

Progressive Acute Care Nets Cash Collateral OK

The Mandeville, La. hospital operator filed for Chapter 11 protection after defaulting on a loan with Business First Bank.

June 20, 2016

Hospital operator Progressive Acute Care LLC can tap its cash collateral, after filing for bankruptcy due to a loan default.

Judge Robert Summerhays of the U.S. Bankruptcy Court for the Western District of Louisiana in Lafayette on June 13 granted interim cash collateral approval that will allow the company to operate. Summerhays first granted access to the money on June 2.

The approval is valid through July 21 unless otherwise extended, according to the interim order. Business First Bank will retain a first priority lien on Progressive's assets, according the cash collateral order.

A final hearing on the matter is set for June 28.

According to the same order, Progressive must provide Business First with a report detailing expenditures made and the use of the collateral by June 29 and by the fourth Wednesday of every month thereafter. The debtor must continue to produce all financial statements, reports and other documents required, and lender will have the right to examine the debtor's books and records.

In its May 31 motion, Progressive said it will use access to the money to continue to operate and cover its Chapter 11 expenses.

The Mandeville, La., operator of a network of hospitals voluntarily filed for Chapter 11 protection from creditors on May 31.

Progressive owes \$10.5 million to Business First under an April 30, 2013, loan agreement.

The loan is secured by a first lien on the debtor's accounts receivable, inventory, equipment and general intangibles.

The debt is related to an acquisition of a hospital in Iberia, La.

Progressive ultimately defaulted on the debt, and in April, the lender and Progressive entered into a forbearance agreement under which Business First agreed to refrain from exercising its rights through Aug. 5. At the end of the forbearance period, the debtor was supposed to pay the note in full, court papers show.

It is unclear why Progressive opted to file for bankruptcy before the forbearance period ended.

The debtor owns and operates three community-based hospitals, ranging from 50 to 60 bed capacity, which provide inpatient, outpatient and emergency care, primarily for residents of the immediate regions of the

hospitals, according to the May 31 cash collateral motion. The hospitals are located across Louisiana in Marksville, Oakdale, Winnfield and Iberia.

Progressive listed \$10 million to \$50 million in assets and liabilities as of May 31, in its petition. Progressive's largest unsecured creditors include Parallon Business Solutions LLC (owed \$1.2 million), NES Louisiana Inc. (\$819,227) and IPFS Corp. (\$178,170), according to court papers.

No representatives from Parallon, NES or IPFS could be reached for comment.

Progressive CEO Daniel Rissing was not immediately available for comment on Monday, June 20.

Debtor counsel Catherine Noel Steffes and William E. Steffes of Steffes, Vingiello & McKenzie LLC, were not available for comment on Monday.

SOLIC Capital Advisors LLC is the company's financial adviser.

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