

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
)	
CURAE HEALTH, INC., <i>et al.</i> , ¹)	Case No. 18-05665
)	Judge Walker
1721 Midpark Road, Suite B200)	
Knoxville, TN 37921)	(Jointly Administered)
)	
Debtors.)	
)	

**HHS ENVIRONMENTAL SOLUTIONS LLC’S LIMITED OBJECTION AND
RESERVATION OF RIGHTS WITH RESPECT TO DEBTORS’ EMERGENCY
MOTION FOR ENTRY OF AN ORDER AUTHORIZING DEBTORS TO: (I)(A) SHUT
DOWN THE CLARKSDALE HOSPITAL; (B) REJECT UNEXPIRED LEASES AND
CONTRACTS OF CLARKSDALE; AND (C) RECEIVE RELATED RELIEF; OR, IN
THE ALTERNATIVE, (II)(A) TRANSFER OPERATIONS OF THE CLARKSDALE
HOSPITAL TO A NEW OPERATOR FREE AND CLEAR OF ANY LIENS, CLAIMS,
OR ENCUMBRANCES PURSUANT TO AN OPERATIONS TRANSFER AGREEMENT
TO BE FILED WITH THE COURT; (B) ASSUME AND ASSIGN THE COAHOMA
COUNTY LEASE AND CERTAIN OTHER UNEXPIRED LEASES AND CONTRACTS
REQUESTED BY THE NEW OPERATOR; AND (C) RECEIVE RELATED RELIEF
[RELATES TO DKT. NO. 314]**

HHS Environmental Solutions LLC (“HHS”), by and through its undersigned counsel, hereby files this limited objection and reservation of rights (together, the “Limited Objection”) to the *Debtors’ Emergency Motion for Entry of an Order Authorizing Debtors to: (I)(A) Shut Down the Clarksdale Hospital; (B) Reject Unexpired Leases and Contracts of Clarksdale; and (C) Receive Related Relief; or, in the Alternative, (II)(A) Transfer Operations of the Clarksdale Hospital to a New Operator Free and Clear of Any Liens, Claims, or Encumbrances Pursuant to an Operations Transfer Agreement to be Filed with the Court; (B) Assume and Assign the Coahoma County Lease and Certain Other Unexpired Leases and Contracts Requested by the*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

New Operator; and (C) Receive Related Relief (the “Motion”) [Dkt. No. 314], and specifically to the proposed cure amounts listed in connection with the proposed assumption and assignment (or rejection) of the Debtors’ executory contract with HHS. In support of this Limited Objection, HHS respectfully states as follows:

RELEVANT BACKGROUND

1. On or around April 1, 2015, HHS and Northwest Mississippi Regional Medical Center d/b/a Clarksdale Hospital (“Clarksdale”) entered into a certain Statement of Work (“SOW”) which was governed by and which incorporated by reference certain terms and conditions contained in a Master Service Agreement for Environmental Services by and between HHS and CHSPSC, LLC, also dated April 1, 2015. Pursuant to the SOW, HHS agreed to provide certain housekeeping services to Clarksdale pursuant to an agreed upon contract price and rate schedule. The SOW remained in effect for an initial period through March 31, 2018; thereafter, the SOW automatically renewed on a one year basis.

2. On January 31, 2018, HHS sent a letter to Clarksdale informing it that it was in material breach of the SOW for non-payment of fees. A follow up letter was sent on February 9, 2018, wherein HHS and Clarksdale agreed to extend the breach period; the parties also agreed to a payment schedule for the past-due amounts owed to HHS. The total past due amount owed by Clarksdale to HHS is no less than \$250,532.43, and such amount remains unpaid as of the date of this filing.

3. On August 24, 2018 (the “Petition Date”), Curae Health, Inc. and its affiliated debtors, including Clarksdale, (collectively, the “Debtors”) each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

4. On October 12, 2018, the Debtors filed their Motion contemplating alternative relief—the Clarksdale Hospital will either be transferred to a new operator in which case certain

contracts may be assumed and assigned, or the Clarksdale Hospital will be closed in which case certain contracts will be rejected. Under either scenario, the cure amount/rejection amount for HHS (identified on Exhibits E-1 and E-2 of the Motion and described as “Services Agreement (Housekeeping Services)”) is incorrectly listed as \$0.00. As such, HHS files this Limited Objection to ensure that its cure claim and/or rejection claim is properly preserved.

BASIS FOR RELIEF

5. Clarksdale is in default of the SOW. Accordingly, Clarksdale must comply with the provisions of 11 U.S.C. § 365 in order to assume and assign the SOW. Section 365 states, in pertinent part:

(b)(1) if there has been a default in an executory contract or unexpired lease of the Debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the Trustee –

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default other than a default that is a breach of a provision relating to the satisfaction of any provision (other than a penalty range or penalty provision) relating to a default arising from any failure to perform nonmonetary obligations under an unexpired lease of real property . . . ;

(B) compensates, or provides adequate assurance that the Trustee will promptly compensate, a party other than the Debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365.

OBJECTION

6. The Debtors incorrectly show no cure payments are due and owing to HHS under the SOW. Contrary to the Debtors’ Motion, HHS is owed no less than \$250,532.43, and such

amount would need to be cured prior to any assumption and assignment. Moreover, in the event that the SOW is ultimately rejected, HHS has a rejection damage claim of no less than \$250,532.43.

RESERVATION OF RIGHTS

7. HHS reserves its rights to supplement this Limited Objection to add additional sums that may accrue and/or become due under the SOW after the date hereof.

WHEREFORE, HHS respectfully requests that the Court (i) sustain this Limited Objection and (ii) grant such other and further relief to which HHS is entitled, at law or in equity.

Dated: October 19, 2018.

Respectfully submitted,

VEAZEY & TUCKER

By: /s/ Thomas W. Tucker III

Thomas W. Tucker III, TBPR # 022319
222 2nd Ave. North, Suite 312
Nashville, TN 37201
Telephone: (615) 244-4693
Facsimile: (615) 256-0499
ttucker@veazeytucker.com

- and -

Jason L. Boland (*admitted pro hac vice*)
Julie Goodrich Harrison (*admitted pro hac vice*)
NORTON ROSE FULBRIGHT US LLP
1301 McKinney Street, Suite 5100
Houston, Texas 77010-3095
Telephone: (713) 651-5151
Facsimile: (713) 651-5246
jason.boland@nortonrosefulbright.com
julie.harrison@nortonrosefulbright.com

Counsel For HHS Environmental Solutions LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on October 19, 2018, a true and correct copy of the above Notice of Appearance was served via the Bankruptcy Court's Electronic Case Filing System on those parties that have consented to such service.

/s/Thomas W. Tucker _____

Thomas W. Tucker III