

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

IN RE:

PROGRESSIVE ACUTE CARE, LLC

CASE NO. 16-50740

DEBTOR

CHAPTER 11

IN RE:

PROGRESSIVE ACUTE CARE AVOYELLES, LLC

CASE NO. 16-80584

DEBTOR

CHAPTER 11

IN RE:

PROGRESSIVE ACUTE CARE OAKDALE, LLC

CASE NO. 16-50742

DEBTOR

CHAPTER 11

IN RE:

PROGRESSIVE ACUTE CARE WINN, LLC

CASE NO. 16-50743

DEBTOR

CHAPTER 11

APPLICATION TO EMPLOY COUNSEL FOR DEBTORS

The application of 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, “Debtors”), respectfully represent:

1.

The Debtors each filed a voluntary petition for relief under Chapter 11, Title 11, United States Code on May 31, 2016. The Debtors are continuing in possession of their property and are

operating their businesses in the ordinary course as debtors-in-possession pursuant to 11 U.S.C §§ 1107 and 1108. No trustee, examiner, or committee has been appointed in these Chapter 11 cases.

2.

The Debtors own and operate three community-based hospitals (the “Hospitals”), located in Marksville, Oakdale and Winn, Louisiana.

3.

The Debtors, as debtors-in-possession, wish to employ William E. Steffes and the law firm of Steffes, Vingiello & McKenzie, LLC, as counsel under a general retainer to give the Debtors legal advice with respect to each Debtor’s powers and duties as a debtor-in-possession and to perform all legal services for each debtor-in-possession which may be necessary herein. A copy of the hourly rates charged by SVM is attached hereto as **Exhibit “A”**.

4.

The Debtors have selected William E. Steffes and the law firm of Steffes, Vingiello & McKenzie, LLC (“SVM”), for the reasons that they have filed the initial papers and pleadings on behalf of the Debtors and they have gained experience regarding the Debtors’ businesses and properties by, among other things, preparing and filing the petition and other initial pleadings herein; the Debtors believe that said law firm is well qualified to represent the Debtors, as debtors-in-possession in this proceeding. Furthermore, it is necessary for the Debtors, as debtors-in-possession, to employ counsel.

5.

To the best of the Debtors’ knowledge and belief, SVM has no connection with the Debtors, their creditors, or any other party in interest other than having assisted these Debtors in preparation for these cases in the months preceding their commencement and in preparing and filing a Chapter

7 case for Progressive Acute Care Dauterive, LLC (“PAC-D”), now pending in this court as Case No. 16-50739.

6.

Prior to the petition date, SVM received several retainers paid through PAC in the total amount of \$221,861.20 for full payment of pre-petition services rendered and expenses incurred on behalf of PAC, PAC-Winn, PAC-Avoyelles, PAC-Oakdale and PAC-Dauterive with the remaining balance to be used (1) to pay filing fees for the Chapter 11 cases of PAC, PAC-Avoyelles, PAC-Oakdale, and PAC-Winn; (2) the amount of \$10,000.00 being allocated to pay the filing fee and as one-time nonrefundable retainer for expected post-filing fees and expenses on behalf of PAC-Dauterive in its Chapter 7 case. The balance of the amounts paid is being held in trust as a retainer for post-filing fees and expenses for PAC, PAC-Avoyelles, PAC-Oakdale, and PAC-Winn¹.

7.

No party in interest has requested the appointment of a trustee, thus no notice of this application need be given and no hearing thereon need be held because of the presumption afforded to the debtors-in-possession pursuant to 11 U.S.C. §§1101(1) and 1107(b).

8.

It is critical that the Debtors obtain counsel immediately as they require legal advice in order to fulfill their duties as debtors-in-possession and to obtain certain expedited relief from this Court with respect to the payment of employees, use of cash collateral, utility deposits and other matters.

9.

Failure to have counsel will greatly prejudice the Debtors’ ability to fulfill their duties as

¹ To the extent the terms set forth in Paragraph 6 differ from the initial engagement letter among the PAC Entities and SVM as a result of changed circumstances since the initial engagement, the terms set forth herein govern and the engagement letter is deemed amended to that extent.

debtors-in-possession and will irreparably harm their respective estates.

10.

Accordingly, it is necessary to employ William E. Steffes and the law firm of Steffes, Vingiello & McKenzie, LLC, immediately, and without the 21-day delay mandated by Bankruptcy Rule 6003, as the Debtors will suffer immediate and irreparable harm if not represented by counsel.

11.

Should this Court deem it necessary to have a hearing to consider this application, the Debtors request that the hearing on this matter be set on an expedited basis. Alternatively, the Debtors propose that this Court grant the application on an interim basis, pending a hearing on final approval of the application. A copy of the proposed interim order is attached hereto as **Exhibit "B"**.

WHEREFORE, the Debtors pray that they be authorized to employ William E. Steffes and the law firm of Steffes, Vingiello & McKenzie, LLC, under a general retainer to act as counsel on behalf of the Debtors, as debtors-in-possession in these proceedings, and that adequate cause exists for counsel to be employed prior to the 21-day delay mandated by Bankruptcy Rule 6003 and for such other and further relief as this Court deems just.

By: /s/ Daniel Rissing
Daniel Rissing, Authorized Representative
of Progressive Acute Care, LLC,
Progressive Acute Care Avoyelles, LLC,
Progressive Acute Care Oakdale, LLC and
Progressive Acute Care Winn, LLC, Debtors

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AFFIDAVIT OF PROPOSED ATTORNEY

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned Notary Public, personally came and appeared, William E. Steffes, who after being duly sworn, did depose and state:

1. That he is an attorney, duly admitted to practice in the State of Louisiana and before the United States Bankruptcy Court for the Western District of Louisiana.
2. That he is a member of the law firm of Steffes, Vingiello & McKenzie, LLC (“SVM”), 13702 Coursey Boulevard, Building 3, Baton Rouge, Louisiana 70817.

3. That to the best of the Debtors' knowledge and belief, other than having assisted these Debtors in preparation for these chapter 11 cases in the months preceding their commencement and in preparing and filing a Chapter 7 case for Progressive Acute Care Dauterive, LLC now pending in this court as Case No. 16-50739, SVM has no connection with the Debtors, their creditors, their respective attorneys and accountants, the U.S. Trustee or any person employed in the office of the U.S. Trustee.

4. That he represents no adverse interest to the debtors, as debtors-in-possession herein or to the debtor's estate.

5. Prior to the petition date, SVM received several retainers paid through PAC in the total amount of \$221,861.20 for full payment of pre-petition services rendered and expenses incurred on behalf of PAC, PAC-Winn, PAC-Avoyelles, PAC-Oakdale and PAC-Dauterive with the remaining balance to be used (1) to pay filing fees for the Chapter 11 cases of PAC, PAC-Avoyelles, PAC-Oakdale, and PAC-Winn; (2) the amount of \$10,000.00 being allocated to pay the filing fee and as one-time nonrefundable retainer for expected post-filing fees and expenses on behalf of PAC-Dauterive in its Chapter 7 case. The balance of the amounts paid is being held in trust as a retainer for post-filing fees and expenses for PAC, PAC-Avoyelles, PAC-Oakdale, and PAC-Winn.²

/s/ William E. Steffes

William E. Steffes

SWORN TO AND SUBSCRIBED, before me, this 31st day of May, 2016, at Baton Rouge, Louisiana.

/s/ Barbara B. Parsons

Barbara B. Parsons (#28714)
NOTARY PUBLIC

² To the extent the terms set forth in Paragraph 6 differ from the initial engagement letter among the PAC Entities and SVM as a result of changed circumstances since the initial engagement, the terms set forth herein govern and the engagement letter is deemed amended to that extent.

EXHIBIT "A"

STEFFES, VINGIELLO & McKENZIE, LLC STAFF RATE TABLE

WILLIAM E. STEFFES	\$400.00 per hour
ARTHUR A. VINGIELLO	\$375.00 per hour
GARY K. McKENZIE	\$375.00 per hour
MICHAEL H. PIPER	\$375.00 per hour
PATRICK S. GARRITY	\$375.00 per hour
NOEL STEFFES MELANCON	\$300.00 per hour
BARBARA B. PARSONS	\$300.00 per hour
PARALEGAL	\$90.00 per hour
LAW CLERKS	\$90.00 per hour

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INTERIM ORDER

Considering the Affidavit of William E. Steffes and the Application of Progressive Acute Care, LLC, Progressive Acute Care Avoyelles, LLC, Progressive Acute Care Oakdale, LLC and Progressive Acute Care Winn, LLC, as debtors and debtors-in-possession (collectively, the “Debtors”), [P-] (“Application”), for authority to employ and retain William E. Steffes and the Law Firm of Steffes, Vingiello & McKenzie, L.L.C. as counsel for the Debtors, *nunc pro tunc* to May 31, 2016; and the record of these cases and applicable law;

IT IS HEREBY ORDERED that the Debtors are authorized to retain Steffes, Vingiello & McKenzie, L.L.C. (“SVM”) as their general bankruptcy counsel in all matters related to the performance of duties as debtors-in-possession, on an interim basis pending a final hearing.

IT IS FURTHER ORDERED that a final hearing on the Application to Employ shall be held before this Court on _____, 2016, at _____.

IT IS FURTHER ORDERED that SVM shall fulfill the following special duties and responsibilities:

1. SVM shall advise the Debtors of the requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules, including without limitation Local Rule 2015-2;

2. SVM shall advise the Debtors of their duty to file monthly reports required by applicable law, rule or regulation and shall specifically advise the Debtors of the potential consequences of non-compliance;

3. SVM shall promptly inform the Debtors that debtors may not pay any debt or obligation owed by the Debtors on the date of the filing of the petition;

4. SVM shall advise the Debtors of the prohibition against the sale of any of their assets outside the ordinary course of business without leave of court;

5. SVM shall advise the Debtors of their obligation to comply with the Internal Revenue Code and Internal Revenue Service regulations, including, the depository receipt requirements, and applicable state and local taxation laws; and

6. SVM shall advise the Debtors of the Operating Guidelines established by the Office of the United States Trustee.

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SUPPLEMENTAL SCHEDULE

1.

Does any debtor have any affiliates as defined by 11 U.S.C. 101(2)? If any debtor in this case has any affiliates as defined by 11 U.S.C. 101(2), list the affiliates(s) and explain the relationship between debtor and the affiliate(s). If no debtor has any such affiliates, do not answer the remainder of this Schedule.

Progressive Acute Care, LLC is the sole member and an affiliate, as defined by 11 U.S.C. 101(2), of the following debtors:

- *Progressive Acute Care Avoyelles, LLC*
- *Progressive Acute Care Oakdale, LLC*
- *Progressive Acute Care Winn, LLC*
- *Progressive Acute Care Dauterive, LLC*

2.

Has any affiliate ever filed for bankruptcy? If yes, list the affiliates(s) and the date and court for each bankruptcy petition and the chapter under which the petition was filed. If any affiliate files after this schedule is filed, debtor's counsel must amend this schedule and notice all creditors and the judge assigned to the case.

There have been no filings prior to the bankruptcy filings of the entities, described in Paragraph No. 1 above, on May 31, 2016 in this Court.

3.

Has any affiliate guaranteed any debt of debtor(s) or has the debtor guaranteed any debt of any affiliate? If yes, list the names of the affiliate, the amount of the guarantee, the date of the guarantee, the name of the guarantor, the name of the debtor, and whether any security interest was given by debtor or the affiliate to secure the guarantee. Give this information for every guarantee outstanding at the time of the debtor's Chapter 11 petition, and every guarantee outstanding within 18 months before the petition was filed.

All entities described in Paragraph No. 1 are co-obligors and joint and severally liable to Business First Bank for certain indebtedness arising from a Revolving Line of Credit and Term Note.

4.

Has any affiliate extended credit, received credit, or otherwise established a debtor-creditor relationship with debtor(s)? If yes, list the name of the affiliate, the amount of the loan, the date the loan was made, the repayments made on the loan, and the type of security interest, if any, involved in the loan. Give this information for all loans that have been made and fully paid off within 18 months preceding this Chapter 11 filing and for all loans outstanding at the time of the filing.

There are multiple intercompany debts that exist among the Chapter 11 Debtors; they are recorded as such on the books and records and SOFA of the respective Debtors. There are no terms, interest, security or documentation associated with these debts.

5.

Has any debtor in this case granted any security interest in any property to secure any debts

of any affiliate other than as provided in Questions 3 and 4? Has any affiliate granted any security interest in any property to secure any debts of any debtor other than as provided in Questions 3 and 4? If yes, list the affiliate, the debtor, the collateral, the date and nature of the security interest, the creditor to whom it was granted, and the current balance of the underlying debt.

No

6.

Has any affiliate engaged in any other transaction with any debtor in this case during the past 18 months? If yes, briefly describe the transaction(s).

No

7.

List the name and address of any affiliate who potentially is a "responsible party" for unpaid taxes of any debtor in this case. State the estimated amount of such taxes owed at the time of the Chapter 11 filing.

No unpaid taxes are known to exist as of the filing date.

8.

Identify any affiliates employed by the debtor and describe the function or role they perform. Identify any relative or partner or equity security holder employed by the debtor and describe the function or role performed and the amount of compensation received.

- *Daniel Rissing – equity security holder and Chief Executive Officer of Progressive Acute Care, LLC; PAC has paid \$2,408.78 towards Rissing’s health insurance premium, \$63.38 towards his dental insurance premium, and \$307.75 towards his life insurance premium in the last six months and Rissing has received gross salary compensation from PAC in the amount of \$124,430.70 within the six months preceding the filing;*
- *Michael Hurlburt - equity security holder and Chief Operating Officer of Progressive Acute Care, LLC; gross compensation of \$69,519.26 has been received within the six months preceding the filing;*
- *Wayne Thompson – equity security holder and Chief Financial Officer of Progressive Acute*

Care, LLC. PAC has paid \$8,699.84 towards Thompson's health insurance premium, \$114.86 towards his dental insurance premium and \$873.17 towards his life insurance premium in the last six months; Thompson was provided use of a PAC vehicle until March 2016 and has received gross salary compensation from PAC in the amount of \$130,213.35 within the six months preceding the filing.

9.

List all circumstances under which proposed counsel or proposed counsel's law firm has represented any affiliate during the past 18 months. List any position other than legal counsel which proposed counsel holds in either the debtor or affiliate including corporate officer, director, or employee. List any amount owed by the debtor or the affiliate to proposed counsel or counsel's law firm at the time of filing, and also amounts paid within 18 months before filing.

In February 2016, proposed counsel was retained by the following entities in connection with potential bankruptcy proceedings:

Progressive Acute Care, LLC; Progressive Acute Care Dauterive, LLC; Progressive Acute Care Physician Services Dauterive, LLC; Progressive Acute Care Avoyelles, LLC; Progressive Acute Care Oakdale, LLC; and Progressive Acute Care Winn, LLC. Prior to filing, proposed counsel received the following payments (total amounts) for pre-petition services rendered and expenses incurred on behalf of the aforementioned entities:

Progressive Acute Care, LLC: \$134,138.46

Progressive Acute Care Dauterive, LLC: \$13,834.00

Progressive Acute Care Physician Services Dauterive, LLC: \$271.61

Progressive Acute Care Avoyelles, LLC: \$2,296.00

Progressive Acute Care Oakdale, LLC: \$4,709.00

Progressive Acute Care Winn, LLC: \$1,488.00

Respectfully Submitted:

By: /s/ William E. Steffes

William E. Steffes, #12426

Barbara B. Parsons, #28714

Noel Steffes Melancon, #30072

STEFFES, VINGIELLO, MCKENZIE, LLC

13702 Coursey Boulevard Building 3

Baton Rouge, LA 70817

Telephone: (225) 751-1751

Facsimile: (225) 751-1998

Email: bsteffes@steffeslaw.com

Proposed Counsel for Progressive Acute Care, LLC,

Progressive Acute Care Avoyelles, LLC; Progressive Acute

Care Oakdale, LLC; and Progressive Acute Care Winn, LLC