



IT IS ORDERED as set forth below:

Date: September 30, 2021

Paul W. Bonapfel
U.S. Bankruptcy Court Judge

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.)	
)	

THIRD INTERIM ORDER (I) AUTHORIZING (A) SECURED POSTPETITION FINANCING; (B) GRANTING SECURITY INTERESTS TO THE BONDHOLDERS; (C) GRANTING SUPERPRIORITY CLAIMS AND OTHER ADEQUATE PROTECTION TO THE BOND TRUSTEE; (II) AUTHORIZING THE USE OF CASH COLLATERAL BY THE DEBTORS AND (III) SCHEDULING A FINAL HEARING

This matter came before the Court for hearing at 2:00 p.m. on August 31, 2021 (the “**Initial Hearing**”), which Initial Hearing was continued to 10:00 a.m. on September 2, 2021, to 2:00 p.m. on September 21, 2021, and to 11:30 a.m. on September 29, 2021 (the “**Continued Hearings**”), on (i) the *Debtors’ Motion for Interim and Final Orders (I) Authorizing (A) Secured Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, and 364(c) and (d); and (B) Granting Security*



Interests, Superpriority Claims, and Adequate Protection, and (II) Scheduling a Final Hearing; and Memorandum of Points and Authorities (the “**DIP Motion**”)¹ [Docket No. 12], and (ii) the proposed use of the Bond Trustee’s cash collateral as set forth in the Debtors’ *Motion for Authority to Use Cash Collateral* (the “**Cash Collateral Motion**”; and together with the DIP Motion, the “**Motions**”) [Docket No. 11], in each case filed by the debtors and debtors and debtors-in-possession (collectively, the “**Debtors**”) in the above-captioned jointly administered Chapter 11 cases. UMB Bank, N.A., as successor trustee for certain bonds (the “**Bond Trustee**”) objected (the “**Objections**”) to the relief requested in the DIP Motion and the Cash Collateral Motion. Following the September 2 hearing, the Debtors and UMB Bank conferred and agreed to the terms of an interim order (the “**First Interim DIP/Cash Collateral Order**”) [Docket No. 35] on a consensual basis. Following the September 21 hearing, the Debtors and UMB Bank conferred and agreed to the terms of a second interim order (the “**Second Interim DIP/Cash Collateral Order**”) [Docket No. 58] on a consensual basis.

At the September 29 hearing, the Debtors and the Bond Trustee reported to the Court that they had reached a longer-term resolution whereby, among other things, 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**”) will provide funding for the Debtors, and the Debtors will agree to replace their Board of Directors and ALG Senior, LLC, as the manager, with a new Board and manager, in each case subject to the consent and approval of the Bond Trustee. On September 24, 2021, the Debtors filed a motion (the “**Settlement Agreement Motion**”) [Docket No. 59] seeking authorization from the Bankruptcy Court to enter

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the DIP Motion.

into the proposed settlement agreement, which was described in more detail in the term sheet attached to the Settlement Agreement Motion. The parties are exchanging drafts of a settlement agreement to memorialize the agreement set forth in the term sheet and the Debtors intend to supplement the Settlement Agreement Motion with the executed settlement agreement (the “**Executed Settlement Agreement**”) as promptly as possible. The Debtors and the Bond Trustee intend to present a consensual final order approving the Debtors’ use of cash collateral and authorizing the Debtors to incur post-petition financing from the Bondholders at the same time as the hearing on the proposed settlement agreement, which hearing is currently scheduled for October 14, 2021.

This Court having found that this is a core proceeding under 28 U.S.C. § 157(b); and that this Court having found it may enter this third interim order (the “**Third Interim DIP/Cash Collateral Order**”) consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motions in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief set forth in this Third Interim DIP/Cash Collateral Order is in the best interest of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motions and an opportunity for a hearing on the Motions was appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motions and having heard the statements in support of and against the relief requested therein at the Initial Hearing and the Continued Hearings; and this Court having determined that the legal and factual bases set forth in this Third Interim DIP/Cash Collateral Order, if any, establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED as follows:

1. The Debtors are authorized to obtain post-petition financing from the Bondholders in accordance with the terms of this Third Interim DIP/Cash Collateral Order and the budget attached hereto as **Exhibit A** (the “**Budget**”) as conditioned in paragraph 4 below and up to the principal amount of \$950,000 (the “**DIP Facility**”) on an interim basis. The Bondholders have already funded \$750,000 of the DIP Facility by previously advancing such amount under the First Interim DIP/Cash Collateral Order and the Second Interim DIP/Cash Collateral Order, and pursuant to Sections 364(c) and (d) of Title 11, United States Code (the “**Bankruptcy Code**”). The Bondholders have agreed to fund an additional \$200,000 of the DIP Facility during the week ending October 9, 2021 on the condition that the Executed Settlement Agreement is finalized and filed on the Court’s docket by such time. Funds advanced pursuant to the DIP Facility shall accrue interest at a rate of 7.5% per annum. No other fees shall be incurred in connection with the DIP Facility.

2. Funds advanced pursuant to the DIP Facility shall be secured by first priority liens and security interests in favor of the Bondholders on (i) all assets of the Debtors, together with the proceeds, rents, products, and profits thereof, that were previously pledged to the Bond Trustee for the benefit of the Bondholders as security for the Debtors’ pre-petition obligations to the Bond Trustee; and (ii) all other assets of the Debtors of any kind or nature whatsoever within the meaning of Section 541 of the Bankruptcy Code, whether acquired or arising prepetition or postpetition, together with all proceeds, rents, products, and profits thereof, ((i) and (ii) together, the “**Collateral**”). Notwithstanding the foregoing, the liens securing the Collateral shall be senior to all liens and claims other than liens of creditors that were senior to those of the Bond Trustee securing the Bonds immediately before the Petition Date. The approval of this Third Interim DIP/Cash Collateral Order by the Court shall be sufficient and conclusive evidence of the validity,

extent, enforceability, and perfection of the liens and security interests securing the Collateral without further action of any kind.

3. The DIP Facility shall become due and payable upon the sale of any of the Debtors' facilities, the effective date of any confirmed plan of reorganization involving any of the Debtors' facilities, at the option of the Bondholders, upon the approval by the Court of any lien senior to liens of the Bond Trustee, or upon the conversion or dismissal of any of the Bankruptcy Cases or the appointment of a Chapter 11 Trustee.

4. The Debtors are authorized to use, as cash collateral (as defined in Section 363 of the Bankruptcy Code), any revenues derived by the Debtors in the ordinary course of their businesses, all accounts receivable held by the Debtors, and all amounts currently held in the Debtors' operating accounts (the "**Cash Collateral**") until the conclusion of the Final Hearing (defined below), but in no event later than October 16, 2021, and only on the terms of this Third Interim DIP/Cash Collateral Order. Subject to the preceding sentence, such use of Cash Collateral shall be limited solely to the categories of expenses listed in the Budget, as it may be amended from time to time with the prior written approval of the Bond Trustee, subject to Permitted Variances. A "**Permitted Variance**" shall mean, for any week (as defined in this paragraph), (i) any favorable variance, (ii) an unfavorable variance of not more than the greater of ten (10%) percent with respect to any disbursement line item in the Budget or ten (10%) percent in aggregate disbursements; provided, however, no unfavorable variance shall be permitted for payment of any fees and expenses incurred by professionals retained by the Debtors (including counsel or the CRO (as defined below) ("**Debtor Professional Fees**")) unless approved in writing by counsel for the Bondholders. Any expenditures not made in a particular week may be rolled over into a subsequent week. The Debtors shall provide to the Bond Trustee once each week (commencing with the second

week after the Petition Date), a weekly report certified by the Debtors' chief restructuring officer (the "**CRO**") and in the same form as the Budget, indicating all receipts received and disbursements made by the Debtors for the prior week compared to the Budget and detailing any variances that are not Permitted Variances. The Bond Trustee, including its counsel and consultants, shall have independent access to the CRO to discuss the weekly report and any other financial reports produced by the Debtors, as well as sale and restructuring options; provided, however, that counsel for the Bond Trustee shall only be permitted to communicate directly with the CRO upon providing counsel to the Debtors reasonable notice of such call and an opportunity to participate on such call.

5. As adequate protection for any diminution in the value of its collateral as a result of the DIP Facility or the use of Cash Collateral by the Debtors (a "**Diminution**"), and solely to the extent of any Diminution, the Bond Trustee shall have a superpriority administrative-expense claim pursuant to Section 507(b) of the Bankruptcy Code with recourse to and payable from any and all assets of the Debtors' estates, including, but not limited to, rights of the Debtors, choses in action, or claims of any kind whatsoever, choate or inchoate, present or residual. The Superpriority Claim shall be subject only to liens and claims of creditors that were senior to those of Bond Trustee securing the Bonds immediately before the Petition Date, and to accrued and unpaid expenses set forth in the Budget at the time the DIP Facility is terminated, matures or otherwise becomes due, and shall have priority, pursuant to Section 507(b) of the Bankruptcy Code, over any and all administrative expenses, diminution claims, and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in Section 503(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under Sections 105, 326, 328, 330, 331, 503(b), 506(c) (subject to the terms of, and only upon entry of, a final order approving permanent debtor

in possession financing), 507(a), 507(b), 546, 726, 1113, or 1114 of the Bankruptcy Code, and shall at all times be senior to the rights of the Debtors, any successor trustee, or any creditor in these Bankruptcy Cases or any subsequent proceedings under the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment.

6. The provisions of this Third Interim DIP/Cash Collateral Order and any action taken pursuant to the terms hereof shall survive the entry of any order dismissing these Bankruptcy Cases or converting these Bankruptcy Cases to cases under Chapter 7 of the Bankruptcy Code, and all of the terms and conditions of this Third Interim DIP/Cash Collateral Order as well as the liens and security interests granted pursuant hereto shall continue in these or in any superseding cases under the Bankruptcy Code, and such liens and security interests shall retain their priorities provided by this Third Interim DIP/Cash Collateral Order until satisfied and discharged. The terms of the DIP Facility as set forth in this Third Interim DIP/Cash Collateral Order have been entered into in good faith by and among the Debtors and the Bondholders, have been extended in good faith as that term is used in Section 364(e) of the Bankruptcy Code, and are in the best interests of the Debtors, their estates and creditors.

7. Notwithstanding anything to the contrary in the Bankruptcy Rules or otherwise, the effectiveness of this Third Interim DIP/Cash Collateral Order shall not be stayed, and this Third Interim DIP/Cash Collateral Order shall be immediately effective upon its entry.

8. **A final hearing on the Cash Collateral Motion, the DIP Facility, and any additional funds to be advanced by the Bondholders will be held at 1:30 p.m. on October 14, 2021 (the “Final Hearing”).** The Final 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. Promptly after the entry of this Third Interim DIP/Cash Collateral Order, the Debtors shall serve a copy of this Third Interim DIP/Cash Collateral Order providing notice of the Final Hearing, upon the parties served with the DIP Motion or the Cash Collateral Motion, and the Debtors shall file a certificate of service regarding same with the Clerk of the Court. Such service shall constitute good and sufficient notice of the Final Hearing.

END OF DOCUMENT

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EXHIBIT A

Regional Housing & Community Services Corp.	ACTUAL							
Budget through Week 8	Interim 1				Interim 2		Interim 3	
	Week1	Week2	Week3	Week4	Week5	Week6	Week7	Week8
	8/28/21	9/4/21	9/11/21	9/18/21	9/25/21	10/2/21	10/9/21	10/16/21
Beginning Cash	\$ -	\$ 39,081	\$ 477,833	\$ 308,194	\$ 354,734	\$ 261,490	\$ 219,884	\$ 177,237
Cash Collections	\$ -	\$ 127,140	\$ 321,837	\$ 81,514	\$ 6,666	\$ 3,334	\$ 226,529	\$ 198,751
Draw on DIP	\$ -	\$ 600,000	\$ -		\$ 150,000	\$ -	\$ 200,000	
Cash Available	\$ -	\$ 766,221	\$ 799,670	\$ 389,708	\$ 511,400	\$ 264,824	\$ 646,414	\$ 375,988
Cash Expenditures								
Payroll	\$ -	\$ 8,358	\$ 183,292	\$ 9,126	\$ 179,590	\$ -	\$ 225,000	\$ -
Payroll Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Insurance GL PL Auto	\$ -	\$ 240,306	\$ 283,827	\$ -	\$ 3,772	\$ -	\$ 190,527	\$ -
Petty Cash	\$ -	\$ -	\$ -	\$ 4,394	\$ -	\$ -	\$ 4,740	\$ 1,850
Bank Fees	\$ -	\$ -	\$ -	\$ -	\$ 3,070	\$ -	\$ -	\$ -
Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent / Lease Equipment	\$ -	\$ 1,086	\$ 10,805	\$ -	\$ 3,533	\$ 1,518	\$ -	\$ 3,582
Resident Refund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 7,000	\$ 7,000
Food and other supplies	\$ -	\$ -	\$ -	\$ -	\$ 41,000	\$ 16,421	\$ 17,530	\$ 6,293
Utility Deposits	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Utilities	\$ -	\$ 24,422	\$ 8,152	\$ -	\$ 10,415	\$ -	\$ 5,000	\$ 50,000
Other	\$ -	\$ 14,216	\$ 5,400	\$ 16,475	\$ 8,530	\$ 10,000	\$ 8,668	\$ 18,928
Total Business Expenditures	\$ -	\$ 288,388	\$ 491,476	\$ 29,995	\$ 249,910	\$ 34,940	\$ 458,465	\$ 87,653
Debtor Counsel				\$ -	\$ -	\$ -		
Debtor CRO				\$ -	\$ -	\$ -		
DIP Lender (Fees / Expenses / Interest)	\$ -	\$ -	\$ -	\$ -	\$ -			
Claims Agent		\$ -	\$ -	\$ 5,000	\$ -	\$ 10,000		
US Trustee							\$ 10,711	
Total Bankruptcy Related Costs	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 10,000	\$ 10,711	\$ -
Ending Cash	\$ -	\$ 477,833	\$ 308,194	\$ 354,713	\$ 261,490	\$ 219,884	\$ 177,237	\$ 288,335
Restricted Funds - Utility Account				\$ 37,713	\$ 37,713	\$ 37,713	\$ 37,713	\$ 37,713
Reserve for Approved Professional Fees					\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
Ending Useable Balance				\$ 317,000	\$ 133,777	\$ 92,171	\$ 49,524	\$ 160,622