

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF MISSOURI EASTERN DIVISION

In re:

MIDWEST CHRISTIAN VILLAGES, INC. et al.,¹

Debtors.

Chapter 11

Case No. 24-42473

(Jointly Administered)

MIDWEST CHRISTIAN VILLAGES, INC. et al.,

Plaintiffs,

v.

THE CITY OF SPRINGFIELD, Defendant.

Adv. Proc. No.

ANSWER

COMES NOW, Defendant, City of Springfield, by and through its attorneys, Gregory E. Moredock, Corporation Counsel, Robert Hogue, Senior Assistant Corporation Counsel, and for its Answer, states as follows:

Introduction

1. On July 16, 2024 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

ANSWER: Defendant admits paragraph 1.

2. Prepetition, the Debtors operated a mix of independent, assisted living, and skilled nursing campuses in 10 locations across the Midwest, serving over 1,000 residents. During the pendency of these chapter 11 cases, the Debtors have consummated sale transactions for all of the Debtors'



operating facilities. The Debtors have continued to operate their businesses as debtors in possession.

ANSWER: Defendant lacks sufficient knowledge to admit or deny paragraph 2.

3. Defendant the City of Springfield (“Defendant”) is a city located in Sangamon County, Illinois.

ANSWER: Defendant admits paragraph 3.

4. Old National Bank, formerly known as First Midwest Bank, is a financial institution located at 300 North Hunt Club Road, Gurnee, Illinois 60031.

ANSWER: Defendant admits paragraph 4.

Jurisdiction

5. This Court has jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334 and 11 U.S.C. §§ 541 and 542. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (E), (M) and (O) as it relates to the administration of the bankruptcy estate, the turnover of property of the estate, the sale of property of the estate and an order pertaining thereto, and other proceedings affecting and concerning the liquidation of the assets of the estate.

ANSWER: Defendant admits paragraph 5.

6. Venue is proper in this District pursuant to 28 U.S.C. § 1409.

ANSWER: Defendant admits paragraph 6.

Facts and Requested Relief

7. Prior to the Petition Date, on February 1, 2020, Debtor Midwest Christian Villages, Inc. established a letter of credit (the “Letter of Credit”)³ issued by Old National Bank f/k/a First Midwest Bank in favor of the City of Springfield for drawings up to an aggregate amount of \$132,708.12.

ANSWER: Defendant admits paragraph 7.

8. The Letter of Credit was established with respect to potential sidewalk and other infrastructure improvements to land surrounding the River Birch Senior Living facility in Springfield.

ANSWER: Defendant admits paragraph 8.

9. Although these improvements were contemplated years ago, they have not occurred to date and are not expected to occur at this point.

ANSWER: Defendant admits paragraph 9 to the extent the improvements were contemplated years ago and have not yet occurred. Defendant lacks sufficient knowledge as to whether the improvements are expected to occur.

10. Post-petition, the Debtors have successfully sold substantially all of their remaining assets pursuant to a series of sale orders issued by this Court [Docket Nos. 501-04], including the River Birch location.

ANSWER: Defendant admits paragraph 10.

11. Accordingly, the improvements contemplated in the Letter of Credit will not occur.

ANSWER: Defendant denies paragraph 11.

12. The Debtors are now in the process of winding up their business and liquidating their remaining assets.

ANSWER: Defendant admits paragraph 12.

13. Since the issuance of the Letter of Credit, a pledge agreement was executed pursuant to which there were, at one point in time, \$132,708.124 of funds pledged to Old National Bank to support the Letter of Credit, which funds constitute property of the Debtors' estate.

ANSWER: Defendant lacks sufficient information to admit or deny paragraph 13.

14. The City of Springfield cannot draw on the Letter of Credit for reimbursement of costs which it has not incurred and any such purported draw would be a windfall to the City of Springfield.

ANSWER: Defendant denies paragraph 14.

15. The funds pledged to support the Letter of Credit constitute property of the Debtors' estate pursuant to 11 U.S.C. § 541.

ANSWER: Defendant admits paragraph 15.

16. The pledged funds are necessary to the Debtors' liquidation and exit from these Chapter 11 cases.

ANSWER: Paragraph 16 calls for a legal conclusion that does not require an answer. To the extent an answer is required, Defendant denies paragraph 16.

17. As set forth above, the improvements contemplated by the Letter of Credit have not and will not occur.

ANSWER: Defendant admits paragraph 17 to the extent the improvements have not yet occurred. Defendant lacks sufficient information as to whether the improvements will be made.

18. The Court should hold that Defendant has no right to draw on and has no interest in the Letter of Credit and that the Letter of Credit should be deemed cancelled and surrendered.

ANSWER: Paragraph 18 calls for a legal conclusion that does not require an answer. To the extent an answer is required, Defendant denies paragraph 18.

19. In the event Defendant seeks to draw or has drawn on the Letter of Credit, Defendant should be required and ordered to turn over any funds it received therefrom together with interest.

ANSWER: Defendant denies paragraph 19.

20. With the cancellation and surrender of the Letter of Credit, the Debtors will be able to obtain the funds held and pledged to Old National Bank.

ANSWER: Paragraph 20 calls for a legal conclusion that does not require an answer. To the extent an answer is required, Defendant denies paragraph 20.

WHEREFORE, Defendant City of Springfield, respectfully prays this Court Plaintiff's
Complaint.

Respectfully Submitted,

s/ Robert Hogue

Bar Number IL #6318000

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CERTIFICATE OF SERVICE

I hereby certify that on **January 5, 2026**, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

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Respectfully Submitted,
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