

**IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

**SENTINEL TRUST RECEIVER'S MOTION FOR APPROVAL OF SALE OF
NICEVILLE, FLORIDA FACILITY AND TO CERTIFY ORDER APPROVING SALE
AS FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.**

I. INTRODUCTION

Through this Motion, the Sentinel Trust Receiver seeks approval of the Court concerning the sale of the collateral that exists in relation to a defaulted bond issue -- City of Niceville, Florida Industrial Development Refunding Revenue Bonds (Okaloosa Health Care, Ltd. Facility) Series 1992 (hereafter "Niceville Bond Issue"). The collateral being sold consists of the building located in Niceville, Florida that once was a nursing home facility.

II. CONTRACT FOR PURCHASE

Attached as **Exhibit A** is a copy of the Real Estate Purchase Agreement as executed by the seller (Okaloosa Health Care, Ltd.), the lien holder (Sentinel Trust by its Receiver, Receivership Management, Inc.) and the purchaser (McDorman Holdings, LLC). The purchase price is \$2.0 million, payable to the Sentinel Trust Receiver at closing. **Exhibit A** has been fully executed and what is needed now is review and approval of the Court, said approval being an express contingency of the contract. See Exhibit A at § 15.C.

III. HISTORY OF NICEVILLE BOND ISSUE
DEFAULT / EFFORTS TO SELL COLLATERAL

The Niceville Bond Issue was issued in 1992. Through a series of mergers and assignments, Sentinel Trust became the indenture trustee to the bond issue in or around January 2004.

At the time of the institution of the Sentinel Trust Receivership, (i.e., May 18, 2004), the Niceville Bond Issue was not in default. During the months following, while the trends of revenues of the Niceville nursing home and the expectations of meeting debt obligations were becoming questionable, the facility was still open and doing business under a management contract with an entity known as Emerald Pointe, Inc., and, to that point, was meeting the obligations under the bond issue. In the mid-October 2004 timeframe, the Sentinel Trust Receiver was informed that the management company, Emerald Pointe, was in the process of immediate relocation of the nursing home residents and would be vacating the facility within a matter of days. The Sentinel Trust Receiver requested consideration of a more orderly exit by Emerald Pointe so as to maintain the facility as an ongoing concern, but Emerald Pointe felt within its rights to proceed with the immediate exit from the property and relocation of the patients. With the exit of Emerald Pointe, two matters occurred -- 1) the Niceville Bond Issue fell into default and 2) the CON that had allowed the facility to operate as a nursing home became inactive.

Upon the Niceville Bond Issue falling into default, the Sentinel Trust Receiver took actions to secure and protect the building as collateral for the bondholders' interests. Since the late 2004 timeframe to the present, the Sentinel Trust Receiver has paid tens of thousands of dollars relating to the security, upkeep and maintenance of the facility. Protective services, insurance, taxes, utilities, mold prevention measures, roof repair and hurricane damage repair

