

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SC HEALTHCARE HOLDINGS, LLC, *et al.*¹

Debtors.

Chapter 11

Case No. 24-10443 (TMH)

(Jointly Administered)

Related Docket No. 662

Court Hearing: July 30, 2024 at 10:00AM EST

Obj. Deadline: July 23, 2024 at 4:00 p.m. (ET)

**OBJECTION OF BANK OF RANTOUL TO DEBTORS' MOTION FOR AN ORDER
(I) AUTHORIZING AND APPROVING PROCEDURES FOR THE SALE, TRANSFER,
OR ABANDONMENT OF CERTAIN DE MINIMIS ASSETS, AND (II) GRANTING
RELATED RELIEF**

Bank of Rantoul, by and through undersigned counsel, hereby submits this objection (“Objection”) to *DEBTORS' MOTION FOR AN ORDER (I) AUTHORIZING AND APPROVING PROCEDURES FOR THE SALE, TRANSFER, OR ABANDONMENT OF CERTAIN DE MINIMIS ASSETS, AND (II) GRANTING RELATED RELIEF* filed by SC Healthcare Holding, LLC (DE 662) and hereby shows as follows:

¹ The last four digits of SC Healthcare Holding, LLC's tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors' proposed claims and noticing agent at www.kccllc.net/Petersen.



INTRODUCTION

1. Bank of Rantoul is a bank located in Rantoul, Illinois, and is a creditor of several Debtors (the “Bank”). Bank of Rantoul has a first mortgage in the approximate amount of \$2.2 million in favor of Bank of Rantoul on the Debtors’ property commonly known as 100 Harvest View Lane., Herscher, IL 60941 (the “Herscher Property”). Additionally, the Bank has liens in the total amount of approximately \$505,000.00 on ten 2022 Chrysler Voyager LX motor vehicles with ten different debtors.

PROCEDURAL STATUS

2. The 10 vehicles are subject to the Bank’s loans and liens in the total approximate amount of \$505K. By agreement, the Debtors have been paying on the loans for the vehicles including on a Post-Petition basis. Since before the Debtors’ sale hearing, the Debtors and the Bank having been discussing the vehicles and the Debtors’ position was that the loans on the vehicles would be assumed and assigned, and that it was apparently a mistake that they were not included on the Debtor’s Motion for assumption and assignment

3. The Debtors acknowledge the secured loan and mortgage of the Bank of Rantoul as the “Rantoul Facility” in Section 14(b) of the DIP Motion, Local Bank Loans, (b) Bank of Rantoul:

“Bank of Rantoul – Debtor Petersen Health Systems, Inc. is the borrower under a certain loan facility with Bank of Rantoul, as lender (“Rantoul Facility”) secured by a mortgage and assignment of rents pertaining to the Courtyard Estates of Herscher healthcare Facility. Mark Petersen personally guarantees the obligations under the Rantoul Facility. The Rantoul Facility will mature on June 1, 2027. As of the Petition Date, approximately \$2,352,907 in principal amount is outstanding under the Rantoul Facility.”

4. Additionally, the Bank has approximately \$505,000.00 in secured liens on Secured loans on approximately ten (10) 2022 Chrysler Voyager; LX with ten (10) different debtors.²

5. The Bank and the Debtors have entered into an informal agreement for the Debtors to pay the post-petition monthly payments on the vehicles. The Bank has provided the details of the loan histories and copies of all loan documents to the Committee. Debtors informed the Bank that the loans on the motor vehicles are on the list to be assumed and assigned to purchaser.

6. On May 14, 2024, the Court entered the Debtors DIP Order (DE 313), with the following language in Section 43 agreed upon by the Debtors and the Bank, which rendered the Bank as a Consenting Lender:

Notwithstanding anything to the contrary herein, the Bank of Rantoul retains the right to object to any revised Cost Allocation that includes an Attributable Cost Allocation to the Bank of Rantoul's real property Collateral in excess of \$156,000.00. The current amount of the Bank of Rantoul's loan and mortgage on the Herscher property is \$2,352,907. The priming DIP Lien shall not prime the Bank of Rantoul's lien of approximately \$505,000 on approximately 10 motor vehicles, to the extent that such liens, mortgages, and other security interests are valid and perfected, and have priority status. The Bank of Rantoul reserves all rights including the rights to object to the sale and to request that its liens attach to the proceeds of the sale and that the Bank of Rantoul shall be immediately paid in full at the closing of the sale, including additional applicable penalties, interest, costs and fees, and the right to seek relief from stay to repossess the vehicles as depreciating assets. As a result of the foregoing, the Bank of Rantoul shall be a Consenting Lender.

7. The Bank filed its Objection to the sale on May 15, 2024 at DE 316.

8. The Bank filed its secured Proof of Claim for the Mortgage on the Herscher

² Marigold HCO, LLC; Prairie City HCO, LLC; Rosiclare HCO, LLC; Shelbyville HCO, LLC; Charleston HCO, LLC; Aledo HCO, LLC; CYE Sullivan HCO, LLC; Eastview HCO, LLC; Legacy HCO, LLC; and Petersen Healthcare-Farmer City, LLC

Facility on June 27th, 2024. The Bank filed its approximate 10 Proofs of Claims related to the secured loans on the 10 motor vehicles on about July 12, 2024.

9. The Bank filed its Objection to the Debtors plans for allocation on July 9th, 2024 at DE 633, which Objection was withdrawn as worked out. On the record at the Court Hearing, the Debtors agreed to carve out the 10 motor vehicles from the Sale Order, and provided additional assurances as set forth below.

OBJECTION

10. The Debtors have previously indicated that they intend to cure, assume, and assign the 10 motor vehicle loans, but that they were apparently inadvertently omitted from the prior notice. Unless the Debtors confirm acceptable cure, assumption, and assignment, the Bank objects to the sale of the vehicles. The vehicles are depreciating assets. The Bank can repossess and sell the vehicles without nearly the loss anticipated from the Debtors' sale. Unless the Bank is immediately paid in full from the proceeds of the Sale for the full amount of the vehicle loans in the approximate amount of \$505K, the Bank demands that the Debtors immediately return all such vehicles to the Bank.

11. The Bank of Rantoul additionally reserves the right to object to the Debtors' allocations regarding the approximate 10 motor vehicles which are subject to the Bank's liens.

12. The Bank objects to the sale of the motor vehicles which are subject to the Bank's liens without adequate protections. At a minimum, the Sale Order should provide that the Bank's lien should attach to the proceeds of any such sale, and further, that the Bank should be immediately paid in full upon such sale, including additional interests, penalties, costs, and

attorneys' fees, as provided under the loan documents.

ARGUMENT

13. The agreement that was reached between the Debtors' and the Bank regarding the vehicles is set forth on pages 34 line 8 – 36 line 4 of the transcript from the Court Hearing on the Debtors' Sale Motion on 7/10/24 as follows:

:

MR. MAGAZINER: Hopefully the parties can confirm that they agree with this and then we can iron out the details on the numbers.

But the agreed language -- or recital is:

"The objection by the Bank of Rantoul with regard to the sale of ten motor vehicles which are the subject of loans by the bank in the total approximately amount of \$505,000 and are subject to the liens by the bank shall be resolved by agreement as follows:

"The debtors and the purchaser will agree to exclude the vehicles from the sale.

"The parties will endeavor to reach an agreement on the purchase and sale of the vehicles or assumption of the loans prior to closing of the sale, which is currently scheduled for September of 2024.

"The debtors shall continue to make monthly payments on the vehicles in the approximate amount of \$12,000 per month through the earlier of the closing or such date that the debtors, with the purchaser's consent, returns the subject vehicles to the bank.

"In the event that the parties cannot reach an agreement before closing, the parties hereby agree that the vehicles will be returned by the debtors to the bank without the necessity of the bank having to obtain relief from the automatic stay or any further order of the Court.

"Any and all other objections by the bank to the sale are hereby reserved; including, without limitation, as to allocation of purchase price, the bank's liens attaching to the proceeds of sale, and immediate payment to the bank at closing of the sale."

THE COURT: Okay.

MR. MAGAZINER: And again, Your Honor, that – the numbers would change, obviously, depending on the amount outstanding under the loan and the monthly payments. But the idea is that we will keep these banks current on post-petition

obligations until such time as the bank and the purchaser, the applicable purchaser agree -
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THE COURT: Uh-huh.

MR. MAGAZINER: -- or we all determine to give the vehicles back.

THE COURT: Okay. Okay.

MR. MAGAZINER: Thank you, Your Honor.

THE COURT: That makes perfect sense. Thank you.

14. The Debtors have expressly agreed, in the event that the Bank does not approve of the purchase price, that the vehicles would be returned to the Bank. Accordingly, the Debtors have agreed not to sell the vehicles without the approval and authorization of the Bank.

JOINDER AND RESERVATION OF RIGHTS

15. The Bank joins in other Objections filed by other creditors regarding the Debtors' Motion and hereby adopts the objections, authorities, and arguments therein, to the extent not inconsistent with the Bank's positions herein. The Bank hereby reserves all of its rights, including without limitation, under the loan documents and under the DIP Order as a Consenting Lender, and the right to supplement this Objection where it may be necessary or appropriate..

CONCLUSION

The Bank of Rantoul objects to the sale of the 10 motor vehicles which are subject to the Bank's liens.

WHEREFORE, the Bank requests that:

(i.) The Court Order that the Bank be immediately paid in full from the Sale proceeds for the total amount due on the secured loans for the motor vehicles in the approximate amount of \$500K, together with additional applicable charges;

(ii.) Alternatively the Court deny the Motion as to the motor vehicles which are secured by the Bank's liens and order the Debtors to surrender and return the vehicles to the Bank;

(iii.) The Court provide order that the Debtors immediately provide to the Bank Debtors' proposed allocations for the Bank to challenge the allocation and to correctly determine valuation and allocation concerning the Bank's vehicle loans and liens;

(iv.) The Court order that Bank's vehicle liens should attach to the proceeds of any such sale the vehicles, and further, that the Bank should be immediately paid in full upon such sale, including additional interests, penalties, costs, and attorneys' fees, as provided under the loan documents;

(v.) that the Court should deny the Sale Motion as it relates to the Bank's loan and liens on the vehicles;

(vi.) The Court order that the Debtors honor their work-out agreement as stated above on the record that any such sale of the vehicles is subject to approval by the Bank, and if not approved, then the Debtors must immediately return the vehicles to the Bank; and,

(vii.) That the Court provide such further and additional relief as is just and equitable under the circumstances.

Dated: July 18th, 2024

/s/ Brian A. Sullivan

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Attorneys for Bank of Rantoul

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on July 18th, 2024, I caused a true and correct copy of the foregoing document to be electronically filed and served via CM/ECF upon all parties requesting electronic notices in this matter, including:

Debtors, Winston & Strawn LLP
35 West Wacker Drive
Chicago, IL 60601 (Attn.: Greg
Gartland, Dan McGuire and Joel Mudd) and
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/s/ Brian A. Sullivan
Brian A. Sullivan (DE Bar No. 2098)