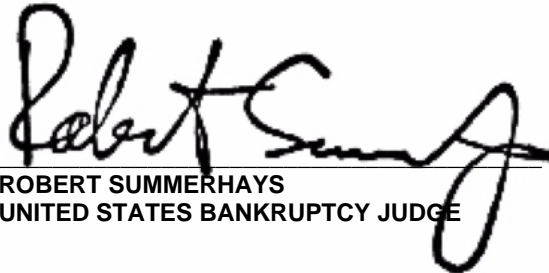




**SO ORDERED.**

**SIGNED December 28, 2016.**

  
ROBERT SUMMERHAYS  
UNITED STATES BANKRUPTCY JUDGE

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**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**

**SIXTH CONSENT ORDER AUTHORIZING THE INTERIM USE  
OF CASH COLLATERAL, APPROVING PAYMENTS PURSUANT  
TO A PLAN TERM SHEET AND GRANTING RELATED RELIEF**

Upon the *Emergency Motion for Order Authorizing the Debtors to Use Cash Collateral and Scheduling a Final Hearing* (the “Motion”) [P-16] filed by 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”), pursuant to section 363 of title 11 of the United States Code (the “Bankruptcy Code”);

The Motion came before the Court upon the Debtors’ request to use any cash or cash proceeds (collectively, and otherwise defined in Section 363(a) of the Bankruptcy Code, the “Cash

Collateral”) which are subject to the liens and security interests (collectively, the “Liens”) of Business First Bank (“Business First”) pursuant to, among other things, a Business Loan Agreement between Business First and the Debtors dated April 30, 2013, as amended (together with all security agreements, promissory notes, deeds of trust, instruments, certificates, and other documents related thereto, and all amendments to any of the foregoing, the “Loan Documents”);

This Court having reviewed the Motion and all matters brought to its attention at the preliminary hearing held on June 2, 2016 and again at hearings held on June 28, 2016, August 4, 2016, September 13, 2016, November 8, 2016 and December 20, 2016, pursuant to Bankruptcy Rule 4001; and, it appearing that the relief requested in the Motion to the extent granted by this Sixth Interim Order, is in the best interest of the Debtors, their estates and creditors, and that Business First has consented to entry of this Sixth Interim Order; and, after due deliberation and consideration;

On December 21, 2016, the Debtors, Business First and the Official Committee of Unsecured Creditors (the “Committee”) entered into and agreed to be bound by a term sheet (the “Plan Term Sheet”), attached hereto as Exhibit “B”, which sets forth the salient terms of a proposed consensual plan of liquidation of the Debtors’ estates that will be filed with the Court, and incorporates the terms of a global settlement with respect to the asserted secured claim of Business First and the Committee’s challenges thereto and the motion to compel a distribution filed by Business First in these cases; and,

The Debtors and the Committee have agreed to file a plan of liquidation, to be supported by Business First, based on the Plan Term Sheet.

IT IS HEREBY ORDERED THAT:

1. Motion Granted. The Motion is granted on an interim basis *nunc pro tunc* as of

May 31, 2016 (“the Petition Date”) on the terms set forth in this order (“Sixth Interim Order”). Any objections to the Motion and/or entry of this Sixth Interim Order that have not been previously withdrawn or resolved are hereby overruled. Subject to the terms set forth below, this Sixth Interim Order is valid and binding on all parties in interest and shall be immediately and fully effective upon its entry.

2. Use of Cash Collateral. The Debtors are authorized, pursuant to section 363(c)(2)(A) of the Bankruptcy Code to use Cash Collateral in accordance with the updated budget attached hereto as “Exhibit A” (“Budget”), for a period from the Petition Date through and including the earliest to occur of (the “Termination Date”): (a) the payment in full or refinance of all of the Debtors’ obligations under the Loan Documents in their entirety, (b) the occurrence of a “Termination Event” (as hereinafter defined), or (c) February 3, 2017.

Notwithstanding anything contained herein, Business First shall have no obligation, pursuant to this Sixth Interim Order or otherwise, to allow the Debtors to use any Cash Collateral following the Termination Date except with respect to the “carve out” provisions contained in this Order. The Debtors reserve the right to seek Court approval of the continued use of Cash Collateral after the Termination Date.

4. Reporting of the Debtors. The Debtors shall continue to provide Business First and the Committee with a report detailing the expenditures made and the use of the Cash Collateral pursuant to this Sixth Interim Order (or any extension thereof) by the fifth (5<sup>th</sup>) Wednesday of each month. Without limiting the foregoing, the Debtors shall continue to produce all financial statements, reports, and other documents required under the Loan Documents in the manner and the timeframes specified in those documents. Upon reasonable written notice to the Debtors, Business First (and/or its agents) shall have the right to examine and audit the Debtors’ books and

records.

5. Adequate Protection Lien. In addition to all existing security interests and liens granted to or for the benefit of Business First in and upon the Debtors' pre-petition property, as adequate protection for (a) the use of the Cash Collateral pursuant to the terms of this Sixth Interim Order, any final order approving use of cash collateral or any subsequent order or pursuant to Section 363(c) of the Bankruptcy Code, or (b) the imposition of the automatic stay pursuant to Section 362(a) of the Bankruptcy Code, and without the necessity of any further act or documentation, Business First has been and continues to be granted, pursuant to Section 361(2) of the Bankruptcy Code, perfected liens and security interests on the Debtors' post-petition properties of the kind and nature that Business First holds in the Debtors' pre-petition property (the "Replacement Collateral"), to the extent Business First does not already have the same, in the same priority as Business First held in the Debtors' pre-petition property. The replacement liens and securities granted to Business First by the prior Interim Orders [Docs. 89, 146, 241, 304 and 404] (the "Interim Orders") and continued by this Sixth Interim Order (i) shall attach and become valid, enforceable and fully perfected without any action by the Debtors or Business First, and no filing or recordation or other act that otherwise may be required under federal or state law in any jurisdiction shall be necessary to create or perfect such liens and security interests, and (ii) shall be, and shall at all times remain, senior in rank and priority to any and all other liens on the Replacement Collateral other than valid, perfected and enforceable liens existing on the Petition Date, if any, which are senior to the Liens on such property in favor of Business First. If Business First hereafter requests the Debtors to execute and deliver to Business First financing statements, security agreements or other instruments or documents considered by Business First to be necessary or desirable to further evidence the perfection of the liens and security interests granted

herein, the Debtors are authorized and directed to execute and deliver such documents.

6. Adequate Protection and Term Sheet Payments. As further adequate protection, and pursuant to Section 361(1) of the Bankruptcy Code, and in accordance with the Plan Term Sheet, the Debtors shall immediately pay to Business First the sum of \$1.2 million; and shall pay to Business First an additional \$100,000 from the Debtors' receipt of the Full Medicaid Payments ("FMP") due to the Debtors for the pre-Sale periods of July 2016 and August 2016 under various managed care agreements<sup>1</sup>. The foregoing disbursements shall constitute conditional payments to Business First to be applied in accordance with the Loan Documents and the Plan Term Sheet; but which shall be subject to the claw-back rights of the Committee as set forth in the *Consent Order Regarding Conditional Disbursement of Funds* [Doc. 408] entered by the Court on December 7, 2016 and the Plan Term Sheet attached hereto. To the extent of any conflict or inconsistency between any provision of this Order and the Plan Term Sheet, the provisions of the Plan Term Sheet shall control.

The Debtors, Business First and the Committee shall use commercially reasonable best efforts to effectuate the transactions contemplated by the Plan Term Sheet.

7. Termination Events. The occurrence of any of the following shall constitute a "Termination Event" under this Order except to the extent Business First waives in writing its rights and remedies in respect of such Termination Event: (a) the Debtors fail to timely comply with any terms, covenants, provisions, or agreements contained in this Sixth Interim Order; (b) the Debtors fail to comply with any terms, covenants, provisions, or agreements contained in the Loan Documents pertaining to insurance coverage on the property and collateral securing the LOC Note

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<sup>1</sup> The Debtors and Business First acknowledge that the adequate protection payments required to be made by the Interim Order [Doc. 89], Second Interim Order [Doc. 146], Third Interim Order [Doc. 241], Fourth Interim Order [Doc. 304] and Fifth Interim Order [Doc. 404] have been timely paid to Business First by the Debtors.

and/or the Term Note and the payment of taxes and assessments imposed upon the Debtors or their properties, income or profits that, if unpaid, might become a lien or charge upon the property and collateral securing the LOC Note and/or the Term Note; (c) the entry of an order dismissing any of the Debtors' Chapter 11 cases; (d) the entry of an order converting any of the Debtors' Chapter 11 cases to one under Chapter 7; (e) the entry of an order appointing a Chapter 11 trustee, chief responsible officer, or examiner with powers over the operation and business of any Debtor (beyond those set forth in Sections 1106(a)(3) and (4) of the Bankruptcy Code); (f) the Debtors' assertion that any of the terms and conditions of this Sixth Interim Order are not valid and binding; (g) if, on an aggregate cumulative basis, cash disbursements exceed the cash disbursements projected in the Budget, provided, however, that there shall be an allowed 15% variance to the aggregate cumulative amount of cash disbursements scheduled to be made pursuant to the Budget; or, (h) if this Court has not entered a final order (or a seventh extended Interim Order) with respect to the Motion on or before February 3, 2017. Notwithstanding any termination provisions set forth herein, such provisions shall not be effective to the extent they are inconsistent with the Plan Term Sheet.

8        Reservation of Rights. Notwithstanding anything in this Sixth Interim Order to the contrary, all legal and equitable rights, if any, of the Debtors, their estates, the Committee and Business First are preserved and deemed not waived, including, but not limited to:

- (a)     The Debtors' rights to seek a surcharge under 11 U.S.C. § 506(c);
- (b)     The right of Business First to object to any future requests for authorization to use cash collateral, to seek relief from the automatic stay of 11 U.S.C. §362 or to file any other motion for relief under the Bankruptcy Code;

- (c) The right of Business First to resist and defend against any attempts to seek a surcharge under 11 U.S.C. § 506(c) or to assert rights of setoff, compensation and/or recoupment under 11 U.S.C. § 553 or otherwise;
- (d) The Debtors' rights to assert that the proceeds of all accounts receivable and on hand and in bank accounts do not constitute "cash collateral" as defined in Section 363, and that Business First is not entitled to adequate protection for the use thereof;
- (e) The Debtors' rights under Sections 510, 544, 545, 547, 548, 549, 550, 551, and 552 of the Bankruptcy Code to avoid and/or prime any lien of Business First on the proceeds of all accounts receivable and the cash from on hand and in bank accounts; and,
- (f) All rights of Business First with respect to any guarantors or co-obligors of the indebtedness evidenced by the Loan Documents, including, without limitation, the LOC Note and/or the Term Note.

9. Carve Out and Super Priority. Upon the occurrence of a Termination Event, to the extent that there are not sufficient, unencumbered assets or cash deposits or reserves in the Debtors' respective estates to pay such amounts set forth below in this paragraph, all liens on Cash Collateral securing the claims of Business First, including the replacement liens and security interests granted in Paragraph 5 herein shall be subject and subordinate to payment of the following: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under 28 U.S.C §1930(a) plus interest pursuant to 31 U.S.C. §3717; (ii) all reasonable fees and expenses incurred by a patient care ombudsman, if required and if appointed under section 333 of the Bankruptcy Code in an aggregate amount not to exceed \$10,000; and, (iii) to the extent allowed by the Bankruptcy Court

at any time, and subject to the Budget, all accrued and unpaid reasonable fees, disbursements, costs and expenses of professionals or professional firms (“Professionals”) retained by the Debtors or the Committee and accrued or incurred at any time before or on the date and time of the delivery by Business First of a notice of a Termination Event (“Notice of Event of Default”), whether allowed by the Court prior to or after delivery of a Notice of Event of Default, including any Success Fee or hourly fees due to SOLIC Capital Advisors, LLC (“SOLIC”) up to the amount stated in the Budget; and, (iv) to the extent allowed by the Bankruptcy Court at any time, all accrued and unpaid reasonable fees, disbursements, costs and expenses of Professionals retained by the Debtors or the Committee and accrued or incurred after the date of the Notice of Event of Default in an amount not to exceed \$75,000 in the aggregate, plus any Success Fee due to SOLIC that may be due under its engagement agreement as approved by the Bankruptcy Court<sup>2</sup> whether accrued or incurred at any time before or after the date and time of the delivery of the Notice of Event of Default up to the amount stated in the Budget; provided, however, that nothing in this Order shall be construed to impair the right of any party to object to any fees, expenses, reimbursement or compensation sought by any such Professionals or any other person or entity. To the extent, if any, that Cash Collateral is used to pay fees, costs, and expenses of Professionals incurred after the date of the Notice of Event of Default (“Post-Default Fees”) resulting in a diminution of the value of the Cash Collateral Securing the claim of Business First, Business First is granted an allowed super-priority administrative claim pursuant to section 364(c)(1) of the Bankruptcy Code for the amount of Cash Collateral used to pay such Post-Default Fees, having priority in right of payment over any and all other obligations, liabilities and indebtedness of the Debtors, whether now in existence or hereafter incurred by the Debtors, and over any and all

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<sup>2</sup> The Parties acknowledge that the Success Fee due to SOLIC has been paid in full.



administrative expenses or priority claims of the kind specified in, or ordered pursuant to, *inter alia*, section 364(c)(2) and (d)(1) of the Bankruptcy Code (the “Superpriority Claim”), provided, however, the Superpriority Claim shall be subject to the “carve outs” set forth above.

Notwithstanding anything herein to the contrary, no Prepetition Collateral, Postpetition Collateral, proceeds thereof, or Cash Collateral may be used by any party-in-interest to object to or contest in any manner, or raise any defenses to, the validity, perfection, priority or enforceability of the Obligations, the Liens, the Adequate Protection Liens, or the Superpriority Claims, or to assert or prosecute any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims or causes of action against Business First, after the date this Order is entered. This paragraph does not affect the use of Cash Collateral to pay fees for work performed prior to the date of the Fifth Interim Order [Doc. 404].

11. Final Hearing. The final hearing to consider approval of the Motion previously scheduled to be held on December 20, 2016, was converted by agreement of the parties to a Sixth hearing on interim relief. The final hearing now will be held before this Court on January 31, 2017, at 10:00 a.m. CDT (the “Final Hearing”). Pursuant to Bankruptcy Rule 4001(b)(3), counsel to the Debtors shall provide notice of the Final Hearing and a copy of this Interim Order to (a) the United States Trustee, (b) counsel for Business First, (c) the members of the Committee and counsel for same; (d) those parties in interest that have requested notice pursuant to Bankruptcy Rule 2002(g); and, (e) parties claiming a lien or security interest in the Debtors’ property. Any objections to the relief sought at the Final Hearing shall be in writing, state the basis therefor, and be filed and served on counsel for the Debtors and counsel for Business First no later than January 24, 2017. Notwithstanding anything herein to the contrary, nothing herein shall be deemed to

waive or limit any rights, claims or defenses that may be asserted by the Committee in connection with the Final Hearing, all of which are expressly reserved and preserved.

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Respectfully submitted by:

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**PROGRESSIVE ACUTE CARE, LLC ("PAC")**

Cash Forecast (Week Ending December 23, 2016 to February 3, 2017)

Last Update: 12/19/2016

Week Ending: Week #	12/23/16	12/30/16	1/6/17	1/13/17	1/20/17	1/27/17	2/3/17	Total
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
<b>Beginning "Book" Balance</b>	<b>\$2,198,330</b>	<b>\$2,198,330</b>	<b>\$859,163</b>	<b>\$1,111,646</b>	<b>\$1,060,703</b>	<b>\$1,060,703</b>	<b>\$1,045,703</b>	<b>\$2,198,330</b>
<b>Refunds / Recoups</b>								
Entergy Utility Deposit	0	0	0	0	0	0	24,500	\$24,500
Estimated July FMP Payments	0	0	218,245	0	0	0	0	\$218,245
Estimated July FMP Payments	0	0	49,238	0	0	0	0	\$49,238
Estimated August FMP Payments	0	0	0	399,026	0	0	0	\$399,026
Estimated 2015 CMS Cost Report Refunds	0	0	0	0	0	0	359,256	\$359,256
<b>TOTAL REFUNDS / RECOUPS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$267,483</b>	<b>\$399,026</b>	<b>\$0</b>	<b>\$0</b>	<b>\$383,766</b>	<b>\$1,050,266</b>
<b>Outstanding Bankruptcy Admin Expenses</b>								
UCC Counsel (Kean Miller & Sills Cummis)	0	(50,450)	0	(23,000)	0	0	0	(\$73,450)
Debtors' Counsel (SVM)	0	(30,238)	0	0	0	0	0	(\$30,238)
Debtors' Financial Advisor (SOLIC)	0	(21,312)	0	0	0	0	0	(\$21,312)
Claims Agent (Garden City Group)	0	(37,167)	0	0	0	0	0	(\$37,167)
<b>Subtotal - Bankruptcy Admin Expenses</b>	<b>\$0</b>	<b>(\$139,167)</b>	<b>\$0</b>	<b>(\$23,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$162,167)</b>
<b>Est. Accrued Prof. Fees</b>								
UCC Counsel (Kean Miller & Sills Cummis) [1]	0	0	0	0	0	0	(275,000)	(\$275,000)
Debtors' Counsel (SVM) [1]	0	0	0	(25,000)	0	0	(100,000)	(\$125,000)
Debtors' Financial Advisor (SOLIC) [1]	0	0	0	0	0	0	(50,000)	(\$50,000)
Claims Agent (Garden City Group) [2]	0	0	0	0	0	0	(40,000)	(\$40,000)
Retainer Refund (SOLIC)	0	0	0	0	0	0	75,175	\$75,175
Retainer Refund (SVM)	0	0	0	0	0	0	47,095	\$47,095
<b>Subtotal - Est. Accrued Prof. Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$342,731)</b>	<b>(\$367,731)</b>
<b>Est. Wind-down Expenses</b>								
Cost report filings (PAC + three hospitals)	0	0	0	0	0	0	(32,750)	(\$32,750)
Tax Return Preparation (PAC)	0	0	0	0	0	0	(25,000)	(\$25,000)
Post-Petition Accounts Payable (Vendor Payments)	0	0	0	(267,000)	0	0	0	(\$267,000)
Apptix exchange server (September - January)	0	0	0	(19,969)	0	0	(13,320)	(\$33,289)
Wayne Thompson [3]	0	0	(15,000)	0	0	(15,000)	(85,000)	(\$30,000)
Miscellaneous expenses including UST Fees	0	(1,200,000)	0	(15,000)	0	0	(85,000)	(\$100,000)
Payments to BFB	0	(1,200,000)	0	(100,000)	0	0	0	(\$1,300,000)
<b>Subtotal - Est. Wind-down Expenses</b>	<b>\$0</b>	<b>(\$1,200,000)</b>	<b>(\$15,000)</b>	<b>(\$401,969)</b>	<b>\$0</b>	<b>(\$15,000)</b>	<b>(\$156,070)</b>	<b>(\$1,788,039)</b>
<b>TOTAL DISBURSEMENTS</b>	<b>\$0</b>	<b>(\$1,339,167)</b>	<b>(\$15,000)</b>	<b>(\$449,969)</b>	<b>\$0</b>	<b>(\$15,000)</b>	<b>(\$498,801)</b>	<b>(\$2,317,937)</b>
<b>Ending "Book" Balance</b>	<b>\$2,198,330</b>	<b>\$859,163</b>	<b>\$1,111,646</b>	<b>\$1,060,703</b>	<b>\$1,060,703</b>	<b>\$1,045,703</b>	<b>\$930,658</b>	<b>\$930,658</b>

Notes:

[1] Estimated "hold back" amounts of 20% are included. Also, additional fees are anticipated due to the preparation of the Plan and Disclosure Statement; and, attention to administrative claim matters.  
 [2] Additional expenses are anticipated for the transmission of the Plan and Disclosure Statement.  
 [3] Thompson is compensated on an hourly basis; actual amount paid will be based on actual services rendered.

**EXHIBIT A**

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**Progressive Acute Care, LLC., et al.**

**PLAN TERM SHEET**

**DATED AS OF: DECEMBER \_\_, 2016**

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**THIS TERM SHEET IS PROVIDED IN CONFIDENCE AND MAY BE DISTRIBUTED ONLY WITH THE EXPRESS WRITTEN CONSENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF PROGRESSIVE ACUTE CARE, LLC, et al. (the “COMMITTEE”). THIS TERM SHEET IS PROVIDED IN THE NATURE OF A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS. ACCORDINGLY, THIS TERM SHEET IS ENTITLED TO THE PROTECTIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION AND INFORMATION EXCHANGED IN THE CONTEXT OF SETTLEMENT DISCUSSIONS. FURTHER, NOTHING IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR DEEMED BINDING ON THE COMMITTEE. “PAC” OR THE “DEBTORS” MEANS PROGRESSIVE ACUTE CARE, LLC AND EACH OF ITS SUBSIDIARIES THAT ARE DEBTORS IN THESE CHAPTER 11 CASES (the “CASES”).**

**THIS TERM SHEET IS SUBJECT TO ONGOING REVIEW BY THE COMMITTEE AND ITS RESPECTIVE PROFESSIONALS, IS SUBJECT TO MATERIAL CHANGE AND IS BEING DISTRIBUTED FOR DISCUSSION PURPOSES ONLY. MOREOVER, THE TREATMENT SET FORTH IN THIS TERM SHEET REMAINS SUBJECT TO ONGOING DISCUSSIONS AMONG THE PARTIES COVERED HEREBY.**

	<b><u>OVERVIEW</u></b>
<b>Transaction Summary</b>	<p>This term sheet (this “Term Sheet”) describes an outline of a proposed consensual joint plan of liquidation (the “Plan”) of the Debtors pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). The proposed proponents of the Plan will be PAC and the Committee. Business First Bank (“BFB”) will support the Plan as outlined herein.</p> <p>This Term Sheet does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing the Plan, which remain subject to further discussion, negotiation and approval.</p>

**EXHIBIT B**

<p><b>Debt to be Repaid/Restructured</b></p>	<p>Indebtedness to be treated under the Plan (as defined below) will include:</p> <p>(i) \$10,137,410.25 in principal plus additional amounts for accrued interest and attorneys' fees and costs asserted by BFB under the Business Loan Agreement, dated April 30, 2013, as amended, involving a Term Note and a Revolving Line of Credit (the "Business Loan Agreement") as a secured claim;</p> <p>(ii) approximately \$[TBD – Bill/Barbara to fill in] of asserted secured claims by creditors other than BFB;</p> <p>(iii) approximately [\$10,000 – Bill/Barbara to verify] of claims which asserted priority pursuant to section 507 of the Bankruptcy Code (the "Priority Claims");</p> <p>(iv) approximately [\$265,000 – Bill/Barbara to verify] of administrative claims arising by operation of section 503 of the Bankruptcy Code, plus accrued and accruing fees of the estates' professionals (the "Administrative Claims"); and</p> <p>(v) approximately \$[TBD – Bill/Barbara to fill in] million of general unsecured claims asserted against each of the Debtors.</p>
<p><b>Allowance of BFB Secured Claim</b></p>	<p>BFB shall be allowed a secured claim in the principal amount of \$10,137,410.25 plus interest and attorney's fees accrued through the date of confirmation of the Plan pursuant to the terms of the Business Loan Agreement (the "BFB Claim") in addition to the claim filed by BFB in the Dauterive Chapter 7 case (the "BFB Dauterive Claim").</p> <p>The Parties shall use best efforts to reconcile and agree upon the amount of the BFB Claim prior to the filing the Plan.</p> <p>The BFB Claim shall be fixed upon confirmation of the Plan and shall not be subject to offset, challenge or dispute of any kind or nature.</p>
<p><b>Available Cash Assets</b></p>	<p>The Debtors have represented that, as of December 13, 2016, the following cash assets are available for distribution pursuant to the Plan: Regions Bank DIP account - \$1,597,403.13; BFB Accounts - \$598,160.33; FMP Payments (assume paid by 12/31/2016) - \$666,509.00; SVM Retainer Balance - \$47,094.74; SOLIC Retainer Balance - \$75,175.00; and SVM Trust - \$5,746.00.</p>
<p><b>Additional Sources of Funds for the Plan</b></p>	<p>The following additional sources may be available to fund the Plan and to make distributions to creditors in part via the assignment of the BFB Dauterive Claim distributions: Dauterive CMS refund - \$686,000.00 (management believes no balance due to CMS/recoupment unlikely); Dauterive A/R - \$560,000.00 management's estimate of net receivables after collection fees; PAC CMS refund - \$359,000.00; D&amp;O Insurance claim – face amount</p>

	\$3,000,000.00 (subject to a wasting policy); Dauterive BFB Accounts - \$175,329.31; and potential preference and avoidance claims.
	<b><u>TREATMENT OF CLAIMS AND EQUITY INTERESTS</u></b>
<b>BFB Claim and Distributions To BFB</b>	<p>BFB shall be entitled to a maximum distribution of \$10.3 million (the “BFB Distribution Amount”) on account of the BFB Claim and the BFB Dauterive Claim. Upon the Effective Date of the Plan, BFB shall fully and irrevocably assign its rights to distributions in connection with the BFB Dauterive Claim and the BFB Claim to a liquidating trust for the benefit of general unsecured creditors (the “Trust”) established under the Plan to the extent such distributions exceed the BFB Distribution Amount; <u>provided however</u> that such assignment shall not limit, impair or otherwise adversely affect BFB’s right to the receipt of the BFB Distribution Amount. Nothing herein shall be deemed to impair, augment or otherwise modify the rights of any third party to assert any subrogation rights, including the rights of any guarantor, in connection with the Business Loan Agreement. Any and all rights to assert subrogation, and any and all objections, counterclaims and defenses thereto, are expressly reserved and preserved.</p> <p>BFB acknowledges it has received \$8.3 million as a conditional distribution on account of the BFB Distribution Amount.</p> <p>Upon approval of this Plan Term Sheet by the Bankruptcy Court as part of an interim cash collateral order, BFB shall be paid an additional \$1.2 million on account of the BFB Distribution Amount, which will be governed by the terms of the parties’ conditional distribution stipulation. BFB shall consent to the continued use of cash collateral through the date of plan confirmation pursuant to an agreed budget including payment of reasonable fees and expenses of the estates’ professionals. The budget may include the payment of administrative expenses, provided that any such expenses will be subject to appropriate releases and/or waiver.</p> <p>Upon the estates’ receipt of the FMP Payments, the first \$100,000 of such funds will be distributed to BFB on account of the BFB Distribution Amount, which will be governed by the terms of the parties’ conditional disbursement stipulation. BFB acknowledges and agrees that after the receipt of such monies, the remaining maximum balance payable to BFB from the estates on account of the BFB Distribution Amount will be \$700,000.</p> <p>Upon the Effective Date of the Plan, (i) the BFB Claim will be fixed and assigned to the Trust. All payments received by BFB will not be subject to dispute, claim, contest or challenge; (ii) the pending adversary proceeding commenced by the Committee against BFB will be dismissed with prejudice; and (iii) the claw-back rights of the Committee on behalf of the Debtors’ estates contained in the parties’ conditional disbursement stipulation will be released. Pending the</p>

	Plan Effective Date, the adversary proceeding will be stayed and held in abeyance.
<b>Administrative Claims</b>	Each holder of an allowed administrative claim shall receive payment in full (in cash) of the unpaid portion of its allowed administrative claim on the Effective Date of the Plan, or as soon thereafter as practicable, from the Priority Reserve (as defined below).
<b>Priority Claims</b>	Each holder of an allowed priority claim shall be paid in full (in cash) on the Effective Date of the Plan, or as soon thereafter as practicable from the Priority Reserve.
<b>Priority Reserve</b>	The Debtors and Committee shall create an administrative/priority claim reserve in the amount of \$1 million to pay all Administrative and Priority Claims (the "Priority Reserve"). The Priority Reserve will be used to pay all allowed Administrative and Priority Claims. To the extent all allowed Administrative and Priority Claims are less than \$1 million any remaining balance in the Priority Reserve after payment or reserving for all allowed unpaid Administrative and Priority Claims will be applied 50% to the BFB Distribution Amount and 50% to the Trust. As used herein, Priority Claims will include all valid, undisputed secured claims asserted by creditors other than BFB.
<b>BFB Dauterive Claims</b>	<p>Until plan confirmation, BFB shall use its commercially reasonable best efforts to pursue all claims, rights and remedies related to the assigned BFB Dauterive Claim. Any net recovery based on the BFB Dauterive Claim will be applied 50% to the BFB Distribution Amount and 50% to the Trust.</p> <p>Upon the Effective Date of the Plan, BFB shall fully and irrevocably assign the right to distributions under the BFB Dauterive Claim to the Trust; provided that such assignment will not limit, impair or otherwise adversely affect BFB's right to receipt of the BFB Distribution Amount.</p>
<b>BFB Guarantor Claims</b>	BFB shall use commercially reasonable best efforts to pursue all of its claims, rights and remedies against any guarantors under the Business Loan Agreement (the "BFB Guarantor Claims"). Any net recovery based on the BFB Guarantor Claims will be applied to the BFB Distribution Amount, thereby reducing the estates' obligation to pay the BFB Distribution Amount on a dollar-for-dollar basis.

<b>Trust and Payment of General Unsecured Claims</b>	<p>All remaining assets and claims of the Debtors of any kind or nature will vest in the Trust that will be created pursuant to the Plan.</p> <p>The trustee of the Trust shall pursue all assets and claims to maximize any value and distributions to creditors.</p> <p>Until the BFB Distribution Amount is fully satisfied, the net proceeds of all Trust assets will be applied 50% to the BFB Distribution Amount and 50% to the Trust.</p> <p>After full payment of the BFB Distribution Amount, all remaining assets will be retained by the Trust and used, among other things, to pay general unsecured creditors.</p>
<b>Existing Equity Interests</b>	Each holder of equity interests in the Debtors, including holders of stock, warrants and options, shall receive no distributions and their equity interests shall be cancelled.
<b><u>GENERAL PROVISIONS</u></b>	
<b>Consolidation of Estates<sup>1</sup></b>	The Debtors' estates will be substantively consolidated for distribution and voting purposes.
<b>Subrogation</b>	To the extent the BFB Distribution Amount is satisfied by assets of the Debtors' estates, the Debtors and any successor thereto (including the Trust) shall subrogate to the rights and claims of BFB such that the Debtors or the Trust shall have the right, not the obligation, to pursue the BFB Dauterive Claim.
<b>Intercompany Claims</b>	On the Effective Date, all intercompany claims among the Debtors will be extinguished.
<b>Resolution of Disputed Claims</b>	Subject to the other provisions of this Term Sheet, resolution of disputed claims and any reserves therefor will be subject to the jurisdiction of, and are to be resolved by, the Bankruptcy Court.
<b>Avoidance Actions and Other Litigation</b>	To be pursued by the Trust.
<b>Tax Issues</b>	The terms of the Plan contemplated by this Term Sheet will be structured to preserve favorable tax attributes of the Debtors for the benefit of the Trust to the extent practicable.
<b>Retention of Jurisdiction</b>	The Bankruptcy Court shall retain jurisdiction for customary matters.

<sup>1</sup> To the extent required, the Plan could be structured to incorporate separate plans of reorganization for each Debtor, with each such plan reflecting substantive treatment of claims consistent with the terms hereof.



<b><u>RELEASE AND RELATED PROVISIONS</u></b>	
<b>Debtor Releases</b>	<p>Usual and customary release by Debtors and their estates in favor of the estates' professionals from any claims and causes of action (other than claims based on gross negligence or willful misconduct) arising between the Petition Date and the Effective Date.</p> <p>BFB and the Debtors shall exchange mutual releases on the Effective Date of the Plan.</p>
<b>Exculpation</b>	Customary exculpation provisions.
<b>Injunction</b>	Customary injunction provisions.
<b>Director and Officer Liability Policy</b>	All of the Debtors' rights under the D&O policies will be preserved for the benefit of the Trust and all creditors, subject to the payment of the BFB Distribution Amount as set forth herein.
<b><u>PLAN IMPLEMENTATION AND PROPOSED REORGANIZATION SCHEDULE</u></b>	
<b>Filing of Plan and Disclosure Statement</b>	The Plan, related disclosure statement and all related solicitation materials to be filed within 30 days after the execution of this Term Sheet.
<b>Approval of Disclosure Statement</b>	<p>The Debtors shall use commercially reasonable efforts to obtain the following schedule from the Bankruptcy Court:</p> <ul style="list-style-type: none"> <li>(i) a hearing on or within 60 days after the execution of this Term Sheet to approve the adequacy of the disclosure statement; and</li> <li>(ii) at such hearing (or a continuation thereof), obtain an order from the Bankruptcy Court establishing deadlines for voting on the Plan and setting the confirmation hearing for a date no later than 40 days after entry of an order approving the disclosure statement.</li> </ul>
<b>Entry of Confirmation Order</b>	The Debtors shall use commercially reasonable efforts to obtain entry by the Bankruptcy Court of an order confirming the Plan no later than 120 days after the execution of this Term Sheet.
<b>Consummation of Plan</b>	The Debtors shall use commercially reasonable efforts to cause the Effective Date of the Plan to occur no later than 20 days after the entry of the order confirming the Plan.

## Notice Recipients

District/Off: 0536-4  
Case: 16-50740

User: kcarpente  
Form ID: pdf8

Date Created: 12/28/2016  
Total: 7

### Recipients submitted to the BNC (Bankruptcy Noticing Center) without an address:

tr DIP

TOTAL: 1

### Recipients of Notice of Electronic Filing:

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TOTAL: 5

### Recipients submitted to the BNC (Bankruptcy Noticing Center):

db Progressive Acute Care, LLC Post Office Box 5309 Abita Springs, LA 70420

TOTAL: 1