

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
Lafayette Division**

IN RE:

CASE NO. 16-50740

PROGRESSIVE ACUTE CARE, LLC, et al.

CHAPTER 11

DEBTORS

JOINTLY ADMINISTERED

MOTION FOR EXPEDITED HEARING

NOW INTO COURT, through undersigned counsel, come Progressive Acute Care, LLC (“PAC”), Progressive Acute Care Avoyelles, LLC (“PAC Avoyelles”), Progressive Acute Care Oakdale, LLC (“PAC Oakdale”) and Progressive Acute Care Winn, LLC (“PAC Winn”) as debtors and debtors-in-possession (collectively, the “Debtors”), which request that the *Motion Under 11 U.S.C. §§ 363(b) and (f) and 365 for: (I) Preliminary Order (i) Approving Bidding Procedures and Stalking Horse Bid and Fee, (ii) Prescribing Notice Requirements, and (iii) Setting Hearing Date, Time and Place for Auction of Debtors’ Property; and, for (II) Order Approving Sale of Assets and Assumption and Assignment of Certain Contracts and Leases and Amounts of Cure, if any, Related Thereto* (Docket No. 183) (the “Bidding Procedures Motion”), be heard on an expedited basis on the earliest date available on the Court’s calendar, and respectfully represent in support thereof as follows:

1.

On May 31, 2016 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the “Bankruptcy Code”).

2.

The Debtors own and operate three (3) community-based hospitals (“Hospitals”), ranging from 50-60 bed capacity, which provide inpatient, outpatient and emergency care, primarily for residents of the immediate regions of the Hospitals. The Hospitals are located in Marksville (PAC Avoyelles), Oakdale (PAC Oakdale) and Winnfield (PAC Winn). PAC is the sole member and manager of each of the three Hospital Debtors and the membership interests in the Hospital Debtors are its primary assets.

3.

The Bidding Procedures Motion seeks (i) a preliminary order approving certain bidding and notice procedures and a Stalking Horse Bidding and fee, setting certain times to govern competitive bidding at an auction sale (the “Auction”) of certain assets (being the real estate, equipment, inventory, accounts receivable, tangible personal property and intangible personal property (collectively “the Purchased Assets”), and specifically excluding cash and certain other assets of the Debtors’ estates (collectively “the Excluded Assets”)¹, and establishing the notice requirements; and, (ii) a final order approving the sale pursuant to Section 363(b) and 363(f) of the Bankruptcy Code, free and clear of all liens, claims, and encumbrances, and approving the assumption and assignment of certain executory contracts and leases as well as setting cure amounts, if any, related thereto pursuant to Section 365 of the Bankruptcy Code.

¹ The Purchased Assets and the Excluded Assets as those terms are used in this Motion are more particularly described in Sections 2.1 and 2.2 of the Asset Purchase Agreement (“the proposed Stalking Horse APA”) attached to the Bidding Procedures Motion as Exhibit “A.”

4.

As alleged in the Bidding Procedures Motion, after diligently seeking purchase offers for the Purchased Assets over the past several months, communicating with many parties who expressed interest in purchasing the Hospitals, and exposing them for sale through various means, the Debtors and SOLIC Capital Advisors, LLC, their consultant, have finally located a potential purchaser, Central Louisiana Hospital Group, L.L.C. (“Buyer” or “Stalking Horse Bidder”), which has offered to pay total consideration estimated to have a value to the Debtors of \$15,270,719.00 for the Purchased Assets and for the assignment to it of certain executory contract and leases (“the Assumed Contracts”).

5.

As alleged in the Bidding Procedures Motion, these Debtors are projected to suffer negative cash flow as they continue to operate the three remaining Hospitals in these Chapter 11 Cases; in fact, current *conservative* cash forecasts indicate that the Debtors could run out of sufficient working capital to pay salaries, wages, and normal operating expenses in early September. Were these Debtors to run out of cash, it could become necessary to close one or more of the Hospitals, drastically reducing their value. It is imperative to the creditors of the estates that the Hospitals be sold while they remain open in order to maximize their value.

6.

Furthermore, the Hospitals are key medical facilities in the areas in which they are located and obtaining a sale as soon as practical will ensure that patient care is not interrupted, that the communities they serve will continue to have access to the Hospitals, and will continue the

employment and/or contractual engagements of many physicians and other dedicated medical personnel in the Hospitals.

7.

As proposed in the Bidding Procedures Motion, the Sale process requires several steps, each of which will involve delays to get to the closing; these steps are:

1. Filing of this Motion and obtaining an expedited hearing hereon for consideration of and obtaining the Bidding Procedures Order (“the Order”) approving the Stalking Horse Bidding and Break-Up Fee and the proposed Auction and Bidding Procedures and conduct of the Auction;
2. Once the Order is obtained, transmitting Notice of the Sale and Assignment Hearing, the Bidding Procedures, and the date, time and place of the Auction to (i) the persons who have previously expressed an interest in purchasing the Assets, (ii) the persons whom the Debtors and/or their counsel or financial advisors believe may have an interest in purchasing the Assets, (iii) all Counterparties to the Assumed Contracts, and (iv) all of the Debtors’ creditors and other parties in interest who have requested Notice in this case. That Notice must give potential purchasers sufficient time to become Qualified Bidders if they so choose and creditors and counter-parties to Assumed Contracts sufficient time to object or otherwise participate if they so choose;
3. If there are Qualified Bidders other than the Stalking Horse Bidder, then the Auction must be held; if there is an Auction and a Qualified Bidder desires to assume executory contracts and leases not currently considered to be Assumed Contracts, the counter-

parties to those additional executory contracts and leases need to receive additional notice of the Sale and Assignment Hearing in time for each to object or otherwise participate if they so choose;

4. The Sale and Assignment Hearing must be conducted and the final Sale Order obtained;
5. Assuming that Bankruptcy Rule 6004(d) is waived as requested, the Closing would then take place within five (5) to seven (7) business days thereafter.

8.

As can be seen, even though the Debtors seek an expedited hearing on the Bidding Procedures Motion and will seek to minimize the additional delays that the process necessarily will entail, there are undoubtedly certain minimum noticing delays inherent in the process that could bring the Debtors closer to the project date when they could run out of working capital; therefore, granting an expedited hearing on the first step, the Bidding Procedures Motion, is imperative to assure that the overall sales process moves as smoothly and quickly as possible to an ultimate sale, either to the Stalking Horse Bidder or to an Alternative Successful Bidder.

9.

Counsel for the Debtors has contacted counsel for Business First Bank, the largest secured creditor, and counsel for the Official Unsecured Creditors' Committee, who have no objection to the relief requested herein. In addition, undersigned counsel has also attempted to contact counsel for the Office of the United States Trustee, but understands such counsel is out of town and thus no response has yet been submitted as of the filing of this motion.

5

Notice of this motion has been served upon i) the Debtors, through their counsel of record, ii) the Office of the United States Trustee; iii) secured creditors of the Debtors; (iv) members of the Unsecured Creditors' Committee and its counsel; and, (v) all parties requesting notices in these matters.

WHEREFORE, the Debtors respectfully request that this Honorable Court enter an order setting the *Motion Under 11 U.S.C. §§ 363(b) and (f) and 365 for: (I) Preliminary Order (i) Approving Bidding Procedures and Stalking Horse Bid and Fee, (ii) Prescribing Notice Requirements, and (iii) Setting Hearing Date, Time and Place for Auction of Debtors' Property; and, for (II) Order Approving Sale of Assets and Assumption and Assignment of Certain Contracts and Leases and Amounts of Cure, if any, Related Thereto* (Docket No. 183) for hearing on an expedited basis on the earliest date available on the Court's calendar, and for any and all other relief this Court deems necessary and proper.

Respectfully submitted by:

/s/ Barbara B. Parsons
WILLIAM E. STEFFES (#12426)
BARBARA B. PARSONS (#28714)
STEFFES, VINGIELLO & McKENZIE, L.L.C.
13702 Coursey Boulevard, Bldg. 3
Baton Rouge, Louisiana 70817
Telephone: (225) 751-1751
Fax: (225) 751-1998
Email: bparsons@steffeslaw.com
Counsel for Debtors