

UNITED STATES BANKRUPTCY COURT
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.)

**MOTION FOR ENTRY OF AN ORDER ON EXPEDITED BASIS AUTHORIZING
ORDERLY CLOSURE OF THE GARDENS OF WATERFORD FACILITY**

COME NOW the above-captioned debtors and debtors in possession (collectively, the “Debtors”),¹ in the above-styled jointly administered case (the “Case”), by and through the undersigned counsel, and hereby file this motion (the “Motion”), pursuant to Sections 105 and 363(b)(1) of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. as amended (the “Bankruptcy Code”), seeking entry of an order on an expedited basis authorizing the Debtors (i) to implement an orderly closure of The Gardens of Waterford senior living facility located at 3920 Antoinette Drive, Montgomery, AL 36111 (the “Waterford Facility”), (ii) send appropriate notices to residents, staff and regulatory authorities, and (iii) to use funds of the Debtors’ estates in connection therewith. In support of the Motion, the Debtors show the Court as follows:

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.



Jurisdiction and Venue

1. This Court has jurisdiction of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2). Venue of the Debtors' Case and this Motion in this District are proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are Sections 105 and 363(b)(1) of the Bankruptcy Code.

Background

2. On August 26, 2021 (the "**Petition Date**"), the Debtors each filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") with the United States Bankruptcy Court for the Northern District of Georgia, Rome Division (the "**Court**"). The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

3. No committee, trustee or examiner has been requested or appointed in this Case.

4. On or about October 15, 2021, the Court entered an *Order Granting Motion to Approve Release and Settlement Agreement By and Among the Debtors and Various Parties* [Dkt. No. 78] pursuant to which the Court approved a settlement agreement (the "**Settlement Agreement**") by and among (1) the Debtors, (2) UMB Bank, N.A., as successor trustee (the "**Bond Trustee**"), (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**"). Among other terms, the Settlement Agreement provided that management of the Debtors' eight senior living facilities (each a "**Facility**" and collectively, the "**Facilities**") would be transitioned from ALG to a new manager acceptable to the Bond Trustee and the Bondholders no later than October 31, 2021. HMP Senior Solutions, LLC ("**HMP**") was selected as the new manager.

5. Shortly thereafter, the Debtors, in consultation with the Bond Trustee, determined that a sale of substantially all of their assets, including the Waterford Facility, was in the best interest of the Debtors, their creditors and their estates.

6. In April of 2022, the Debtors retained a broker to market the Facilities for sale. Since that time, the Debtors have continued to market their assets for sale.

7. The Debtors are currently negotiating an asset purchase agreement (“**APA**”) with a potential buyer for the Waterford Facility which the Debtors anticipate filing with the Court in the near future. One condition to the proposed APA is that the Waterford Facility be delivered to the buyer at closing without any residents.

8. The Waterford Facility has experienced significant losses since the Petition Date and these losses are continuing. As such, it is necessary for the Debtors to begin the process of an orderly shutdown and closure as quickly as possible. This includes relocating the twenty-nine (29) residents currently living at the Waterford Facility.

9. Pursuant to standard agreements between the Debtors and each of the residents at the Waterford Facility, the Debtors must provide residents with forty-five (45) days notice of a closure. Additionally, the Debtors must provide advance notice to certain state regulatory agencies and to its staff.

Relief Requested

10. The Debtors believe that they might be authorized under 11 U.S.C. § 363(c)(1) to implement the facility closure in the ordinary course of business; however out of an abundance of

caution, the Debtors seek authority to implement the facility closure pursuant to 11 U.S.C. § 363(b)(1).

11. Section 363(b)(1) of the Bankruptcy Code provides in relevant part that “[t]he Trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” Moreover, Section 105 of the Bankruptcy Code authorizes the Court to enter orders as “necessary or appropriate to carry out the provisions of [the Bankruptcy Code].”

12. The Debtors believe that the immediate commencement of necessary steps to close the Waterford Facility, including the expenditure of estate funds in connection therewith, is in the best interest of the Debtors, their estates and their creditors.

13. For the foregoing reasons, the Debtors submit that entry of an order authorizing the Debtors forthwith to begin the process of closing the Waterford Facility, including the sending of notices and the expenditure of estate funds, is justified and appropriate and a proper exercise of the Debtors’ business judgment. The Bond Trustee and the DIP Lenders concur with the Debtors and agree that closure of the Waterford Facility is in the best interest of the Debtors’ estates and their creditors.

14. The Debtors request that the Court hear this matter on an expedited basis so that the Debtors may begin the process of closing the facility and relocating their resident as quickly as possible.

Notice

15. Notice of this Motion is being provided to the Office of the United States Trustee and those parties identified on the Limited Service List maintained in this Case. In light of the

nature of the relief requested, the Debtors respectfully request that the Court find that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court (a) enter an Order substantially in the form attached hereto as Exhibit A, granting the Motion and authorizing the closure of the Waterford Facility; and (b) grant such other relief as is just and appropriate.

This 17th day of September, 2024.

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UNITED STATES BANKRUPTCY COURT
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REGIONAL HOUSING & COMMUNITY SERVICES CORP., et al.,)	Jointly Administered Under
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Debtors.)	

**ORDER AUTHORIZING
ORDERLY CLOSURE OF THE GARDENS OF WATERFORD FACILITY**

THIS MATTER came before the Court at hearing on September [___], 2024 at [___] p.m. (the “**Hearing**”) to consider the Motion For Entry of an Order on an Expedited Basis Authorizing Orderly Closure of the Gardens of Waterford Facility (the “**Motion**”)² [Dkt. No. ___] filed by the Debtors on September [___], 2024. Pursuant to the Motion, the Debtor seeks entry of an order, pursuant to 11 U.S.C. §§ 105 and 363(b)(1), authorizing the Debtors to implement a proposed closure of the Waterford Facility, including the sending of certain notices and the use of estate funds in connection therewith.

The Court having reviewed the Motion, the record in the case, it appearing that due and sufficient notice of the Motion has been given under the circumstances; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Motion is in the best interest of the Debtors, their estates, their creditors and other parties in interest; for good cause shown, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

1. The Motion is GRANTED.
2. The Debtors are authorized forthwith to implement an orderly process for closure of the Waterford Facility.

² Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

3. The Debtors are further authorized to pay all expenses necessary to implement the proposed closure pursuant to a budget to be agreed upon by the Debtors and the DIP Lender, without the need for further Court approval.
4. This Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

END OF ORDER

Prepared and presented by:

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CERTIFICATE OF SERVICE

This is to certify that on this date, a true and correct copy of the **Motion for Entry of an Order on an Expedited Basis Authorizing Orderly Closure of the Gardens of Waterford Facility** was served by the Court’s CM/ECF system on all counsel of record registered in this case through CM/ECF.

This 17th day of September, 2024.

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