved, Disputed Claims shall be treated as Allowed Claims in their Face Amount for purposes of calculating a Pro Rata Distribution of property to Holders of Allowed Claims in such Class or group of Claims.

53. **“Record Date”** means the date the order of the Bankruptcy Court, which approves the Disclosure Statement, is entered on the Docket.

54. **“Rejection Bar Date”** means, with respect to any Rejection Damage Claim, the latest of (a) the first Business Day that is at least thirty (30) calendar days after the later of either (i) the date on which a Rejection Order is entered by the Bankruptcy Court or (ii) the effective date of such Rejection Order; and (b) solely as to those Rejection Damage Claims arising from the rejection of an unexpired lease or an executory contract under the Plan, the first Business Day that is at least thirty (30) calendar days after the Effective Date.

55. **“Rejection Damage Claim”** means a Claim arising under Bankruptcy Code section 365(g) from the rejection of an unexpired lease or an executory contract, which amount, with respect to any rejected executory contract or unexpired lease, shall be determined in a Final Order.

56. **“Rejection Order”** means an order of the Bankruptcy Court (including, without limitation, the Confirmation Order) entered prior to the Effective Date and authorizing the Hospital's rejection of an unexpired lease or an executory contract.

57. **“Secured Claim”** means a Claim that is secured by a Lien on property in which the Authority has an interest or that is subject to valid setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the Hospital's interest in such property or to the extent of the amount subject to valid setoff, as applicable, as determined pursuant to section 506 of the Bankruptcy Code.

58. **“SHOPP”** means Oklahoma's Supplemental Hospital Offset Payment Program. SHOPP was created and implemented in 2011 for the purpose of assuring access to quality care for Oklahoma Medicaid members. The program is designed to assess participating Oklahoma hospitals, unless exempt, a supplemental hospital offset payment program fee (a **“SHOPP Fee”**), by the Oklahoma Health Care Authority (**“OHCA”**). The collected SHOPP Fees are placed in pools, and then allocated back to hospitals as quarterly payments (the **“SHOPP Payments”**). There is no guarantee that a SHOPP Payment

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allocation to a hospital will equal or exceed the SHOPP Fee paid into the program by that hospital.

58. **“Tort Claim”** is any Claim against the Hospital that has not been settled, compromised or otherwise resolved that arises out of allegations of personal injury or is a wrongful death claim.

59. **“Unclaimed Property”** means any Cash (together with any interest earned thereon, if any) that is unclaimed on the 90th day following a distribution to Allowed Claims. Unclaimed Property shall include: (a) checks (and the funds represented thereby) that have been returned as undeliverable without a proper forwarding address; (b) funds for checks that have not been honored within 90 days after a distribution; and (c) checks (and the funds represented thereby) that were not mailed or delivered because of the absence of a property address to which to mail or deliver such checks. The date of a distribution to the Holder of an Allowed Claim shall be the date of the check issued to such Holder.

60. **“Voting Deadline”** means the deadline fixed by the Bankruptcy Court in the Disclosure Statement Order for submitting Ballots to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code.

61. **“Voting Record Date”** means the record date fixed by the Bankruptcy Court in the Disclosure Statement Order establishing the Holders of Claims entitled to vote to accept or reject the Plan.

B. Rules of Construction

1. Whenever appropriate from the context, each term, whether stated in the singular or the plural, includes both the singular and the plural.

2. Whenever the Plan or the Plan’s Exhibits use the word “including,” such reference shall be deemed to mean “including, without limitation.”

3. Any reference to a document or instrument being in a particular form or on particular terms means that the document or instrument will be substantially in that form or on those terms.

4. Unless otherwise indicated, the phrase "under the Plan" and similar words or phrases refer to the Plan in its entirety rather than to only a portion of the Plan.

5. Unless otherwise specified, all references to “Articles,” “Exhibits,” “Schedules,” or “Sections” are references to articles, exhibits, schedules, and sections of or to the Plan.

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6. Captions and headings to articles and sections are inserted for convenience of reference only, do not constitute a portion of the Plan, and are not intended to affect in any manner the interpretation of the Plan.

7. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II

Description and Treatment of Unclassified Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, the following Claims ("Unclassified Claims") are not classified under the Plan. Unclassified Claims are treated in the following manner:

A. Administrative Claims.

1. Administrative Claims Generally

(a.) Procedure for General Administrative Claims

Except as otherwise provided herein, in order to receive a distribution on account of an Administrative Claim:

- (i) a holder of an Administrative Claim must file with the Bankruptcy Court, and serve upon parties entitled to notice, a request for payment of such Administrative Claim by the Administrative Claims Bar Date, and
- (ii) the Bankruptcy Court must enter a Final Order finding that such asserted Administrative Claim is an Allowed Administrative Claim.

Unless otherwise provided herein, the failure to File a motion requesting an allowance of an Administrative Claim or before the Administrative Claims Bar Date, or the failure to serve such Motion timely and properly, shall result in the Administrative Claim being forever barred and disallowed without further Order of the Bankruptcy Court and the Holder of such Administrative Claim shall be enjoined and barred from commencing or continuing any action, employing process or acting to collect, offset or recover such asserted Administrative Claim in any way.

For clarification, a request for an Administrative Claim that is made, or was made, on a proof of claim form that has been Filed with the Bankruptcy Court is not sufficient and will be deemed disallowed.

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(b.) Payment of Allowed General Administrative Claims.

Unless the Person holding an Allowed Administrative Claim agrees to different treatment, or already has been paid the full amount of such Allowed Administrative Claim, the Authority shall pay to that Person Cash in an amount equal to the Allowed amount of such Administrative Claim, without interest, on or before the later of (i) 90 Business Days after the Effective Date, or (ii) 20 Business Days after the date on which any order determining such Claim is an Allowed Administrative Claim becomes a Final Order.

2. 503(b)(9) Claims.

(a.) Procedure for 503(b)(9) Claims

Unless otherwise expressly provided in the Plan or agreed to by the Authority, a 503(b)(9) Claim will be allowed only if:

- (1) the 503(b)(9) Claim is Filed by the 503(b)(9) Bar Date, or is deemed timely Filed; and
- (2) regardless of whether any objection to such 503(b)(9) Claim is Filed by the Authority on or before the Claim Objection Deadline, the Bankruptcy Court enters a Final Order finding that such asserted 503(b)(9) Claim is allowed.

(b.) Payment of Allowed 503(b)(9) Claims

Unless the Person holding an allowed 503(b)(9) Claim agrees to different treatment, or already has been paid the full amount of such Allowed 503(b)(9) Claim, the Authority shall pay to that Person, Cash in an amount equal to the allowed amount of such 503(b)(9) Claim, without interest, on or before the later of:

- (a) 20 Business Days after the Effective Date, or
- (b) 20 Business Days after the date on which any order determining such Claim to be an allowed 503(b)(9) Claim becomes a Final Order.

3. Professional Fee Claims.

(a.) Procedure regarding Professional Fee Claims.

Although Sections 327 - 331 of the Bankruptcy Code are not applicable in a Chapter 9 case, pursuant to Bankruptcy Code Section 943(b)(3), all amounts to be paid for services or expenses in the Case or incident to the Plan must be fully disclosed to the Bankruptcy Court and must be reasonable.

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Professionals and other persons asserting administrative claims pursuant to Section 503(b) of the Bankruptcy Code for services rendered and/or costs or expenses incurred prior to the Effective Date will have their Allowed Claims paid in full. Professionals must present a final invoice to the Authority on or before 45 days after the Effective Date, and such invoice shall include any amounts previously paid. If the Authority does not dispute the fees and expenses of the Professional within 15 days of the submission of the invoice, the fees and expenses are deemed to be reasonable.

(a.) Payment of Professional Fee Claims.

If the Authority objects within fifteen (15) days of the submission of an invoice, the Professional shall meet and confer with the Authority within thirty (30) days in an attempt to resolve any such disputed fees or expenses. In the event the Professional and the Authority are unable to resolve the dispute, the Professional may obtain a hearing date from the Bankruptcy Court to determine the reasonableness of the fees and expenses in dispute.

The Authority, in the ordinary course of its business and without the requirement for Bankruptcy Court approval, may pay for professional services rendered and expenses incurred on its behalf following the Effective Date.

4. Patient Care Ombudsman Claims.

The Patient Care Ombudsman (“PCO”) shall file an application for approval of any Claim on or before the Administrative Claim Bar Date. If the Bankruptcy Court grants such an award, or the Authority and the PCO otherwise agree to the payment of a PCO Claim, the PCO will be paid in full in Cash in such amounts as are approved or agreed as soon thereafter as practicable.

5. Ordinary Course Post-Bankruptcy Administrative Claims.

Notwithstanding the foregoing, any Administrative Claim incurred in the ordinary course of the Authority’s or the Hospital’s activities post-petition (including without limitation any claim of an employee or contract laborer for post-petition compensation and benefits) shall be paid in the ordinary course in accordance with the existing terms for such obligation.

6. No Other Priority Claims

The only category of Priority Claims incorporated into a Chapter 9 case through Bankruptcy Code Section 901(a) are Administrative Claims allowable under Bankruptcy Code Section 507(a)(2). The treatment of Allowed Administrative Claims under the Plan is described in Article II(A) of the Plan. No other kinds of Priority Claims set forth in Bankruptcy Code Section 507 are recognized or entitled to priority in Chapter 9 or in this

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Case, but rather are treated in this Chapter 9 Case, and are classified in the Plan, as General Unsecured Claims.

ARTICLE III
Description and Treatment of Classified Claims

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against the Authority. A Claim is placed in a particular Class only to the extent that the Claim falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim falls within the description of such other Class. A Claim is also placed in a particular Class for the purpose of voting on, and receiving distribution pursuant to, the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date.

A. Classification and Payment of Classified Claims.

1. Class 1 – Secured Claim of the United States Department of Agriculture, Office of Rural Development (“USDA”).

Class 1 is comprised of the Allowed Secured Claim of the USDA, based upon Series 2012 USDA Community Facilities Promissory Note, in the original principal amount of \$3,000,000.00. USDA claims as collateral for this loan revenues from both the City Sales Tax and the County Sales Tax, the Debtor’s leasehold interests with the County, together with Debtor’s equipment, inventory, accounts, general intangibles, chattel paper, money, instruments, investment property, deposit accounts, documents, and fixtures. The approximate amount of the total Claim alleged by USDA as of December 14, 2018, is \$3,101,545.74.

For the purposes of the Plan, the USDA is granted an Allowed Secured Claim in the amount of \$3,000,000.00. The portion of USDA’s Claim in excess of the \$3,000,000.00 Allowed Secured Claim shall be Allowed as a General Unsecured Claim under Class 5. Upon Confirmation of the Plan, USDA will retain its Lien rights against its collateral to the same extent, priority and validity as existed prior to the Petition Date. The Authority shall abide by the terms and conditions of the USDA’s loan documents to the extent that they are not preempted or modified by any confirmed plan.

The USDA’s Allowed Secured Claim shall be divided into two separate categories for the purposes of repayment: Category A and Category B.

(a.) Category A of the USDA’s Allowed Secured Claim.

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- Category A shall be comprised of the first \$2,000,000.00 of the USDA Allowed Secured Claim.
- Category A shall accrue interest at the rate of 3.5% per annum.
- The term of Category A shall be 40 years, beginning from the 25th day of the month following the Confirmation Date. For example, if the Plan is confirmed on January 1, 2020, then the beginning of the repayment term would be February 25, ~~2019~~2020, and would then extend to February 25, ~~2059~~2060 (the “Maturity Date”).
- The Authority’s monthly payments under Category A to USDA shall be \$7,~~47,8260.00~~, and shall be paid directly to the USDA.
- Payments under Category A shall first be due the 25th day of the month following the Confirmation Date. For example, if the Plan is confirmed on January 1, 2020, then the first monthly payment would be due February 25, 2020.

(b.) Category B of the USDA Allowed Secured Claim.

- Category B shall be comprised of the last \$1,000,000.00 of debt owed under the USDA Allowed Secured Claim.
- Category B shall accrue interest at the rate of 3.5% per annum.
- The term of Category B shall be 40 years, and shall be deemed to begin as of the first day of the Debtor’s fiscal year in which the Plan is confirmed. Debtor’s fiscal year begins April 1 and ends March 31. So, for example, if the Plan is confirmed on March 1, 2020, then the beginning of the Category B term would be April 1, 2020, and would then extend to April 1, ~~2030~~2060.
- Payments under Category B shall be made in annual installments. Debtor’s annual payment under Category B shall be calculated as follows:
 - The Category B payment shall made exclusively from the Hospital’s excess profits for each fiscal year during Category B’s term (the “Excess Profit”)
 - Further, for each fiscal year during Category B’s term, 70% of the Excess Profit shall be paid to the USDA, and 30% of the Excess Profit shall remain with the Debtor. For example, if a

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given fiscal year's Excess Profit is \$250,000.00, then \$175,000 (70%) would be paid to the USDA, and \$75,000.00 would remain with the Debtor.

- Excess Profit will be deemed to be revenue, from any source whatsoever, that aggregately is in excess of \$250,000.00 above expenses¹ incurred during the relevant fiscal year. For example, if the Debtor receives \$500,000.00 in excess of expenses during a fiscal year, the Excess Profit amount for that fiscal year would be \$250,000.
- As Debtor's fiscal year ends March 31, the annual installment of USDA's portion of Excess Profit under Category B shall be due the 31st day of July of each year of the term. The first payment due shall be July 31, ~~2021~~2020. This payment date is approximately 120 days after fiscal year end to allow time for the payment to be calculated from audited numbers.
- Any amounts of Category B debt that remain outstanding and unpaid at the end of the Category B term shall be forever and fully discharged.

Class 1 is impaired, and may vote to accept or reject the Plan.

2. Class 2: Secured Claim of InterBank.

Class 2 consists of the Secured Claim of InterBank, based on a USDA Guaranteed Promissory Note, Series 2012, in the original principal amount of \$2,500,000. InterBank acquired this debt through merger with First State Bank of Yukon. InterBank claims as collateral for this loan revenues from both the City Sales Tax and the County Sales Tax, the Debtor's leasehold interests with the County, together with Debtor's equipment, inventory, accounts, general intangibles, chattel paper, money, instruments, investment property, deposit accounts, documents, and fixtures. The approximate amount of the total Claim alleged to be secured by InterBank as of the Petition Date is \$2,413,289.57.

¹ The first \$250,000.00 in excess revenues that are to be kept by the Authority shall be used for reasonable capital expenditures, maintenance and repairs, doctor and staff recruitment, and creation of a capital reserve to ensure the Hospital has adequate finances in case of short term revenue downturns or other similar operative needs. Depreciation will not be deducted as an expense from the calculation of "excess profits" unless funds equaling the amount of depreciation have been deposited into a depreciation/capital improvement account. When funds are to be utilized from the depreciation/capital improvement account a reconciliation will be provided to RHS so that the agency may track those expenditures.

For the purposes of the Plan, InterBank shall not have an Allowed Secured Claim. The entirety of InterBank's Claim shall be Allowed as a General Unsecured Claim under Class 5, and InterBank shall be allowed to vote on the Plan under Class 5 only.

Class 2 is impaired, though InterBank shall only be allowed to vote to accept or reject the Plan under Class 5.

3. Class 3: Secured Claim of FirstBank of Antlers ("FirstBank").

Class 3 consists of the Secured Claim of FirstBank. FirstBank claims as collateral for this loan revenues from both the City Sales Tax and the County Sales Tax, the Debtor's leasehold interests with the County, together with Debtor's equipment, inventory, accounts, general intangibles, chattel paper, money, instruments, investment property, deposit accounts, documents, and fixtures. The approximate amount of the total Claim alleged to be secured by FirstBank as of the Petition Date is \$593,500.76.

For the purposes of the Plan, FirstBank shall not have an Allowed Secured Claim. The entirety of First Bank's Claim shall be Allowed as a General Unsecured Claim under Class 5, and First Bank shall be allowed to vote on the Plan under Class 5 only.

Class 3 is impaired, though First Bank shall only be allowed to vote to accept or reject the Plan under Class 5.

4. Class 4: General Unsecured Convenience Claims.

Class 4 consists of Holders of Allowed Unsecured Convenience Claims. Convenience Claims are General Unsecured Claims that are either (i) less than or equal to \$1,000.00, or (ii) in excess of \$1,000.00, but the Holder of such General Unsecured Claim elects to reduce its Claim to \$1,000.00; provided that, where any portion(s) of a single Claim has been transferred, the amount of all such portions will be aggregated to determine whether a Claim qualifies as a Convenience Claim and for purposes of the Convenience Claim election. Unless all transferees make the Convenience Claim election on the applicable Ballots, the Convenience Claim election will not be recognized for such Claim.

Holders of Allowed General Unsecured Convenience Claims will receive a single distribution equaling 70% of the amount of their Allowed Claims within 120 days of the Effective Date. To be clear, Creditors otherwise in Class 5 below, who have claims larger than the \$1,000.00 Convenience Class amount may, at their option, reduce their claim to the Convenience Class maximum amount of \$1,000.00 and receive a distribution in the sum 70% of \$1,000.00, in the same manner, and at the same time, as other members of the Convenience Class.

Class 4 is impaired, and may vote to accept or reject the Plan.

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5. Class 5: General Unsecured Claims.

Class 5 consists of the Holders of General Unsecured Claims including, but not limited to: (i) Holders of Claims resulting from the Hospital's rejection of any executory contracts or unexpired leases as approved by the Court pursuant to a Rejection Order; (ii) Holders of Tort Claims for which there is no General Liability Insurance Coverage, and (iii) Holders of General Unsecured Claims that are greater than \$1,000.00 who do not elect to participate as the Holder of a Class 4 Claim; (iv) the entirety of the Claim of InterBank; and (v) the entirety of the Claim of FirstBank.

Each Holder of an Allowed Class 5 Claim shall receive a *Pro Rata* share of the following:

- 1.) A one-time class payment in the sum of \$50,000.00 to be distributed within 60 days of the Effective Date, and
- 2.) 5 annual payments to be paid on or before June 1 of each year, the first of which to be on or before June 1, 2021, and the final to be on or before June 1, 2025 (each an "Annual Payment"). The amount of each Annual Payment shall be the net amount received by the Authority for its April SHOPP payment for the applicable year. For example, if the Hospital's net April 2021 SHOPP Payment (SHOPP Payment less SHOPP Fee) is \$35,000.00, then each member of Class 5 will receive a *Pro Rata* share of \$35,000.00 on or before June 1, 2021. If the Hospital does not receive any net SHOPP funds during an applicable year, then no payment will be made that year.

Class 5 is impaired, and may vote to accept or reject the Plan.

6. Class 6 – Tort Claims.

Class 6 consists of the Holders of any Tort Claims asserted against the Authority or Hospital for which there is any General Liability Insurance Coverage. Holders of Class 6 Tort Claims shall look solely to the General Liability Insurance Policy for their recovery. If there is no General Liability Insurance Coverage for any aspect of the Tort Claim, the Tort Claim shall be treated as a Class 5 Claim. Nothing in the Plan shall be deemed to impair any rights or obligations under the Oklahoma Governmental Tort Claims Act or other applicable state law.

Class 6 is Impaired and therefore is entitled to vote to accept or reject the Plan.

B. Impaired Classes are Entitled to Vote.

Except to the extent a Class of Claims is deemed to have rejected the Plan, each Holder of a Claim in an Impaired Class as of the "Record Date" described on the Ballot shall be entitled to vote to accept or reject the Plan.

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C. Classification Disputes.

If a dispute arises regarding whether any Claim is properly classified under the Plan, the Bankruptcy Court shall, upon proper motion and notice, determine such controversy at the Confirmation Hearing.

D. Acceptance by Class of Claims.

An Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have voted to accept or reject the Plan. Classes that are not Impaired under the Plan are presumed to have accepted the Plan.

E. Cramdown - Confirmation Without Acceptance by All Impaired Classes.

With respect to any Impaired Class of Claims that fails to accept the Plan pursuant to Section 1126 of the Bankruptcy Code, the Hospital requests that the Bankruptcy Court confirm the Plan pursuant to Bankruptcy Code Section 1129(b). The Plan shall constitute a motion for such relief.

F. Distributions to be Made Only to Holders of Allowed Claims.

Notwithstanding any other term or provision of the Plan, no distributions will be made, and no rights will be retained, on account of any Claim that is not an Allowed Claim.

G. Effect of Plan Treatment.

The treatment provided in the Plan is in full, final, and complete satisfaction of the legal, contractual, and equitable rights (including any Liens, encumbrances, charges, and interest) that each Person holding a Claim may have or assert against the Authority or its property. This treatment supersedes and replaces any agreements or rights that any Holder of a Claim may otherwise have or assert against the Authority or its property.

ARTICLE IV

Treatment of Executory Contracts and Unexpired Leases

A. Assumption of Executory Contracts and Unexpired Leases.

1. Assumption of Agreements.

On the Effective Date, the Authority shall assume all executory contracts and unexpired leases specifically identified on the Schedule of Assumed Agreements, which is attached as Exhibit A to the Plan. This Plan shall serve as, and shall be deemed to be, a

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motion for entry of an order approving the assumption of the contracts listed on Exhibit A as of the Effective Date.

The Authority reserves the right to amend the Schedule of Assigned Agreements at any time prior to the Confirmation Hearing (i) to delete any executory contract or unexpired lease, or (ii) to add any executory contract or unexpired lease and provide for its assumption under the Plan. The Authority will provide notice of any amendment to the Schedule of Assigned Agreements to the party or parties to those agreements affected by the amendment.

The terms and conditions of any Order previously entered in this Chapter 9 Case regarding the rejection or acceptance of an executory contract or unexpired lease are incorporated herein.

The Confirmation Order, and any subsequent Order regarding assumption of executory contracts or unexpired leases, will constitute a Bankruptcy Court Order approving, as of the Effective Date, the Authority's assumption of all executory contracts and unexpired leases identified on the Schedule of Assigned Agreements, as may be amended.

2. Cure Payments.

The Authority has set forth in Exhibit A hereto, as the "Cure Payment" on the Schedule of Assumed Agreements, the cure amount it believes is due, as of the Petition Date, under each executory contract or unexpired lease it seeks to assume. Except as otherwise set by Order of the Bankruptcy Court, any objection to the assumption, vesting of, or the proposed Cure Payment as reflected in Exhibit A to the Plan as it exists as of the date of the deadline to object to Confirmation) must be made as an objection to Confirmation of the Plan. If no objection to the assumption, vesting of, or the proposed Cure Payment under any particular Assumed Contract is Filed and timely served as an objection to Confirmation of the Plan, an Order (which may be the Confirmation Order) that approves the assumption and assignment of, and the proposed Cure Payment under, each respective Assumed Contract may be entered by the Bankruptcy Court.

The Court's determination of any Cure Amount as a result of entering a Final Order, which may include the Confirmation Order, will be binding on any counterparty to an unexpired lease or executory contract.

Unless the parties mutually agree to a different date, payment of a Cure Payment shall be made in Cash, within 30 Business Days following the later of: (i) the Effective Date or (ii) entry of a Final Order resolving any disputes regarding (a) the amount of any Cure Payment, or (b) any other matter pertaining to assumption and assignment.

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3 Resolution of Claims Relating to Assumed and Assigned Contracts and Leases.

Payment of the Cure Payment established under a Final Order entered with respect to an assumed executory contract or unexpired lease, shall be deemed to satisfy, in full, any pre-petition or post-petition arrearage or other Claim (including any Claim asserted in a Filed Proof of Claim or listed on the List of Creditors) with respect to such contract or lease (irrespective of whether the Cure Payment is less than the amount set forth in such Proof of Claim or the List of Creditors). Upon the tendering of the Cure Payment, any such Filed or scheduled Claim shall be disallowed with prejudice, without further order of the Bankruptcy Court or action by any person.

B. Rejection of Executory Contracts and Unexpired Leases.

1. Rejected Agreements.

On the Effective Date, all executory contracts and unexpired leases that the Authority entered into on or before the Petition Date that (i) have not been previously assumed or rejected by the Authority and (ii) are not set forth on Exhibit A, the Schedule of Assumed Agreements, as may be amended, shall be rejected. The Confirmation Order, and any subsequent order regarding rejection of executory contracts or unexpired leases, will constitute a Bankruptcy Court Order approving the rejection, on the Effective Date, of the executory contracts and unexpired leases to be rejected under the Plan. Rejection Claims are classified as Class 5 Claims. Any Rejection Claim which becomes an Allowed Claim will receive the treatment provided for claims in Class 5.

2. Rejection Bar Date.

Any Claim for damages arising from the rejection under the Plan of an executory contract or unexpired lease must be Filed and served on the Authority by the Rejection Bar Date. Any such Claims that are not timely Filed and served will be forever barred and unenforceable against the Authority and its property, and persons holding such Claims will not receive, and will be barred from receiving, any distributions on account of such untimely Claims.

ARTICLE V

Means of Implementing the Plan

A. Consent under 11 U.S.C. § 904.

Pursuant to and for purposes of Bankruptcy Code section 904, the Authority consents to entry of the Confirmation Order on the terms and conditions set forth herein and to entry of any further orders as necessary or required to implement the provisions of the Plan or any and all related transactions. Provided, however, that, other than as set forth specifically herein, the terms and provisions of this Plan are without prejudice to the rights

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of the Authority pursuant to section 904 of the Bankruptcy Code, and, other than as specifically set forth herein, shall not be deemed to constitute the Authority's consent to the Bankruptcy Court's interference with (i) any of the governmental powers of the Authority; (ii) any of the property or revenues of the Authority; or (iii) the Authority's use or enjoyment of any income-producing property.

B. Continued Hospital Operation and Governance by Trustees and Officers.

Following the Effective Date, the Hospital shall remain in existence and operate in its normal course of business. As of and after the Effective Date, the duly elected Board of Trustees, as constituted from time to time, will continue to govern the Authority. The Authority will administer, control, manage, and operate the property and revenues of the Hospital in accordance with the Plan, the Authority's governing documents, applicable Oklahoma law, and other applicable laws. The Trustees shall remain the same as those who served on the Board of Trustees as of the date of the Plan. Likewise, Nick Rowland shall continue to serve as CEO of the Hospital after the Effective Date.

Except as provided in the Plan, the Authority need not obtain any Court Order or approval in the exercise of any provisions or discretion conferred under the Plan, or account to any court in the absence of a breach of trust. The Authority's powers (except as otherwise expressly limited in the Plan) shall include, without limitation, the following. The Authority may perform the following or designate others to perform them in its stead:

- (1.) to make or cause to be made Distribution of Available Funds in accordance with the terms of the Plan;
- (2.) to investigate, pursue, prosecute, or settle any Causes of Action;
- (3.) to enforce the payment of notes, insurance policies or other obligations of any person or to make contracts with respect thereto;
- (4.) subject to the requirements of the Plan, to appoint, engage, employ, supervise, and compensate officers, employees, and other persons as may be necessary or desirable, including accountants, technical, financial, attorneys or depositories;
- (5.) to undertake any action or perform any obligation provided for or required under the Plan;
- (6.) to perfect and secure its rights, title and interest to the personal or real properties comprising the property of the Hospital;
- (7.) to pay and discharge any costs, expenses or obligations deemed necessary to preserve the property of the Hospital or any part thereof;

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- (8.) to perform the duties required by the Plan;
- (9.) to review and, if necessary, object to any Claim or Administrative Claim filed in this Case;
- (10.) to draw checks and make disbursements; and
- (11.) to employ and have such attorneys, accountants, appraisers and any other professionals as are reasonably necessary in carrying out and administering the terms of the Plan and to compensate same.

C. Provisions for Implementing the Plan

1. Sources of Plan Payments

The Authority shall pay or cause to be paid all Allowed Claims in cash from Service Revenues, City Sales Tax proceeds, or County Sales Tax proceeds, except for the Annual Payments. Each of the five Annual Payments to be paid to the Allowed Class 5 Claims shall be paid solely from net SHOPP Payments received by the Authority, if any, on account of the Hospital as described above.

2. Date of Implementation.

The Plan shall be implemented on the Effective Date.

3. Authorized Actions.

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects whether to occur before, on or after the Effective Date. All matters provided for in the Plan involving the structure of the Authority, and any action required by the Authority in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Trustees of the Authority or the directors or officers of the Hospital. The appropriate officers of Authority or the Hospital, as applicable, shall be authorized and directed to issue, execute and deliver any agreements, documents, certificates, or instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Authority or the Hospital.

4. Treatment of Disputed Claims.

The Authority shall have the right to object to the allowance of any Class 4, 5, or 6 Claims deemed by the Authority to be improper, inaccurate or otherwise not qualified to be fully Allowed on the basis that liability, amount, priority, classification, or status as secured or unsecured is disputed in whole or in part (except to the extent such Claims have been previously Allowed or are Allowed as set forth in the Plan).

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The Authority shall have the power, without notice to or approval of the Bankruptcy Court, and in the exercise of its best business judgment, to preserve, abandon, settle, compromise or litigate any Class 4, 5, or 6 Claim Filed or otherwise asserted herein. The deadline for the Authority to object to Claims shall be 60 days after the Effective Date, though this deadline may be extended by Court Order.

Only Claims that are Allowed Claims may receive distributions under the Plan. On the Effective Date, the Authority shall calculate the amount each Claim, whether Disputed or Allowed, would be entitled to under its Class. At such time as a Disputed Claim becomes an Allowed Claim, the previous distributions due on account of such Allowed Claim shall be paid over to the Holder of such Allowed Claim as quickly as practical.

5. No Recourse to the Board of Trustees.

Notwithstanding that the amount of any particular disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code or becomes an Allowed Claim in an amount of which there is insufficient Cash in the relevant account to provide a recovery equal to that received by other Holders of Allowed Claims in the relevant Class, **no Holder of an Allowed Claim shall have recourse to the Board of Trustees, or any of their respective professionals, or their successors or assigns, or the Holder of any other Claim, or any of their respective property.** Nothing in the Plan, however, shall modify any right of a Holder of an Allowed Claim under Section 502(j) of the Bankruptcy Code.

6. Treatment of Unclaimed Property.

If a distribution to a Holder of an Allowed Claim becomes Unclaimed Property, the Authority will make a reasonable effort to reach the Holder of the Allowed Claim after which the Holder of the Allowed Claim shall cease to be entitled to the distribution or any further distributions. In the event that any distributions become Unclaimed Property, all such Unclaimed Property shall be returned to the appropriate fund for distribution to other Allowed Claims, or, if such Unclaimed Property is burdensome to administer, may be kept by the Authority for general use of the Hospital.

7. De Minimis Distributions and Rounding of Distributions.

The Authority shall not be required to make a distribution to the Holder of an Allowed Claim if the amount of the distribution is less than \$10.00. The Authority may, but is not required to, round all Distributions to the nearest whole dollar amount.

8. Delivery of Distributions.

The Authority shall make Distributions to each Holder of an Allowed Claim as follows:

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a. By mail at the address set forth on the Proof of Claim Filed by such Holder in respect of such Allowed Claim, unless such Holder has provided written notice of address change to the Authority;

b. By mail at the address set forth in any written notice of address change delivered to the Authority after the date of any related Proof of Claim; or

c. By mail at the address reflected in the List of Creditors if no Proof of Claim is Filed and the Authority has not received a written notice of a change of address.

9. Nominal Distributions.

If the amount of any distribution to the Holder of an Allowed Claim, other than a final distribution, is less than \$100.00, the Authority may elect to defer distribution of such amount until a subsequent distribution of \$100.00 or greater is made.

10. Full, Final, and Complete Settlement and Satisfaction.

The distributions and other treatment provided under the Plan for each Holder of an Allowed Claim shall be in full, final, and complete settlement, satisfaction, discharge, and release of such Holder's Claims against the Authority, and any property belonging to the Authority.

11. Binding Effect.

Upon the Effective Date and pursuant to section 944(a) of the Bankruptcy Code, the Plan and the Distributions shall be binding upon the Authority and all Creditors.

12. Discharge and Injunctions

On the Effective Date, the Authority and its property will be discharged and released to the fullest extent permitted under section 944(b) of the Bankruptcy Code, from all Claims that arose before the Effective Date, including all debts and Liabilities, and all debts of the kind specified in 11 U.S.C. §§502(g), 502(h) or 502(i).

Interest on Claims. Post-Petition Date interest, penalties, fines, fees, and other similar charges shall not accrue or be paid on Allowed Claims.

5.1 No Amendments. At the close of business on the Record Date, the Claims Register shall be closed with respect to all Claims and Interests, and there will be no further changes in the record holder of any Claim or Interest for purposes of treatment under this Plan. No amendments to proofs of Claims or Interests may be filed after the Record Date. The Debtor will have no obligation to recognize any transfer or sale of a Claim occurring after the Record Date. The Debtor will instead

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be authorized and entitled to recognize and deal for all purposes under the Plan only with those record holders stated on the Claims Register as of the close of business on the Record Date.

ARTICLE VI

Litigation Claims and Other Rights of Debtor.

Setoff Rights: Notwithstanding anything to the contrary contained in the Plan and except as otherwise agreed by the Authority, the Authority may, but shall not be required to, setoff against or recoup from any Claim and the Distributions to be made in respect of such Claim (other than with respect to Claims previously Allowed or Allowed as set forth in the Plan) any causes of action of any nature whatsoever that the Authority may have against the claimant. If the Authority elects to so setoff or recoup the Allowed amount of the subject Claim shall be limited to the net amount after giving effect to the Authority's setoff or recoupment; provided, however, that the claimant will be provided with written notice of the proposed setoff or recoupment at least ten (10) Business Days prior thereto, and, if the claimant Files a written objection to such proposed setoff or recoupment, the Authority shall not proceed with the setoff or recoupment absent the withdrawal of the claimant's objection or the entry of an order overruling the objections, but the Authority may in all events withhold any Distributions on account of such Claim pending resolution of the claimant's objection; provided further, however, that neither the failure to set off against or recoup from any Claim nor the allowance of any Claim shall constitute a waiver or release by the Authority of any Causes of Action the Authority may have against the subject Claimant.

To the extent they exist, the Authority specifically and unequivocally reserves the right to assert, after the confirmation of the Plan herein, any and all of the claims, rights, and Causes of Action, and all proceeds of the foregoing. In the Plan, the Debtor has the Authority specifically reserves all Causes of Action for prosecution by the Authority, if any, which are including, but not limited to, those Causes of Action set forth in Exhibit B to the Plan.

Parties in interest may not rely on the absence of a reference in this Disclosure Statement or Plan as any indication that the Authority ultimately will not pursue any and all available claims and causes of action against them. All parties who previously dealt with the Authority hereby are on notice that the Plan preserves certain of the Authority's rights, claims, interests and defenses. The Authority expects that any and all meritorious claims, if any, will be pursued and litigated after the Effective Date to the extent they remain vested in the Authority.

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ARTICLE VII
Effect of Plan Confirmation

A. **Binding Effect.**

The Plan shall be binding upon and inure to the benefit of the Authority, all present and former holders of Claims, and their respective successors and assigns. Confirmation of the Plan binds each Holder of a Claim to all the terms and conditions of the Plan, whether or not such Holder's Claim is Allowed, whether or not such Holder is in a Class that is Impaired under the Plan, and whether or not such Holder has accepted the Plan. The Authority reserves all rights to seek appropriate relief against any Person under the Bankruptcy Code Section 1142(b) to the extent necessary for the consummation of the Plan.

Releases by the Debtor and Holders of Claims and Interests. On the Effective Date, the Debtor and all holders of Claims and Interests shall release unconditionally, and hereby are deemed to forever release unconditionally the following with respect to their activities and conduct during or in connection with the Chapter 11 Case: (i) the Debtor' post-Petition Date management that remained in place after the bankruptcy filing (but not including the Debtor' prepetition management that did not remain after the bankruptcy filing), and (ii) the Debtor' post-Petition Date professionals.

Injunction. The Confirmation Order shall provide, among other things, that from and after the Confirmation Date, all persons who have held, hold, or may hold Claims against or Interests in the Debtor are permanently enjoined from taking any of the following actions against (i) the Debtor' post-Petition Date management that remained in place after the bankruptcy filing; (ii) the Debtor' post-Petition Date professionals; (iii) the Committee and, solely in their respective capacities as members or representatives of the Committee, each member of the Committee and its professionals; and (iv) the respective representatives, advisors, accountants, investment bankers, consultants, attorneys and other representatives of any of the foregoing, or any of their property on account of any such Claims or Interests:

(A) *commencing or continuing, in any manner or in any place, any action or other proceeding;*

(B) *enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order;*

(C) *creating, perfecting or enforcing any lien or encumbrance; and/or*

(D) *commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan;*

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provided, however, that nothing contained herein shall preclude such persons from exercising their rights pursuant to and consistent with the terms of the Plan.

Term of Bankruptcy Injunction or Stays: All injunctions or stays provided for in the Chapter 11 Case under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

Release of Liens and Judgments: Except as otherwise provided in this Plan or the Confirmation Order, all liens, security interests, deeds of trust, or mortgages against property of the Bankruptcy Estate, and judgments shall be deemed to be released, terminated, and nullified.

Exemption From Certain Transfer Taxes and Recording Fees: Pursuant to Section 1146(c) of the Bankruptcy Code, to the extent applicable, any transfers from the Debtor to any other Person or entity pursuant to the Plan will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or recording fee or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

ARTICLE VIII

Plan Consummation and Continuing Jurisdiction

The Court shall retain jurisdiction for the following purposes: determination of Allowed Claims and other Estate Liabilities; correction of any defect or the curing of any omission or the reconciliation of any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan; interpretation and enforcement of the terms of the Plan; shortening or extending, for cause, of time fixed for doing any act or thing under the Plan; entry of any order, including any injunction, necessary to enforce the title, rights, and powers of the Debtor; and entry of an order concluding and terminating this case. The Court may exercise its jurisdiction after notice and a hearing, or ex parte, as the Court determines to be appropriate.

The Plan is fully consummated upon the closing of the Chapter 11 Case.

ARTICLE IX

Notices

With the exception of the US Trustee, any person or entity desiring to remain on the notice service list shall be required to file a request for continued service within ninety (90)

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days after the Effective Date. Persons and entities shall be notified of such continued notice requirements in the Confirmation Order. Those who do not file a request for continued service shall be removed from the Debtor's service list.

Any notice required or permitted to be provided to the Debtor or the Committee under the Plan shall be in writing and served (a) by (i) certified mail, return receipt requested, (ii) hand delivery, or (iii) overnight delivery service, and by (b) electronic mail, to be addressed as follows:

If to the Debtor:

Jeffrey E. Tate
Christensen Law Group, P.L.L.C.
The Parkway Building
3401 N.W. 63rd Street, Suite 600
Oklahoma City, Oklahoma 73116
(405) 232-2020 Telephone
jeffrey@christensenlawgroup.com

ARTICLE X

Plan Modification or Revocation

A. Plan Modification.

The Authority, as Plan proponent, may modify the Plan prior to Confirmation of the Plan, as modified, subject to the restrictions set forth in 11 U.S.C. §942. Such modification shall be deemed accepted or rejected by a Holder of a Claim that has previously accepted or rejected the Plan unless, within the time fixed by the Bankruptcy Court, such Holder changes such Holder's previous acceptance or rejection. In the event that the Plan requires modification after Confirmation, the Authority will be deemed to be the Plan proponent.

B. Revocation of Plan.

The Authority reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Authority revokes or withdraws the Plan, or if the Confirmation Date does not occur, the Plan shall be null and void in all respects.

ARTICLE XI

Miscellaneous Provisions

A. Severability of Plan Provisions.

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If, before the Confirmation Date, the Bankruptcy Court holds that any Plan term or provision is invalid, void, or unenforceable, the Bankruptcy Court may alter or interpret that term or provision so that it is valid and enforceable to the maximum extent possible consistent with the original purpose of that term or provision. That term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the Plan's remaining terms and provisions will remain in full force and effect and will in no way be affected, impaired, or invalidated. The Confirmation Order will constitute a judicial determination providing that each Plan term and provision, as it may have been altered or interpreted in accordance with this Article, is valid and enforceable under its terms.

B. Inconsistencies.

To the extent of any inconsistencies between the Plan, the Disclosure Statement, or any Ballot, the terms and provisions contained in the Plan shall govern.

C. Governing Law.

Unless a rule of law or procedure is supplied by (a) federal law (including the Bankruptcy Code and the Bankruptcy Rules), or (provided for in, or executed in connection with, the Plan, the rights and obligations arising under the Plan and any agreements, contract, instruments, and documents executed in connection with the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Oklahoma without giving effect to the principles of conflict of laws thereof.

D. Good Faith.

Confirmation of the Plan shall constitute a conclusive determination that: (a) the Plan, and all the transactions and settlements contemplated thereby, whether procedural, substantive, or otherwise, have been proposed and performed in good faith and in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules; and (b) the solicitation of acceptances or rejections of the Plan has been in good faith and in compliance with all applicable provisions of the Plan, the Bankruptcy Code, and the Bankruptcy Rules, and, in each case, that the Authority has acted in good faith in connection therewith.

CONFIRMATION REQUEST

The Authority Requests confirmation of this Plan pursuant to Section 1129(a) of the Bankruptcy Code or, in the event that this Plan is not accepted by each of those Classes of Claims and Interests entitled to vote, Section 1129(b) of the Bankruptcy Code.

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PUSHMATAHA COUNTY – CITY OF
ANTLERS HOSPITAL AUTHORITY,

By: _____
David Smith, Pres. Board of Trustees
Plan Proponent

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EXHIBIT A

Executory Contracts & Unexpired Leases to be Assumed¹

~~*-To Be Updated No Later than 10 Days Before the Deadline to Object to the Disclosure Statement-*~~

<u>Name of Contracting Party</u>	<u>Nature of Contract</u>	<u>Cure Amount</u>	<u>Cure Payment Arrangement</u>
<u>Centers for Medicare & Medicaid Services Medicare</u>	<u>Provider Agreements related to Provider # 370083</u>	<u>\$0.00 (Estimated) *</u>	<u>N/A</u>
<u>Centers for Medicare & Medicaid Services Medicare</u>	<u>Provider Agreements related to Provider # 37U083</u>	<u>\$0.00 (Estimated) *</u>	<u>N/A</u>

* Under certain Medicare statutes and regulations related to the Centers for Medicare & Medicaid Services ("CMS") it is possible that a provider may owe money back to CMS if the provider was overpaid during its relevant fiscal year. Further, a final determination may re-opened, and an amount previously determined to be due the debtor for a particular cost year may be adjusted, within three years after the determination was made. 42 C.F.R. § 405.1885. Currently, the Authority does not believe it owes any funds to CMS under its two Provider Agreements set forth above, but cannot guaranty that cost report audits may change this.

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¹ To be updated and amended at any time prior to the Confirmation Hearing (i) to delete any executory contract or unexpired lease, or (ii) to add any executory contract or unexpired lease and provide for its assumption under the plan. The Authority will provide notice of any amendment to the Schedule of Assigned Agreements to the party or parties to those agreements affected by the amendment pursuant to Article IV of the First Amended Plan

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EXHIBIT B

Causes of Action and Litigation Claims

*- To Be Updated No Later than 10 Days Before the ~~Deadline to Object to the~~
~~Disclosure Statement~~Confirmation Hearing -*

EXHIBIT B

**Financial Statements of the
Pushmataha County – City of Antlers Hospital Authority**

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 05/31/2019

	Current Year	Prior Year	Net Change
ASSETS			
CURRENT ASSETS			
CASH	467,467.41	83,221.75	384,245.66
PATIENT ACCOUNTS RECEIVABLE	3,447,375.77	3,022,571.87	424,803.90
NOTES RECEIVABLE	(709.06)	(709.06)	-
ALLOWANCES	(2,548,050.67)	(2,203,836.20)	(344,214.47)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)	-
OTHER RECEIVABLES	-	-	-
INVENTORY	84,162.60	84,162.60	-
PREPAID EXPENSES	<u>57,952.15</u>	<u>58,931.51</u>	<u>(979.36)</u>
CURRENT ASSETS	1,452,905.38	989,049.65	463,855.73
LONG TERM ASSETS			
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	-
CAPITALIZED EMR	1,220,148.20	1,220,148.20	-
LAND	33,594.59	33,594.59	-
LAND IMPROVEMENT	21,234.00	21,234.00	-
FIXED EQUIPMENT	906,422.00	906,422.00	-
BUILDINGS	2,004,761.47	2,004,761.47	-
BUILDING IMPROVEMENTS	405,491.84	405,491.84	-
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,145,282.34	38,559.00
ACCUM DEPR - BUILD IMPROVE	<u>(8,143,295.05)</u>	<u>(7,688,855.17)</u>	<u>(454,439.88)</u>
LONG TERM ASSETS	3,507,954.03	3,923,834.91	(415,880.88)
TOTAL ASSETS	<u>4,960,859.41</u>	<u>4,912,884.56</u>	<u>47,974.85</u>
LIABILITIES & FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	3,861,145.95	3,834,119.40	27,026.55
ACCRUED PAYROLL	126,886.62	115,940.82	10,945.80
OTHER CURRENT LIABILITIES	<u>59,481.03</u>	<u>49,909.57</u>	<u>9,571.46</u>
CURRENT LIABILITIES	4,047,513.60	3,999,969.79	47,543.81
NOTES PAYABLE	5,818,820.00	5,818,820.00	-
LEASE PAYABLE	81,337.72	81,337.72	-
ACCRUED INTEREST PAYABLE	<u>724,899.14</u>	<u>476,042.87</u>	<u>248,856.27</u>
LONG TERM LIABILITIES	6,625,056.86	6,376,200.59	248,856.27
TOTAL LIABILITIES	10,672,570.46	10,376,170.38	296,400.08
FUND BALANCE			
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	-
FUND BALANCE CURRENT YEAR	<u>(370,601.59)</u>	<u>(370,601.59)</u>	<u>-</u>
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	-
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,166,848.15)	(77,202.00)
CURRENT YEAR RETAINED EARNINGS	(178,493.06)	(7,269.83)	(171,223.23)
TOTAL LIABILITIES & FUND BALANCE	<u>4,960,859.41</u>	<u>4,912,884.56</u>	<u>47,974.85</u>

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE 02 MONTHS ENDING 05/31/2019

	S I N G L E M O N T H				Y E A R T O D A T E			
	ACTUAL	BUDGET	\$ VARIANCE	%	ACTUAL	BUDGET	\$ VARIANCE	%
REVENUES								
PATIENT REVENUE								
INPATIENT REVENUE	296,203.80		296,203.80	20.2%	629,578.09		629,578.09	21.1%
SWINGBED REVENUE	167,256.29		167,256.29	11.4%	364,503.08		364,503.08	12.2%
OUTPATIENT REVENUE	<u>1,001,075.55</u>		<u>1,001,075.55</u>	68.4%	<u>1,913,712.73</u>		<u>1,913,712.73</u>	64.2%
TOTAL PATIENT	1,464,535.64		1,464,535.64	100.0%	2,907,793.90		2,907,793.90	97.6%
OTHER REVENUE	<u>(552.18)</u>		<u>(552.18)</u>	0.0%	<u>71,225.00</u>		<u>71,225.00</u>	2.4%
TOTAL GROSS REVENUE	1,463,983.46		1,463,983.46	100.0%	2,979,018.90		2,979,018.90	100.0%
DEDUCTIONS FROM REVENUE								
CHARITY	-		-	0.0%	-		-	0.0%
MEDICARE CONTRACTUAL	(645,107.17)		(645,107.17)	-44.1%	(1,163,208.04)		(1,163,208.04)	-39.0%
MEDICAID CONTRACTUAL	(195,164.66)		(195,164.66)	-13.3%	(374,381.40)		(374,381.40)	-12.6%
OTHER CONTRACTUAL	(186,279.34)		(186,279.34)	-12.7%	(355,971.30)		(355,971.30)	-11.9%
BAD DEBT	<u>(190,535.91)</u>		<u>(190,535.91)</u>	-13.0%	<u>(358,300.33)</u>		<u>(358,300.33)</u>	-12.0%
TOTAL REVENUE	(1,217,087.08)		(1,217,087.08)	-83.1%	(2,251,861.07)		(2,251,861.07)	-75.6%
NET REVENUE	246,896.38		246,896.38	16.9%	727,157.83		727,157.83	24.4%
OPERATING EXPENSES								
SALARIES	194,475.96		194,475.96	13.3%	388,948.02		388,948.02	13.1%
EMPLOYEE BENEFITS	33,770.17		33,770.17	2.3%	63,680.81		63,680.81	2.1%
PROFESSIONAL FEES	113,197.51		113,197.51	7.7%	195,044.82		195,044.82	6.5%
SUPPLIES	43,902.34		43,902.34	3.0%	111,715.81		111,715.81	3.8%
DEPRECIATION	37,869.99		37,869.99	2.6%	75,739.98		75,739.98	2.5%
INTEREST	21,135.87		21,135.87	1.4%	41,513.58		41,513.58	1.4%
OTHER EXPENSES	2,427.50		2,427.50	0.2%	7,902.55		7,902.55	0.3%
UTILITIES/TELEPHONE	8,121.93		8,121.93	0.6%	16,225.35		16,225.35	0.5%
OTHER PURCHASED	32,612.36		32,612.36	2.2%	56,532.51		56,532.51	1.9%
RENTAL/LEASES	4,698.02		4,698.02	0.3%	5,714.96		5,714.96	0.2%
TRAVEL	74.78		74.78	0.0%	98.65		98.65	0.0%
INSURANCE EXPENSE	5,466.87		5,466.87	0.4%	3,616.67		3,616.67	0.1%
DONATIONS	-		-	0.0%	-		-	0.0%
REPAIRS & MAINTENANCE	10,962.20		10,962.20	0.7%	4,282.52		4,282.52	0.1%
TOTAL OPERATING	508,715.50		508,715.50	34.7%	971,016.23		971,016.23	32.6%
NET OPERATING	(261,819.12)		(261,819.12)	-17.9%	(243,858.40)		(243,858.40)	-8.2%
SALES TAX REVENUE	33,724.05		33,724.05	2.3%	65,365.34		65,365.34	2.2%
INTEREST INCOME	-		-	0.0%	-		-	0.0%
OTHER NON-OPERATING	-		-	0.0%	-		-	0.0%
NET INCOME (LOSS)	(228,095.07)		(228,095.07)	-15.6%	(178,493.06)		(178,493.06)	-6.0%

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 05/31/2019

	Apr-19	May-19
ASSETS		
CURRENT ASSETS		
CASH	482,678.15	467,467.41
PATIENT ACCOUNTS RECEIVABLE	3,624,002.55	3,447,375.77
NOTES RECEIVABLE	(709.06)	(709.06)
ALLOWANCES	(2,538,932.85)	(2,548,050.67)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)
OTHER RECEIVABLES	-	-
INVENTORY	84,162.60	84,162.60
PREPAID EXPENSES	57,952.15	57,952.15
CURRENT ASSETS	1,653,860.72	1,452,905.38
LONG TERM ASSETS		
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64
CAPITALIZED EMR	1,220,148.20	1,220,148.20
LAND	33,594.59	33,594.59
LAND IMPROVEMENT	21,234.00	21,234.00
FIXED EQUIPMENT	906,422.00	906,422.00
BUILDINGS	2,004,761.47	2,004,761.47
BUILDING IMPROVEMENTS	405,491.84	405,491.84
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,183,841.34
ACCUM DEPR - BUILD IMPROVE	(8,105,425.06)	(8,143,295.05)
LONG TERM ASSETS	3,545,824.02	3,507,954.03
TOTAL ASSETS	5,199,684.74	4,960,859.41
LIABILITIES & FUND BALANCE		
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE- CURR	655,117.88	680,200.61
ACCOUNTS PAYABLE- PRE-OK	3,180,945.34	3,180,945.34
ACCRUED PAYROLL	203,046.61	126,886.62
OTHER CURRENT LIABILITIES	40,269.90	59,481.03
CURRENT LIABILITIES	4,079,379.73	4,047,513.60
NOTES PAYABLE	5,818,820.00	5,818,820.00
LEASE PAYABLE	81,337.72	81,337.72
ACCRUED INTEREST PAYABLE	703,763.27	724,899.14
LONG TERM LIABILITIES	6,603,920.99	6,625,056.86
TOTAL LIABILITIES	10,683,300.72	10,672,570.46
FUND BALANCE		
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)
FUND BALANCE CURRENT YEAR	(370,601.59)	(370,601.59)
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,244,050.15)
CURRENT YEAR RETAINED EARNINGS	49,602.01	(178,493.06)
TOTAL LIABILITIES & FUND BALANCE	5,199,684.74	4,960,859.41

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE MONTH ENDING: 05/31/2019

	YEAR TO DATE		
	Apr-19	May-19	2020 FYTD
REVENUES			
PATIENT REVENUE	333,374.29	296,203.80	629,578.09
INPATIENT REVENUE	197,245.79	167,256.29	364,503.08
SWINGBED REVENUE	912,637.18	1,001,075.55	1,913,712.73
OUTPATIENT REVENUE			
TOTAL PATIENT	1,443,258.26	1,464,535.64	2,907,793.90
OTHER REVENUE	71,777.18	(552.18)	71,225.00
TOTAL GROSS REVENUE	1,515,035.44	1,463,983.46	2,979,018.90
DEDUCTIONS FROM REVENUE			
CHARITY	(518,100.87)	(645,107.17)	(1,163,208.04)
MEDICARE CONTRACTUAL	(179,216.74)	(195,164.66)	(374,381.40)
MEDICAID CONTRACTUAL	(169,691.96)	(186,279.34)	(355,971.30)
OTHER CONTRACTUAL	(167,764.42)	(190,535.91)	(358,300.33)
BAD DEBT			
TOTAL REVENUE	(1,034,773.99)	(1,217,087.08)	(2,251,861.07)
NET REVENUE	480,261.45	246,896.38	727,157.83
OPERATING EXPENSES			
SALARIES	194,472.06	194,475.96	388,948.02
EMPLOYEE BENEFITS	29,910.64	33,770.17	63,680.81
PROFESSIONAL FEES	81,847.31	113,197.51	195,044.82
SUPPLIES	67,813.47	43,902.34	111,715.81
DEPRECIATION	37,869.99	37,869.99	75,739.98
INTEREST	20,377.71	21,135.87	41,513.58
OTHER EXPENSES	5,475.05	2,427.50	7,902.55
UTILITIES/TELEPHONE	8,103.42	8,121.93	16,225.35
OTHER PURCHASED	23,920.15	32,612.36	56,532.51
RENTAL/LEASES	1,016.94	4,698.02	5,714.96
TRAVEL	23.87	74.78	98.65
INSURANCE EXPENSE	(1,850.20)	5,466.87	3,616.67
DONATIONS			
REPAIRS & MAINTENANCE	(6,679.68)	10,962.20	4,282.52
TOTAL OPERATING	462,300.73	508,715.50	971,016.23
NET OPERATING	17,960.72	(261,819.12)	(243,858.40)
SALES TAX REVENUE	31,641.29	33,724.05	65,365.34
INTEREST INCOME			
OTHER NON-OPERATING			
NET INCOME (LOSS)	49,602.01	(228,095.07)	(178,493.06)

PUSHMATAHA HOSPITAL

Accounts Receivable Aging

5/31/2019

Row Labels	Count of NUMBER	Sum of 0 - 30 Days	Sum of 31 - 60 Days	Sum of 61 - 90 Days	Sum of 91 - 120 Days	Sum of 121+ Days	Sum of BALANCE	
Credits	71	(366.68)	(790.43)	(7,662.25)	(2,145.17)	(17,551.25)	(28,515.78)	-0.8%
In House	9	79,629.01					79,629.01	2.3%
Blue Cross	144	69,321.75	33,987.26	20,425.12	26,562.74	56,816.83	207,113.70	6.0%
Commercial	218	139,258.68	140,768.61	59,423.70	42,554.53	265,760.45	647,765.97	18.8%
Medicaid	133	166,674.68	22,646.71	32,392.18	16,540.93	2,451.29	240,705.79	7.0%
Medicare	448	588,646.89	241,237.60	149,334.94	88,042.58	403,244.05	1,470,506.06	42.7%
Private Pay	554	144,712.49	141,010.01	109,660.95	157,663.50	277,124.07	830,171.02	24.1%
Grand Total	1,577	1,187,876.82	578,859.76	363,574.64	329,219.11	987,845.44	3,447,375.77	100.0%
		34.5%	16.8%	10.5%	9.5%	28.7%	100.0%	

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 05/31/2019

	Current Year	Prior Year	Net Change
ASSETS			
CURRENT ASSETS			
CASH	467,467.41	83,221.75	384,245.66
PATIENT ACCOUNTS RECEIVABLE	3,447,375.77	3,022,571.87	424,803.90
NOTES RECEIVABLE	(709.06)	(709.06)	-
ALLOWANCES	(2,548,050.67)	(2,203,836.20)	(344,214.47)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)	-
OTHER RECEIVABLES	-	-	-
INVENTORY	84,162.60	84,162.60	-
PREPAID EXPENSES	<u>57,952.15</u>	<u>58,931.51</u>	<u>(979.36)</u>
CURRENT ASSETS	1,452,905.38	989,049.65	463,855.73
LONG TERM ASSETS			
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	-
CAPITALIZED EMR	1,220,148.20	1,220,148.20	-
LAND	33,594.59	33,594.59	-
LAND IMPROVEMENT	21,234.00	21,234.00	-
FIXED EQUIPMENT	906,422.00	906,422.00	-
BUILDINGS	2,004,761.47	2,004,761.47	-
BUILDING IMPROVEMENTS	405,491.84	405,491.84	-
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,145,282.34	38,559.00
ACCUM DEPR - BUILD IMPROVE	<u>(8,143,295.05)</u>	<u>(7,688,855.17)</u>	<u>(454,439.88)</u>
LONG TERM ASSETS	3,507,954.03	3,923,834.91	(415,880.88)
TOTAL ASSETS	<u>4,960,859.41</u>	<u>4,912,884.56</u>	<u>47,974.85</u>
LIABILITIES & FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	3,861,145.95	3,834,119.40	27,026.55
ACCRUED PAYROLL	126,886.62	115,940.82	10,945.80
OTHER CURRENT LIABILITIES	<u>59,481.03</u>	<u>49,909.57</u>	<u>9,571.46</u>
CURRENT LIABILITIES	4,047,513.60	3,999,969.79	47,543.81
NOTES PAYABLE	5,818,820.00	5,818,820.00	-
LEASE PAYABLE	81,337.72	81,337.72	-
ACCRUED INTEREST PAYABLE	<u>724,899.14</u>	<u>476,042.87</u>	<u>248,856.27</u>
LONG TERM LIABILITIES	6,625,056.86	6,376,200.59	248,856.27
TOTAL LIABILITIES	10,672,570.46	10,376,170.38	296,400.08
FUND BALANCE			
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	-
FUND BALANCE CURRENT YEAR	<u>(370,601.59)</u>	<u>(370,601.59)</u>	<u>-</u>
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	-
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,166,848.15)	(77,202.00)
CURRENT YEAR RETAINED EARNINGS	(178,493.06)	(7,269.83)	(171,223.23)
TOTAL LIABILITIES & FUND BALANCE	<u>4,960,859.41</u>	<u>4,912,884.56</u>	<u>47,974.85</u>

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE 02 MONTHS ENDING 05/31/2019

	S I N G L E M O N T H				Y E A R T O D A T E			
	ACTUAL	BUDGET	\$ VARIANCE	%	ACTUAL	BUDGET	\$ VARIANCE	%
REVENUES								
PATIENT REVENUE								
INPATIENT REVENUE	296,203.80		296,203.80	20.2%	629,578.09		629,578.09	21.1%
SWINGBED REVENUE	167,256.29		167,256.29	11.4%	364,503.08		364,503.08	12.2%
OUTPATIENT REVENUE	<u>1,001,075.55</u>		<u>1,001,075.55</u>	68.4%	<u>1,913,712.73</u>		<u>1,913,712.73</u>	64.2%
TOTAL PATIENT	1,464,535.64		1,464,535.64	100.0%	2,907,793.90		2,907,793.90	97.6%
OTHER REVENUE	<u>(552.18)</u>		<u>(552.18)</u>	0.0%	<u>71,225.00</u>		<u>71,225.00</u>	2.4%
TOTAL GROSS REVENUE	1,463,983.46		1,463,983.46	100.0%	2,979,018.90		2,979,018.90	100.0%
DEDUCTIONS FROM REVENUE								
CHARITY	-		-	0.0%	-		-	0.0%
MEDICARE CONTRACTUAL	(645,107.17)		(645,107.17)	-44.1%	(1,163,208.04)		(1,163,208.04)	-39.0%
MEDICAID CONTRACTUAL	(195,164.66)		(195,164.66)	-13.3%	(374,381.40)		(374,381.40)	-12.6%
OTHER CONTRACTUAL	(186,279.34)		(186,279.34)	-12.7%	(355,971.30)		(355,971.30)	-11.9%
BAD DEBT	<u>(190,535.91)</u>		<u>(190,535.91)</u>	-13.0%	<u>(358,300.33)</u>		<u>(358,300.33)</u>	-12.0%
TOTAL REVENUE	(1,217,087.08)		(1,217,087.08)	-83.1%	(2,251,861.07)		(2,251,861.07)	-75.6%
NET REVENUE	246,896.38		246,896.38	16.9%	727,157.83		727,157.83	24.4%
OPERATING EXPENSES								
SALARIES	194,475.96		194,475.96	13.3%	388,948.02		388,948.02	13.1%
EMPLOYEE BENEFITS	33,770.17		33,770.17	2.3%	63,680.81		63,680.81	2.1%
PROFESSIONAL FEES	113,197.51		113,197.51	7.7%	195,044.82		195,044.82	6.5%
SUPPLIES	43,902.34		43,902.34	3.0%	111,715.81		111,715.81	3.8%
DEPRECIATION	37,869.99		37,869.99	2.6%	75,739.98		75,739.98	2.5%
INTEREST	21,135.87		21,135.87	1.4%	41,513.58		41,513.58	1.4%
OTHER EXPENSES	2,427.50		2,427.50	0.2%	7,902.55		7,902.55	0.3%
UTILITIES/TELEPHONE	8,121.93		8,121.93	0.6%	16,225.35		16,225.35	0.5%
OTHER PURCHASED	32,612.36		32,612.36	2.2%	56,532.51		56,532.51	1.9%
RENTAL/LEASES	4,698.02		4,698.02	0.3%	5,714.96		5,714.96	0.2%
TRAVEL	74.78		74.78	0.0%	98.65		98.65	0.0%
INSURANCE EXPENSE	5,466.87		5,466.87	0.4%	3,616.67		3,616.67	0.1%
DONATIONS	-		-	0.0%	-		-	0.0%
REPAIRS & MAINTENANCE	10,962.20		10,962.20	0.7%	4,282.52		4,282.52	0.1%
TOTAL OPERATING	508,715.50		508,715.50	34.7%	971,016.23		971,016.23	32.6%
NET OPERATING	(261,819.12)		(261,819.12)	-17.9%	(243,858.40)		(243,858.40)	-8.2%
SALES TAX REVENUE	33,724.05		33,724.05	2.3%	65,365.34		65,365.34	2.2%
INTEREST INCOME	-		-	0.0%	-		-	0.0%
OTHER NON-OPERATING	-		-	0.0%	-		-	0.0%
NET INCOME (LOSS)	(228,095.07)		(228,095.07)	-15.6%	(178,493.06)		(178,493.06)	-6.0%

PUSHWATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 05/31/2019

	Apr-19	May-19
ASSETS		
CURRENT ASSETS		
CASH	482,678.15	467,467.41
PATIENT ACCOUNTS RECEIVABLE	3,624,002.55	3,447,375.77
NOTES RECEIVABLE	(709.06)	(709.06)
ALLOWANCES	(2,538,932.85)	(2,548,050.67)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)
OTHER RECEIVABLES		
INVENTORY	84,162.60	84,162.60
PREPAID EXPENSES	57,952.15	57,952.15
CURRENT ASSETS	1,553,860.72	1,452,905.38
LONG TERM ASSETS		
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64
CAPITALIZED EMR	1,220,148.20	1,220,148.20
LAND	33,594.59	33,594.59
LAND IMPROVEMENT	21,234.00	21,234.00
FIXED EQUIPMENT	906,422.00	906,422.00
BUILDINGS	2,004,761.47	2,004,761.47
BUILDING IMPROVEMENTS	405,491.84	405,491.84
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,183,841.34
ACCUM DEPR - BUILD IMPROVE	(8,105,425.05)	(8,143,295.05)
LONG TERM ASSETS	3,545,824.02	3,507,954.03
TOTAL ASSETS	5,199,684.74	4,960,859.41
LIABILITIES & FUND BALANCE		
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNT'S PAYABLE- CURR	655,117.88	680,200.61
ACCOUNT'S PAYABLE- PRE-BK	3,180,945.34	3,180,945.34
ACCRUED PAYROLL	203,046.61	126,886.62
OTHER CURRENT LIABILITIES	40,269.90	59,481.03
CURRENT LIABILITIES	4,079,379.73	4,047,513.60
NOTES PAYABLE	5,818,820.00	5,818,820.00
LEASE PAYABLE	81,337.72	81,337.72
ACCRUED INTEREST PAYABLE	703,763.27	724,899.14
LONG TERM LIABILITIES	6,603,920.99	6,625,056.86
TOTAL LIABILITIES	10,683,300.72	10,672,570.46
FUND BALANCE		
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)
FUND BALANCE CURRENT YEAR	(370,601.59)	(370,601.59)
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,244,050.15)
CURRENT YEAR RETAINED EARNINGS	49,602.01	(178,493.06)
TOTAL LIABILITIES & FUND BALANCE	5,199,684.74	4,960,859.41

PUSHMATAHA HOSPITAL OPERATING/INCOME STATEMENT FOR THE MONTH ENDING: 05/31/2019				
	Apr-19	May-19	YEAR TO DATE 2020 FYTD	
REVENUES				
PATIENT REVENUE	333,374.29	296,203.80	629,578.09	21.1%
INPATIENT REVENUE	197,246.79	167,256.29	364,503.08	12.2%
SWINGBED REVENUE	912,637.18	1,001,075.55	1,913,712.73	64.2%
OUTPATIENT REVENUE				
TOTAL PATIENT	1,443,258.26	1,464,535.64	2,907,793.90	97.6%
OTHER REVENUE	71,777.18	(552.18)	71,225.00	2.4%
TOTAL GROSS REVENUE	1,515,035.44	1,463,983.46	2,979,018.90	100.0%
DEDUCTIONS FROM REVENUE				
CHARITY				0.0%
MEDICARE CONTRACTUAL	(518,100.87)	(645,107.17)	(1,163,208.04)	-39.0%
MEDICAID CONTRACTUAL	(179,216.74)	(195,164.66)	(374,381.40)	-12.6%
OTHER CONTRACTUAL	(169,691.96)	(186,279.34)	(355,971.30)	-11.9%
BAD DEBT	(167,764.42)	(190,535.91)	(358,300.33)	-12.0%
TOTAL REVENUE	(1,034,773.99)	(1,217,087.08)	(2,251,861.07)	-75.6%
NET REVENUE	480,261.45	246,896.38	727,157.83	24.4%
OPERATING EXPENSES				
SALARIES	194,472.06	194,475.96	388,948.02	13.1%
EMPLOYEE BENEFITS	29,910.64	33,770.17	63,680.81	2.1%
PROFESSIONAL FEES	81,847.31	113,197.51	195,044.82	6.5%
SUPPLIES	67,813.47	43,902.34	111,715.81	3.8%
DEPRECIATION	37,869.99	37,869.99	75,739.98	2.5%
INTEREST	20,377.71	21,135.87	41,513.58	1.4%
OTHER EXPENSES	5,475.05	2,427.50	7,902.55	0.3%
UTILITIES/TELEPHONE	8,103.42	8,121.93	16,225.35	0.5%
OTHER PURCHASED	23,920.15	32,612.36	56,532.51	1.9%
RENTAL/LEASES	1,016.94	4,698.02	5,714.96	0.2%
TRAVEL	23.87	74.78	98.65	0.0%
INSURANCE EXPENSE	(1,850.20)	5,466.87	3,616.67	0.1%
DONATIONS	-	-	-	0.0%
REPAIRS & MAINTENANCE	(6,679.68)	10,962.20	4,282.52	0.1%
TOTAL OPERATING	462,300.73	508,715.50	971,016.23	32.6%
NET OPERATING	17,960.72	(261,819.12)	(243,858.40)	-8.2%
SALES TAX REVENUE	31,641.29	33,724.05	65,365.34	2.2%
INTEREST INCOME	-	-	-	0.0%
OTHER NON-OPERATING	-	-	-	0.0%
NET INCOME (LOSS)	49,602.01	(228,095.07)	(178,493.06)	-6.0%

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 06/30/2019

	Current Year	Prior Year	Net Change
ASSETS			
CURRENT ASSETS			
CASH	359,841.28	77,999.42	281,841.86
PATIENT ACCOUNTS RECEIVABLE	3,638,817.77	3,172,482.16	466,335.61
NOTES RECEIVABLE	(709.06)	(709.06)	-
ALLOWANCES	(2,622,842.77)	(2,218,250.04)	(404,592.73)
RECEIVABLE FROM THIRD PARTY	(55,505.32)	(55,292.82)	(212.50)
OTHER RECEIVABLES	-	-	-
INVENTORY	84,162.60	84,162.60	-
PREPAID EXPENSES	<u>57,952.15</u>	<u>58,931.51</u>	<u>(979.36)</u>
CURRENT ASSETS	1,461,716.65	1,119,323.77	342,392.88
LONG TERM ASSETS			
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	-
CAPITALIZED EMR	1,220,148.20	1,220,148.20	-
LAND	33,594.59	33,594.59	-
LAND IMPROVEMENT	21,234.00	21,234.00	-
FIXED EQUIPMENT	906,422.00	906,422.00	-
BUILDINGS	2,004,761.47	2,004,761.47	-
BUILDING IMPROVEMENTS	405,491.84	405,491.84	-
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,145,282.34	38,559.00
ACCUM DEPR - BUILD IMPROVE	<u>(8,181,165.04)</u>	<u>(7,726,725.16)</u>	<u>(454,439.88)</u>
LONG TERM ASSETS	3,470,084.04	3,885,964.92	(415,880.88)
TOTAL ASSETS	<u>4,931,800.69</u>	<u>5,005,288.69</u>	<u>(73,488.00)</u>
LIABILITIES & FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	3,820,768.95	3,926,165.72	(105,396.77)
ACCRUED PAYROLL	137,942.28	132,113.07	5,829.21
OTHER CURRENT LIABILITIES	<u>34,378.54</u>	<u>50,164.22</u>	<u>(15,785.68)</u>
CURRENT LIABILITIES	3,993,089.77	4,108,443.01	(115,353.24)
NOTES PAYABLE	5,818,820.00	5,818,820.00	-
LEASE PAYABLE	81,337.72	81,337.72	-
ACCRUED INTEREST PAYABLE	<u>745,971.68</u>	<u>497,065.06</u>	<u>248,906.62</u>
LONG TERM LIABILITIES	6,646,129.40	6,397,222.78	248,906.62
TOTAL LIABILITIES	10,639,219.17	10,505,665.79	133,553.38
FUND BALANCE			
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	-
FUND BALANCE CURRENT YEAR	<u>(370,601.59)</u>	<u>(370,601.59)</u>	-
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	-
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,032,226.04)	(211,824.11)
CURRENT YEAR RETAINED EARNINGS	(174,200.49)	(178,983.22)	4,782.73
TOTAL LIABILITIES & FUND BALANCE	<u>4,931,800.69</u>	<u>5,005,288.69</u>	<u>(73,488.00)</u>

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE 03 MONTHS ENDING 06/30/2019

	S I N G L E M O N T H				Y E A R T O D A T E			
	ACTUAL	BUDGET	\$ VARIANCE	%	ACTUAL	BUDGET	\$ VARIANCE	%
REVENUES								
PATIENT REVENUE								
INPATIENT REVENUE	420,777.05		420,777.05	29.5%	1,050,355.14		1,050,355.14	23.8%
SWINGBED REVENUE	115,655.79		115,655.79	8.1%	480,158.87		480,158.87	10.9%
OUTPATIENT REVENUE	<u>906,548.87</u>		<u>906,548.87</u>	63.6%	<u>2,820,261.60</u>		<u>2,820,261.60</u>	64.0%
TOTAL PATIENT	1,442,981.71		1,442,981.71	101.2%	4,350,775.61		4,350,775.61	98.8%
OTHER REVENUE	<u>(16,528.57)</u>		<u>(16,528.57)</u>	-1.2%	<u>54,696.43</u>		<u>54,696.43</u>	1.2%
TOTAL GROSS REVENUE	1,426,453.14		1,426,453.14	100.0%	4,405,472.04		4,405,472.04	100.0%
DEDUCTIONS FROM REVENUE								
CHARITY	-		-	0.0%	-		-	0.0%
MEDICARE CONTRACTUAL	(415,758.83)		(415,758.83)	-29.1%	(1,578,966.87)		(1,578,966.87)	-35.8%
MEDICAID CONTRACTUAL	(187,566.46)		(187,566.46)	-13.1%	(561,947.86)		(561,947.86)	-12.8%
OTHER CONTRACTUAL	(203,217.00)		(203,217.00)	-14.2%	(559,188.30)		(559,188.30)	-12.7%
BAD DEBT	<u>(210,938.56)</u>		<u>(210,938.56)</u>	-14.8%	<u>(569,238.89)</u>		<u>(569,238.89)</u>	-12.9%
TOTAL REVENUE	(1,017,480.85)		(1,017,480.85)	-71.3%	(3,269,341.92)		(3,269,341.92)	-74.2%
NET REVENUE	408,972.29		408,972.29	28.7%	1,136,130.12		1,136,130.12	25.8%
OPERATING EXPENSES								
SALARIES	180,903.69		180,903.69	12.7%	569,851.71		569,851.71	12.9%
EMPLOYEE BENEFITS	26,985.76		26,985.76	1.9%	90,666.57		90,666.57	2.1%
PROFESSIONAL FEES	54,277.41		54,277.41	3.8%	249,322.23		249,322.23	5.7%
SUPPLIES	38,655.72		38,655.72	2.7%	150,371.53		150,371.53	3.4%
DEPRECIATION	37,869.99		37,869.99	2.7%	113,609.97		113,609.97	2.6%
INTEREST	21,072.54		21,072.54	1.5%	62,586.12		62,586.12	1.4%
OTHER EXPENSES	5,025.75		5,025.75	0.4%	12,928.30		12,928.30	0.3%
UTILITIES/TELEPHONE	7,914.17		7,914.17	0.6%	24,139.52		24,139.52	0.5%
OTHER PURCHASED	46,814.92		46,814.92	3.3%	103,347.43		103,347.43	2.3%
RENTAL/LEASES	3,684.05		3,684.05	0.3%	9,399.01		9,399.01	0.2%
TRAVEL	-		-	0.0%	98.65		98.65	0.0%
INSURANCE EXPENSE	6,825.09		6,825.09	0.5%	10,441.76		10,441.76	0.2%
DONATIONS	-		-	0.0%	-		-	0.0%
REPAIRS & MAINTENANCE	5,318.87		5,318.87	0.4%	9,601.39		9,601.39	0.2%
TOTAL OPERATING	435,347.96		435,347.96	30.5%	1,406,364.19		1,406,364.19	31.9%
NET OPERATING	(26,375.67)		(26,375.67)	-1.8%	(270,234.07)		(270,234.07)	-6.1%
SALES TAX REVENUE	30,668.24		30,668.24	2.1%	96,033.58		96,033.58	2.2%
INTEREST INCOME	-		-	0.0%	-		-	0.0%
OTHER NON-OPERATING	-		-	0.0%	-		-	0.0%
NET INCOME (LOSS)	4,292.57		4,292.57	0.3%	(174,200.49)		(174,200.49)	-4.0%

PUSHMATAHA HOSPITAL

BALANCE SHEET
FOR THE MONTH ENDING: 06/30/2019

	Apr-19	May-19	Jun-19
ASSETS			
CURRENT ASSETS			
CASH	482,678.15	467,467.41	359,841.28
PATIENT ACCOUNTS RECEIVABLE	3,624,002.55	3,447,375.77	3,638,817.77
NOTES RECEIVABLE	(709.06)	(709.06)	(709.06)
ALLOWANCES	(2,538,932.85)	(2,548,050.67)	(2,622,842.77)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)	(55,505.32)
OTHER RECEIVABLES			
INVENTORY	84,162.60	84,162.60	84,162.60
PREPAID EXPENSES	57,952.15	57,952.15	57,952.15
CURRENT ASSETS	1,653,860.72	1,452,905.38	1,461,716.65
LONG TERM ASSETS			
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	4,875,755.64
CAPITALIZED ENR	1,220,148.20	1,220,148.20	1,220,148.20
LAND	33,594.59	33,594.59	33,594.59
LAND IMPROVEMENT	21,234.00	21,234.00	21,234.00
FIXED EQUIPMENT	906,422.00	906,422.00	906,422.00
BUILDINGS	2,004,761.47	2,004,761.47	2,004,761.47
BUILDING IMPROVEMENTS	405,491.84	405,491.84	405,491.84
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,183,841.34	2,183,841.34
ACCUM DEPR - BUILD IMPROVE	(8,105,425.98)	(8,143,295.05)	(8,181,165.04)
LONG TERM ASSETS	3,545,824.02	3,507,954.03	3,470,086.04
TOTAL ASSETS	5,199,684.74	4,960,859.41	4,931,800.69
LIABILITIES & FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE- CURR	655,117.88	680,200.61	639,823.61
ACCOUNTS PAYABLE- PRE-BK	3,180,945.34	3,180,945.34	3,180,945.34
ACCURED PAYROLL	203,046.61	126,886.62	137,942.28
OTHER CURRENT LIABILITIES	40,269.90	59,481.03	34,378.54
CURRENT LIABILITIES	4,079,379.73	4,047,513.60	3,993,089.77
NOTES PAYABLE	5,818,820.00	5,818,820.00	5,818,820.00
LEASE PAYABLE	81,337.72	81,337.72	81,337.72
ACCURED INTEREST PAYABLE	703,763.27	724,899.14	745,971.68
LONG TERM LIABILITIES	6,603,970.99	6,625,056.86	6,646,129.40
TOTAL LIABILITIES	10,683,300.72	10,672,570.46	10,639,219.17
FUND BALANCE			
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	(1,918,566.25)
FUND BALANCE CURRENT YEAR	(370,601.59)	(370,601.59)	(370,601.59)
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	(2,289,167.84)
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,244,050.15)	(3,244,050.15)
CURRENT YEAR RETAINED EARNINGS	49,602.01	(178,493.06)	(174,200.49)
TOTAL LIABILITIES & FUND BALANCE	5,199,684.74	4,960,859.41	4,931,800.69

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE MONTH ENDING: 06/30/2019

	Apr-19	May-19	Jun-19	YEAR TO DATE 2020 FYTD	
REVENUES					
PATIENT REVENUE	333,374.29	296,203.80	420,777.05	1,050,355.14	23.8%
INPATIENT REVENUE	197,246.79	167,256.29	115,655.79	480,158.87	10.9%
OUTPATIENT REVENUE	912,637.18	1,001,075.55	906,548.87	2,820,261.60	64.0%
TOTAL PATIENT	1,443,258.26	1,464,535.64	1,442,981.71	4,350,775.61	98.8%
OTHER REVENUE	71,777.18	(552.18)	(16,528.57)	54,696.43	1.2%
TOTAL GROSS REVENUE	1,515,035.44	1,463,983.46	1,426,453.14	4,405,472.04	100.0%
DEDUCTIONS FROM REVENUE					
CHARITY	(518,100.87)	(645,107.17)	(415,758.83)	(1,578,966.87)	0.0%
MEDICARE CONTRACTUAL	(179,216.74)	(195,164.66)	(187,566.46)	(561,947.86)	-35.8%
MEDICAID CONTRACTUAL	(169,691.96)	(186,279.34)	(203,217.00)	(559,188.30)	-12.8%
OTHER CONTRACTUAL	(167,764.42)	(190,535.91)	(210,938.56)	(569,238.89)	-12.7%
BAD DEBT	(1,034,773.99)	(1,217,087.08)	(1,017,480.85)	(3,269,341.92)	-12.9%
TOTAL REVENUE	480,261.45	246,896.38	408,972.29	1,136,130.12	-74.2%
NET REVENUE					25.8%
OPERATING EXPENSES					
SALARIES	194,472.06	194,475.96	180,903.69	569,851.71	12.9%
EMPLOYEE BENEFITS	29,910.64	33,770.17	26,985.76	90,666.57	2.1%
PROFESSIONAL FEES	81,847.31	113,197.51	54,277.41	249,322.23	5.7%
SUPPLIES	67,813.47	43,902.34	38,655.72	150,371.53	3.4%
DEPRECIATION	37,869.99	37,869.99	37,869.99	113,609.97	2.6%
INTEREST	20,377.71	21,135.87	21,072.54	62,586.12	1.4%
OTHER EXPENSES	5,475.05	2,427.50	5,025.75	12,928.30	0.3%
UTILITIES/TELEPHONE	8,103.42	8,121.93	7,914.17	24,139.52	0.5%
OTHER PURCHASED	23,920.15	32,612.36	46,814.92	103,347.43	2.3%
RENTAL/LEASES	1,016.94	4,698.02	3,684.05	9,399.01	0.2%
TRAVEL	23.87	74.78	-	98.65	0.0%
INSURANCE EXPENSE	(1,850.20)	5,466.87	6,825.09	10,441.76	0.2%
DONATIONS	-	-	-	-	0.0%
REPAIRS & MAINTENANCE	(6,679.68)	10,962.20	5,318.87	9,601.39	0.2%
TOTAL OPERATING	462,300.73	508,715.50	435,347.96	1,406,364.19	31.9%
NET OPERATING	17,960.72	(261,819.12)	(26,375.67)	(270,234.07)	-6.1%
SALES TAX REVENUE	31,641.29	33,724.05	30,668.24	96,033.58	2.2%
INTEREST INCOME	-	-	-	-	0.0%
OTHER NON-OPERATING	-	-	-	-	0.0%
NET INCOME (LOSS)	49,602.01	(228,095.07)	4,292.57	(174,200.49)	-4.0%

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 07/31/2019

	Current Year	Prior Year	Net Change
ASSETS			
CURRENT ASSETS			
CASH	509,085.97	110,190.71	398,895.26
PATIENT ACCOUNTS RECEIVABLE	3,882,784.89	3,190,999.75	691,785.14
NOTES RECEIVABLE	(709.06)	(709.06)	-
ALLOWANCES	(2,638,042.80)	(2,237,933.41)	(400,109.39)
RECEIVABLE FROM THIRD PARTY	(54,000.89)	(55,292.82)	1,291.93
OTHER RECEIVABLES	-	-	-
INVENTORY	84,162.60	84,162.60	-
PREPAID EXPENSES	<u>57,952.15</u>	<u>58,931.51</u>	<u>(979.36)</u>
CURRENT ASSETS	1,841,232.86	1,150,349.28	690,883.58
LONG TERM ASSETS			
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	-
CAPITALIZED EMR	1,220,148.20	1,220,148.20	-
LAND	33,594.59	33,594.59	-
LAND IMPROVEMENT	21,234.00	21,234.00	-
FIXED EQUIPMENT	906,422.00	906,422.00	-
BUILDINGS	2,004,761.47	2,004,761.47	-
BUILDING IMPROVEMENTS	405,491.84	405,491.84	-
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,145,282.34	38,559.00
ACCUM DEPR - BUILD IMPROVE	<u>(8,219,035.03)</u>	<u>(7,764,595.15)</u>	<u>(454,439.88)</u>
LONG TERM ASSETS	3,432,214.05	3,848,094.93	(415,880.88)
TOTAL ASSETS	<u>5,273,446.91</u>	<u>4,998,444.21</u>	<u>275,002.70</u>
LIABILITIES & FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	3,827,464.06	3,820,591.67	6,872.39
ACCRUED PAYROLL	163,001.97	148,608.98	14,392.99
OTHER CURRENT LIABILITIES	<u>37,467.77</u>	<u>32,269.21</u>	<u>5,198.56</u>
CURRENT LIABILITIES	4,027,933.80	4,001,469.86	26,463.94
NOTES PAYABLE	5,818,820.00	5,818,820.00	-
LEASE PAYABLE	81,337.72	81,337.72	-
ACCRUED INTEREST PAYABLE	<u>766,980.66</u>	<u>518,023.89</u>	<u>248,956.77</u>
LONG TERM LIABILITIES	6,667,138.38	6,418,181.61	248,956.77
TOTAL LIABILITIES	10,695,072.18	10,419,651.47	275,420.71
FUND BALANCE			
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	-
FUND BALANCE CURRENT YEAR	<u>(370,601.59)</u>	<u>(370,601.59)</u>	<u>-</u>
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	-
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,032,226.04)	(211,824.11)
CURRENT YEAR RETAINED EARNINGS	111,592.72	(99,813.38)	211,406.10
TOTAL LIABILITIES & FUND BALANCE	<u>5,273,446.91</u>	<u>4,998,444.21</u>	<u>275,002.70</u>

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE 04 MONTHS ENDING 07/31/2019

	S I N G L E M O N T H				Y E A R T O D A T E			
	ACTUAL	BUDGET	\$ VARIANCE	%	ACTUAL	BUDGET	\$ VARIANCE	%
REVENUES								
PATIENT REVENUE								
INPATIENT REVENUE	533,064.61		533,064.61	29.1%	1,583,419.75	1,583,419.75	25.4%	
SWINGBED REVENUE	82,719.22		82,719.22	4.5%	562,878.09	562,878.09	9.0%	
OUTPATIENT REVENUE	<u>1,153,907.06</u>		<u>1,153,907.06</u>	63.0%	<u>3,974,168.66</u>	<u>3,974,168.66</u>	63.7%	
TOTAL PATIENT	1,769,690.89		1,769,690.89	96.6%	6,120,466.50	6,120,466.50	98.1%	
OTHER REVENUE	<u>62,512.04</u>		<u>62,512.04</u>	3.4%	<u>117,208.47</u>	<u>117,208.47</u>	1.9%	
TOTAL GROSS REVENUE	1,832,202.93		1,832,202.93	100.0%	6,237,674.97	6,237,674.97	100.0%	
DEDUCTIONS FROM REVENUE								
CHARITY	-		-	0.0%	-	-	0.0%	
MEDICARE CONTRACTUAL	(521,319.63)		(521,319.63)	-28.5%	(2,100,286.50)	(2,100,286.50)	-33.7%	
MEDICAID CONTRACTUAL	(228,661.78)		(228,661.78)	-12.5%	(790,609.64)	(790,609.64)	-12.7%	
OTHER CONTRACTUAL	(217,532.80)		(217,532.80)	-11.9%	(776,721.10)	(776,721.10)	-12.5%	
BAD DEBT	<u>(118,197.09)</u>		<u>(118,197.09)</u>	-6.5%	<u>(687,435.98)</u>	<u>(687,435.98)</u>	-11.0%	
TOTAL REVENUE	(1,085,711.30)		(1,085,711.30)	-59.3%	(4,355,053.22)	(4,355,053.22)	-69.8%	
NET REVENUE	746,491.63		746,491.63	40.7%	1,882,621.75	1,882,621.75	30.2%	
OPERATING EXPENSES								
SALARIES	206,742.58		206,742.58	11.3%	776,594.29	776,594.29	12.5%	
EMPLOYEE BENEFITS	29,616.39		29,616.39	1.6%	120,282.96	120,282.96	1.9%	
PROFESSIONAL FEES	80,823.75		80,823.75	4.4%	330,145.98	330,145.98	5.3%	
SUPPLIES	55,557.94		55,557.94	3.0%	205,929.47	205,929.47	3.3%	
DEPRECIATION	37,869.99		37,869.99	2.1%	151,479.96	151,479.96	2.4%	
INTEREST	21,008.98		21,008.98	1.1%	83,595.10	83,595.10	1.3%	
OTHER EXPENSES	3,753.13		3,753.13	0.2%	16,681.43	16,681.43	0.3%	
UTILITIES/TELEPHONE	8,823.09		8,823.09	0.5%	32,962.61	32,962.61	0.5%	
OTHER PURCHASED	31,185.95		31,185.95	1.7%	134,533.38	134,533.38	2.2%	
RENTAL/LEASES	1,118.63		1,118.63	0.1%	10,517.64	10,517.64	0.2%	
TRAVEL	-		-	0.0%	98.65	98.65	0.0%	
INSURANCE EXPENSE	4,728.81		4,728.81	0.3%	15,170.57	15,170.57	0.2%	
DONATIONS	-		-	0.0%	-	-	0.0%	
REPAIRS & MAINTENENCE	13,104.11		13,104.11	0.7%	22,705.50	22,705.50	0.4%	
TOTAL OPERATING	494,333.35		494,333.35	27.0%	1,900,697.54	1,900,697.54	30.5%	
NET OPERATING	252,158.28		252,158.28	13.8%	(18,075.79)	(18,075.79)	-0.3%	
SALES TAX REVENUE	33,634.93		33,634.93	1.8%	129,668.51	129,668.51	2.1%	
INTEREST INCOME	-		-	0.0%	-	-	0.0%	
OTHER NON-OPERATING	-		-	0.0%	-	-	0.0%	
NET INCOME (LOSS)	285,793.21		285,793.21	15.6%	111,592.72	111,592.72	1.8%	

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 07/31/2019

	Apr-19	May-19	Jun-19	Jul-19
ASSETS				
CURRENT ASSETS				
CASH	482,678.15	467,467.41	359,841.28	509,085.97
PATIENT ACCOUNTS RECEIVABLE	3,624,002.55	3,447,375.77	3,638,817.77	3,882,784.89
NOTES RECEIVABLE	(709.06)	(709.06)	(709.06)	(709.06)
ALLOWANCES	(2,538,932.85)	(2,548,050.67)	(2,622,842.77)	(2,638,042.80)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)	(55,505.32)	(54,000.89)
OTHER RECEIVABLES				
INVENTORY	84,162.60	84,162.60	84,162.60	84,162.60
PREPAID EXPENSES	57,952.15	57,952.15	57,952.15	57,952.15
CURRENT ASSETS	1,653,860.72	1,452,905.38	1,461,716.65	1,841,232.86
LONG TERM ASSETS				
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	4,875,755.64	4,875,755.64
CAPITALIZED EMR	1,220,148.20	1,220,148.20	1,220,148.20	1,220,148.20
LAND	33,594.59	33,594.59	33,594.59	33,594.59
LAND IMPROVEMENT	21,234.00	21,234.00	21,234.00	21,234.00
FIXED EQUIPMENT	906,422.00	906,422.00	906,422.00	906,422.00
BUILDINGS	2,004,761.47	2,004,761.47	2,004,761.47	2,004,761.47
BUILDING IMPROVEMENTS	405,491.84	405,491.84	405,491.84	405,491.84
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,183,841.34	2,183,841.34	2,183,841.34
ACCUM DEPR - BUILD IMPROVE	(8,105,425.05)	(8,181,165.04)		(8,219,035.03)
LONG TERM ASSETS	3,545,824.02	3,507,954.03	3,470,084.04	3,432,214.05
TOTAL ASSETS	5,199,684.74	4,960,859.41	4,931,800.69	5,273,446.91
LIABILITIES & FUND BALANCE				
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNT'S PAYABLE- CURR	655,117.88	680,200.61	639,823.61	646,518.72
ACCOUNT'S PAYABLE- PRE-BK	3,180,945.34	3,180,945.34	3,180,945.34	3,180,945.34
ACCRUED PAYROLL	203,046.61	126,886.62	137,942.28	163,001.97
OTHER CURRENT LIABILITIES	40,269.90	59,481.03	34,378.54	37,467.77
CURRENT LIABILITIES	4,079,379.73	4,047,513.60	3,993,089.77	4,027,933.80
NOTES PAYABLE	5,818,820.00	5,818,820.00	5,818,820.00	5,818,820.00
LEASE PAYABLE	81,337.72	81,337.72	81,337.72	81,337.72
ACCRUED INTEREST PAYABLE	703,763.27	724,899.14	745,971.68	766,980.66
LONG TERM LIABILITIES	6,603,920.99	6,625,056.86	6,646,129.40	6,667,138.38
TOTAL LIABILITIES	10,683,300.72	10,672,570.46	10,639,219.17	10,695,072.18
FUND BALANCE				
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	(1,918,566.25)	(1,918,566.25)
FUND BALANCE CURRENT YEAR	(370,601.59)	(370,601.59)	(370,601.59)	(370,601.59)
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	(2,289,167.84)	(2,289,167.84)
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,244,050.15)	(3,244,050.15)	(3,244,050.15)
CURRENT YEAR RETAINED EARNINGS	49,602.01	(178,493.06)	(174,200.49)	111,592.72
TOTAL LIABILITIES & FUND BALANCE	5,199,684.74	4,960,859.41	4,931,800.69	5,273,446.91

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE MONTH ENDING: 07/31/2019

	YEAR TO DATE				
	Apr-19	May-19	Jun-19	Jul-19	2020 FYTD
REVENUES					
PATIENT REVENUE	333,374.29	296,203.80	420,777.05	533,064.61	1,583,419.75
INPATIENT REVENUE	197,246.79	167,256.29	115,655.79	82,719.22	562,878.09
SWINGBED REVENUE	912,637.18	1,001,075.55	906,548.87	1,153,907.06	3,974,168.66
OUTPATIENT REVENUE					63.7%
TOTAL PATIENT	1,443,258.26	1,464,535.64	1,442,981.71	1,769,690.89	6,120,466.50
OTHER REVENUE	71,777.18	(552.18)	(16,528.57)	62,512.04	117,208.47
					1.9%
TOTAL GROSS REVENUE	1,515,035.44	1,463,983.46	1,426,453.14	1,832,202.93	6,237,674.97
					100.0%
DEDUCTIONS FROM REVENUE					
CHARITY					0.0%
MEDICARE CONTRACTUAL	(518,100.87)	(645,107.17)	(415,758.83)	(521,319.63)	(2,100,286.50)
MEDICAID CONTRACTUAL	(179,216.74)	(195,164.66)	(187,566.46)	(228,661.78)	(790,609.64)
OTHER CONTRACTUAL	(169,691.96)	(203,217.00)	(203,217.00)	(217,532.80)	(776,721.10)
BAD DEBT	(167,764.42)	(190,535.91)	(210,938.56)	(118,197.09)	(687,435.98)
					-11.0%
TOTAL REVENUE	(1,034,773.99)	(1,217,087.08)	(1,017,480.85)	(1,085,711.30)	(4,355,053.22)
					-69.8%
NET REVENUE	480,261.45	246,896.38	408,972.29	746,491.63	1,882,621.75
					30.2%
OPERATING EXPENSES					
SALARIES	194,472.06	194,475.96	180,903.69	206,742.58	776,594.29
EMPLOYEE BENEFITS	29,910.64	33,770.17	26,985.76	29,616.39	120,282.96
PROFESSIONAL FEES	81,847.31	113,197.51	54,277.41	80,823.75	330,145.98
SUPPLIES	67,813.47	43,902.34	38,655.72	55,557.94	205,929.47
DEPRECIATION	37,869.99	37,869.99	37,869.99	37,869.99	151,479.96
INTEREST	20,377.71	21,135.87	21,072.54	21,008.98	83,595.10
OTHER EXPENSES	5,475.05	2,427.50	5,025.75	3,753.13	16,681.43
UTILITIES/TELEPHONE	8,103.42	8,121.93	7,914.17	8,823.09	32,962.61
OTHER PURCHASED	23,920.15	32,612.36	46,814.92	31,185.95	134,533.38
RENTAL/LEASES	1,016.94	4,698.02	3,684.05	1,118.63	10,517.64
TRAVEL	23.87	74.78			98.65
INSURANCE EXPENSE	(1,850.20)	5,466.87	6,825.09	4,728.81	15,170.57
DONATIONS					0.2%
REPAIRS & MAINTENANCE	(6,679.68)	10,962.20	5,318.87	13,104.11	22,705.50
TOTAL OPERATING	462,300.73	508,715.50	435,347.96	494,333.35	1,900,697.54
					30.5%
NET OPERATING	17,960.72	(261,819.12)	(26,375.67)	252,158.28	(18,075.79)
					-0.3%
SALES TAX REVENUE	31,541.29	33,724.05	30,668.24	33,634.93	129,668.51
INTEREST INCOME					2.1%
OTHER NON-OPERATING					0.0%
NET INCOME (LOSS)	49,602.01	(228,095.07)	4,292.57	285,793.21	111,592.72
					1.8%

PUSHMATAHA HOSPITAL

Accounts Receivable Aging

7/31/2019

Row Labels	Count of NUMBER	Sum of 0 - 30 Days	Sum of 31 - 60 Days	Sum of 61 - 90 Days	Sum of 91 - 120 Days	Sum of 121+ Days	Sum of BALANCE	
Credit	50		(3,204.45)			(24,919.17)	(28,123.62)	-0.7%
In House	10	70,418.02					70,418.02	1.8%
Blue Cross	176	92,208.33	39,331.63	41,579.60	41,729.67	69,604.32	284,453.55	7.3%
Commercial	203	172,175.19	77,371.78	53,987.85	89,540.39	180,206.31	573,281.52	14.8%
Medicaid	92	154,066.66	16,895.00	7,758.44	7,597.33	12,151.24	198,468.67	5.1%
Medicare	544	763,333.51	152,380.51	72,971.01	182,637.55	558,025.32	1,729,347.90	44.5%
Private Pay	603	234,607.59	237,968.07	173,018.61	122,185.63	287,158.95	1,054,938.85	27.2%
Grand Total	1,678	1,486,809.30	520,742.54	349,315.51	443,690.57	1,082,226.97	3,882,784.89	100.0%
		38.3%	13.4%	9.0%	11.4%	27.9%	100.0%	

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 08/31/2019

	Current Year	Prior Year	Net Change
ASSETS			
CURRENT ASSETS			
CASH	542,661.51	188,273.02	354,388.49
PATIENT ACCOUNTS RECEIVABLE	3,756,540.52	2,895,595.70	860,944.82
NOTES RECEIVABLE	(709.06)	(709.06)	-
ALLOWANCES	(2,656,110.45)	(2,256,814.58)	(399,295.87)
RECEIVABLE FROM THIRD PARTY	(54,676.83)	(55,292.82)	615.99
OTHER RECEIVABLES	-	-	-
INVENTORY	84,162.60	84,162.60	-
PREPAID EXPENSES	<u>57,952.15</u>	<u>58,931.51</u>	<u>(979.36)</u>
CURRENT ASSETS	1,729,820.44	914,146.37	815,674.07
LONG TERM ASSETS			
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	-
CAPITALIZED EMR	1,220,148.20	1,220,148.20	-
LAND	33,594.59	33,594.59	-
LAND IMPROVEMENT	21,234.00	21,234.00	-
FIXED EQUIPMENT	906,422.00	906,422.00	-
BUILDINGS	2,004,761.47	2,004,761.47	-
BUILDING IMPROVEMENTS	405,491.84	405,491.84	-
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,145,282.34	38,559.00
ACCUM DEPR - BUILD IMPROVE	<u>(8,256,905.02)</u>	<u>(7,802,465.14)</u>	<u>(454,439.88)</u>
LONG TERM ASSETS	3,394,344.06	3,810,224.94	(415,880.88)
TOTAL ASSETS	<u>5,124,164.50</u>	<u>4,724,371.31</u>	<u>399,793.19</u>
LIABILITIES & FUND BALANCE			
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	3,860,565.23	3,802,410.70	58,154.53
ACCRUED PAYROLL	178,317.92	163,201.18	15,116.74
OTHER CURRENT LIABILITIES	<u>39,726.93</u>	<u>34,024.85</u>	<u>5,702.08</u>
CURRENT LIABILITIES	4,078,610.08	3,999,636.73	78,973.35
NOTES PAYABLE	5,818,820.00	5,818,820.00	-
LEASE PAYABLE	81,337.72	81,337.72	-
ACCRUED INTEREST PAYABLE	<u>787,925.82</u>	<u>538,919.12</u>	<u>249,006.70</u>
LONG TERM LIABILITIES	6,688,083.54	6,439,076.84	249,006.70
TOTAL LIABILITIES	10,766,693.62	10,438,713.57	327,980.05
FUND BALANCE			
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	-
FUND BALANCE CURRENT YEAR	<u>(370,601.59)</u>	<u>(370,601.59)</u>	<u>-</u>
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	-
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,032,226.04)	(211,824.11)
CURRENT YEAR RETAINED EARNINGS	(109,311.13)	(392,948.38)	283,637.25
TOTAL LIABILITIES & FUND BALANCE	<u>5,124,164.50</u>	<u>4,724,371.31</u>	<u>399,793.19</u>

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE 05 MONTHS ENDING 08/31/2019

	S I N G L E M O N T H				Y E A R T O D A T E			
	ACTUAL	BUDGET	\$ VARIANCE	%	ACTUAL	BUDGET	\$ VARIANCE	%
REVENUES								
PATIENT REVENUE								
INPATIENT REVENUE	368,135.48		368,135.48	25.3%	1,951,555.23		1,951,555.23	25.4%
SWINGBED REVENUE	98,599.54		98,599.54	6.8%	661,477.63		661,477.63	8.6%
OUTPATIENT REVENUE	<u>1,000,457.96</u>		<u>1,000,457.96</u>	68.7%	<u>4,974,626.62</u>		<u>4,974,626.62</u>	64.6%
TOTAL PATIENT	1,467,192.98		1,467,192.98	100.7%	7,587,659.48		7,587,659.48	98.6%
OTHER REVENUE	<u>(10,045.45)</u>		<u>(10,045.45)</u>	-0.7%	<u>107,163.02</u>		<u>107,163.02</u>	1.4%
TOTAL GROSS REVENUE	1,457,147.53		1,457,147.53	100.0%	7,694,822.50		7,694,822.50	100.0%
DEDUCTIONS FROM REVENUE								
CHARITY	-		-	0.0%	-		-	0.0%
MEDICARE CONTRACTUAL	(546,696.79)		(546,696.79)	-37.5%	(2,646,983.29)		(2,646,983.29)	-34.4%
MEDICAID CONTRACTUAL	(176,802.13)		(176,802.13)	-12.1%	(967,411.77)		(967,411.77)	-12.6%
OTHER CONTRACTUAL	(202,747.87)		(202,747.87)	-13.9%	(979,468.97)		(979,468.97)	12.7%
BAD DEBT	<u>(260,818.53)</u>		<u>(260,818.53)</u>	-17.9%	<u>(948,254.51)</u>		<u>(948,254.51)</u>	-12.3%
TOTAL REVENUE	(1,187,065.32)		(1,187,065.32)	-81.5%	(5,542,118.54)		(5,542,118.54)	-72.0%
NET REVENUE	270,082.21		270,082.21	18.5%	2,152,703.96		2,152,703.96	28.0%
OPERATING EXPENSES								
SALARIES	195,677.98		195,677.98	13.4%	972,272.27		972,272.27	12.6%
EMPLOYEE BENEFITS	28,233.61		28,233.61	1.9%	148,516.57		148,516.57	1.9%
PROFESSIONAL FEES	117,539.35		117,539.35	8.1%	447,685.33		447,685.33	5.8%
SUPPLIES	50,566.23		50,566.23	3.5%	256,495.70		256,495.70	3.3%
DEPRECIATION	37,869.99		37,869.99	2.6%	189,349.95		189,349.95	2.5%
INTEREST	20,945.16		20,945.16	1.4%	104,540.26		104,540.26	1.4%
OTHER EXPENSES	3,738.75		3,738.75	0.3%	20,420.18		20,420.18	0.3%
UTILITIES/TELEPHONE	10,877.47		10,877.47	0.7%	43,840.08		43,840.08	0.6%
OTHER PURCHASED	33,487.95		33,487.95	2.3%	168,021.33		168,021.33	2.2%
RENTAL/LEASES	1,926.23		1,926.23	0.1%	12,443.87		12,443.87	0.2%
TRAVEL	119.02		119.02	0.0%	217.67		217.67	0.0%
INSURANCE EXPENSE	11,597.61		11,597.61	0.8%	26,768.18		26,768.18	0.3%
DONATIONS	-		-	0.0%	-		-	0.0%
REPAIRS & MAINTENANCE	9,529.99		9,529.99	0.7%	32,235.49		32,235.49	0.4%
TOTAL OPERATING	522,109.34		522,109.34	35.8%	2,422,806.88		2,422,806.88	31.5%
NET OPERATING	(252,027.13)		(252,027.13)	-17.3%	(270,102.92)		(270,102.92)	-3.5%
SALES TAX REVENUE	31,123.28		31,123.28	2.1%	160,791.79		160,791.79	2.1%
INTEREST INCOME	-		-	0.0%	-		-	0.0%
OTHER NON-OPERATING	-		-	0.0%	-		-	0.0%
NET INCOME (LOSS)	(220,903.85)		(220,903.85)	-15.2%	(109,311.13)		(109,311.13)	-1.4%

PUSHMATAHA HOSPITAL
BALANCE SHEET
FOR THE MONTH ENDING: 08/31/2019

	Apr-19	May-19	Jun-19	Jul-19	Aug-19
ASSETS					
CURRENT ASSETS					
CASH	482,678.15	467,467.41	359,841.28	509,085.97	542,661.51
PATIENT ACCOUNTS RECEIVABLE	3,624,002.55	3,447,375.77	3,638,817.77	3,882,784.89	3,756,540.52
NOTES RECEIVABLE	(709.06)	(709.06)	(709.06)	(709.06)	(709.06)
ALLOWANCES	(2,538,932.85)	(2,548,050.67)	(2,622,862.77)	(2,638,042.80)	(2,656,110.45)
RECEIVABLE FROM THIRD PARTY	(55,292.82)	(55,292.82)	(55,505.32)	(54,000.89)	(54,676.83)
OTHER RECEIVABLES					
INVENTORY	84,162.60	84,162.60	84,162.60	84,162.60	84,162.60
PREPAID EXPENSES	57,952.15	57,952.15	57,952.15	57,952.15	57,952.15
CURRENT ASSETS	1,653,860.72	1,452,905.38	1,461,716.65	1,841,232.86	1,779,520.44
LONG TERM ASSETS					
CONSTRUCTION IN PROGRESS	4,875,755.64	4,875,755.64	4,875,755.64	4,875,755.64	4,875,755.64
CAPITALIZED EMR	1,220,148.20	1,220,148.20	1,220,148.20	1,220,148.20	1,220,148.20
LAND	33,594.59	33,594.59	33,594.59	33,594.59	33,594.59
LAND IMPROVEMENT	21,234.00	21,234.00	21,234.00	21,234.00	21,234.00
FIXED EQUIPMENT	906,422.00	906,422.00	906,422.00	906,422.00	906,422.00
BUILDINGS	2,004,761.47	2,004,761.47	2,004,761.47	2,004,761.47	2,004,761.47
BUILDING IMPROVEMENTS	405,491.84	405,491.84	405,491.84	405,491.84	405,491.84
MAJOR MOVEABLE EQUIP AMB	2,183,841.34	2,183,841.34	2,183,841.34	2,183,841.34	2,183,841.34
ACCUM DEPR - BUILD IMPROVE	(8,143,295.05)	(8,143,295.05)	(8,143,295.05)	(8,219,035.03)	(8,256,905.02)
LONG TERM ASSETS	3,545,824.02	3,507,954.03	3,470,084.04	3,432,214.05	3,394,344.06
TOTAL ASSETS	5,199,684.74	4,960,859.41	4,931,800.69	5,273,446.91	5,124,164.50
LIABILITIES & FUND BALANCE					
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE - CURR	655,117.88	680,200.61	639,873.61	646,518.72	680,873.45
ACCOUNTS PAYABLE - PHE BK	3,180,945.34	3,180,945.34	3,180,945.34	3,180,945.34	3,179,691.28
ACCURED PAYROLL	203,046.61	126,886.62	137,942.28	163,001.97	178,317.92
OTHER CURRENT LIABILITIES	40,269.90	59,481.03	34,378.54	37,467.77	39,276.93
CURRENT LIABILITIES	4,079,379.73	4,047,513.60	3,993,089.77	4,027,933.80	4,078,610.08
NOTES PAYABLE	5,818,820.00	5,818,820.00	5,818,820.00	5,818,820.00	5,818,820.00
LEASE PAYABLE	81,337.72	81,337.72	81,337.72	81,337.72	81,337.72
ACCURED INTEREST PAYABLE	203,763.27	724,899.14	745,971.68	766,980.66	787,935.82
LONG TERM LIABILITIES	6,603,920.99	6,625,056.86	6,646,129.40	6,667,138.38	6,688,083.54
TOTAL LIABILITIES	10,683,300.72	10,672,570.46	10,639,219.17	10,695,072.18	10,766,693.62
FUND BALANCE					
FUND BALANCE PRIOR YEAR END	(1,918,566.25)	(1,918,566.25)	(1,918,566.25)	(1,918,566.25)	(1,918,566.25)
FUND BALANCE CURRENT YEAR	(370,601.59)	(370,601.59)	(370,601.59)	(370,601.59)	(370,601.59)
TOTAL FUND BALANCE	(2,289,167.84)	(2,289,167.84)	(2,289,167.84)	(2,289,167.84)	(2,289,167.84)
PRIOR YEAR RETAINED EARNINGS	(3,244,050.15)	(3,244,050.15)	(3,244,050.15)	(3,244,050.15)	(3,244,050.15)
CURRENT YEAR RETAINED EARNINGS	49,602.01	(178,493.06)	(174,200.49)	111,592.72	(109,311.13)
TOTAL LIABILITIES & FUND BALANCE	5,199,684.74	4,960,859.41	4,931,800.69	5,273,446.91	5,124,164.50

PUSHMATAHA HOSPITAL
OPERATING/INCOME STATEMENT
FOR THE MONTH ENDING: 08/31/2019

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	2020 FYTD	
REVENUES							
PATIENT REVENUE	333,374.29	296,203.80	420,777.05	533,064.61	368,135.48	1,951,555.23	25.4%
INPATIENT REVENUE	197,246.79	167,256.29	115,655.79	82,719.22	98,599.54	661,477.63	8.6%
SWINGBED REVENUE	912,637.18	1,001,075.55	906,548.87	1,153,907.06	1,000,457.96	4,974,626.62	64.6%
OUTPATIENT REVENUE							
TOTAL PATIENT	1,443,258.26	1,464,535.64	1,442,981.71	1,769,690.89	1,467,192.98	7,587,659.48	98.6%
OTHER REVENUE	71,777.18	(552.18)	(16,528.57)	62,512.04	(10,045.45)	107,163.02	1.4%
TOTAL GROSS REVENUE	1,515,035.44	1,463,983.46	1,426,453.14	1,832,202.93	1,457,147.53	7,694,822.50	100.0%
DEDUCTIONS FROM REVENUE							
CHARITY							0.0%
MEDICARE CONTRACTUAL	(518,100.87)	(645,107.17)	(415,758.83)	(521,319.63)	(546,696.79)	(2,646,983.29)	-34.4%
MEDICAID CONTRACTUAL	(179,216.74)	(195,164.66)	(187,566.46)	(228,661.78)	(176,802.13)	(967,411.77)	-12.6%
OTHER CONTRACTUAL	(169,691.96)	(186,279.34)	(203,217.00)	(217,532.80)	(202,747.87)	(979,468.97)	-12.7%
BAD DEBT	(167,764.42)	(190,535.91)	(210,938.56)	(118,197.09)	(260,818.53)	(948,254.51)	-12.3%
TOTAL REVENUE	(1,034,773.99)	(1,217,087.08)	(1,017,480.85)	(1,085,711.30)	(1,187,065.32)	(5,542,118.54)	-72.0%
NET REVENUE	480,261.45	246,896.38	408,972.29	746,491.63	270,082.21	2,152,703.96	28.0%
OPERATING EXPENSES							
SALARIES	194,472.06	194,475.96	180,903.69	206,742.58	195,677.98	972,272.27	12.6%
EMPLOYEE BENEFITS	29,910.64	33,770.17	26,985.76	29,616.39	28,233.61	148,516.57	1.9%
PROFESSIONAL FEES	81,847.31	113,197.51	54,277.41	80,823.75	117,539.35	447,685.33	5.8%
SUPPLIES	67,813.47	43,902.34	38,655.72	55,557.94	50,566.23	256,495.70	3.3%
DEPRECIATION	37,869.99	37,869.99	37,869.99	37,869.99	37,869.99	189,349.95	2.5%
INTEREST	20,377.71	21,135.87	21,072.54	21,008.98	20,945.16	104,540.26	1.4%
OTHER EXPENSES	5,475.05	2,427.50	5,025.75	3,753.13	3,738.75	20,420.18	0.3%
UTILITIES/TELEPHONE	8,103.42	8,121.93	7,914.17	8,823.09	10,877.47	43,840.08	0.6%
OTHER PURCHASED	23,920.15	32,612.36	46,814.92	31,185.95	33,487.95	168,021.33	2.2%
RENTAL/LEASES	1,016.94	4,698.02	3,684.05	1,118.63	1,926.23	12,443.87	0.2%
TRAVEL	23.87	74.78	-	-	119.02	217.67	0.0%
INSURANCE EXPENSE	(1,850.20)	5,466.87	6,825.09	4,728.81	11,597.61	26,768.18	0.3%
DONATIONS	-	-	-	-	-	-	0.0%
REPAIRS & MAINTENANCE	(6,679.68)	10,962.20	5,318.87	13,104.11	9,529.99	32,235.49	0.4%
TOTAL OPERATING	462,300.73	508,715.50	435,347.96	494,333.35	522,109.34	2,422,806.88	31.5%
NET OPERATING	17,960.72	(261,819.12)	(26,375.67)	252,158.28	(252,027.13)	(270,102.92)	-3.5%
SALES TAX REVENUE	31,641.29	33,724.05	30,668.24	33,634.93	31,123.28	160,791.79	2.1%
INTEREST INCOME	-	-	-	-	-	-	0.0%
OTHER NON-OPERATING	-	-	-	-	-	-	0.0%
NET INCOME (LOSS)	49,602.01	(228,095.07)	4,292.57	285,793.21	(220,903.85)	(109,311.13)	-1.4%

EXHIBIT C

**Projections of the
Pushmataha County – City of Antlers Hospital Authority**

~~-To Be Updated at the time of approval of the Disclosure Statement-~~

Pushmataha Hospital
Projected Balance Sheet
Year Ended March 31, 2020 - 2025

	2020	2021	2022	2023	2024	2025
Cash	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Patient Accounts Receivable	\$4,242,570	\$4,625,088	\$4,777,716	\$4,935,381	\$5,098,248	\$5,266,490
County Funds held by county	\$842,546	\$627,028	\$483,658	\$342,282	\$452,727	\$564,809
Allowances	(\$3,029,894)	(\$3,303,076)	(\$3,412,077)	(\$3,524,676)	(\$3,640,990)	(\$3,761,143)
Inventory	\$84,163	\$84,163	\$84,163	\$84,163	\$84,163	\$84,163
Prepaid Expenses	\$57,952	\$57,952	\$57,952	\$57,952	\$57,952	\$57,952
	<u>\$2,497,336</u>	<u>\$2,391,155</u>	<u>\$2,291,412</u>	<u>\$2,195,102</u>	<u>\$2,352,101</u>	<u>\$2,512,271</u>
EMR System	\$1,220,148	\$1,220,148	\$1,220,148	\$1,220,148	\$1,220,148	\$1,220,148
Land	\$33,595	\$33,595	\$33,595	\$33,595	\$33,595	\$33,595
Land Improvements	\$21,234	\$21,234	\$21,234	\$21,234	\$21,234	\$21,234
Fixed Equipment	\$906,422	\$906,422	\$906,422	\$906,422	\$906,422	\$906,422
Buildings	\$6,880,517	\$6,880,517	\$6,880,517	\$6,880,517	\$6,880,517	\$6,880,517
Building Improvements	\$405,492	\$405,492	\$405,492	\$405,492	\$405,492	\$405,492
Major Movable Equipment	\$2,433,841	\$3,183,841	\$3,933,841	\$4,683,841	\$5,183,841	\$5,683,841
Accumulated Depreciation	(\$8,521,995)	(\$8,976,435)	(\$9,430,875)	(\$9,885,315)	(\$10,339,755)	(\$10,794,195)
	<u>\$3,379,254</u>	<u>\$3,674,814</u>	<u>\$3,970,374</u>	<u>\$4,265,934</u>	<u>\$4,311,494</u>	<u>\$4,357,054</u>
	<u>\$5,876,590</u>	<u>\$6,065,969</u>	<u>\$6,261,786</u>	<u>\$6,461,036</u>	<u>\$6,663,595</u>	<u>\$6,869,325</u>
Accounts Payable - Post Bkr	\$625,418	\$625,418	\$625,418	\$625,418	\$625,418	\$625,418
Accrued Payroll	\$190,881	\$190,881	\$190,881	\$190,881	\$190,881	\$190,881
Other Current Liabilities	\$38,863	\$38,863	\$38,863	\$38,863	\$38,863	\$38,863
	<u>\$855,162</u>	<u>\$855,162</u>	<u>\$855,162</u>	<u>\$855,162</u>	<u>\$855,162</u>	<u>\$855,162</u>
Secured USDA-Category A	\$1,992,308	\$1,968,689	\$1,944,229	\$1,918,900	\$1,892,669	\$1,865,506
Secured USDA - Category B	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Unsecured Class 5 - 1st Bank	\$586,972	\$580,516	\$574,130	\$567,815	\$561,569	\$555,391
Unsecured Class 5 - InterBank	\$2,386,744	\$2,360,490	\$2,334,524	\$2,308,844	\$2,283,447	\$2,258,329
Unsecured Class 5 - A/P	\$3,196,320	\$3,161,161	\$3,126,388	\$3,091,998	\$3,057,986	\$3,024,348
Accrued Interest	\$8,750	\$43,750	\$73,150	\$94,232	\$107,195	\$112,264
	<u>\$9,171,095</u>	<u>\$9,114,605</u>	<u>\$9,052,421</u>	<u>\$8,981,789</u>	<u>\$8,902,866</u>	<u>\$8,815,839</u>
Fund Balance	(\$4,149,667)	(\$3,903,798)	(\$3,645,798)	(\$3,375,915)	(\$3,094,433)	(\$2,801,675)
	<u>\$5,876,590</u>	<u>\$6,065,969</u>	<u>\$6,261,786</u>	<u>\$6,461,036</u>	<u>\$6,663,595</u>	<u>\$6,869,325</u>

Pushmataha Hospital
Projected Statement of Revenues and Expenses
Years Ended March 31, 2020 - 2025

	2020	2021	2022	2023	2024	2025
Gross Patient Charges	\$17,958,244	\$19,577,395	\$20,223,449	\$20,890,823	\$21,580,220	\$22,292,367
Other Revenue	\$150,794	\$123,265	\$127,333	\$131,535	\$135,875	\$140,359
Deductions From Revenue	<u>(\$13,013,680)</u>	<u>(\$14,436,592)</u>	<u>(\$14,913,000)</u>	<u>(\$15,405,129)</u>	<u>(\$15,913,498)</u>	<u>(\$16,438,643)</u>
Net Patient Service Revenue	<u>\$5,095,358</u>	<u>\$5,264,068</u>	<u>\$5,437,782</u>	<u>\$5,617,229</u>	<u>\$5,802,598</u>	<u>\$5,994,083</u>
Salaries	\$2,338,986	\$2,432,545	\$2,529,847	\$2,631,041	\$2,736,283	\$2,845,734
Employee Benefits	\$354,422	\$413,533	\$430,074	\$447,277	\$465,168	\$483,775
Professional Fees	\$1,062,434	\$1,094,307	\$1,127,136	\$1,160,950	\$1,195,779	\$1,231,652
Supplies	\$617,020	\$635,531	\$654,597	\$674,234	\$694,461	\$715,295
Depreciation	\$454,440	\$454,440	\$454,440	\$454,440	\$454,440	\$454,440
Interest	\$32,050	\$104,354	\$103,514	\$102,644	\$101,743	\$100,810
Other Expenses	\$43,874	\$45,190	\$46,546	\$47,942	\$49,381	\$50,862
Utilities/Telephone	\$106,042	\$109,223	\$112,500	\$115,875	\$119,351	\$122,932
Other Purchased Services	\$430,998	\$443,928	\$457,246	\$470,963	\$485,092	\$499,645
Rental/Leases	\$27,070	\$27,882	\$28,719	\$29,580	\$30,468	\$31,382
Travel	\$3,394	\$3,496	\$3,601	\$3,709	\$3,820	\$3,935
Insurance	\$118,592	\$122,150	\$125,814	\$129,589	\$133,476	\$137,481
Donations	(\$10,086)	(\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)
Laundry	\$3,270	\$3,368	\$3,469	\$3,573	\$3,680	\$3,791
Repairs & Maintenance	<u>\$70,370</u>	<u>\$72,481</u>	<u>\$74,656</u>	<u>\$76,895</u>	<u>\$79,202</u>	<u>\$81,578</u>
	<u>\$5,652,876</u>	<u>\$5,956,428</u>	<u>\$6,146,158</u>	<u>\$6,342,713</u>	<u>\$6,546,344</u>	<u>\$6,757,311</u>
Income (Loss) from Operations	(\$557,518)	(\$692,360)	(\$708,376)	(\$725,484)	(\$743,747)	(\$763,227)
City Sales Tax Revenue	\$385,666	\$397,236	\$409,153	\$421,428	\$434,070	\$447,093
County Sales Tax Revenue	<u>\$525,236</u>	<u>\$540,993</u>	<u>\$557,223</u>	<u>\$573,940</u>	<u>\$591,158</u>	<u>\$608,892</u>
	<u>\$910,902</u>	<u>\$938,229</u>	<u>\$966,376</u>	<u>\$995,367</u>	<u>\$1,025,228</u>	<u>\$1,055,985</u>
Excess (Deficit) of Revenues over Expenses	<u>\$353,384</u>	<u>\$245,869</u>	<u>\$258,000</u>	<u>\$269,883</u>	<u>\$281,482</u>	<u>\$292,758</u>

Pushmataha Hospital
Projected Financial Statements
Years Ended March 31, 2020 – 2025
Assumptions

Balance Sheet

USDA Debt – This debt has been restructured into Category A at \$2,000,000, 3.5% over 40 years and Category B, 3.5% over 40 years. Category A is amortized with a monthly payment to be completely paid off at the end of 40 years. Category B is set up to be paid from 70% of the profits in excess of \$250,000 with the first dollar going towards the accrued interest and then principal.

First Bank, InterBank and all Accounts Payable have been moved to an unsecured status with payments over the first five years based on the net SHOPP payment received during the first quarter of each calendar year.

Patient accounts receivable are computed based on the net collections historically and increased based on the increase in annual revenue.

Capital acquisitions have been included at \$250,000, \$750,000, \$750,000, \$750,000, \$500,000, \$500,000 respectively from 2020 – 2025. During bankruptcy and the years preceding many of the necessary expenditures for replacement equipment and infrastructure repairs have been postponed. In order to protect the asset of the lenders and trust there needs to be substantial amounts invested back into the facility to maintain the annual Hospital license. Much of the vital equipment is at or past “end of life” and several infrastructure repairs need to be made.

Statement of Revenues and Expenses

Net patient revenues have been estimated to increase at a similar rate as has been experienced from March 31, 2019 to present. These increases are based on increases in rates from mainly Medicare and Medicaid the major source of patient income for this facility. The volume has not been increased at this time since no assumption has been made about bringing any new Physicians to the community. Management does hope that with the exit from bankruptcy it will become easier to recruit new and younger Physicians in the future.

Salaries have been increased each year at 4% to account for the ongoing nursing and professional shortage in the state of Oklahoma.

Interest is based on the USDA debt amortization schedules at 3.5%.

Most the other major expenditures and sales tax revenues have been increased for inflation at 3%.