

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:

CASE NO. 17-50799

ACADIANA MANAGEMENT GROUP, L.L.C., ET AL.¹

CHAPTER 11

DEBTORS

JOINTLY ADMINISTERED

**EMERGENCY MOTION TO SELL SUBSTANTIALLY ALL PROPERTY OF
THE ESTATE OF LTAC HOSPITAL OF LOUISIANA-DENHAM SPRINGS, LLC
AND FOR ASSUMPTION AND ASSIGNMENT OF LEASES**

NOW INTO COURT through the undersigned counsel, comes LTAC Hospital of Louisiana-Denham Springs, LLC, and AMG Realty I, LLC, successor in interest to CHFG-Denham Springs, LLC, debtors in the above captioned cases, and respectfully represent as follows:

1.

This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The legal predicates for relief requested herein are 11 U.S.C. §§ 363 and 365.

¹ AMG Hospital Company, L.L.C., Case No. 17-50800; AMG Hospital Company II, L.L.C., Case No. 17-50801; Albuquerque - AMG Specialty Hospital, L.L.C., Case No. 17-50802; Central Indiana - AMG Specialty Hospital, L.L.C., Case No. 17-50803; Tulsa - AMG Specialty Hospital, L.L.C., Case No. 17-50804; LTAC Hospital of Louisiana - Denham Springs, L.L.C., Case No. 17-50805; Las Vegas - AMG Specialty Hospital, L.L.C., Case No. 17-50806; LTAC Hospital of Greenwood, L.L.C., Case No. 17-50807; LTAC of Louisiana, L.L.C., Case No. 17-50808; Houma - AMG Specialty Hospital, L.L.C., Case No. 17-50809; LTAC Hospital of Edmond, L.L.C., Case No. 17-50810; LTAC Hospital of Wichita, L.L.C., Case No. 17-50811; AMG Realty I, L.L.C., Case No. 17-50812; CHFG Albuquerque, L.L.C., Case No. 17-50813; and AMG Realty Youngsville, L.L.C., Case No. 17-50814

2.

On June 23, 2017, the above-captioned debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code, as set forth in note 1, *supra*. The debtors continue to manage and operate their businesses as debtors-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108. The debtors' Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered. An official committee of unsecured creditors has been appointed in the Chapter 11 cases. No trustee or examiner has been requested or appointed in the Chapter 11 cases.

3.

LTAC Hospital of Louisiana-Denham Springs, LLC ("LTAC Denham Springs"), currently operates a hospital in Denham Springs, Louisiana (the "Hospital"), which is not profitable and is losing money.

4.

BOKF, NA dba Bank of Oklahoma, Eastman National Bank, NBC Oklahoma and Trustmark National Bank (collectively, the "Banks") hold a security interest in all of this debtor's assets, as well as an assignment of their management agreement in favor of Acadiana Management Group, LLC.

5.

The Banks also hold a mortgage on the building in which LTAC Denham Springs operates the Hospital, as well as an assignment of the lease between LTAC Denham Springs and CHFG-Denham Springs, LLC, as predecessor in interest to debtor AMG Realty I, LLC ("AMG Realty").

6.

The management of the debtors, with the concurrence of Bank of Oklahoma, individually and as administrative agent for the Banks, have determined that to continued operations of the Hospital will result in continuing losses to the estate of LTAC Denham Springs. Therefore, debtors' management has solicited offers to purchase the Hospital in lieu of closure. In order to preserve the estate from continued losses associated with operating the Hospital, it is in the best interest of the estate and its creditors if the sale of LTAC Denham Springs operations is had on an expedited basis.

7.

LTAC Denham Springs proposes to sell substantially all assets associated with the Hospital, including, but not limited to, all business records, billing and patient records, licenses, certifications, accreditations, Medicare provider numbers and agreements, submitter identification numbers for Medicare, Medicare billing passwords, access codes, furniture, fixtures, office equipment, goodwill, medical supplies, office supplies, and any other assets physically located at the Hospital.

8.

The proposed sale price for the said assets is \$10,000, to be paid at closing, per the Letter of Intent that is attached hereto as Exhibit "A" (the "LOI").

9.

Said sale will be without warranty of title or warranty as to the existence or continuing validity of any licenses or certifications.

10.

The sale will be less and except the following assets owned by LTAC Denham Springs -

cash, cash equivalents and accounts receivable collected or accrued prior to the date the sale is consummated.

11.

The purchaser, St. Joseph Holdings, LLC or its designee (“St. Joseph”), further will agree to maintain and hold the estate of LTAC Denham Springs harmless from any obligation to maintain patient and billing records as may be required by the United States of America, the State of Louisiana, and any other applicable legal or regulatory authority.

12.

The terms of the sale are cash or certified funds at closing, with the closing to occur as soon as possible after Court approval, with the Court being requested to relieve the debtor of the appeal delays given the continuing losses to the estate being incurred.

13.

In conjunction with and as a suspensive condition to the above-described sale of assets, St. Joseph or its designee will lease the Hospital property situated at 8375 Florida Blvd., Denham Springs, Louisiana, from the bankruptcy estate of AMG Realty, successor in interest to CHFG-Denham Springs, LLC on the following material terms:

- a. A triple-net lease where the lessee will be financially responsible for maintenance of the building generally;
- b. \$22,000 per month rent for a two (2) year term, with a lessee option to extend the lease term for an additional year at a rental rate of \$31,000 per month; and
- c. If the option to renew is exercised, St. Joseph or its designee may elect to rent the property for less than twelve (12) months, and rent will only be paid pro-rata on the number of months the property is actually occupied by St. Joseph or its designee.

14.

In order to effectuate the lease to St. Joseph or its designee, the existing lease of the

Hospital property between LTAC Denham Springs and AMG Realty will be assumed by both estates, will be amended to include the terms specified in paragraph 13 above, and then will be assigned by LTAC Denham Springs to St. Joseph or its designee.

15.

This motion incorporates the LOI attached as Exhibit "A" as to the terms and conditions as if copied herein in extenso.

WHEREFORE, LTAC Hospital of Louisiana-Denham Springs, LLC, prays that this Court grant its motion to allow it to sell substantially all of its assets to St. Joseph Holdings, LLC and/or its designee under the terms and conditions outlined in this motion and the attached letter of Intent, and further to allow LTAC Denham Springs and AMG Realty I, LLC, successor in interest to CHFG Denham Springs, LLC, to assume the lease, to amend the lease on the terms specified above, and then to assign the amended lease to St. Joseph Holdings, LLC and/or its designee, as outlined in this motion and the attached Letter of Intent, and for such other and further relief as is justified in the premises.

Alexandria, Louisiana, this 16th day of August, 2017.

Respectfully submitted,

GOLD, WEEMS, BRUSER, SUES & RUNDELL

By: /s/Bradley L. Drell
Bradley L. Drell (Bar Roll #24387)
Heather M. Mathews (Bar Roll # 29967)
B. Gene Taylor, III (Bar Roll #33407)
P. O. Box 6118
Alexandria, LA 71307-6118
Telephone: (318) 445-6471
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E-mail: bdrell@goldweems.com

**ATTORNEYS FOR DEBTORS AND DEBTORS
IN POSSESSION: ACADIANA MANAGEMENT
GROUP, L.L.C., ET AL.**

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:

CASE NO. 17-50799

ACADIANA MANAGEMENT GROUP, L.L.C., ET AL.¹

CHAPTER 11

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JOINTLY ADMINISTERED

CERTIFICATE OF SERVICE

This is to certify that I have this date served the foregoing *Motion to Sell Substantially off Property of the Estate of LTAC Hospital of Louisiana-Denham Springs, LLC and for AMG Realty I, LLC, Successor in Interest to CHFG-Denham Springs, LLC to Enter Into Lease Under 11 U.S.C. § 363* on the following:

1. Debtor, LTAC Hospital of Louisiana-Denham Springs, LLC, 101 La Rue France, Ste. 500, Lafayette, LA 70508;
2. Office of the United States Trustee, Gail McCulloch, 300 Fannin Street, 3196 Federal Building, Shreveport, Louisiana 71101;
3. BOKF, NA dba Bank of Oklahoma, Rudy J. Cerone and Sarah Edwards, McGlinchey Stafford, PLLC, 601 Poydras Street, 12th Floor, New Orleans, LA 70130,
4. CHCT Louisiana, LLC, Jan M. Hayden and Lacey Rochester, BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ, P.C., 201 St. Charles Avenue, Suite 3600, New Orleans, Louisiana 70170;
5. CHCT Louisiana, LLC, Timothy M. Lupinacci, 420 20th Street North, Suite 1400, Birmingham, AL 35203;

¹AMG Hospital Company, L.L.C., Case No. 17-50800; AMG Hospital Company II, L.L.C., Case No. 17-50801; Albuquerque - AMG Specialty Hospital, L.L.C., Case No. 17-50802; Central Indiana - AMG Specialty Hospital, L.L.C., Case No. 17-50803; Tulsa - AMG Specialty Hospital, L.L.C., Case No. 17-50804; LTAC Hospital of Louisiana - Denham Springs, L.L.C., Case No. 17-50805; Las Vegas - AMG Specialty Hospital, L.L.C., Case No. 17-50806; LTAC Hospital of Greenwood, L.L.C., Case No. 17-50807; LTAC of Louisiana, L.L.C., Case No. 17-50808; Houma - AMG Specialty Hospital, L.L.C., Case No. 17-50809; LTAC Hospital of Edmond, L.L.C., Case No. 17-50810; LTAC Hospital of Wichita, L.L.C., Case No. 17-50811; AMG Realty I, L.L.C., Case No. 17-50812; CHFG Albuquerque, L.L.C., Case No. 17-50813; and AMG Realty Youngsville, L.L.C., Case No. 17-50814

6. Counsel for the Unsecured Creditor Committee, Tristan Manthey and the law firm of Heller, Draper, Patrick, Horn & Dabney, LLC, 650 Poydras Street, Ste. 2500, New Orleans, LA 70130; and

7. Any party requesting notice by CM/ECF,

placing a copy of same in the U. S. Mail, properly addressed, with prepaid postage affixed.

Alexandria, Louisiana, this 16th day of August, 2017.

/s/Bradley L. Drell
OF COUNSEL

LETTER OF INTENT

TO: Acadiana Management Group
FROM: St. Joseph Holdings, LLC and/or its designees

August 14, 2017

Dear Sir or Madame:

St. Joseph Holdings, LLC, and/or its designees (hereinafter collectively referred to as "St. Joseph"), hereby submits this Letter of Intent to enter into a definitive agreement whereby St. Joseph would acquire from Acadiana Management Group and any other persons or entities who have an interest therein (collectively referred to as "Seller"), certain assets related to its hospital situated in Denham Springs, LA.

Except as specifically set forth hereinafter in Section 8 of this Letter of Intent, this Letter of Intent is not intended to be a legally binding agreement. The parties hereto shall negotiate for the consummation of a definitive agreement and use their best efforts to reach a mutually acceptable definitive agreement (the "Agreement") utilizing the terms set forth herein and such other terms as may be mutually agreed to.

1. OPERATIONAL ASSETS PURCHASE PRICE: \$10,000 paid at closing.
2. TYPE OF TRANSACTION: The purchase of substantially all of the Assets as described below, but excluding certain specific liabilities unless expressly assumed by St. Joseph. Seller retains all cash, accounts receivables and accounts payable up to the date of closing.
3. PAYMENT TERMS: Subject to satisfactory due diligence, the Purchase Price in cash paid at closing.
4. OPERATIONAL ASSETS SUBJECT TO TRANSACTION:
 - Upon satisfactory due diligence, St. Joseph will purchase from Seller assets related to its hospital, commonly referred to as "AMG Specialty Hospital – Baton Rouge" situated in Denham Springs, LA including any State licenses, Medicare and Medicaid numbers, furniture, fixtures, and equipment, and any other assets associated with the business if accepted by St. Joseph, to be more fully described in the Agreement.

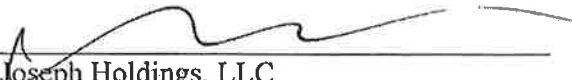
The above items shall commonly be referred to as "the Operational Assets." St. Joseph shall not assume any liabilities of Seller unless such liabilities must be assumed by operation of law, in which case Seller agrees to indemnify St. Joseph against any such

liabilities.

5. REAL PROPERTY LEASE: Subject to satisfactory due diligence, St. Joseph will enter into a lease for the property situated at 8375 Florida Boulevard, Denham Springs, LA 70726 ("Property") on the following terms:
 - "Triple net" lease
 - \$22,000 per month rent
 - 2 year term
 - St. Joseph option to extend the lease term for one additional year
 - Option period rent to be \$31,000 per month
 - If the option is exercised, St. Joseph may elect to rent the Property for a period less than 12 months and rent shall be paid based only on the number of months the Property is actually occupied by St. Joseph.
6. EXCLUDED ASSETS: The Operational Assets shall not include the accounts receivable and any other assets not associated with the operation of the business, to be more fully described in the Agreement.
7. DATE OF CLOSING: The "Date of Closing" of this transaction shall mean and refer to a date no later than August 31, 2017, or such other date as may be mutually agreed upon by the parties hereto.
8. BINDING PROVISIONS: NON CIRCUMVENTION AND EXCLUSIVITY: St. Joseph and Seller shall endeavor to complete due diligence and negotiate and enter into a definitive Agreement and Lease. Seller hereby agrees that from the date of this Letter of Intent and until the Date of Closing ("Restrictive Period") that they will not discuss, entertain, solicit or consider any inquiries or proposals relating to the sale of the Operational Assets or lease of the Property and St. Joseph is hereby granted the exclusive right to purchase the Operational Assets and enter into the Property lease for the aforesaid period at the aforesaid price. Moreover, during such period, Seller will conduct business only in the ordinary course. Should the due diligence results be unsatisfactory to St. Joseph during the Restrictive Period, at its sole discretion, St. Joseph may terminate the proposed transaction and there shall be no liability from St. Joseph to Seller in connection therewith.
9. CONDITIONS PRECEDENT:
 - a. St. Joseph receiving appropriate assurances that as of the Date of Closing, it will be able to secure all necessary licensure transfers for the operation of the Assets, not to be unreasonably withheld.
 - b. Legal, financial, and regulatory due diligence on the Operational Assets and Property showing results which are satisfactory to St. Joseph in its sole discretion.
 - c. No adverse change in the condition or prospects of the Operational Assets or Property.

- d. Other customary matters such as satisfactory opinions of counsel and certificates and assurances from federal and state authorities concerning compliance with applicable laws and regulations.
10. COVENANTS: It is understood that the Agreement will contain standard and usual covenants, conditions, representations, warranties, and indemnifications.
11. PUBLIC ANNOUNCEMENTS: There shall be no public announcements regarding this transaction unless otherwise required by law or by mutual agreement, until the execution of the Agreement.
12. EXPENSES: St. Joseph and Seller each agrees to pay their own fees and expenses incurred in connection with the transaction contemplated hereby, regardless of whether such transaction is consummated and regardless of whether the Agreement is entered into by the parties.
13. TERMINATION: Seller and St. Joseph may, following the Restrictive Period set forth in Section 8 above, and without liability to the other party, terminate discussions and negotiations hereunder by written notice to the other party.
14. LETTER OF INTENT: The provisions of this Letter of Intent shall be subject to, and inconsistencies between this Letter of Intent and the Agreement shall be resolved in favor of, the Agreement. If the above foregoing correctly sets forth our understanding in principle, please so indicate by returning to us one (1) fully executed copy of this Letter of Intent. Please email acceptance to gmorthland@stjosephholdings.com immediately upon execution.
15. AUTHORITY OF SELLER: It is understood and agreed by the parties that the Seller is a debtor-in-possession under chapter 11 of the United States Bankruptcy Code in a case currently pending in the United States Bankruptcy Court for the Western District of Louisiana (the "Bankruptcy Court"), Lead Case No. 17- 50799 (the "Bankruptcy Case"). The authority of the Seller to be bound by the terms of this Agreement is, in all respects, subject to the entry of a final order of the Bankruptcy Court in the Bankruptcy Case approving this Agreement and the transactions contemplated hereby. Seller shall use its best efforts to obtain such an order.

CONTINUED ON NEXT PAGE



St. Joseph Holdings, LLC
and/or its designees
Patrick T. Mitchell
Managing Member

The foregoing is agreed to:

By: _____

Name: _____

Title: _____

Dated: _____