



Miami Hospital Sold For \$30M Out Of Bankruptcy

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By Nathan Hale

A Florida bankruptcy judge on Monday approved the sale of a shuttered Miami hospital to Variety Children's Hospital for \$30 million after VCH entered the only bid for the property and its assets.

An auction had been scheduled for Monday morning in the Chapter 11 case of Miami International Medical Center LLC, which operated as The Miami Medical Center, but it was canceled after initial interest failed to materialize in any competing bids, the debtor's counsel, Peter D. Russin of Meland Russin & Budwick, told the court.

Under the bidding process previously approved by U.S. Bankruptcy Judge Laurel M. Isicoff, VCH, which owns and operates Nicklaus Children's Hospital, served as the stalking horse bidder. It was allowed to make a credit bid of about \$30 million, consisting of \$27.4 million of the debtor's secured debt it acquired from MidFirst Bank and a nearly \$3.4 million debtor-in-possession loan it made to finance post-petition costs, according to case records.

The official committee of unsecured creditors had raised concerns earlier in the case that the proposed bid procedures and proposed stalking horse asset purchase agreement "rush to unduly favor" VCH, which it said was also an "insider" as an affiliate of the debtor. In addition to VCH's acquisition of the portion of the MidFirst Bank debt and its issuing of the DIP loan, it also had

served as a guarantor on the MidFirst Bank loan and the building lease, and more recently acquired the underlying property, which made it the hospital's landlord.

Those objections were dropped as a result of a settlement agreement reached in May and approved by the court.

Russin said at the sale hearing that a \$1.8 million cash payment due from VCH to the creditors committee in the settlement should be paid this week pending approval of the sale. He also assured the court that the dealings were handled in a “noncollusive, fair manner.”

“VCH is purchasing the debtor's assets in good faith,” Russin told the court, adding that VCH in no way caused the filing of the Chapter 11 case in March.

Creditors committee counsel Robert M. Schechter of Porzio Bromberg & Newman PC told the court, “We anticipated this would be a tough sale process given the circumstances.”

Judge Isicoff said she could understand there being some frustration on the part of the various creditors that there were no other bidders, but said, “You can't force people to buy.”

She added that it would be good to get the “fancy building with neat stuff in it” up and running again.

The hospital, at 5959 N.W. Seventh St. in Miami, just south of Miami International Airport, was originally founded in 1963 by Cuban exile doctors as Pan American Hospital. In its latest incarnation, Miami International Medical Center renovated the hospital from a 150-bed facility into a high-end facility with just 67 rooms, offering concierge medical services.

But after entering into a \$40 million loan agreement with MidFirst Bank to help finance the project, the Miami Medical Center struggled to attract a sufficient volume of patients to make ends meet, and it stopped taking new patients and asked for its state license to be suspended in October.

There is urgency to complete the sale by late June to leave sufficient time to comply with regulations associated with the transfer of the hospital's valuable license from the Florida Agency for Health Care Administration, Russin and others noted.

Russin and Schechter had no further comment after the hearing, and VCH's counsel, who appeared telephonically, could not immediately be reached for comment later Monday.

Miami International Medical Center is represented by Daniel N. Gonzalez and Peter D. Russin of Meland Russin & Budwick.

The creditor committee is represented by Robert M. Schechter of Porzio Bromberg & Newman PC, and Jacqueline Calderin and Robert P. Charbonneau of Agentis PLLC.

VCH is represented by Rachel Nanes of DLA Piper.

The physician creditors are represented by Peter V. Fullerton.

MidFirst Bank is represented by Paul Steven Singerman of Berger Singerman LLP.

The case is In Re: Miami International Medical Center LLC, case number 18-12741, in the U.S. Bankruptcy Court for the Southern District of Florida.