

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

MIDWEST CHRISTIAN VILLAGES, INC.
et al.,¹

Debtors.

Chapter 11

Case No. 24-42473-659
(Joint Administration Requested)

Hearing Date: July 17, 2024
Hearing Time: 2:00 p.m. (CT)
Hearing Location: Courtroom 7 North

Related Docket No. 11

**DECLARATION OF SHAWN O’CONNER IN SUPPORT OF
MOTION TO APPROVE DIP FINANCING AND CASH COLLATERAL USAGE**

I, Shawn O’Conner, declare as follows under penalty of perjury:

1. I am a Managing Director at Healthcare Management Partners (“HMP”), a turnaround and consulting firm with principal offices located at 1033 Demonbreun Street, Suite 300, Nashville, TN 37203. HMP and its personnel have been serving pre-petition as financial advisors to the debtors (the “Debtors”) in the above captioned cases.

2. I submit this declaration in support of the *Debtors’ Motion for Interim and Final Orders (1) Authorizing the Debtors to Obtain Post-Petition Financing, (2) Authorizing Debtors in*

¹ The address of the Debtors’ headquarters is 2 Cityplace Dr, Suite 200, Saint Louis, MO 63141-7390. The last four digits of the Debtors’ federal tax identification numbers are: (i) Midwest Christian Villages, Inc. [5009], (ii) Hickory Point Christian Village, Inc. [7659], (iii) Lewis Memorial Christian Village [3104], (iv) Senior Care Pharmacy Services, LLC [1176], (v) New Horizons PACE MO, LLC [4745], (vi) Risen Son Christian Village [9738], (vii) Spring River Christian Village, Inc. [1462], (viii) Christian Homes, Inc. [1562], (ix) Crown Point Christian Village, Inc. [4614], (x) Hoosier Christian Village, Inc. [3749], (xi) Johnson Christian Village Care Center, LLC [8262], (xii) River Birch Christian Village, LLC [7232], (xiii) Washington Village Estates, LLC [9088], (xiv) Christian Horizons Living LLC [4871], (xv) Wabash Christian Therapy and Medical Clinic, LLC [2894], (xvi) Wabash Christian Village Apartments, LLC [8352], (xvii) Wabash Estates, LLC [8743], (xviii) Safe Haven Hospice, LLC [6886], (xix) Heartland Christian Village, LLC [0196], (xx) Midwest Senior Ministries, Inc. [3401] and (xxi) Shawnee Christian Nursing Center, LLC [0068].



Possession to Use Cash Collateral, (3) Providing Adequate Protection, (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing, filed contemporaneously herewith (the “Motion”).²

3. Although HMP is expected to be compensated for its work as the Debtors’ proposed restructuring advisor in these chapter 11 cases, I am not being compensated separately for this declaration or testimony. Except as otherwise indicated herein, all of the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, the information provided to me by HMP professionals involved in advising the Debtors, or information provided to me by the Debtors. If called upon to testify, I could and would testify to the facts set forth herein on that basis. I am over the age of 18 years and am authorized to submit this declaration.

QUALIFICATIONS

4. I am a managing director at HMP. By separate application and subject to the Court’s approval, the Debtors are seeking approval of HMP’s and my retention as the Chief Restructuring Officer (“CRO”) to each of the Debtors, effective as of the petition date.

5. I have more than a decade of experience in healthcare leadership. I have served as a Chief Executive Officer, Chief Business Development Officer, Senior Vice President of Operations, a Regional Vice President of Operations, Regional Financial Controller, Director of Special Projects, and Licensed Nursing Home Administrator across over ten states. I have extensive experience in leading and directing operations in both single-site communities and multisite operations. My experience includes leadership development, strategic planning, business development, financial forecasting, and revenue growth.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

6. I also have significant experience with investor-owned healthcare service providers. My executive level experience includes mergers, acquisitions, and turnaround situations, including restructuring in bankruptcy and over 20 receiverships. In all of my many healthcare provider turnaround assignments, I have successfully designed and implemented plans that simultaneously added patient volume and revenues while conserving cash and reducing unit costs. I and my team have expert knowledge of the bankruptcy process as well as its implications and obligations on an operating provider of healthcare services.

7. This expertise includes addressing existing and new sources of financing and liquidity for healthcare related businesses. HMP has served as CRO for multiple healthcare organizations that successfully secured DIP financing.

THE RETENTION OF HMP

8. HMP has been engaged as a financial and turnaround consultant to the Debtors since May of 2024. Since being engaged by the Debtors, HMP has rendered financial and turnaround consulting services to the Debtors in connection with the Debtors' evaluation of financial and strategic alternatives. Further, HMP has worked with the Debtors' management, and has become familiar with the Debtors' capital structure, financial condition, liquidity needs, and business operations.

HMP'S EFFORTS TO SECURE DIP FINANCING

9. As set forth in the *First Day Declaration of Kathleen (Kate) Bertram* filed in support of the Motion and as further discussed in the Motion, the Debtors consider the DIP Financing as a critical component of the Debtors' restructuring plan. HMP and the Debtors closely monitor the Debtors' daily liquidity position and their anticipated go-forward liquidity needs. In pursuit of a comprehensive restructuring solution, the Debtors and their key prepetition secured

creditor constituencies engaged, over several months, in arm's-length negotiations concerning the terms of such a restructuring, including post-petition financing and cash collateral arrangements. The DIP Facilities and the consensual cash collateral arrangements described in the Motion are the product of these negotiations.

10. There is no alternative financing available other than the DIP Facility that would serve the important purpose of allowing the Debtors to pay their ordinary course operating expenses while coordinating and conducting an orderly going concern sale of their operations, which are essential to the Debtors' successful restructuring.

11. The Debtors sought financing from sources outside of their existing capital structure. HMP contacted three potential financing providers that specialize in lending in the healthcare space, with an ability to provide postpetition financing under complex circumstances. These three entities contacted were the ones that HMP believed were the most likely to provide financing to these Debtors. Ultimately, however, this process did not yield any proposals that the Debtors believed were more compelling than those offered by investors in the existing capital structure or provide sufficient liquidity for the Debtors going forward liquidity needs. Nor did this third-party process yield any proposals for post-petition financing on a junior secured, administrative priority, or unsecured basis.

12. One of the lenders contacted was interested in providing a loan but the proposed facility size was in excess of their limits. Another lender declined to provide a financing proposal after an initial review of the opportunity. The third lender was unresponsive after the initial reach out and after follow up communications via email and phone. As such, the Debtors in consultation with HMP determined that the DIP Facility was the best and only available financing option to fully address the Debtors' post-petition funding needs.

13. The DIP Financing also includes the consent of UMB Bank N.A. as Master Trustee and successor bond trustee (the "Trustee") to use of cash collateral. The interest rate is the same as the existing interest rate on the bonds and is an attractive interest rate for post-petition financing. Other post-petition lenders would likely charge much higher interest rates as well as substantial fees for new financing.

14. The DIP Financing terms and budget were negotiated at arm's length and in detail with the advisors to the Trustee.

CONCLUSION

15. For the reasons stated above and based on my experience with debtor-in-possession and other financing transactions as well as my participation and involvement in the marketing and negotiation of the postpetition financing alternatives for the Debtors, I believe that the proposed DIP Facilities, taken as a whole, offer the best presently available financing option for the Debtors under the facts and circumstances of these chapter 11 cases.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct.

Date: July 16, 2024

By:
/s/ Shawn O'Conner
Shawn O'Conner
Managing Director
Healthcare Management Partners, LLC