UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re	)	**Chapter 11**
	)	
WOODLAWN COMMUNITY	)	**Case No. 18-29862**
DEVELOPMENT CORP., an Illinois	)	
not for profit corporation,	)	**Hon. Carol A. Doyle**

NOTICE OF MOTION

To: See Attached Service List

YOU ARE HEREBY NOTIFIED that on November 7, 2018, at 10:00 a.m., or as soon thereafter as counsel may be heard, I shall appear before the Honorable Carol A. Doyle, Room 742, 219 South Dearborn Street, Chicago, IL 60604, and then and there present ***Motion for Entry of Interim and Final Orders (i) Authorizing the Debtor to Use Cash Collateral, (ii) Granting Adequate Protection, and (iii) Schedule a Final Hearing***, a copy of which is attached hereto and herewith served upon you.

/s/ David R. Herzog

David R. Herzog
HERZOG & SCHWARTZ, P.C.
Attorneys for the Debtor
77 West Washington Street
Suite 1400
Chicago, Illinois 60602
ARDC No. 01203681

CERTIFICATE OF SERVICE

The undersigned, an attorney, certifies that he caused to be served a copy of the aforementioned instrument on the attached service list, via the manner indicated theron, on this 5th day of November, 2018.

/s/ David R. Herzog

SERVICE LIST

VIA ECF

Patrick S Layng
Office of the U.S. Trustee
219 S Dearborn St
Room 873
Chicago, IL 60604

Bruce C Scalambrino
Scalambrino & Arnoff, LLP
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Suite 1600
Chicago, IL 60602

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Chicago Department of Law
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Chicago, IL 60602

Cynthia B Harris
Chicago Housing Authority
Office of the General Counsel
60 E Van Buren St, 12th Floor
Chicago, IL 60605

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Saul Ewing Arnstein & Lehr LLP
161 N. Clark Street, Suite 4200
Chicago, IL 60601

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Dykema Gossett PLLC
10 S. Wacker Drive, Suite 2300
Chicago, IL 60606

VIA FAX

Woodlawn Community Development
6040 Harper Ave., 1st Floor
Chicago, IL 60637
Fax No. (773) 451-8250

U.S. Attorney's Office
Northern District of Illinois
Civil Division
230 S. Dearborn St., 5th Floor
Chicago, IL 60603
Fax No. (312) 353-2067

U.S. Attorney General
Attn: Lee Loftus
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001
Fax No. (202) 616-6695

Applied Real Estate Analysis, Inc.
914 South Wabash
Chicago, IL 60606
Fax No. (312) 461-0015

Geraldine Finkley
c/o Conway Law Office PC
77 W. Washington, #1113
Chicago, IL 60602
Fax No. (312) 782-3552

Glenview Financial Services
c/o Fisher Cohen Waldman Shapiro, LLP
1247 Waukegan Rd., #100
Glenview, IL 60025
Fax No. (224) 260-3089

Illinois Department of Employment Security
Benefit Payment Control Division
P.O. Box 4385
Chicago, IL 60680
Fax No. (312) 793-6296

Illinois Department of Revenue
Bankruptcy Unit
P.O. Box 19035
Springfield, IL 62794-9035
Fax No. (217) 524-0526

Infinity HR
3905 National Dr., Suite 400
Burtonsville, MD 20866
Fax No. (240) 722-0090

Insurance Company of the West
c/o Law Offices of T. Scott Leo, P.C.
1 N. LaSalle St., Suite 3600
Chicago, IL 60602
Fax No. (312) 857-1240

Internal Revenue Service
Centralized Insolvency Operation
P.O. Box 7346
Philadelphia, PA 19101-7346
Fax No. (855) 235-6787

IPFS Corporation
462 South 4th St., #1700
Meldinger Tower
Louisville, KY 40202-2509
Fax No. (502) 561-9995

Jeffrey W. Henning
Ziemer, Stayman, Weitzel & Shoulders, LLP
P.O. Box 916
Evansville, IN 47706-0916
Fax No. (812) 421-5089

Lakeside Bank
1350 S. Michigan
Chicago, IL 60605
Fax No. (312) 808-5816

Laner Muchin
515 North State Street, Suite 2800
Chicago, IL60654-4688
Fax No. (312) 467-9479

LM Insurance Corporation
c/o The CKB Firm
30 N. LaSalle St., #1520
Chicago, IL 60602
Fax No. (312) 704-8515

Maciorowski, Sackman, Ulrich, LLP
105 W. Adams St., #2200
Chicago, IL 60603
Fax No. (312) 627-0873

Miner, Barnhill & Galland, P.C.
325 N. LaSalle St., #350
Chicago, IL 60654
Fax No. (312) 751-0438

Municipal Elevator Services
c/o Frederick A. Lurie
123 N. Wacker, #250
Chicago, IL 60606
Fax No. (312) 553-0551

Neal & Leroy
20 S. Clark St., #2050
Chicago, IL 60603
Fax No. (312) 641-5137

Nixon Peabody LLP
799 9th Street NW, Suite 500
Washington, DC 20001-5327
Fax No. (202) 585-8080

Supreme Technologies Group
814 E. 87th St.
Chicago, IL 60619
Fax No. (888) 802-4187

Synergy Coverage Solutions
217 South Tryron Street
Charlotte, NC 28202
Fax No. (704) 927-2867

World Security Bureau
c/o Lysinski & Associates PC
4418 N. Milwaukee Ave.
Chicago, IL 60630
Fax No. (773) 777-5888

United Fidelity Bank, fsb
Attn: Commercial Lending
18 N.W. Fourth Street
Evansville, IN 47708
Fax No. (812) 421-2931

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re	)	**Chapter 11**
	)	
WOODLAWN COMMUNITY	)	**Case No. 18-29862**
DEVELOPMENT CORP., an Illinois	)	
not for profit corporation,	)	**Hon. Carol A. Doyle**
	)	
Debtor.	)	

Motion for Entry of Interim and Final Orders (i) Authorizing the Debtor to Use Cash Collateral, (ii) Granting Adequate Protection, and (iii) Schedule a Final Hearing

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Woodlawn Community Development Corp. ("WCDC" or "the Debtor"), debtor and debtor-in-possession in the above-captioned chapter 11 case, hereby moves the Court, pursuant to Sections 105, 361, 362, and 363 of title 11 of the United States Code (the "Bankruptcy Code") for entry of an Interim Order (i) authorizing the Debtor to use "cash collateral," as that term is defined in the Bankruptcy Code, wherein the Internal Revenue Service may have an interest by virtue of a pre-petition levy on certain bank accounts maintained by the Debtor at PNC Bank (the "Cash Collateral"), (ii) granting adequate protection to the Internal Revenue Service, and (iii) scheduling a final hearing on this motion pursuant to Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). In support of this Motion, the Debtor states as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C.157(b)(2). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory basis for the relief requested herein are sections 105, 361, 362 and 363 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rules 2002, 4001, 6003 and 9014 and Rules 4001-2 and 9013-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Illinois (the "Local Rules").

BACKGROUND

3. On October 24, 2018 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is operating its business and managing its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

4. In 1960, a group of religious and block club leaders brought together a coalition of over 100 neighborhood associations, religious institutions and civic organizations to fight against the deterioration of the Woodlawn community located on the south side of Chicago and adjacent to the University of Chicago. The organization which was created was The Woodlawn Organization ("TWO") whose purpose was to revitalize this inner city neighbor by focusing on housing, health, education, employment, economic development, physical and infrastructure development and the provision of social services in the community. To further these goals, WCDC was created in 1972 to serve as the umbrella for TWO's real estate development and

management activities. Initially, WCDC undertook the aggressive redevelopment of a 30-acre tract of land between 60th and 65th Streets, Stony Island and the IC/Meta train tracks. This entire area was an individual sub-component of the “TWO Model Cities Plan”. Neighborhood residents and community-based groups were organized and brought to a common table for the purposes of visioning and creating a strategic approach for the area with individuals who had the skills and the expertise to make their vision become realities.

Over the ensuing years WCDC has completed ten (10) development construction projects at a total cost of $82.5 million dollars. WCDC is continuing to impact the community in a positive way with a holistic approach to property management of over 1,700 private rental apartments, in 11 separate buildings, for low, moderate and middle income families, senior citizen’s, as well as for residents that are socially and physically challenged. In addition, the Debtor serves as property manager, of behalf of the Chicago Housing Authority, for over 4,800 public housing rental apartments in 14 properties for families and senior citizens.

Unfortunately, in the last several years, the Debtor has been plagued with numerous lawsuits which have consumed time and substantial financial resources. Although WCDC has either settled or is currently litigating these claims, the Debtor has been able to manage the litigation without resort to bankruptcy protection. However, the claim which precipitated the Debtor’s filing for Chapter 11 reorganization is the recent claim and filing of federal tax liens by the Internal Revenue Service. The IRS claims that WCDC owes approximately 1.8 million dollars for unpaid payroll tax liability for the 2nd and 4th quarters of 2017 and the 1st quarter of 2018.

4. On October 23, 2018, the Internal Revenue Service issued a Notice of Levy upon PNC Bank, NA, ("PNC Bank") where the Debtor maintained three (3) pre-petition bank accounts. A copy of the Notice of Levy, together with a copy of a letter dated October 29, 2018 from PNC Bank notifying WCDC of the Notice of Levy is attached hereto as Exhibits "A" and "B" respectively. As a result of the Notice of Levy, the Debtor has been prohibited from transferring the monies from two (2) of the accounts, the Operating Account and General Account into the new DIP account. The current balance in each of the three (3) accounts is as follows:

Operating Account ending in 5344	$ 106,186.45
General Account ending in 0688	$ 17,852.15
Payroll Account ending in 0696	$ 106,936.67[1]

5. The Debtor did not receive a Notice of Levy prior to the time it commenced this Chapter 11 Bankruptcy case.

6. Pursuant to Section 408(n) of the Internal Revenue Code, PNC Bank must hold the funds for 21 calendar days before the monies can be turned over to the Internal Revenue Service.

BASIS FOR RELIEF REQUESTED

7. The funds in Debtor's three (3) checking accounts, with the exception of the monies deposited by Chicago Housing Authority, are property of the bankruptcy estate. 11 U.S.C.§ 541, *United States v. Whiting Pools Inc.,* 462 U.S. 198, 103 S.Ct. 2309, 76 L.Ed.2d 515 (1983) *Hunter v. United States,* 201 B.R. 959, 961(E.D.Ark. 1996). Continued use of this Cash Collateral is not only necessary but vital to the

[1] Only $13,724.06 in the Payroll Account are funds of the Debtor. The remaining monies are funds directly deposited by the Chicago Housing Authority .

continued operation of the Debtor. Without access to its pre-petition cash, the Debtor is unable to meet on-gong expenses such as insurance payments, utility payments as well as other obligations essential to the operation of its business. The proposed Interim Agreed order does not contain any of the provision set forth in Local Rule 4001-2(A)(2).

8. The Debtor submits that the requests set forth herein are fair and reasonable and reflect the Debtor's prudent exercise of its business judgment consistent with its fiduciary duties.

9. As adequate protection for, and to the extent of, any diminution in the value of the Internal Revenue Service's interest in the Cash Collateral, resulting from its usage, but only to the extent that the Internal Revenue Service's interests in the Cash Collateral constitutes valid and perfected liens and security interests as of the Petition Date, the Internal Revenue Service shall receive the following:

a. **Replacement Liens**: The Internal Revenue Service shall be granted a replacement lien of the same priority and to the same extent and in the same collateral as the Internal Revenue Service had prepetition.

b. **Adequate Protection Payment**: The Debtor will pay $2,500 to the Internal Revenue Service no later than the 15th day of each month, until the earliest of the following:

i. The date on which the Debtor's rights to use Cash Collateral ceases;

ii. Entry of a Court order directing the cessation of such payments;

iii. Conversion of this proceeding to Chapter 7 of the Bankruptcy Code;

iv. Dismissal of this proceeding; or

v. Appointment of a trustee in this proceeding.

EXPEDITED RELIEF

10. The Debtor requests that the preliminary hearing on the interim relief requested in this motion be heard on or before November 8, 2018. The terms of the use of cash collateral on an interim basis are the same as a final basis. Approval on an interim basis in an expedited fashion is necessary to prevent any immediate and irreparable harm.

11. The Debtor further requests that a final hearing on the relief sought in this motion be scheduled within 30 days of entry of any interim order for the relief sought herein.

12. The Debtor requests that any order granting the relief sought herein be effective immediately and that the stay imposed by Federal Rule of Bankruptcy Procedure 6004(g) be waived.

REQUEST FOR RELIEF

WHEREFORE, the Debtor respectfully requests that the Court (i) enter an agreed interim order authorizing the Debtor to use the Cash Collateral on an interim basis on the terms set forth above, (ii) schedule a final hearing on this motion, (iii) after notice and an opportunity for a hearing, enter a final order authorizing the Debtor to use the Cash Collateral, and (iv) grant such additional relief as the Court deems just and proper.

Dated: November 5, 2018.

WOODLAWN COMMUNITY DEVELOPMENT CORP.

By: *_/s/ David R. Herzog_*
One of its attorneys

David R. Herzog
HERZOG & SCHWARTZ, P.C.
Attorneys for the Debtor
77 W. Washington Street, #1400
Chicago, Illinois 60602
Phone: (312) 977-1700

PNC

10/29/2018

PERSONAL & CONFIDENTIAL

WOODLAWN COMMUNITY DEVELOPMENT CORP
OPERATING ACCOUNT
6040 S HARPER AVE
CHICAGO IL 60637-3180

Re: WOODLAWN COMMUNITY DEVELOPMENT CORPORATION
PNC File No.: 2018-G0148700

Dear Customer:

The bank has been served with legal papers, which require the bank to restrain accounts (e.g., checking, savings, CDs, SmartAccess) and/or access to a safe deposit box. A copy of the papers that were delivered to the bank is enclosed with this letter. You may wish to immediately consult with your attorney if you have any questions about the Attachment.

The unit at PNC Bank that is assigned to process these papers cannot provide you with legal advice. If you have other questions or wish more information, you can contact the undersigned.

Your account agreement with the bank includes a schedule of services and or charges. Certain charges related to the Attachment will be deducted from the account(s). The due date for the bank to respond to the Attachment is found in the papers that are enclosed.

Thank you,

PNC Bank
Pittsburgh Garnishments
500 First Avenue
P7-PFSC-02-H
Pittsburgh, PA 15219
(Tel) 1-888-849-2096 opt 2
(Fax) 855-442-8717

Exhibit "A"

Form 668-A(ICS) (May 2018) | Department of the Treasury – Internal Revenue Service

Notice of Levy

Date 10/23/2018

Reply to Internal Revenue Service
ROSALYN WILLIAMS
230 S. DEARBORN STREET
M/S 5114
CHICAGO, IL 60604-1505

Telephone number of IRS office
(312)292-3017

Name and address of taxpayer
WOODLAWN COMMUNITY DEVELOPMENT CORPORATION
6040 S HARPER AVENUE
CHICAGO, IL 60637-3180998

To PNC BANK, NA
ATTN: COURT ORDERS AND LEVIES DEPT
302 W ADAMS STREET
CHICAGO, IL 60606

Identifying number(s) [redacted]743

WOOD

Special instructions for certain property levied

This isn't a bill for taxes you owe. This is a notice of levy we are using to collect money owed by the taxpayer named above.

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
941	06/30/2017	$587,662.59	$44,632.88	$632,295.47

This levy will attach funds in IRAs, Self-Employed Individuals' Retirement Plans, or any other Retirement Plans in your possession or control, if it is signed in the block to the right.		**Total Amount Due**	$632,295.47

We figured the interest and late payment penalty to 11/22/2018

The Internal Revenue Code provides that there is a lien for the amount that is owed. Although we have given the notice and demand required by the Code, the amount owed hasn't been paid. This levy requires you to turn over to us this person's property and rights to property *(such as money, credits, and bank deposits)* that you have or which you are already obligated to pay this person. However, don't send us more than the "Total Amount Due."

Money in banks, credit unions, savings and loans, and similar institutions described in section 408(n) of the Internal Revenue Code must be held for 21 calendar days from the day you receive this levy before you send us the money. Include any interest the person earns during the 21 days. Turn over any other money, property, credits, etc. that you have or are already obligated to pay the taxpayer, when you would have paid it if this person asked for payment.

Make a reasonable effort to identify all property and rights to property belonging to this person. At a minimum, search your records using the taxpayer's name, address, and identifying number(s) shown on this form. Don't offset money this person owes you without contacting us at the telephone number shown above for instructions. You may not subtract a processing fee from the amount you send us.

To respond to this levy —

1. Make your check or money order payable to United States Treasury.
2. Write the taxpayer's name, identifying number(s), kind of tax and tax period shown on this form, and "LEVY PROCEEDS" on your check or money order *(not on a detachable stub.)*.
3. Complete the back of Part 3 of this form and mail it to us with your payment in the enclosed envelope.
4. Keep Part 1 of this form for your records and give the taxpayer Part 2 within 2 days.

If you don't owe any money to the taxpayer, please complete the back of Part 3, and mail that part back to us in the enclosed envelope.

Signature of Service Representative	Title
ROSALYN WILLIAMS	REVENUE OFFICER

Catalog Number 20435N www.irs.gov Form 668-A (Rev.5-2018)

Part 1 – For Addressee

PAGE 2/2 * RCVD AT 10/23/2018 11:26:08 AM [Eastern Daylight Time] * SVR:WUEFS/WHI8 * DNIS:[illegible] * CSID:312 269 0973 * ANI:3122690973 * DURATION (mm-ss):00-41

Exhibit "B"

OCT. 29. 2018 10:29AM FRANKLIN & ADAMS 312-269-0973 NO. 9935 P. 2