

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION

IN RE:)	CHAPTER 11
)	
REGIONAL HOUSING & COMMUNITY)	Jointly Administered Under
SERVICES CORP., et al.,)	CASE NO. 21-41034-pwb
)	
Debtors.)	

NOTICE OF HEARING ON MOTION PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 AND SECTION 363 OF THE BANKRUPTCY CODE FOR ENTRY OF ORDER APPROVING GLOBAL SETTLEMENT AND COMPROMISE BETWEEN DEBTORS AND VARIOUS PARTIES

PLEASE TAKE NOTICE that the above-captioned debtors (the “**Debtors**”) have filed a *Motion Pursuant to Federal Rule of Bankruptcy Procedure 9019 and Section 363 of the Bankruptcy Code for Entry of Order Approving Global Settlement and Compromise Between Debtors and Various Parties* (the “**Motion**”) and related papers with the Court seeking an order authorizing the Debtors to enter into a settlement agreement to resolve various claims.

PLEASE TAKE FURTHER NOTICE that the Court will hold a hearing (the “**Hearing**”) on the Debtors’ Motion on **October 14, 2021 at 1:30 p.m.**, or as soon thereafter as counsel may be heard. The Hearing shall be conducted via Zoom using Judge Bonapfel’s Virtual Hearing Room. A link to connect to Judge Bonapfel’s Virtual Hearing Room is available on his webpage at <https://www.ganb.uscourts.gov/content/honorable-paul-w-bonapfel>. Please join the virtual room 10 minutes prior to the Hearing. If you experience difficulty in connection, please contact the law clerk via email at Beth_Harrill@ganb.uscourts.gov or by telephone at (404) 215-1020.

Your rights may be affected by the court’s ruling on these pleadings. You should read these pleadings carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.) If you do not want the court to grant the relief sought in these pleadings or if you want the court to consider your views, then you and/or your attorney must attend the Hearing. You may also file a written response to the pleading with the Clerk at the address stated below, but you are not required to do so. If you file a written response, you must attach a certificate stating when, how and on whom (including addresses) you served the response. Mail or deliver your response so that it is received by the Clerk at least two business days before the Hearing. The address of the Clerk’s Office is Clerk, U.S. Bankruptcy Court, 600 E. First Street, Rome, Georgia 30161. You must also mail a copy of your response to the undersigned at the address stated below.



NOTICE IS HEREBY GIVEN this 24th day of September, 2021.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

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IN THE UNITED STATES BANKRUPTCY COURT
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REGIONAL HOUSING & COMMUNITY)	Jointly Administered Under
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**MOTION PURSUANT TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019 AND SECTION 363 OF THE BANKRUPTCY CODE
FOR ENTRY OF ORDER APPROVING GLOBAL SETTLEMENT AND
COMPROMISE BETWEEN DEBTORS AND VARIOUS PARTIES**

COME NOW the above-captioned debtors and debtors and debtors-in-possession (collectively, the “**Debtors**”)¹ in the above-styled jointly administered case (the “**Case**”), by and through their undersigned counsel, pursuant to Section 363 of Title 11, United States Code (the “**Bankruptcy Code**”), and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and respectfully file this motion (“**Motion**”) seeking the entry of an order (the “**9019 Order**”) approving that certain Settlement Agreement (the “**Settlement Agreement**”),² the material terms of which is attached hereto as Exhibit A (the “**Term Sheet**”), entered into by and among (1) the Debtors, (2) UMB Bank, N.A., as successor trustee (the “**Bond Trustee**”),

¹ The Debtors in these Chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.

² The Settlement Agreement remains to be finalized, and may be amended or supplemented, as necessary, prior to the hearing on this Motion.

(3) Ecofin Direct Municipal Opportunities Fund, LP (f/k/a Tortoise Direct Municipal Opportunities Fund, LP) and Ecofin Tax-Advantaged Social Impact Fund, Inc. (together, the “**Bondholders**”), and (4) ALG Senior, LLC (“**ALG**”). The Debtors, the Bond Trustee, the Bondholders, and ALG are collectively referred to herein as the “**Parties**” or singularly as a “**Party**.” In support of this Motion, the Debtors state as follows:

I. INTRODUCTION

The Parties have been involved in lengthy out-of-court negotiations since the outset of the Case. As a result, the Parties have reached a settlement (the “**Settlement**”), the material terms of which are set forth in the Term Sheet, subject to documentation of the Settlement Agreement and the Court’s approval of same, that resolves various claims by and among the Parties and certain other beneficiaries. Pursuant to the Settlement, among other things: (i) the Bond Trustee and the Bondholders will be paid \$4,550,000 (the “**Senters Payment**”) with respect to certain bond obligations and claims against and security interests held in the assets of HP6 Fuquay-Varina Healthcare Investors, LLC and Fuquay-Varina Health Holdings, LLC (collectively, “**Senters**”),³ and certain alleged guaranty claims against Charles E. Trefzger, Jr. (“**Trefzger**”), ALG and Agemark LLC (“**Agemark**”); (ii) ALG will transfer management of the Debtors to a management firm acceptable to the Bond Trustee and the Bondholders (the “**New Manager**”), (iii) one or more new officers and directors for the Debtors will be elected, subject to the consent of the Bond Trustee and the Bondholders, (iv) the current officers and the directors of the Debtors will resign (except for the Chief Restructuring Officer), and (v) (a) the Bond Trustee and the Bondholders, on the one hand, and ALG on the other hand, will mutually release each other (and their officers,

³ Senters is not a Debtor in this Case, although it is controlled by Regional Housing & Community Services Corp., one of the Debtors, and is managed by ALG.

directors, representatives, managers, affiliates, and insiders) from all claims; (b) the Debtors and their estates (the “**Estates**”) will release all claims against Bond Trustee, the Bondholders and ALG (and their officers, directors, representatives, affiliates, and insiders); (c) ALG will release all claims against the Debtors and their Estates (and their officers, directors, managers, representatives, affiliates, and insiders), including but not limited to the \$3.7 claim referenced in the first day pleadings filed by the Debtors; (d) the Bond Trustee and the Bondholders will release all claims against the Debtors’ current officers, directors, managers and representatives; and (e) the Debtors and their Estates will release all claims against the Debtors’ current officers and directors.

The Debtors respectfully submit that the Settlement, including the releases embedded therein, is fair and equitable, meets the requirements for approval of settlements, represents the Debtors’ prudent business judgment, and is in the best interests of the Debtors and the creditors of the Debtors’ Estates.

II. JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b)(2). The statutory basis for this Motion is Section 363 of the Bankruptcy Code. The procedural predicate for the requested relief is Bankruptcy Rule 9019.

III. BACKGROUND

A. Bankruptcy Cases

2. On August 26, 2021 (the “**Petition Date**”), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. As of the date of this filing, no official committee of unsecured creditors has been appointed, and no request for the appointment of a trustee or examiner has been made.

3. The Debtors own eight senior living facilities located in rural cities or towns in Georgia or Alabama (the “**Facilities**”) and have entered into various Management Agreements with ALG to manage the operations of the Facilities. The Facilities, collectively, house approximately 218 senior residents (the “**Residents**”). More information regarding the Debtors and their operations can be found in the Declaration of Katie S. Goodman in Support of First Day Applications and Motions (the “**Goodman Declaration**”), filed in the Case.

B. The Debt

4. With respect to each Facility, the Wisconsin Public Finance Authority (the “**Bond Authority**”) issued Series 2018A, Series 2018B, Series 2018C and Series 2018D Revenue Refunding Bonds (the “**Bonds**”). The Debtors entered into various Pre-Petition Loan Agreements with the Bond Authority. The Bond Authority then assigned its rights and interest in the Bonds and the related documents to Huntington National Bank, as trustee, in contemporaneously executed Trust Indentures (the “**Indentures**”). The Bond Trustee is the successor trustee under the Indentures, and the Bondholders own the Bonds.

5. As of the Petition Date, the Debtors (other than Regional Housing & Community Services Corporation (“**Regional**”)) were indebted to the Bond Trustee in the approximate collective principal amount of \$46,791,827.83, plus \$8,686,267.40 for obligations for contract interest, default interest and charges, legal fees, and certain fees and charges (collectively, the “**Pre-Petition Obligations**”), under the various Loan Agreements dated June 1, 2018 (the “**Pre-Petition Loan Agreements**”; together, with all related agreements, documents and instruments, the “**Pre-Petition Bond Documents**”).⁴

⁴ While the Debtors have not filed their schedules in these cases, their books and records indicate that the Debtors other liabilities, exclusive of inter-company obligations, do not exceed \$5.3 million, and that includes a claim in the approximate amount of \$3.7 million held by ALG which will be released under the proposed Settlement. Given

6. Separately, Senters entered into similar transactions regarding the facility that it owns (which is also being managed by ALG), and incurred certain debt obligations currently held by the Bond Trustee and the Bondholders, which Trefzger, ALG and Agemark guaranteed. Senters challenges the enforceability of certain of the alleged debt obligations, and Trefzger, ALG, and Agemark challenge the enforceability of the alleged guarantees.

C. Settlement Agreement

7. The Parties and their respective professionals have engaged in lengthy negotiations in an effort to resolve various disputes among the Parties, and more importantly for purposes of this Case, provides a means of funding the Debtors' operations during the Case which will protect the Residents and allow the Case to proceed. As a result of the Parties' good-faith efforts, they successfully resolved their contested issues and have entered into the Term Sheet to memorialize the Settlement, which will be formally documented by the Settlement Agreement, which will be filed with the Court in advance of any hearing on this Motion.

8. The salient terms of the Settlement, as set forth in more detail in the Term Sheet,⁵ a copy of which is attached as Exhibit A, are summarized as follows:

- (a) **Senters Payment:** The Bond Trustee and the Bondholders will be paid \$4,550,000 with respect to the bond obligations and its claims against and security interests held in the Senters' assets from the proceeds of a sale of Debtor Regional's membership interests in Senters. Following, and conditioned upon, receipt of \$4,550,000 and the other consideration herein, the Bond Trustee will cancel the bonds and release all security interests and liens against the Senters' real estate and personal property. The Bond Trustee will execute an affidavit relating to termination of the Land Use Restriction Agreement ("LURA") providing that the Settlement Agreement is entered into as an alternative to foreclosure and that the Bond Trustee will

the approximately \$55 million claim of the Bond Trustee and the expected value of the Facilities, it is anticipated that the Bond Trustee's deficiency claim will comprise no less than 90% of the unsecured claims in the Case.

⁵ Creditors and interested parties are encouraged to read the Term Sheet and, when available, the Settlement Agreement, in their entirety. In the event of any inconsistency between the terms of the Settlement Agreement and this Motion, the Settlement Agreement shall control.

redeem or cancel the Bonds within a reasonable period of time. ALG or the Debtors shall provide an opinion from counsel, from a firm acceptable to the Bond Trustee and in form acceptable to the Bond Trustee, running to the benefit of the Bond Trustee and the Bondholders concluding that the LURA shall be terminated following the transactions contemplated in this Settlement Agreement, including cancellation of the Bonds.

- (b) **Abatement and Dismissal of State Court Litigation:** Upon receipt of the Senters Payment by the Bond Trustee and the Bondholders, the Bond Trustee will dismiss Case No. 21CVS1674 (Harnett County, North Carolina) (the “**Senters Litigation**”) with prejudice. The Bond Trustee will stipulate to an extension of time until November 15, 2021 for the Defendants to answer or otherwise respond in the Senters Litigation.
- (c) **Closing Date:** The closing of the transactions contemplated under the Settlement Agreement (the “**Closing**”) will take place on or before the later of (the “**Outer Closing Date**”): October 31, 2021, or three (3) business days following approval of the Settlement Agreement by the Bankruptcy Court. In the event the Closing does not occur by the Outer Closing Date, the amount owed on the Senters Payment will increase each day by the amount of interest that accrues each day on the Senters bonds at the non-default rate.
- (d) **Management of the Debtors:** Management of the Debtors’ Facilities will be transitioned to a management firm acceptable to the Bond Trustee and the Bondholders no later than the Closing. ALG will withdraw as the manager of the Debtors’ facilities expeditiously but in a manner which does not disrupt the operation of the facilities and/or the care of the residents. ALG agrees to waive all management fees and any other payments that would otherwise be paid to ALG or any affiliates thereof during the course of the Case. ALG will continue to manage the facilities during the transition period and will cooperate with the Debtors in enabling them to fulfill their administrative obligations in the pending Case. ALG agrees to continue to assist with any remaining items related to the transfer of the facilities following the Closing without compensation.
- (e) **Resignations:** On the Closing Date (a) the current directors of Debtor Regional will resign, (b) one or more new directors for Regional, subject to the consent of the Bond Trustee and the Bondholders, will be elected, and (c) the current officers of the Debtors will resign (except the Chief Restructuring Officer).
- (f) **Releases:** Contingent and effective only upon the occurrence of the Closing, (a) the Bond Trustee and the Bondholders and ALG will mutually release each other (and their officers, directors, representatives, managers, affiliates, and insiders) from all claims; (b) the Debtors and their Estates will release all claims against the Bond Trustee and the Bondholders and

ALG (and their officers, directors, representatives, affiliates, and insiders); (c) ALG will release all claims against the Debtors and their Estates (and their officers, directors, managers, representatives, affiliates, and insiders), including but not limited to the \$3.7 claim referenced in the first day pleadings filed by the Debtors); (d) the Bond Trustee and the Bondholders will release all claims against the Debtors' current officers, directors, managers and representatives; and (e) the Debtors and their Estates will release all claims against the Debtors' current officers and directors.

- (g) **DIP Financing**: The Debtors will withdraw the current motion seeking to prime the Bond Trustee and will agree to a third interim and final DIP Financing/Cash Collateral Order on terms acceptable to the Bond Trustee and the Bondholders. The Bondholders have agreed to provide DIP financing.

IV. **REQUESTED RELIEF AND BASIS THEREFOR**

The Debtors respectfully request the Court to enter an Order, pursuant to Bankruptcy Rule 9019(a), approving the Settlement Agreement and releases contained therein.

A. **Settlement**

9. The Debtors submit that the terms of the Settlement Agreement are fair and equitable, and that its approval is in the best interest of the Debtors' Estates and creditors. Further, approval of the Settlement Agreement will enable the Debtors' Estates to avoid the administrative costs and uncertainty of further litigation.

10. Bankruptcy Rule 9019(a) grants the bankruptcy court the power to approve settlements and compromises. *In re Diplomat Construction, Inc.*, 454 B.R. 917, 920 (Bankr. N.D. Ga. 2011). Specifically, Bankruptcy Rule 9019 states:

- (a) **Compromise**. On motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Notice shall be given to creditors, the United States trustee, the debtor, and indenture trustees as provided in Rule 2002 and to any other entity as the court may direct.

Fed. R. Bankr. P. 9019.

11. Approval of a settlement in bankruptcy proceedings is within the sound discretion of the court and will not be disturbed or modified on appeal unless approval or disapproval is an abuse of discretion. *See Chira v. Saal (In re Chira)*, 567 F.3d 1307, 1311 (11th Cir. 2009); *Kelly v. Grot (In re Grot)*, 291 B.R. 204, 208 (M.D. Ga. 2003). In determining the reasonableness of a settlement, the test is whether the proposed settlement falls below the lowest point in the range of reasonableness. *In re Diplomat Construction, Inc.*, 454 B.R. at 920.

12. The legal standard for approval of settlements in the Eleventh Circuit is set forth in *In re Justice Oaks, II, Ltd.*, 898 F.2d 1544, 1549 (11th Cir. 1990) *cert. denied*, 498 U.S. 959 (1990). *Justice Oaks* requires that the Bankruptcy Court consider the:

- (a) probability of success in litigation;
- (b) difficulties, if any, to be encountered in the matter of collection;
- (c) complexity of the litigation involved and the expense, inconvenience, and delay necessarily attending it; and
- (d) paramount interest of the creditors and a proper deference to their reasonable views in the premises.

13. In applying the foregoing factors, the Debtors respectfully submit that the Settlement Agreement falls well within the “range of reasonableness,” and satisfies the legal standard set forth in *Justice Oaks* as follows:

- (a) **Probability of Success in Litigation:** Although the Debtors are not directly engaged in litigation currently with the Bond Trustee and the Bondholders (other than through the contested motion the Debtors filed to prime the Bond Trustee with new DIP Financing), if the proposed Settlement is not approved, it is likely that the litigation between the parties in these cases would increase, and the Debtors believe that the probability of success in prevailing on such litigation is not clear. It is clear that the Bond Trustee, the Bondholders, and ALG will vigorously defend their rights in this Court and at all available appellate levels, if the Parties do not settle.
- (b) **Difficulties, if any, to be Encountered in the Matter of Collection:** This factor is not a primary factor supporting the Settlement. With respect to the

releases being granted by the Debtors, in particular its directors and officers, the Debtors do not believe that they or their Estates have any viable claims against their current directors and officers. Moreover, there is no directors and officers liability insurance coverage which would be a source of payment regarding any such claims.

- (c) **Complexity of the Litigation Involved:** This Case involves highly complex state and federal law issues, including bankruptcy, corporate, tax and other related issues. If these proceedings continue in an adversarial manner, the discovery and litigation will be complex, lengthy and expensive. Such litigation would likely be expensive and time-consuming.
- (d) **Expense, Inconvenience, and Delay:** If the Debtors should not enter into the Settlement, they will be required to expend additional resources in the form of attorneys' fees and costs, with no guaranty of a successful outcome through any such litigation. To the contrary, the Settlement Agreement, if approved by the Court, will preserve the Debtors' resources, provide the Debtors with financial stability through the Case, and result in an equitable resolution among the various Parties.
- (e) **Paramount Interest of the Creditors:** The approval of the Settlement Agreement is in the best interest of creditors and all parties in interest (including the Residents). A final resolution of the issues without further litigation will result in substantial economic benefit to the Debtors' Estates.

14. Most importantly, the Settlement ends the priming battle that was the subject of the first few hearings in this Case. The Bond Trustee has argued that because it is undersecured, and the Debtors do not have any assets that are not already encumbered by the Bond Trustee's liens and security interests, the Debtors cannot provide the adequate protection required by the Bankruptcy Code that is a pre-requisite for the Debtors to obtain new financing secured by senior liens to those of the Bond Trustee. The Settlement provides for the Bondholders to provide the financing that the Debtors need to operate these cases and establishes the requirements for that – most notably, replacing ALG with the New Manager, replacing certain of the Debtors' directors and officers so that ALG no longer controls the Debtors (as noted above, Katie Goodman of GGG Partners, LLC would retain her role as Chief Restructuring Officer of the Debtors), and establishing an agreed-upon form of order for the financing and the use of the Bond Trustee's cash

collateral. The funding provided by the Bond Trustee will allow the Debtors to continue to operate and will bring stability to the Case, which will be of great benefit to the Residents.

15. Based upon this analysis, the Settlement: (i) meets the *Justice Oaks* standard for approval; (ii) falls within the reasonable range of possible litigation outcomes; and (iii) is in the best interests of the Estates, creditors of the Debtors, including the Bond Trustee, and the Residents because settlement: (a) precludes any risks associated with litigation in this matter; (b) reduces expenditures associated with protracted litigation; and (c) resolves numerous contentious claims amongst the various Parties.

16. Based on the foregoing, the Debtors respectfully submit that there is good and sufficient cause for the Court to enter an Order approving the Settlement Agreement.

B. Releases

17. A material condition of the Settlement is that this Court approve the Debtors' release of ALG and the Debtors' current directors and officers. Without such releases, ALG, at least, would not be bound by the terms of the Settlement nor would it release its substantial claims against the Debtors, waive its objections to the Bondholders' post-petition financing, or agree to transition to the Bondholders' preferred New Manager. Further, the Debtors current directors and officers may be unwilling to approve a change in management if they could face claims against them in the future.

18. The release by ALG of the claims it holds against the Debtors is a significant contribution that will enhance the value of these Estates. Further, the directors and officers agreement to resign and be replaced by new management approved by the Bond Trustee and the Bondholders will save the Debtors' Estates the cost of litigating with the senior secured lenders.

19. It is also important to note that the releases provided by the Settlement are not non-consensual third-party releases, as only the Parties to the Settlement Agreement are releasing anyone. Accordingly, those issues are not present in the Settlement.

20. Consistent with the foregoing, the Debtors respectfully submit there is good and sufficient cause to approve the releases in connection with the Settlement.

C. Transfer of Equity Interests

21. As noted above, the Settlement contemplates the transfer of Debtor Regional's membership interests in Senters to a newly formed entity in exchange for the Senters Payment described in Paragraph 8(a), above, being made to the Bond Trustee and the Bondholders along with other consideration. The transfer of the membership interests is a necessary component of the Settlement and, given the amount of the secured debt the Bond Trustee and the Bondholder hold with regard to assets of Senters, it is the Debtors' belief that such membership interests have no value to the Debtors' Estates in any event. As such, in light of the Settlement as a whole, the transfer constitutes a valid exercise of the Debtors' business judgment. Accordingly, it is appropriate for the Court to approve the transfer of the Regional's membership interests in Senters, as contemplated by the Settlement, pursuant to Section 363(b)(1) of the Bankruptcy Code.

D. Notice

22. Notice of this Motion is being provided to the Office of the United States Trustee and to the Limited Service List pursuant to the Procedures for Complex Chapter 11 Cases set forth in General Order 26-2019. In light of the nature of the relief requested, the Debtors respectfully request that the Court find that no further notice is necessary.

V. CONCLUSION

23. For the reasons stated above, the Debtors respectfully submit that the Settlement meets the applicable legal standards for approval, including satisfying all four of the *Justice Oaks*

Factors, is in the best interest of the Debtors' Estates, creditors of the Debtors, and the Residents, and represents the exercise of the Debtors' sound and prudent business judgment. Moreover, subject to the Court's approval, the Settlement avoids lengthy, burdensome, and expensive litigation among the Debtors, the Bond Trustee, and ALG.

WHEREFORE, the Debtors respectfully request that this Court enter an Order: (a) granting the Motion; (b) approving the terms of the Settlement Agreement; (c) approving the notice procedures set forth in this Motion; and (d) granting any further relief as the Court deems appropriate.

This 24th day of September, 2021.

SCROGGINS & WILLIAMSON, P.C.

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Proposed Counsel for the Debtors

Exhibit A

Term Sheet of Settlement Agreement

Outline of Settlement Between UMB/ Ecofin, ALG and Debtors

1. The settlement terms outlined herein will be incorporated in a Settlement Agreement (the "Settlement Agreement") containing normal and customary terms in form satisfactory to counsel for each of the parties. The parties agree to work in good faith in finalizing the Settlement Agreement by no later than September 24 so that it may be attached to a motion seeking its approval with the Bankruptcy Court to be filed on that date. The Settlement Agreement will be subject to and conditioned upon entry of an order of the Bankruptcy Court approving the Settlement Agreement ("Bankruptcy Approval").
2. UMB/Ecofin will be paid \$4,550,000 (the "Senters Payment") with respect to the bond obligations and its claims against and security interests held in the Senters' assets. In order to accomplish this, it is contemplated that a newly formed entity will be established to purchase Debtor Regional's stock in the Senter's Opco and Senter's PropCo. The stated purchase price will be sufficient to provide \$4,550,000 in net sales proceeds which would be paid directly to UMB (the "Bond Trustee") at closing. Following, and conditioned upon, receipt of \$4,550,000 and the other consideration herein, the Bond Trustee will cancel the bonds and release all security interests and liens against the Senter's real estate and personal property. The Bond Trustee will execute an affidavit relating to termination of the Land Use Restriction Agreement ("LURA") providing that the Settlement Agreement is entered into as an alternative to foreclosure and that the Bond Trustee will redeem or cancel the Bonds within a reasonable period of time. ALG or the Debtors shall provide an opinion from counsel, from a firm acceptable to the Bond Trustee and in form acceptable to the Bond Trustee, running to the benefit of the Bond Trustee and the Bondholders concluding that the LURA shall be terminated following the transactions contemplated in this Settlement Agreement, including cancellation of the Bonds.
3. Upon receipt of the Senters Payment by UMB/Ecofin as described in No. 2 above, UMB will dismiss Case No. 21CVS1674 (Harnett County, North Carolina) (the "Senters Litigation") with prejudice. UMB will stipulate to an extension of time until November 15, 2021 for the Defendants to answer or otherwise respond in the Senters Litigation.
4. The closing of the sale described in Item No. 2 above and the other transactions contemplated under the Settlement Agreement (the "Closing") will take place on or before the later of (the "Outer Closing Date"): October 31, 2021, or three (3) business days following Bankruptcy Approval. In the event the Closing does not occur by the Outer Closing Date, the amount owed on the Senters Payment will increase each day by the amount of interest that accrues each day on the Senters bonds at the non-default rate.
5. Management of the Debtors' facilities will be transitioned to HMP (or another management firm acceptable to UMB/Ecofin) (the "New Manager") no later than the Closing. ALG will withdraw as the manager of the Debtors' facilities expeditiously but in a manner which does not disrupt the operation of the facilities and/or the care of the residents. ALG agrees to enter into a Management Transfer Agreement with the New Manager, on terms acceptable to each of ALG, the New Manager, UMB and Ecofin. ALG agrees to waive all management fees and any other payments that would otherwise be paid to ALG or any affiliates thereof during the course of the Bankruptcy Case. Such amounts shall be removed from the budget to be attached to a second

interim DIP order in form satisfactory to the Bond Trustee, to be proposed at the hearing on September 21.

6. ALG will continue to manage the facilities during the transition period and will cooperate with the Debtors in enabling them to fulfill their administrative obligations in the pending Bankruptcy Cases. The parties will begin this transitional process promptly following execution of the Settlement Agreement and during the transitional process ALG will cooperate with the designated new management company as reasonably requested and pursuant to the terms set forth in the Management Transfer Agreement between ALG and the New Manager to the extent a Management Transfer Agreement is agreed-to by the parties. Effective immediately, and continuing through the transition, the New Manager shall have access to information, personnel, and all other functions and systems of the Debtors and ALG necessary to effectuate a transition of the Debtors' facilities by the Outside Date. ALG agrees to continue to assist with any remaining items related to the transfer of the facilities following the Closing without compensation.

7. On the Closing Date (a) one or more new directors for Debtor Regional, subject to the consent of UMB/Ecofin will be elected, (b) the current directors of Regional will resign, and (c) the current officers of the Debtors will resign (except the CRO).

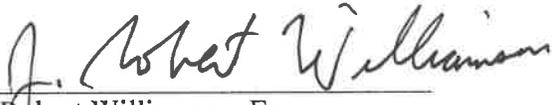
8. Contingent and effective only upon the occurrence of the Closing, (a) UMB/Ecofin and ALG will mutually release each other (and their officers, directors, representatives, managers, affiliates, and insiders) from all claims; (b) the Debtors and their estates will release all claims against UMB/Ecofin and ALG (and their officers, directors, representatives, affiliates, and insiders); (c) ALG will release all claims against the Debtors and their estates (and their officers, directors, managers, representatives, affiliates, and insiders), including but not limited to the \$3.7 claim referenced in the first day pleadings filed by the Debtors; (d) UMB/Ecofin will release all claims against the Debtors' current officers, directors, managers and representatives; and (e) the Debtors and their estates will release all claims against the Debtors' current officers and directors.

9. The Settlement Agreement will include non-disparagement provisions.

10. The Debtors will withdraw the current motion seeking to prime UMB and will agree to each of a third interim and final DIP Financing/Cash Collateral Order on terms acceptable to UMB/Ecofin. Ecofin has agreed to provide DIP financing.

[Signatures on next page]

Agreed to:



J. Robert Williamson, Esq.
Counsel for Debtors

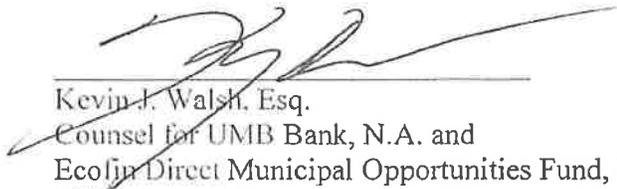
Kevin J. Walsh, Esq.
Counsel for UMB Bank, N.A. and
Ecofin Direct Municipal Opportunities Fund, LP
(f/k/a Tortoise Direct Municipal Opportunities Fund, LP)
and Ecofin Tax-Advantaged Social Impact Fund, Inc.



Clint S. Morse, Esq.
Counsel for ALG Senior, LLC

Agreed to:

J. Robert Williamson, Esq.
Counsel for Debtors



Kevin J. Walsh, Esq.
Counsel for UMB Bank, N.A. and
Ecofin Direct Municipal Opportunities Fund, LP
(f/k/a Tortoise Direct Municipal Opportunities Fund, LP)
and Ecofin Tax-Advantaged Social Impact Fund, Inc.

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