UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al.* [1], Debtors.	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD Chapter 11
PITTSBURGH ATHLETIC ASSOCIATION, *et al.*, Movants, v. No Respondents.	Realted Doc. Nos. 638, 670, 673 and 674 Hearing Date: TBA Response Deadline: TBA

DEBTORS' EXPEDITED MOTION FOR ORDER (I) CONDITIONALLY APPROVING THE IMPAIRED CLASS AMENDED DISCLOSURE STATEMENT FOR SOLICITATION PURPOSES ONLY, (II) APPROVING THE FORM OF BALLOTS, (III) SETTING BALLOTING DEADLINE, AND (IV) CONTINUING THE APRIL 24, 2018 CONFIRMATION HEARING TO MAY 8, 2018

Pittsburgh Athletic Association ("**PAA**") and Pittsburgh Athletic Association Land Company ("**PAA-LC**", together with PAA, the "**Debtors**") file this Expedited Motion for Order (i) conditionally approving the Impaired Class Disclosure Statement for Solicitation Purposes Only, (ii) Approving the Form of Ballots, (iii) Setting Balloting Deadline, and (iv) continuing the April 24, 2018 Confirmation Hearing on the Amended Chapter 11 Plan to May 8, 2018, pursuant to 11 U.S.C. §§ 1124, 1125, and 1126, and Fed. R. Bankr. P. 3017 and 3018 (the "**Motion**"), stating as follows:

[1] The Debtors have the following cases pending Pittsburgh Athletic Association, Bankruptcy No. 17-22222-JAD and Pittsburgh Athletic Association Land Company, Bankruptcy No. 17-22223-JAD, both cases are being jointly administered under Case No. 17-22222-JAD.

JURISDICTION AND VENUE

1. The Bankruptcy Court has jurisdiction over this Motion pursuant to the provisions of 28 U.S.C. §157 and §1334.

2. Venue is proper for this proceeding pursuant to the provisions of 28 U.S.C. §1409.

3. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2).

4. The statutory predicate for relief are sections 1124, 1125, and 1126 of Title 11 of the Unites States Code, 11 U.S.C. § 101 *et seq* (the "**Bankruptcy Code**"), and Rules 3017 and 3018 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

BACKGROUND

5. On May 30, 2017 (the "**Petition Date**"), Debtors each filed voluntary petitions under Chapter 11 of the Bankruptcy Code.

6. Debtors are authorized to continue to operate their businesses and manage their properties as debtors-in-possession pursuant to Section 1107(a) and Section 1108 of the Bankruptcy Code.

7. Debtor, PAA-LC, owns certain real property located at 4215 Fifth Avenue, Pittsburgh, Pennsylvania 15213, bearing tax parcel identification number 27-R-1358, and containing approximately 33,136 square feet of land (the "**Club Parcel**").

8. In addition to the Club Parcel, Debtor, PAA-LC, also owns property located between Bigelow Boulevard and Lytton Avenue, Pittsburgh, Pennsylvania, with a street address of Bigelow Boulevard, Pittsburgh, Pennsylvania 15213, bearing a tax parcel identification number of 27-R-11O, and containing approximately 23,685 square feet of land (the "Hotel **Premises**", collectively with the Club Parcel, the "**Property**").

9. No trustee or examiner has been appointed in these chapter 11 cases.

10. On June 8, 2017, the Office of the United States Trustee formed the Official Committee of Unsecured Creditors (the "**Committee**").

11. The 341 Meeting of Creditors was held on August 22, 2017.

12. On September 15, 2017 the Court entered a Stipulation Order extending Debtors' exclusive right to file a plan of reorganization to December 26, 2017, and extending Debtors' exclusive right to obtain acceptances to said plan to February 26, 2018. Doc. No. 299].

13. On November 30, 2017, Debtors filed an adversary complaint against Oakland Fifth Avenue Hospitality Associates, L.P. ("OFAHA") at Adversary Case No. 17-02238-JAD (The "OFAHA Action") seeking to: (1) Avoid and Recover Pre-Petition Fraudulent Transfers pursuant to 11 U.S.C. §§548, 550 & 544 and the Pennsylvania Uniform Fraudulent Transfer Act; and, in the alternative, (2) Avoid and Recover a Preferential Pre-Petition Transfer pursuant To 11 U.S.C. §§547 & 550. OFAHA has a motion to dismiss pending and Debtors have served written discovery requests. Debtors and OFAHA agreed to stay all activity and deadlines in the OFAHA Adversary pending a potential settlement between the parties thereto.

The RFP Process

14. Upon commencement of the cases the Debtors retained the services of Holiday Fenoglio Fowler, L.P. ("HFF") as their real estate and capital advisors to market for sale and redevelopment the real property assets of the Debtors.

15. Debtors with the assistance of HFF, focused their reorganization efforts on a national marketing campaign of the Sale Assets through an extensive Request for Proposal Process ("RFP").

16. The RFP Process, included contacting over 9,000 commercial real estate contacts, conducting over 50 building tours, and ultimately resulted in the receipt of 10 initial bids on or about July 26, 2017. All the initial bids were submitted under confidentiality agreement. A detailed description of the RFP Process and pertinent dates is attached as **Exhibit "A"**.

17. One of the initial bids was from McKnight Realty Partners, a creditor of the estate by purchase of a claim, who joined in the objection to Debtors' Third Motion for Extension of Exclusivity filed by certain PAA Members along with the Pittsburgh Athletic Association Preservation Association ("PAAPA").

18. After thoroughly vetting the initial offers with the assistance of HFF, the Board of Directors unanimously selected Walnut Capital's proposal as the highest and best offer.

The PAA Membership Approval of the Sale and Redevelopment

19. On August 20, 2017, a duly noticed special membership meeting was held to provide the Board an opportunity to present the results of the RFP Process to membership and to have the PAA Members vote on the proposed plan for sale and redevelopment of the Sale Assets.[2]

20. Sixty-two PAA Members attended the August 20, 2017 meeting satisfying the quorum requirement under PAA's bylaws.[3]

21. During the meeting the Board of Directors presented the PAA Members with a redevelopment plan which provided that the PAA would be redeveloped through the sale of the Sale Assets subject to certain conditions which included:

a. A purchase price of not less than $9,500,000;

b. Payment of HFF's fees ($325,000);

[2] All capitalized terms not defined herein have the meanings ascribed to them in the Amended Plan.
[3] Under PAA Bylaws 50 members shall constitute a quorum for the transaction of business.

c. The purchaser was to put down a $1,000,000 non-refundable deposit;

d. PAA and the purchaser would form a joint venture with PAA taking a 3%, or more, interest in the new entity; [4] and

e. No PAA Member or PAA Board Member was to be involved in the redevelopment project.

22. The amenities package for the PAA under the proposed sale and redevelopment plan presented to the PAA Members at the August 20, 2017 meeting were as follows:

a. Exclusive use by the PAA of either the Grille Room (Restored) or the Schenley Room (Renovated) with upscale food and beverage service provided by outside vendor;

b. Regulation Single and Double Squash Courts (Location TBD);

c. Fitness Center of not less than 10,000 sq. foot, including space for (i) Locker Rooms (Male/Female); (ii) SPA/Sauna/Steam rooms; and (iii) Spin Classroom; and

d. Access to alternate fitness facilities during construction for PAA members.

23. The facilities packages for the PAA under the proposed sale and redevelopment plan presented to the PAA Members at the August 20, 2017 meeting were as follows:

a. Preservation of Critical Historic Elements;

b. Restoration and Beautification of Facade; and

c. Updates to the building for code compliance, accessibility, and modern HVAC.

24. Each of the redevelopment terms were summarized and presented to members through a Redevelopment Term Sheet (the "Redevelopment Term Sheet"), a copy of which is attached as **Exhibit** "**B**".

[4] The 5% interest which was proposed in the initial Plan has been monetized at a present value of $1,000,000 under the Amended Plan, which will provide the Debtors with substantial and essential "start-up" capital necessary to re-open and fund the initial operations of the Club.

25. Upon presentation of the Redevelopment Term Sheet, the PAA Members voted in favor by an overwhelming majority of 52 to 9, with 1 PAA Member abstaining.

26. Walnut Capital's bid and offer was ultimately selected, and thereafter the Board of Directors sent monthly updates to members to keep them abreast of the progress of Debtors' reorganization efforts and the sale and redevelopment plan was progressing. True and correct copies of these letters are attached as **Exhibit "C"**. No meaningful objections or comments were ever submitted by the PAA Members and in fact the Board received various emails praising the redevelopment process.

The Plan Process

27. On December 22, 2017, Debtors filed a Joint Chapter 11 Plan of Reorganization of Pittsburgh Athletic Association & Pittsburgh Athletic Association Land Company dated December 22, 2017 at [Doc. No. 418] (the "Plan"), a Joint Disclosure Statement to Accompany Joint Plan of Reorganization dated December 22, 2017, at [Doc. No. 419] (the "D/S"), and a Joint Summary of Chapter 11 Plan of Reorganization dated December 22, 2017 [Doc. No. 420] (the "Plan Summary" and collectively with the Plan and D/S, the "Plan Documents").

28. On December 28, 2017, the Court entered an Order scheduling a hearing on approval of the D/S for February 6, 2018 (the "D/S Hearing"). [Doc. No. 429].

29. On January 26, 2018, Debtors filed a Second Motion to Extend Exclusivity Period for Filing a Chapter 11 Plan and Disclosure Statement (the "Second Extension Motion") [Doc. No. 515].

30. On February 20, 2018, this Court, after notice and a hearing, granted the Second Extension Motion and entered an Order extending Debtors' exclusive rights to file a Plan of Reorganization and to obtain acceptances to said Plan to April 12, 2018 (the "Second Extension

Order") [Doc. No. 553]. Debtors retained the right to file an additional motion to extend the exclusivity period in the Second Extension Motion.

31. On March 13, 2018, Debtors filed an Amended Joint Chapter 11 Plan of Reorganization of Pittsburgh Athletic Association & Pittsburgh Athletic Association Land Company dated March 13, 2018 (the "Amended Plan") [Doc. No. 587], an Amended Joint Disclosure Statement to Accompany Joint Plan of Reorganization (the "Amended D/S") [Doc. No. 588] and an Amended Joint Summary of Chapter 11 Plan of Reorganization (the "Amended Plan Summary," collectively with the Amended Plan and the Amended D/S, the "Amended Plan Documents")[Doc. No. 589].

32. The Amended Plan Documents identified that the Members of PAA ("PAA Members") hold only a limited right to enjoy the benefits of their membership (i.e., access to the social and athletic offerings of PAA) and do not hold any other interest in PAA or PAALC, pursuant to 15 Pa. C.S.A. § 5753 and in accordance with PAA's Bylaws and thus the Members of PAA were not entitled to accept or reject under Debtors' Amended Plan.

33. The PAA Members voted in favor of the sale of the Sale Assets, as defined in the Amended Plan, and through the Redevelopment Term Sheet at the duly noticed special membership meeting held on August 20, 2017.

34. The Amended Plan Documents classified OFAHA in Class 2 as unimpaired with a claim of $2,223,832.10 (or as reduced by settlement).

35. OFAHA's treatment under the Amended Plan is contingent on the approval of a settlement with Debtors which will ultimately reduce and/or alter its rights under the Ground Lease and the OFAHA Loan Documents. The parties to the OFAHA Action have reached a settlement of that action in principle which impairs OFAHA by, *inter alia*, reducing its payment

on account of the indebtedness owed by PAA-LC. Accordingly, OFAHA is actually impaired and therefore Class 2 is an impaired under the Amended Plan.

36. The Amended Plan Documents classified the Blanche Trust in Class 3, with claims in the aggregate amount of $399,914.06. The Blanche Trust will be paid thirty (30) days after the sale of the Artwork as contemplated under the Amended Plan.

37. While the Debtors believe that the value of the Artwork is sufficient to repay the full amount of the indebtedness owed to the Blanche Trust, the Debtors cannot guarantee what profits are realized during an auction of the Artwork. In the event that the ultimate auction proceeds are insufficient to repay the Blanche Trust's secured claim in full, the Blanche Trust will have an unsecured deficiency claim. The variable nature of the auction process and uncertainty in proceeds to be realized leaves the Blanche Trust as the holder of an impaired claim under the Amended Plan.

38. On March 15, 2018, this Court entered an Order conditionally approving the Amended D/S and setting certain deadlines [Doc. No. 593]. The Court also scheduled a Confirmation Hearing on the Amended Plan for April 17, 2018 at 10:00 a.m. (the "Confirmation Hearing"). [Doc. No. 593].

39. On March 16, 2018, Debtors filed a revised Amended Plan to address a scrivener's error. [Doc. No. 594].

40. On March 29, 2018, Debtors' filed their Third Motion to Extend the Exclusivity Period under Section 1121 of the Bankruptcy Code, seeking an extension of exclusivity from April 12, 2018 to May, 2018. [Doc. No. 630].

41. On April 2, 2018, the Court entered the Re-Issued Order Conditionally Approving Disclosure Statement, Fixing Time for Filing Acceptances or Rejections of Plan, Fixing Time for

Hearing on Plan Confirmation, and Setting Last Day for Filing a Complaint Objecting to Discharge Combined with Notice Thereof Order, [Doc. No. 638], setting a deadline for serving of ballots accepting or rejecting the plan of April 17, 2018 and re-scheduling the hearing on confirmation of the Amended Plan for April 24, 2018.

42. On April 10, 2018, the Court held a hearing on Debtors' Third Exclusivity Motion and Objections thereto. During the hearing the Court indicated that the PAA Members may be considered impaired under the Amended Plan and may possibly be entitled to vote to accept or reject the Amended Plan. However, the Court reserved decision on this matter and the other matters raised by various parties at the April 10, 2018 hearing, leaving determination on these matters for the Confirmation Hearing.

43. On April 10, 2018, the Court entered a modified Order granting the Third Exclusivity, extending the exclusivity period "to the conclusion of the confirmation hearing or hearings on Debtors' pending plan."[5] [Doc. No. 669].

44. Following the April 10, 2018 hearing, counsel for the Debtors was advised by McKnight's Counsel that McKnight was evaluating the terms and conditions of a potential offer for the purchase of the Sale Assets and a potential redevelopment plan. However, as of the date of this Motion, approximately nine months after the LOI submission deadline through the RFP Process, McKnight has not produced an offer to the Debtors. The Debtors, their Board, their counsel and advisors have maintained that McKnight is free to submit an offer. But until there is an offer to consider the confirmation process will move forward on the Amended Plan.

45. In light of the Court's comments during the April 10, 2018, and to ensure all impaired and potentially impaired classes have had the opportunity to vote to accept the

[5] The filing of this Motion and the relief requested is not a waiver by the Debtors' of their exclusivity as extended under the Court's April 10, 2018 Order or the Debtors' right to seek further extensions.

Amended Plan, rather than proceeding with the April 24, 2018 Confirmation Hearing, Debtors hereby request a continuance of the Confirmation Hearing to May 8, 2018. This continuance will allow the Debtors to solicit the acceptance of the PAA Members, OFAHA, and the Blanche Trust

46. Contemporaneously with this Motion the Debtors filed the Impaired Class Amended Disclosure Statement and a Second Revised Amended Plan, along with redlined versions of each, to indicate the changes to the treatment of Classes 2 and 3, and the potential impairment of the PAA Members. Treatment of all other parties to the Plan are not affected by the changes presented in the Motion and the revised Amended Plan Documents.

REQUESTED RELIEF

47. Debtors seek approval of the Impaired Class Amended Disclosure Statement attached as **Exhibit "D"** and the forms of Ballots attached as **Exhibit "E"**. Once approved, these documents will be sent along with a Cover Letter from the President of the Debtors' Board summarizing the Debtors' due diligence process and other marketing materials, to OFAHA, the Blanche Trust and the PAA Members as set forth on **Exhibit "F"**.[6] Debtors also request that the Court set a Voting Deadline and continue the April 24, 2018 Confirmation Hearing to May 8, 2018, so that Debtors may complete balloting in accordance with the Impaired Class Amended Disclosure Statement.

A. Impairment of OFAHA and the Blanche Trust

48. Pursuant to section 1124 of the Bankruptcy Code, "a class of claims or interests is impaired under a plan unless the plan leaves unaltered, legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest." 11 U.S.C. § 1124(1).

[6] Exhibit F is filed under seal to protect the personal information of the PAA Members. By filing this Motion the Debtors do not acknowledge that all of the recipients listed on Exhibit "F" are PAA Members in good standing as many members have unpaid dues and assessments.

49. OFAHA filed two proofs of claim in the PAALC claims registry in the aggregate amount of $2,223,832.1.

50. The result of the settlement with OFAHA will result in, *inter alia*, a reduction in the OFAHA claims by approximately $250,000, with interest and fees capped, and an assignment of the Ground Lease to a to-be formed entity Walnut PAA upon confirmation of the Amended Plan. Upon assignment of the Ground Lease certain provisions of the Ground Lease are being revised by and between Walnut PAA and OFAHA as a result of these bankruptcy proceedings. Accordingly, OFAHA, as the only member in Class 2, will have its rights under the OFAHA Loans and Ground Lease impaired under the Amended Plan.

51. Similarly, the Blanche Trust is impaired under the Amended Plan in that its claim will be paid 30 days after the auction sale of the Artwork as opposed 30 days after the closing of the sale of the Sale Assets. However, in the event the proceeds from the auction of the Artwork is insufficient to pay 100% the Blanche Trust's claim, the Blanche Trust will have an unsecured deficiency claim. The variable nature of the auction process and uncertainty in proceeds to be realized leaves the Blanche Trust as the holder of an impaired claim under the Amended Plan.

52. Accordingly, because of the reduction and alterations in OFAHA's rights and the Blanche Trust's rights, Classes 2 and 3 are impaired under the Amended Plan and are entitled to vote to accept the Amended Plan.

B. The Impaired Class Amended Disclosure Statement and Ballots

53. Based on the impairment of Classes 2 and 3 as set forth herein, and based on the comments of the Court at the April 10, 2018 hearing regarding the potential impairment of the PAA Members, Debtors have prepared an Impaired Class Amended Disclosure Statement which details the changes to these classes only. *See* Exhibit "D".

54. The purpose of the Impaired Class Amended Disclosure Statement is to provide the required notice to the impaired classes and potentially impaired classes of the treatment under the Amended Plan and to allow those parties the opportunity to vote to accept the plan.

55. Section 1125 of the Bankruptcy Code provides that "[t]he same disclosure statement shall be transmitted to each holder of a claim or interest of a particular class, but there may be transmitted different disclosure statements, differing in amount, detail, or kind of information, as between classes." 11 U.S.C. § 1125(c).

56. Here, the Amended Disclosure statement has been conditionally approved by the Court and has been served on the applicable parties as required by the Court's Orders and applicable Bankruptcy Code Sections and Bankruptcy Rules. With the exception of Classes 2 and 3, treatment of all the other Classes under the Amended Plan has not changed. Furthermore, the proposed disposition of the Debtors' assets and redevelopment plan, as proposed by the Amended Plan, has not changed.

57. Therefore, the only changes incorporated in the Impaired Class Amended Disclosure Statement are those that identify Classes 2 and 3 as impaired as demonstrated by the redlined version of the Impaired Class Amended Disclosure Statement attached as **Exhibit "G"**.

58. Accordingly, Debtors respectfully request conditional approval of the Impaired Class Amended Disclosure Statement for solicitation purposes only, to be served on Classes 2 and 3, the PAA Members, in conjunction with the Second Revised Amended Plan and Ballots.

C. Limited Notice and Objection Deadline

59. Bankruptcy Rule 3017(a) requires "notice to the debtor, creditors, equity security holders and other parties in interest to consider the disclosure statement and any objections or modifications thereto." Fed. R. Bankr. P. 3017(a).

60. Debtors submit that it is in the best interests of their estates to limit the notice required under Bankruptcy Rule 3017(a). On the date hereof, the Debtors will serve this Motion (and, once entered, the Expedited Scheduling Order) on: (i) the United States Trustee; (ii) counsel for the Committee; (iii) the Blanche Trust; (iv) the Counsel for OFAHA; (v) and all other parties requesting notice in the Debtors' chapter 11 cases.

61. Debtors submit that, in light of the nature of the relief requested and limited effect on other Classes under the Amended Plan, no other or further notice need be given. Debtors will also provide copies of the Impaired Class Amended Disclosure Statement and the Second Revised Amended Plan to any party that requests the same.

62. Debtors believe that limiting the notice requirement of the Impaired Amended Disclosure Statement and the Second Revised Plan to only Classes 2 and 3, and the PAA Members on Exhibit "F" will limit confusion among the estates stake holders as well as limit unnecessary administrative expenditures at this late stage in the plan confirmation process.

63. The Court has granted such conditional approval and limited notice for solicitation purposes on other occasions in the Chapter 11 plan contexts. *See In Re Gulf Chemical & Metallurgical Corporation, a Texas corporation, et al.*, Bankr. Case No. 16-22192-JAD.

64. Accordingly, the Debtors request the Court to enter an Order limiting the notice requirements of the Impaired Class Amended Disclosure Statement, Ballots and Second Revised Amended Plan on only Classes 2 and 3 and the PAA Members.

D. Setting of the Voting Deadline

65. Pursuant to Section 1126 of the Bankruptcy Code, "[t]he holder of a claim or interest allowed under section 502 of this title may accept or reject a plan." 11 U.S.C. § 1126(a).

66. With regards to acceptance by a class of interests, where the PAA Members would potentially fall, section 1126 provides that "[a] class of interests has accepted a plan if such plan has been accepted by holders of such interests . . . that hold at least two-thirds in amount of the allowed interests of such class held by holders of such interests . . . that have accepted or rejected such plan. *Id.*

67. Bankruptcy Rule 3018 provides in relevant part that "[a] plan may be accepted or rejected in accordance with § 1126 of the Code within the time fixed by the court pursuant to Rule 3017. Fed. R. Bankr. P. 3018(a).

68. Bankruptcy Rule 3017 provides that: "[o]n or before approval of the disclosure statement, the court shall fix a time within which the holders of claims and interests may accept or reject the plan and may fix a date for the hearing on confirmation." Fed. R. Bankr. P. 3017(c).

69. Bankruptcy Rule 3018 provides further that: "[a]n acceptance or rejection shall be in writing, identify the plan or plans accepted or rejected, be signed by the creditor or equity security holder or an authorized agent, and conform to the appropriate Official Form." Fed. R. Bankr. P. 3018(c).

70. Here, the Debtor has prepared the attached Impaired Class Amended Disclosure Statement and the Ballots to provide adequate information necessary for the members of Classes 2 and 3 and the PAA Members to make informed decisions on whether to accept the Amended Plan and to cast their vote accordingly. *See* Exhibits "D" and "E".

71. In order to capture all potential members of the PAA Member class, Debtors prepared a list of PAA Members who were members of the PAA as of the date of filing the Amended Plan Documents. *See* Exhibit "F". This list has been provided to counsel for PAAPA and other members who have appeared in these proceedings.

72. Accordingly, Debtors request that the Court set a Voting Deadline for Classes 2 and 3 and the PAA Members to submit their ballots on the Amended Plan to Debtors on or before May 1, 2018 at 5:00 PM.

REQUEST FOR EXPEDITED RELIEF

73. In order to obtain a hearing on an expedited basis a movant must show: (1) just cause to request consideration of the underlying matter on an expedited basis; (2) the specific harm the movant shall incur if a hearing is not granted on an expedited basis; an (3) the need for an expedited hearing has not been caused by any lack of due diligence on the part of the attorney or the attorney's client but has been brought about solely by circumstances beyond their control. *See* W.D.Pa. LBR 9013-2(a).

74. In the instant case, just cause exists for the Court to hold an expedited hearing on this matter as a obtaining a determination on the Motion under the normal notice period would cause Debtors to incur irreparable harm. Debtors are on the eve of the Confirmation Hearing on the Amended Plan, and proceeding without allowing the vote of Classes 2 and 3 and the PAA Members may hinder confirmation and lease to further increased administrative expenses to the detriment of all the parties in interest in this case. There is also a potential loss of the purchaser, Walnut Capital, if the confirmation process takes a protracted litigation trajectory. The result of the aforementioned circumstances supporting just cause for expedited treatment will undoubtedly cause irreparable harm to Debtors and the parties in interest and may frustrate Debtors' reorganization efforts to date.

75. The need for expedited hearing on the Motion was the result of unforeseen events which culminated during the April 10, 2018 hearing and based on the Court's comments during that hearing, it is apparent that the need for the Motion on an expedited basis is the best avenue

to cure any potential issues with the Amended Plan Documents and to facilitate the presentment of a confirmable plan at the continued Confirmation Hearing.

76. Accordingly, Debtors request this Court schedule a hearing on this matter on an expedited basis.

WHEREFORE, Debtors respectfully request that this Honorable Court to approve the Impaired Class Amended Disclosure Statements and Ballots, to set a balloting deadline of May 1, 2018 at 5:00 PM, and to continue the hearing on confirmation of the Amended Plan to May 8, 2018.

TUCKER ARENSBERG, P.C.

DATED: April 15, 2018

/s/ Jordan S. Blask

Jordan S. Blask, Esquire
PA ID No. 308511
Matthew J. Burne, Esquire
PA ID No. 314888
Sloane B. O'Donnell, Esquire
PA ID No. 321295
1500 One PPG Place
Pittsburgh, PA 15222
Phone: 412-566-1212
jblask@tuckerlaw.com
mburne@tuckerlaw.com
sodonnell@tuckerlaw.com

Exhibit "A"

(RFP Process Timeline)

PAA "RFP" Marketing Process & Timeline		
Task	**Date**	**Comments**
HFF Engaged by PAA	5/03/2017	
RFP Email Blast #1	6/15/2017	Offering summary sent to 9,138 commercial real estate contacts for registration to review RFP and certain PAA documents.
RFP Email Blast #2	6/22/2017	Second email blast.
Bid Notice	7/20/2017	Email to all contacts notifying them of 7/26/2018 bid date.
Bid Due Date	7/26/2017	HFF received ten (10) bids from the following groups. 1. DiCicco Development 2. University of Pittsburgh 3. Walnut Capital 4. The Davis Companies 5. Callay Capital\OFAHA (Hotel ground lease only) 6. M&J Wilco 7. Hycroft 8. McKnight Realty Partners 9. Spectrum (Hotel ground lease only) 10. PMC Property Group
Best & Final Letters Sent	8/09/2017	Best & Final Bid letters were sent to the following groups. 1. DiCicco Development 2. University of Pittsburgh 3. Walnut Capital 4. The Davis Companies 5. Callay Capital\OFAHA 6. M&J Wilco 7. Hycroft 8. McKnight Development 9. Hardy Enterprises 10. Yvonne Rose
Telephone Interviews	8/17 & 18/2017	The PAA Board conducted telephone interviews with the following finalists 1. DiCicco Development 2. University of Pittsburgh 3. Walnut Capital 4. The Davis Companies 5. M&J Wilco 6. Hycroft 7. McKnight Realty Partners
PAA Membership Meeting	8/20/2017	Members voted to approve PAA Redevelopment Term Sheet
Court Hearing	8/22/2017	Ruling requiring Letters of Intent ("LOI") from prospective bidder finalists.
LOI Request to Bidders	8/23/2017	Request for LOIs were sent to the following seven (7) finalists. 1. DiCicco Development 2. University of Pittsburgh 3. Walnut Capital 4. The Davis Companies 5. M&J Wilco 6. Hycroft 7. McKnight Realty Partners
LOI Due Date	9/05/2017	HFF received LOIs from all seven (7) of the groups above.
PAA Board Meeting	9/08/2017	Meeting to review LOIs. Walnut Capital and Hycroft were deemed finalists. HFF contacted both groups for their best & final bid.
Selection	9/11/2017	Walnut Capital was selected due to highest offer, better amenity package, and proven track record with difficult development & redevelopment projects. Also, concern on other bidder's proposed condo redevelopment getting requisite approvals.

Exhibit "B"

(RFP Term Sheet)

Pittsburgh Athletic Association
4215 Fifth Avenue ● Pittsburgh, Pennsylvania 15213
412.621.2400

PAA REDEVELOPMENT TERM SHEET

FINANCIALS

- INVESTMENT AMOUNT NOT LESS THAN $9,500,000.00
- HFF SUCCESS FEE TO BE PAID BY INVESTOR $325,000.00
- NON-REFUNDABLE DEPOSIT OF NOT LESS THAN $1,000,000 UPON EXECUTION OF AGREEMENT
- INVESTMENT STRUCTURE IS A JOINT VENTURE - INTEREST TO PAA NOT LESS THAN 3%
- NO PAA MEMBER OR PAA BOARD MEMBER INVOLVED IN THE REDEVELOPMENT PROJECT

ASSOCIATION AMENITIES

- ARTWORK/PLAQUES/MEMORABILIA REMAIN WITH PAA
- EXCLUSIVE USE BY THE PAA OF EITHER THE GRILLE ROOM (RESTORED) OR THE SCHENLEY ROOM (RENOVATED) WITH UPSCALE FOOD AND BEVERAGE SERVICE PROVIDED BY OUTSIDE VENDOR
- REGULATION SINGLE AND DOUBLE SQUASH COURTS LOCATION TBD
- PRIVATE OFFICE OF NOT LESS THAN 800 SQ.FT.
- FITNESS CENTER PLUS SPACE FOR: (i) LOCKER ROOMS (MALE/FEMALE;) (ii)SPA/SAUNA/STEAM; AND (iii) SPIN/CLASSROOM OF NOT LESS THAN +/- 10,000 SQ.FT.
- ACCESS TO ALTERNATE FITNESS FACILITIES DURING CONSTRUCTION FOR PAA MEMBERS

FACILITIES

- PRESERVATION OF CRITICAL HISTORIC ELEMENTS
- RESTORATION AND BEAUTIFICATION OF FACADE
- UPDATES TO BUILDING FOR CODE COMPLIANCE, ACCESSIBILITY, AND MODERN HVAC

Exhibit "C"

(PAA Member Updates)

Thomas Trimbur

From: Pittsburgh Athletic Association < >
Sent: Wednesday, May 17, 2017 1:37 PM
To: Pittsburgh Athletic Association
Subject: PAA Update from the club President

May 17, 2017

To My Fellow Members:

My name is James Sheehan and I was elected President of the Pittsburgh Athletic Association (the "PAA") at the annual board reorganizational meeting held on April 24, 2017. I am writing to provide the membership of the PAA with an update on the current state of our organization and to implore each of you to continue to support the PAA.

It should be no surprise that the PAA has fallen on tough times. Our membership numbers have dwindled over the years and our grand facility is in desperate need of upgrades. As a result of various internal and external stressors we find ourselves in a liquidity crisis. The PAA's debts greatly exceed our income and we cannot pay our operating expenses. Making matters worse, our insurance has lapsed.

The Board has cooperatively agreed that our priority must be to save the PAA through a cautious, transparent, and properly advised restructuring. A process focused on ensuring that the PAA will survive for generations to come, so that your children and your grandchildren will be able to create their own memories at the PAA just as each of us has done for the last century. To achieve this goal we need your support!

The purpose of this letter is two-fold. First and foremost the Board of Directors (the "Board") hopes to begin the process of restoring member confidence in the PAA's leadership. Second, we want to outline the restructuring strategy that has been unanimously adopted by the Board so that our members will understand that our only goal is to achieve continued longevity for the PAA and we have no intention of dissolving into local history.

On restoring confidence in leadership…a few highlights:

- The Board of Directors is currently comprised of James Sheehan as President, Blake Stanton as Vice President, Jonathan Glance as Secretary and Thomas Trimbur as President Ex-Officio.
- In the coming days we hope to fill an additional board seat with a Treasurer and are considering additional board members as well.
- All Board members are required to execute a Conflict of Interest Policy and subscribe to new Board of Director Guidelines as a prerequisite to serving on the Board.
- An independent Board that is fully educated on their fiduciary duties and free from conflicts of interest is our most highly regarded precept.
- We will begin holding regular membership meetings in the near future.
- So as to ensure that the Board is accessible to each of you between membership meetings and throughout the restructuring process we encourage members to email us at All emails will be responded to in a timely manner.
- Soon we will be circulating a financial summary report for all members which will detail the current fiscal crisis facing the PAA.
- We are evaluating staffing needs and will be working with local unions, public officials and our advisors to develop a strategy for staffing the PAA through the restructuring and thereafter in a way that respects employee commitment and nurtures a productive and prosperous working environment.

Turning next to our restructuring, we have characterized our endeavor as "PAA 2.0". Our goal for PAA 2.0 is PRESERVATION. I am confident we can achieve this goal and the Board has implemented the following measures necessary to effectuate our plan including:

- Engaging the services of Tucker Arensberg, P.C. as legal counsel to assist the PAA through its restructuring.
- Engaging the services of Holliday Fenoglio Fowler, L.P. ("HFF") as real estate advisors to explore options for maximizing the real estate value of the PAA in a way that preserves the facility for member enjoyment while generating outside revenue through non-club related opportunities.
- We are also in the process of immediately interviewing and engaging a financial advisor to assist in our turnaround efforts and to make certain that the PAA has accurate, reliable and comprehensive financials.
- We are meeting with Oakland Fifth Avenue Hotel Associates, Allegheny Valley Bank, Councilman Dan Gilman, Pittsburgh History and Landmarks Foundation, our unions and other local partners to identify and foster opportunities for the PAA and its employees.

To ensure the success of PAA 2.0 and encourage a sustainable PAA for the future, we have identified the following steps as a near-term action plan:

- No later than **12:00pm on Saturday, May 20, 2017** all members must remove their personal items from the PAA.
- The PAA will be closed and locked at 5:00pm on May 20, 2017 to maintain a safe and secure facility. No member access will be permitted unless authorized by the Board.
- We will be relocating all necessary books and records of the PAA to a secure, off-site office location.
- We have already relocated the artwork to a secure location.
- Reinstate insurance coverage.
- Prepare a comprehensive audit of PAA finances beginning with the year ending 2016. Once completed, we will make the audit available to members.
- Conduct an inventory of all PAA assets, fixtures, artwork, furnishings, and historic memorabilia. Once completed we will make the inventory available to members.
- Pursue bankruptcy protection through the filing of a chapter 11 bankruptcy.

Some of you might be asking what all of this means. To be frank, the PAA will be "dark" for a short period of time. During that time we will implement the early stages of PAA 2.0, while racing to the "light" so that we can reopen the PAA as quickly as possible.

The Board is fully committed to transparency and to tirelessly seeing this process through to the end. To realize these goals and achieve PAA 2.0 we need the support of all members. Support comes in the form of loyalty to the organization, devotion to attracting new members, encouraging prior members to return to the PAA, and lastly but most important, paying your dues in a timely manner. Without your continued dues payments, we will not be able to finance PAA 2.0. Therefore, I respectfully request that each member commits to continuing to pay their dues and to immediately paying any dues in arrears. Further by paying your dues, there will be no lapse in your membership and you will not be obligated to reapply for membership when PAA 2.0 is realized.

We welcome all members to join in a discussion of PAA 2.0 with our Board at the Twentieth Century Club on May 31, 2017 at 5:30pm.

The Board understands that there will be inconveniences to members while we go through this restructuring and we are in the process of coordinating arrangements with other clubs to provide some continuity of services to each of you during this transition period. I encourage any member who has questions to please email us at . Thank you for your support and your trust. The Board is excited to embark on PAA 2.0 and we hope each of you is too!

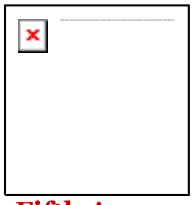
Sincerely,

James Sheehan

President, Pittsburgh Athletic Association

Cc: Jordan S. Blask, Esq.

Mark Popovich



Thomas Trimbur

From: Pittsburgh Athletic Association < >
Sent: Monday, July 03, 2017 11:15 AM
To:
Subject: PAA Update

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Dear Fellow Members,

Your board of directors has been very busy over the past month. But as we take a breather for the Independence Day Holiday, we realize we have not shared with you the progress the club has made since our last lengthy letter from late May.

We have new board members whose love of the club is strong! Here is the full board:

Jim Sheehan, President — Blake Stanton, Vice- President

Jonathan Glance, Secretary — Ken Linamen, Treasurer

Polly Bozdech-Veater — Dr. Carl Bruning

Charles Felix — Dr. Bunt Singh

Tom Trimbur

We have secured funding referred to as debtor in possession financing to fund operations during bankruptcy reorganization. That has allowed us to get insurance in force. All utilities have been restored just this week. All employees whose paychecks were not able to be cashed right away have been fully compensated. But we are operating with a skeleton crew as we work on an operating budget. That budget it being put together by our Chief Restructuring Officer, Bill Krieger of the highly respected consulting firm Gleason Experts.

The request for proposals sent out by Holliday Fenoglio Fowler has been met with overwhelming response! They have had many more inquiries than anticipated. Here is a link to the material:

https://my.hfflp.com/Subscriptions/ViewBlast?BBArgs=qaoRuH_k4VgPGfd_NndznWV76qr5lYVchkirEcUStoZgPcvn

The board has been referring to the redevelopment of the PAA as "PAA 2.0" purely for ease in our communication. To put any rumors to bed, it simply means that we intend to emerge from bankruptcy protection with a plan to operate as the PAA with a smaller footprint within our existing building. We have not used our square footage efficiently for years. It was too great a cost to maintain such a large facility for a membership of our size. With all of the interest from developers, we are extremely optimistic that we will end up with first class facilities with the remaining space used for a complementary purpose.

As we go through bankruptcy reorganization and emerge, we need to stick together as members. The board understands that nobody wants to pay dues for a club they cannot use. But this is a necessary inconvenience as we explore opening for limited service. That is why dues have been temporarily decreased. We hope you can remain patient for what awaits us as we come through this challenging time. Members who stick it out will not have to apply for membership of the new and improved club. You have stuck it out thus far, please hold on a while longer.

If you have any questions, please contact the board at

I wish you safe and happy Independence Day,

Jim

Thomas Trimbur

From: Pittsburgh Athletic Association < >
Sent: Monday, July 31, 2017 2:08 PM
To: Pittsburgh Athletic Association
Subject: PAA Update - In Case You Were Wondering

July 29, 2017

In Case You Were Wondering…

Dear Fellow Members,

Your Board of Directors wants to keep you in the loop on what is going on at the club. We will endeavor to get information to you on a more frequent basis. If you have any questions or concerns, please contact the club at the main number 412-621-2400 and ask to have a board member call you back or send an email to .

We have seated members in the Executive & Finance, House and Membership committees. If you are interested in serving on one of those committees please contact the board.

As we communicated earlier in the month, utilities were restored. However, what had been a small, manageable water leak in the boiler room became a serious leak that required immediate attention. The main supply had to be turned off until the repair could be made. The initial estimate was much higher than we thought it would be, so we sought additional bids. We are hoping for the repair to be completed by August 1 and the water turned back on.

The club artwork has been removed from the club for safekeeping. It is pledged as collateral and it was the best way to protect it. When we exit bankruptcy, the artwork will be returned to the original display positions.

The budget is still being finalized by Gleason Associates to determine if it would be profitable to re-open the club for athletics usage. The bankruptcy judge will not permit us to engage in unprofitable business as that would jeopardize the claims of creditors. But if we can demonstrate to the judge that we can operate our fitness facilities without losing more money, we will do that as quickly as possible.

The deadline for proposals on potential redevelopment of the clubhouse was this past week. Holiday Fenoglio Fowler is evaluating them for legitimacy and will present them to the board. The board will review proposals and discuss the options with membership at a general membership meeting in early September.

If you are receiving a paper copy of this but did not receive an email, please send an email to
and give us your name and member number to be associated with the proper email address. If you don't use email, we understand and that is fine.

If you are receiving this via email and you don't need a paper copy as well, please email us with your name and member number and we will refrain from wasting postage on un-needed mailings in the future. It is much more economical for the club to communicate with you via email.

Warm regards,

Your Board of Directors

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: Pittsburgh Athletic Association >
Sent: Thursday, August 10, 2017 11:13 AM
To:
Subject: PAA Special Meeting of the Membership

THE BELOW LETTER IS BEING MAILED TO ALL CURRENT MEMBERS OF THE PITTSBURGH ATHLETIC ASSOCIATION.

IF YOU DO NOT RECEIVE IT IN THE MAIL, YOU ACCOUNT IS NOT CURRENT.

IF YOU WOULD LIKE TO ATTEND THE GENERAL MEMBERSHIP MEETING TO LEARN ABOUT THE POTENTIAL REDEVELOPMENT OF THE PAA CLUBHOUSE AND VOTE ON THE FUTURE OF THE CLUB, YOU ARE URGED TO DISCSUSS YOUR CLUB ACCOUNT AS SOON AS POSSIBLE WITH GLEASON & ASSOCIATES. CALL AND SPEAK TO JACLYN GWYNN.

August 8, 2017

NOTICE OF SPECIAL MEETING OF PITTSBURGH ATHLETIC ASSOCIATION

-

August 20, 2017 AT 1:00PM

TWENTIETH CENTURY CLUB

4201 BIGELOW BLVD, PITTSBURGH, PA 15213

To My Fellow PAA Members,

I am calling this special meeting of the PAA membership in good standing so that the Board of Directors and I can apprise you of the results of the solicitation of competitive bids from interested developers for the redevelopment of the club house building, the purchase of the rights to the land lease and the measures taken to facilitate the continuation of the PAA presence in a portion of the club house building.

Also in attendance will be representatives from Tucker Arensberg, P.C., our legal counsel, Gleason and Associates, our financial consultant, and HFF, our real estate advisor. These professionals will assist in explaining the steps and processes involved with the redevelopment and will support our Board of Directors in providing membership with necessary information related thereto.

This meeting will be held on August 20, 2017 at 1:00 PM at the Twentieth Century Club (address above).

In accordance with our Bylaws this letter shall serve as formal notice being sent at least ten (10) days prior to this Special Meeting of the membership on August 20, 2017.

The agenda and purpose of the meeting will be the following:

1. A discussion of the goal of redeveloping the PAA club house building
2. A discussion of the goal to monetize the 99 year land lease that we have with the hotel parcel developer.
3. A vote by membership to adopt or reject these plans of redevelopment.

Please note that in accordance with our Bylaws, voting by proxy at this special meeting will not be permitted. Therefore, all members receiving this notice are strongly encouraged to attend the meeting.

I hope to see you all on August 20, 2017.

Best regards,

James A. Sheehan

President, Pittsburgh Athletic Association

Thomas Trimbur

From: Pittsburgh Athletic Association
Sent: Thursday, August 17, 2017 2:25 PM
To:
Subject: PAA Bankruptcy Progress

Fellow PAA members,

We as Board of Directors are working hard to be as transparent and fiscally responsible as possible with all the issues related to the PAA and PAA Land Company. We are being frustrated at every turn by the Pittsburgh Athletic Association Preservation Association (PAAPA) and Yvonne Rose's actions.

Most recently, PAAPA and Ms. Rose issued Subpoenas against all Board Members seeking to take our depositions and force production of documents in an effort to substantiate many untruthful and inaccurate statements they have made in their bankruptcy court filings. This caused us to expend further resources to file a Motion for Protective Order to quash these subpoenas. A hearing took place and scope of the discovery requests was narrowed by Court order. There is now a parallel track of litigation associated with PAAPA and Mr. Rose's litigation that will run contemporaneously with our redevelopment process. The costs associated with this most recent litigious conduct cannot not yet be calculated but we can assure you that they will be substantial. Unfortunately, with each forced detour from our goal of reorganization the likelihood of finding a development partner willing to work with us to sustain the PAA for years to come could be reduced. We have great opportunities on the horizon and we want your support in realizing those opportunities.

While PAAPA and Ms. Rose believe that a "Trustee" should be in charge of our clubhouse and our reorganization, what they do not seem to understand is that a Trustee will make the priorities of our members; ie. preservation and continuity of the club, the lowest priorities and will only be focused on selling our assets to pay off the creditors. With your support of the Board in this process we will be able to fairly balance our duties to our creditors against our members' desire to sustain the PAA.

The Court has already questioned PAAPA's standing in these proceedings and has warned all parties that expenses incurred due to frivolous conduct before the Court will be paid for by the parties and their lawyers who engaged in any such frivolity. One note of clarification on certain points raised by PAAPA and Ms. Rose, namely the concept of members getting a payday from the sale of our assets. Unless the PAA was formally and permanently dissolved as a non-profit (aka ceased to exist) there is no chance of members receiving money.

The PAAPA's goal when originally founded was to preserve the PAA through engaging past and current members which included working in collaboration with the PAA board. But it's actions are counter to that goal.

- In fact, 3 of the current PAA BOD members were on the original PAAPA BOD and 2 of 3 served in leadership roles.

- All 3 resigned by early July as they saw the PAAPA moving further and further away from the goal and any collaboration with the PAA BOD.
- The PAAPA has moved into a very combative mode with the PAA board and the bankruptcy court/procedures.

Additionally, the PAAPA has passed on misinformation which has caused confusion/concerns with many including the creditors, the public, potential developers and most importantly to you our members.

As a result, our bankruptcy counsel filed a cease and desist letter. The major areas of concern are:

- Trademark Infringement and dilution including:
    - Prominently display the PAA mark (Winged Head)
    - A website and email communications concerning the Clubs' business and current bankruptcy proceedings which imply they are coming from the PAA Board
- UnfairTrade Practices including
    - Passing off of PAAPA services as those of the PAA
    - Causing a likelihood of confusion or misunderstand as to the sposorship, approval, connection, association of PAAPA's services by the PAA Club
    - Engaging in deceptive conduct which has lead to confusion. Donations to PAAPA DO NOT benefit the PAA
- Violation of the Automatic Stay and the Exculsivity Period under the Bankruptcy Code. Under the Bankruptcy Code the PAA has a 120 day period of exclusivity to develop a plan of reorganization.
- PAAPA has drafted and circulated communications to PAA members containing false information in an attempt to solicit rejection of the plan of reorganization.

We want you to know the PAAPA DOES NOT speak for the PAA, it's members, or the BOD.

If we as club members have any hope of using and enjoying a new PAA in the future, we encourage you as members not to donate/participate in PAAPA . But continue to pay your PAA dues and provide your support of the board of directors.

We strongly encourage you to reach out to your board of directors with any questions/concerns.

Warm regards,

Your Board of Directors.

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: Pittsburgh Athletic Association
Sent: Saturday, August 19, 2017 1:10 PM
To:
Subject: REMINDER: Special Meeting of the Pittsburgh Athletic Association

Dear Fellow PAA Members,

Don't forget about our special membership meeting tomorrow:

August 20, 2017 AT 1:00PM

TWENTIETH CENTURY CLUB

4201 BIGELOW BLVD, PITTSBURGH, PA 15213

(Parking should be available in the Soldiers & Sailors garage on Bigelow Blvd.)

The agenda and purpose of the meeting will be the following:

1. A discussion of the goal of redeveloping the PAA clubhouse building
2. A discussion of the goal to monetize the 99 year land lease that we have with the hotel parcel developer.
3. A vote by membership to adopt or reject these plans of redevelopment.

Only members and spouses of members are invited to the meeting. Guests and non-members will not be permitted in the room. And only voting members will be permitted to vote via a ballot you will be provided when you enter.

We are calling this special meeting of the PAA membership in good standing so that the Board of Directors can apprise you of the results of the solicitation of competitive bids from interested developers for the redevelopment of the club house building, the purchase of the rights to the land lease and the measures taken to facilitate the continuation of the PAA presence in a portion of the club house building.

Also in attendance will be representatives from Tucker Arensberg, P.C., our legal counsel, Gleason and Associates, our financial consultant, and HFF, our real estate advisor. These professionals will assist in explaining the steps and processes involved with the redevelopment and will support our Board of Directors in providing membership with necessary information related thereto.

We hope to see you all on August 20, 2017.

Best regards,

Board of Directors,

Pittsburgh Athletic Association

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: Pittsburgh Athletic Association < >
Sent: Wednesday, August 23, 2017 10:46 AM
To:
Subject: Pittsburgh Athletic Association update from your board

Dear Fellow Members,

We are pleased to report that at our special meeting of the membership on Sunday, August 20, the votes of the 62 members who attended were overwhelmingly in favor of the proposed parameters to redevelop the clubhouse! The terms presented at that time are the minimum requirements of any development deal. Many of the offers already exceed those minimum parameters.

The response to the request for proposals process handled by Holiday Fenoglio Fowler has been outstanding. We have received proposals from many excellent, highly respected developers whose proposed plans and investment will pave a way out of bankruptcy. We will be in a joint venture with a developer who will shoulder the cost to convert our clubhouse into a highest and best use while providing enough space for our association to have the space it needs for our member services.

We are now in the process of going back to the developers to confirm all that the club would like to end up with in a redeveloped clubhouse. We will ask for a binding letter of intent from each developer listing how many of the amenities we desire can be included in a project that provides the necessary funding to provide our exit from bankruptcy.

In a court hearing on Tuesday, August 22, the bankruptcy judge gave us a deadline for a copy of the best letter of intent that we receive. He has put a 28-day standstill on any further efforts by Yvonne Rose and PAAPA relative to the motion to appoint a trustee for the club.

Both your Board and the creditors committee (those who represent the unsecured creditors) believe that the efforts to appoint a trustee are needlessly depleting the club's resources. The committee is aware of the proposals we have received and they acknowledge that the creditors interests are well served in this redevelopment process. As we are in bankruptcy, that decision is up to the judge. But we are very optimistic that we will within weeks be negotiating an agreement with our chosen developer to take on the task of bringing our clubhouse building into the 21st century while maintaining space for an Association that was formed in the early 20th century!

We are planning a membership meeting for September when we will be able to answer specific financial questions and hopefully announce more details about the proposed development.

Warm regards,

PAA Board of Directors

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: Pittsburgh Athletic Association < >
Sent: Wednesday, September 13, 2017 3:26 PM
To:
Subject: PAA Development Partner

Dear Fellow Members,

Your Board of Directors is excited to announce that last night a vote was taken and we unanimously selected Walnut Capital as our redevelopment partner! Over the next day or so, a Letter of Intent will be negotiated and executed by the PAA and Walnut Capital. On or before September 18th, we will file under confidential seal a copy of the Letter of Intent for review by Judge Deller.

We are extremely satisfied with the way the request for proposals process has transpired to this point. While the terms and conditions of the redevelopment remain confidential for now, your Board is confident that the process has yielded a result that will ensure the sustainability of the PAA for many more years to come while addressing our debts and allowing our club space to be rightsized for future growth. We must be short on details for now. But we can say that the ALL terms set forth in the Redevelopment Term Sheet that was approved by member vote on August 20th were met and well exceeded. We will be partnering with a developer who understands what our members want and is committed to our future.

This process has involved a lot of work by the board and our consultants. And there is still a lot of work to do until the final plan for reorganization is approved. We must be sure we are compliant with the rules set forth by the bankruptcy process. As soon as we are permitted to share specifics with you, we will do just that. Today we wanted to get this very important news to our members.

Warm regards,

PAA Board of Directors

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: Pittsburgh Athletic Association >
Sent: Thursday, September 21, 2017 5:56 PM
To:
Subject: PAA progress

September 21, 2017

Dear Fellow Members,

We have hit another milestone in the resurrection of the PAA! Our signed letter of intent with Walnut Capital was delivered yesterday to the judge overseeing our bankruptcy reorganization. Judge Deller was pleased with it. Of course the judge's primary concern is the creditors to whom the PAA owes money. The LOI terms indicate to him that we will likely be able to pay creditors in full. That means that we will have used the bankruptcy process for it's intended purpose. We will have asked creditors to stand down while we reorganized so that we could formulate a plan to pay our debts and continue operating.

In other good news, the legal motion to have the judge remove the board and appoint a trustee has been withdrawn by the member who filed the motion. While the expense to continue fighting that legal fight will not continue to accrue, the individual who filed it is still a tenant who refuses to vacate the club after repeated requests and now the eviction process. The expenses incurred by the club to accommodate one person are unreasonable. This person has refused to pay rent because of the lack of all necessary utilities. Yet the lack of all utilities is the reason they were asked to vacate. The professional fees to date to fight the motion that was just withdrawn are staggering, and they will continue to climb until this individual vacates the building.

This person continues to publicly question the operation of the club. Perhaps that is due to unfamiliarity with the history of the club since this person was not even a member when the membership approved the land lease for the parking lot. There was plenty of discussion at that time regarding the financial status of the club. And there is much information to share now about the financial status. We had hoped to have the information pulled together in time for a membership meeting in September. But the pace of the request for proposals process did not allow us the time to pull financial information into meaningful format. The format that our financial advisors are required to file with the court is difficult to understand. We will endeavor to have meaningful information pulled together into an understandable format for a meeting in October.

Your board's primary concern is the members of the PAA. As the board continues to be mindful of expenses during this down time for the club, we have been able to assist some of the employees we can't currently keep on in their search for other employment. It is hard for us all to not be able to use our club. And as we cannot show the judge how we can open the club back up without losing more money at this time, we have to remain closed. Over the next 30 to 45 days we will be actively negotiating a sale and purchase agreement with Walnut Capital and concurrently a plan of reorganization. Once those plans are approved by the judge, we will enter into a joint venture that will bring the funds to pay off our debts, refurbish our aging clubhouse, and provide space for us to continue to operate as a private

club. And we will be able to do it efficiently because we will not be burdened with the same infrastructure expenses that were eating us alive.

Yes, the devil is in the details. As we dive into the final negotiations we will share the details as soon as we can. Your board is working daily to protect the interests of our membership. And we are very optimistic that you will all be pleased when we can present the final details. After the agreement is negotiated and approved by the judge, we will be able to explain how you will be able to immediately begin enjoying the services that the PAA has not been able to provide during this lengthy process. Thank you for your patience.

Warm regards,

PAA Board of Directors

Pittsburgh Athletic Association, 4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: Pittsburgh Athletic Association < >
Sent: Thursday, November 02, 2017 6:41 PM
To:
Subject: New PAA membership classification and dues

Dear Fellow Members:

In response to inquiries raised over the last few months by our members with respect to the status of membership privileges and the scope of member services during our upcoming redevelopment period, the Board of Directors pursuant its statutory powers during bankruptcy, has unanimously approved a consolidation and reclassification of our membership classes as provided under the Bylaws. Effective January 1, 2018, all members in good standing who are members of any of the following classes of membership will become "Preservation Class" members:

- Life
- Resident
- Senior Member
- Non-Resident
- Non-Resident Senior
- Intermediate
- Associate
- Clergy
- Junior
- Widow/Widower
- Level I Business
- Level II Business

The Preservation Class will replace all non-honorary membership classes. This change in the membership classes is being made pursuant to Article II Section 2 of our Bylaws, which provides that "[t]he Board of Directors shall have the power to establish, restrict, modify, and change the limits in the respective classes […]." The Board is confident that the Preservation Class will be warmly received by all members irrespective of their current membership class. After the redevelopment period is completed, the PAA Board intends to revisit the membership classes.

In order to become a member of the Preservation Class, members must be in good standing. Therefore, members must pay any delinquent dues to the PAA before they will become eligible to be a member of the Preservation Class.

As a member of the Preservation Class, you will be asked to pay reduced dues and will thereby ensure your place as a member in good standing and have access to existing and future reciprocal membership benefits both during and after the redevelopment period. All Preservation Class members will be obligated to pay monthly dues in the amount of $50.00 per month with dues being invoiced quarterly. This revised billing structure was approved and adopted by the Board of Directors pursuant to Article II Section 20 of our Bylaws.

The Board of Directors firmly believes that $150.00 per quarter is a very reasonable sum of money to secure your place as a member when we reopen. During this redevelopment period, members will have benefits including the following: (1) access to athletic facilities provided by Walnut Capital; (2) access to dining and social events at the 20th Century Club; and (3) access to reciprocal clubs as the Board continues to develop relationships within our reciprocal network. The Board is currently exploring new reciprocity relationships with national club operators ClubCorp and Troon Prive. Further, this modest dues structure will allow us to offset operating costs including special events, new member outreach, and marketing during our redevelopment.

In an effort to reduce administrative expenses during November and December, all member invoices will include two (2) months of Preservation Class dues requiring payment of $100.00 by all members with payment due on or before December 31, 2017. Thereafter, Preservation dues will be billed quarterly.

Your Board of Directors is very pleased to offer Preservation Class membership status to each member as an acknowledgment of your commitment to the PAA during our restructuring and redevelopment. We hope that each member will be encouraged to remain in good standing and committed to our historic institution.

Lastly, the Board would like to provide you with a brief update regarding the PAA's bankruptcy case:

- In the coming days, we will be finalizing the agreement with Walnut Capital which will serve as the foundation for our Plan of Reorganization which is expected to be filed by mid-November.
- In an effort to reduce administrative expenses as we move into the redevelopment period, the Board made the decision to let go of the remaining staff. We have also hired a part-time book keeper to perform the member billing. The Board believes these cost-effective measures are in the best interest of the PAA during the redevelopment period.
- Based upon receipt of vetted PAA financials and solidifying the details of the terms and conditions of the Walnut Capital proposal we will hold an informational membership meeting in the next 90 days.
- Walnut capital is currently in their property evaluation due diligence period.
- We are working to develop a plan to dispose and or store contents of the clubhouse prior to closing of the sale. More info to follow on how members may acquire PAA memorabilia or furniture, fixtures and equipment.
- We are investigating club-management companies to assist with space utilization recommendations as we negotiate with Walnut capital, developing a strategy for re-branding, developing a marketing plan and providing 3rd party management of operations once the construction is complete.

As always, any questions or concerns can be directed to the Board of Directors by email to or by letter sent to the Clubhouse care of James Sheehan, President.

Thomas Trimbur

From: PAA Board of Directors < >
Sent: Wednesday, November 29, 2017 10:17 PM
To:
Subject: Friends of the PAA

Dear friends of the PAA.

First thank you for your continued interest in the club. We would like to respond to the last PAAPA correspondence and hopefully clarify any questions and concerns you may have.

We are happy to share the names of all board members. Please see below. Also we are thrilled to announce that the board continues to grow in numbers and we are always looking for more members to volunteer to join our board or our various committees. Active Committees include House, Executive and Finance, and Membership. We also want to establish an Art committee to discuss what art and valuable artifacts might be retained by the club and what we might sell. Please reach out to any board member directly if you are interested.

We are working to get the website up and running again, and look to have updated information on it soon. All phone calls should be forwarding to Gleason Associates, our accounting service during the Bankruptcy. But we were recently made aware of some issues with this and are working with the service providers to get it corrected. If members are having trouble calling the club, please let us know at once by emailing . We don't have an employee monitoring this at the current time. But your board of directors will be continuing to give their time to serve the membership as best we can. We are checking the account frequently.

We hope that our prior communication with membership would have made clear that the reorganization of the club will take time and the development within the club will require the clubhouse to remain closed for many more months as design and construction begin. We have reduced fees to reflect that fact. We are working with other clubs in the hopes we can provide reciprocal benefits while our Clubhouse remains dark. And we also hope to soon be able to share details of what athletic facilities will be available to us while the clubhouse is unavailable, but that is still being worked out. Please look for future communication on that shortly.

Ms. Rose is correct about the hearing next week and your board also would encourage members to go if they are interested in learning more about the inner workings of the bankruptcy process. We think membership will find it both fascinating as well as respect the complexity and challenges of this process.

Jim Sheehan, Pres

Blake Stanton, VP

Jonathan Glance, Sec

Ken Linamen, Tres

Tom Trimbur, Past Pres

Polly Bozdech-Veater

Charles Felix

Jim Hunter

Dr. Bunt Singh

Dr. Carl Bruning

Bill Bannow

Pittsburgh Athletic Association
4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

Thomas Trimbur

From: PAA Board of Directors < >
Sent: Monday, December 04, 2017 10:29 AM
To:
Subject: Update from your Board of Directors

Dear PAA Members

Your Board of Directors is working hard to improve our communications to you as members. It has been a busy time for the BOD as we move towards a revived and reopened PAA. Key items:

- All claims are due to the Bankruptcy Court by December 19.
- Union claims are under negotiation and moving forward positively for the club.
- Purchase and Sale agreement (including improvement of PAA designated spaces)with Walnut is moving forward with the goal of execution this week.

- PAA will own our portions of the PAA spaces as a condominium. PAA spaces include:

- Grille Room, most of the lower level as athletic facilities including a pool, fitness center, squash courts, locker rooms(approx 16K SF)

- PAA will be responsible for paying taxes, condo charges, managing our spaces

- Presentation of the reorganization plan agreement to the Bankruptcy Court by early January
- With the guidance of council, BOD members have begun assessing what lower value items, memorabilia, and records should be retained and those that can be sold at auction.

- Paintings and other high value items will be addressed later.

- Input will be solicited from a yet to be formed committee.
- Please contact the BOD if interested in participating in this committee's work.

- An auctioneer has been engaged.. We anticipate the auction occurring in January or February.
- BOD is planning an event for all current members prior to the full auction that would allow members to purchase items, etc.
- The club has established an office and engaged an accountant clerk to manage billing, reducing dependency/cost of Gleason Associates.

Looking forward to reopening of the club, the BOD has taken the following additional actions:

- Interviewing club management companies for re-branding, marketing, management after reopening. They will also:

- Identify in detail the space and facility requirements for the social and athletic facilities.
- Utilize them as part of our programming meetings with Walnut Capital.

- Establishing a cash flow projection.

Please feel free to contact the BOD at . We are making a concerted effort to monitor this email account on a more regular basis.

Warm regards during this season of being thankful,

Your Board of Directors

Pittsburgh Athletic Association
4215 Fifth Avenue, Pittsburgh, PA 15213, 412-621-2400

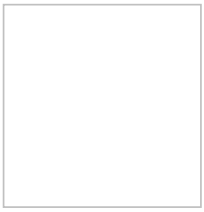
Gmail

PAA Board of Directors < **>**

PAA Update 12-22-17

100 messages

PAA Board of Directors < > Fri, Dec 22, 2017 at 10:33 AM
To: PAA Board of Directors >



Athletic Association

4215 Fifth Avenue ● Pittsburgh, Pennsylvania 15213

412.621.2400

December 21, 2017

Dear Fellow Members:

As with most of our lives during the holiday season, the pace of things has accelerated for our club!

- Walnut Capital has deposited their commitment funds into escrow concurrent with the execution of the purchase and sale agreement.
- We have had a very positive meeting with the principals of Walnut Capital to begin working out the details of the Condo and Partnership Agreements. We are happy to report that they are firmly committed to preserving as much of the historical architectural features of the club as possible. And we will have brand new state of the art athletic facilities and exclusive private use of the Grille Room.
- There will be a bankruptcy confirmation hearing by early February at which point we anticipate the judge will approve our plan. The Plan of Reorganization and Disclosure Statement will be filed in the coming days. We will be able to close on the final sale of the clubhouse to Walnut Capital 30 days after that.
- We will need to have all of our possessions out of the building in order to turn it over to Walnut Capital. If you have ever had to clean out a home that has been lived in for a long time, just imagine having to clean out over 100 years of “stuff”!
- A date for an auction of items will be circulated as soon as it is firmed up. It will be sometime in January.
- We are also working on scheduling a general membership meeting to discuss the bankruptcy and next steps. We will introduce the Walnut Capital principals and present their conceptual plans. We hope to get this set up for the third week of January. More details to follow.
- We are finalizing details with Walnut Capital on how our members will be able to utilize the athletic facilities of the Jewish Community Center in Squirrel Hill while our clubhouse is undergoing renovation.
- We will be opening a business office inside the Twentieth Century Club and will continue to have access to use their dining facilities during our renovation.
- We are interviewing club management companies to who will assist us with facility programming for the new PAA condo components, rebranding of the PAA, marketing to attract new membership and management and operations assistance when we re-open.
- Yvonne Rose, who refused to vacate the club voluntarily and forced us to evict her, has agreed to accept a sum of money in order to leave the building. It was in the club’s best interest to agree to pay her to move out and avoid further litigation and incur additional costs. A motion has been filed with the bankruptcy court seeking approval of the settlement terms and the hearing is in January.

We are sorry for a lack of details on the date and time of the auction and of the membership meeting. But that information will be sent out as soon as it Is set.

We wish you a Merry Christmas and a Happy New Year!

Your Board of Directors

Pittsburgh Athletic Association
4215 Fifth Avenue ● Pittsburgh, Pennsylvania 15213

January 11, 2018

Fellow PAA Members,

We hope that you have had a good start to 2018 and have survived the "deep freeze".

The Board of Directors would like to invite you to a membership meeting to provide you with updates since our fall meeting.

Winter Meeting

at The Twentieth Century Club, 4201 Bigelow Blvd., Pittsburgh PA
Thursday, January 25, 2018 from 6:00 pm to 8:00 pm

Informational meeting at 6 pm with cocktails and Hors d'oeuvres following the meeting.

As mentioned in the December letter from the board, we continue to work on moving the club forward and preparing the clubhouse for the next phase. The board has important updates that it would like to share with our membership.

The meeting is open to members only. **Please register no later than January 20th**
Contact: Polly Bozdech-Veater by email: or by phone at .
Please include your name, member number, phone number, and email address.

Parking: *Soldiers & Sailors Memorial*- located one half block to the south on Bigelow Boulevard
or *UPMC Parking Garage*- located 1 block to the east at Bigelow Boulevard and Lytton Avenue adjoining the Wyndham's parking.

We look forward to you joining us for this important meeting.

Your Board of Directors,

James Sheehan, President	*Blake Stanton*, Vice President	*Ken Linamen*, Treasurer
Jonathan Glance, Secretary	*Dr. Carl Bruning*	*Charles Felix*
Polly Bozdech-Veater	*Bunt Singh*	*Jim Hunter*
Bill Otto	*Bill Bannow*	*Dr. Eugene Myers*
Tom Trimbur, Ex Officio		

In the event of bad weather and the need to cancel, we will make every effort to reach you by e-mail or phone. In this case we will reschedule as soon as possible.

Thomas Trimbur

From: Pittsburgh Athletic Association < > on behalf of Pittsburgh Athletic Association >
Sent: Monday, February 12, 2018 5:34 PM
To: Thomas Trimbur
Subject: January meeting summary

View this email in your browser

Hello Fellow PAA Member,

The board of directors wants all members to have the information that was shared at our membership meeting at the Twentieth Century Club the last week of January.

There was a lot of information shared. But we have tried to boil down everything that was into a summary with many of the slides that were shown that evening.

If you would like to download a pdf of the below presentation, click this link: 01-25-18 meeting recap

If you have any questions, please contact us at . Please keep in mind that your board of directors is

a volunteer board who will be getting back to you - and we all have day jobs. So the response may not be immediate.

Thank you for continuing to care about the PAA. We are optimistic that we have a bright future in our revitalized club!

Regards,
Pittsburgh Athletic Association Board of Directors

Summary of PAA Meeting, Jan 25, 2018, Twentieth Century Club

Below is a summary of the material covered in the meeting. We have attached appropriate back-up slides. The members of your board of directors are making every effort to be "good stewards" of the PAA now and in the future. These have been challenging times but we are continuing to move forward. Please feel to reach out to the members of the Board.

Jim Sheenan, President,
Ken Linamen, Treasurer,
Jonathan Glance, Secretary,
Blake Stanton, Vice President,
Tom Trimbur,
Bunt Singh,
Bill Otto,
Polly Bozdech-Veater,
Jim Hunter,
Dr.Carl Bruning,
Charles Felix,

Dr. Eugene Myers, [redacted]

Jo Dimenno, [redacted]

Bill Bannow, [redacted]

[redacted]

- As a result of the PAA downturn in membership, (slide 1).
- Challenge of maintaining profitability with severely declining membership income.

- Suffering significant cash loss without any capital repairs.
- 2010 Cash loss, $399,944
- 2011 Cash loss, $291,067
- 2012 Cash loss, $141,262
- 2013 Cash loss, $185,111
- Bankruptcy filed on May 30, 2017.
- Allowed the club access to debtor in possession funds (DIP)in order to reorganize while creditors were held at bay.
- Allowed the club to hire legal and financial professionals.
- Allowed the club to hire professionals for legal actions involving the eviction of Yvonne Rose and other PAAPA related issues.
- Under the bankruptcy process, the PAA Board was mandated to come up with a viable plan for PAA 2.0 .
- We had to show the court that we could emerge as a going concern, otherwise the court and creditors would force us into liquidation.
- Needed to show that all members (including life members) were financially supporting the club going forward.

- Can't afford to return to past practices.
- Established a "preservation class" at $50/month.

Present

Auction set for February 17, 2018, beginning at 9:30 AM at the PAA Clubhouse.

- Auctioneer: Fred Peters Auctioneers, http://fpauctioneers.com/, Phone: 724-785-8954, Fax: 724-785-8954 For items on auction or questions, check the web page or e-mail Fred Peters Auctioneers from their web-page.
- PAA memorabilia will not be included in the auction inventory.
- PAA art work will not be included in the auction inventory.
- All are welcome to join in the bidding.
- BOD working to resolve with the trustees for the Jackson Library Trust.
- Construction/Renovation Period (18 month - 2 year duration).
- Club Office
- Small office in process of being established at the Twentieth Century Club.
- Bookkeeper hired to handle billings, etc.
- Phone lines
- Phone line with same number has been retained at a minimal monthly cost and will remain active with voicemail box.

Leave message, someone will respond ASAP.

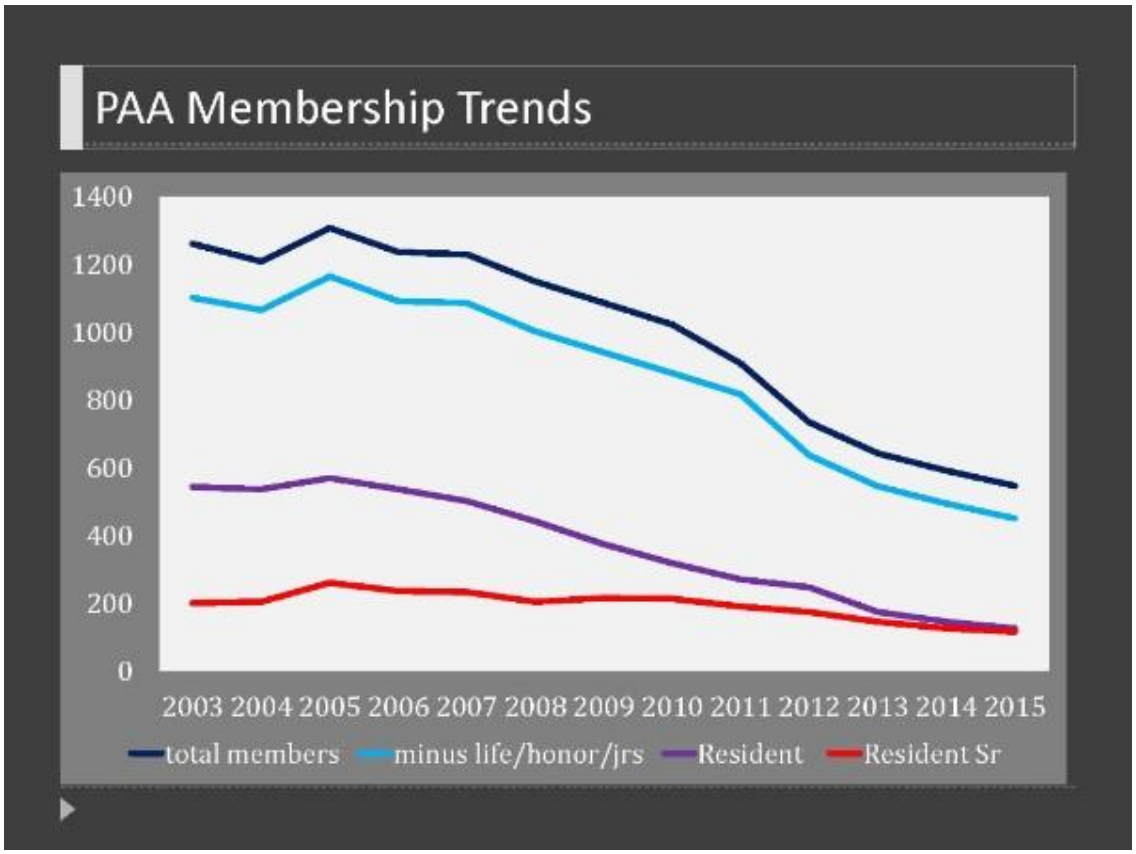
- Communications
- Planning on a minimum of 1/month, more frequent if necessary.
- Want to do as much by e-mail as possible utilizing "mail chimp" to reduce costs.
- If you didn't receive this update by e-mail, send your e-mail address to: [redacted]

- Athletic Facilities-Jewish Community Center (slides 2-3)
- Zero enrollment fee with month to month option.
- 2 classes of membership:
- $78/month for CenterFit Platinum Membership.
- Access to pools, fitness centers, whirlpool, steam, sauna, racquetball/squash courts, gymnasiums, walking/running track and exercise classes.
- $49/month for general membership.
- Access to pools, fitness centers, gymnasiums and walking/running track.
- Locations: Squirrel Hill, South Hills, and Henry Kaufmann Family Park, Monroeville.
- POC: Sara Rhoades, Division Director, Membership/Customer Service, [redacted] Membership Office Hours Monday – Thursday, 8am-8pm; Friday, 8am-5pm; Saturday, Closed; Sunday, 9am-5pm.
- Reciprocity with local, national and international partner clubs.
- In process of confirming list of clubs that we have reciprocity with.
- Researching more local clubs for reciprocity to expand opportunities.
- Request necessary letter of introduction from Polly Bozdech-Veater, [redacted].

Future

- Use of proceeds of sale, (slide 4).
- Continue the PAA club, version 2.0.
- Status of Artwork
- Looking for volunteers to serve on art committee.

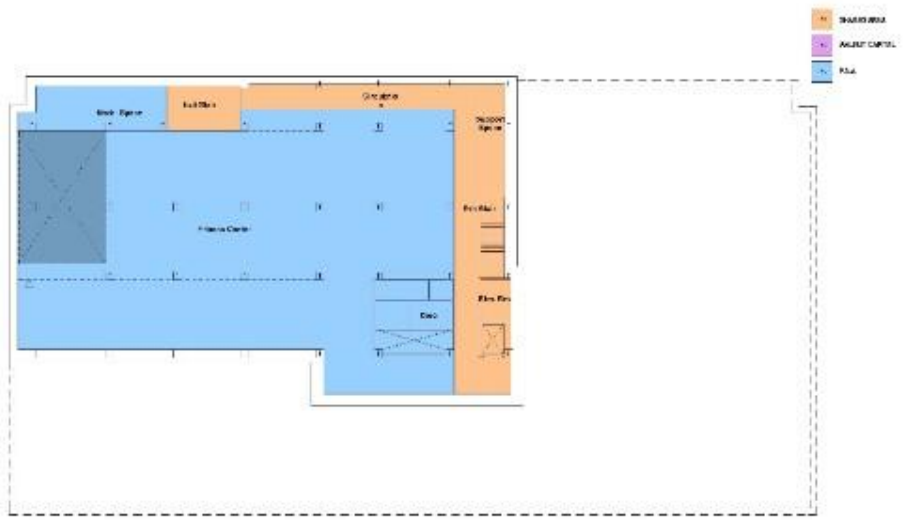
- If interested in serving on this committee, contact: Polly Bozdech-Veater, [redacted], [redacted]
- Proposals from Club Management Firms.
- Allow the BOD to direct but have a professional firm doing the managing
- Professional manager with staff hired and managed through the selected firm.
- PAA Condominium ownership, approximately 12% of the building (slides 5-12) PAA areas highlighted in blue.
- Grille Room.
- Squash Courts on roof.
- Athletic Facilities in basement and sub-basement.
- Small office space or member reading room, approx 800 sq ft.
- Utilize kitchen facilities of Walnut Capital restaurants.
- Walnut Capital Plans
- Working hard to retain the historical aspects of club, especially first floor.
- Planning on high-end restaurant on first floor.
- Building must be emptied—-"broom clean" prior to turning over to Walnut Capital.
- Challenge due to lack of elevators—BOD working the issue.
- If Bankruptcy Court approves the current settlement plan, anticipate Walnut Capital will take possession of the building late March.


PAA Membership Trends
1400
1200
1000
800
600
400
200
0
2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
total members
minus life/honor/jrs
Resident
Resident Sr

STAR TRAC

Pittsburgh Athletic Association ("PAA") and Pittsburgh Athletic Association Land Company ("PAALC")'s
Bankruptcy Plan Feasibility Analysis

Description	Amount
Net Sales Proceeds – Walnut Capital	$11,913,000
Less: Administrative Claims:	
Repayment of DIP Loan	($1,500,000)
Unpaid Professional Fees and Other	(700,975)
Total Administrative Claims	($2,200,975)
Less: Payments to PAA and PAALC Creditors (Including Disputed Claims):	
Secured	($5,933,671)
Priority Unsecured	(502,521)
Unsecured	(3,498,436)
Total Payments to PAA and PAALC Creditors (Including Disputed Claims)	($9,934,628)
Plus: Funds Available from Other PAA Assets:	
PAA Artwork and Auction Proceeds	$900,000
Collection of Accounts Receivable and Deposits	153,000
Total Funds Available from Other PAA Assets	$1,053,000
Estimated Funds Available to Reorganized PAA for Future Reinvestment	**$830,397**

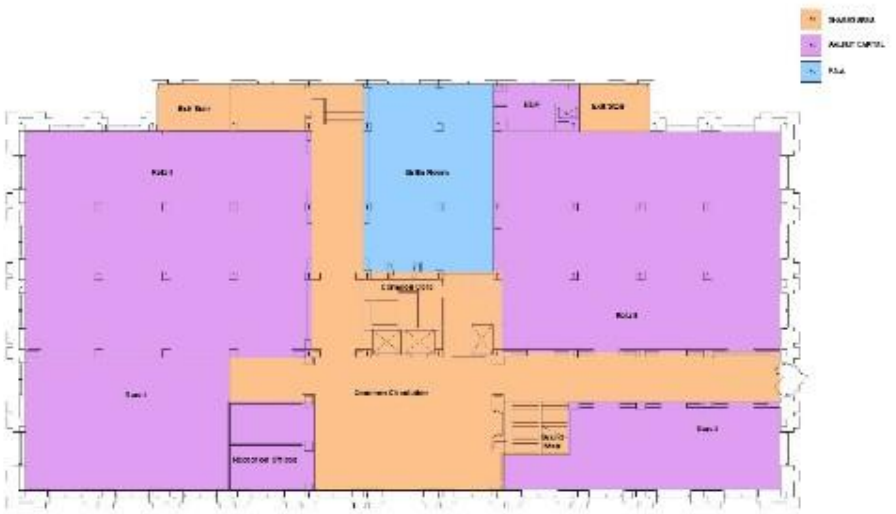


1 Sub-Basement Condo Plan

Strada

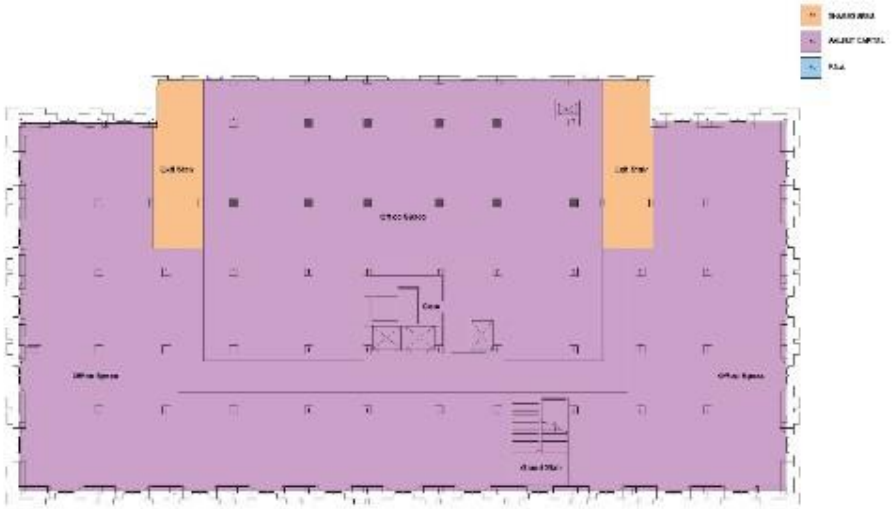
1 Basement Condo Plan

Strada



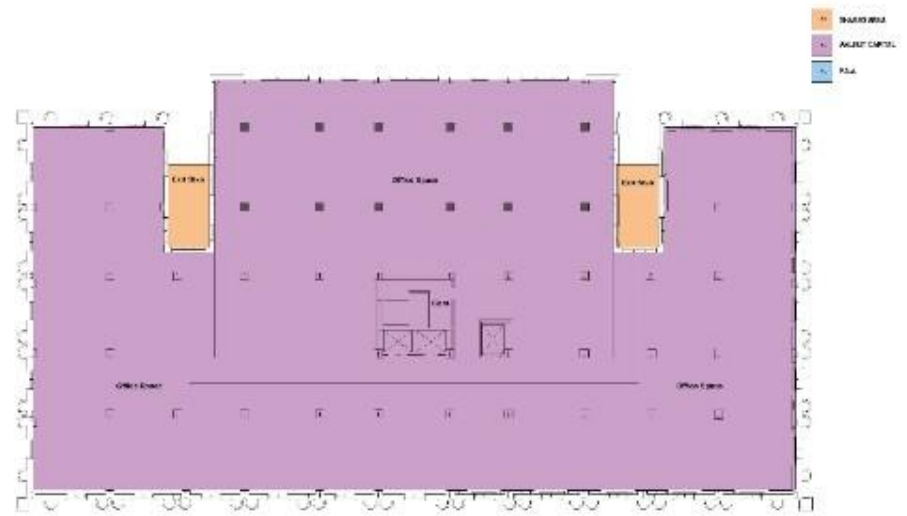
1 First Floor Condo Plan

Strada



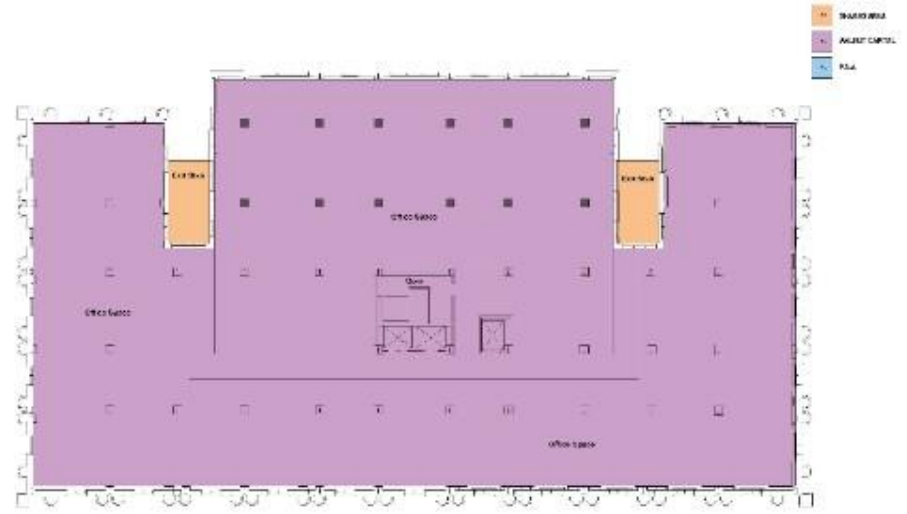
1 Second Floor Condo Plan

Strada



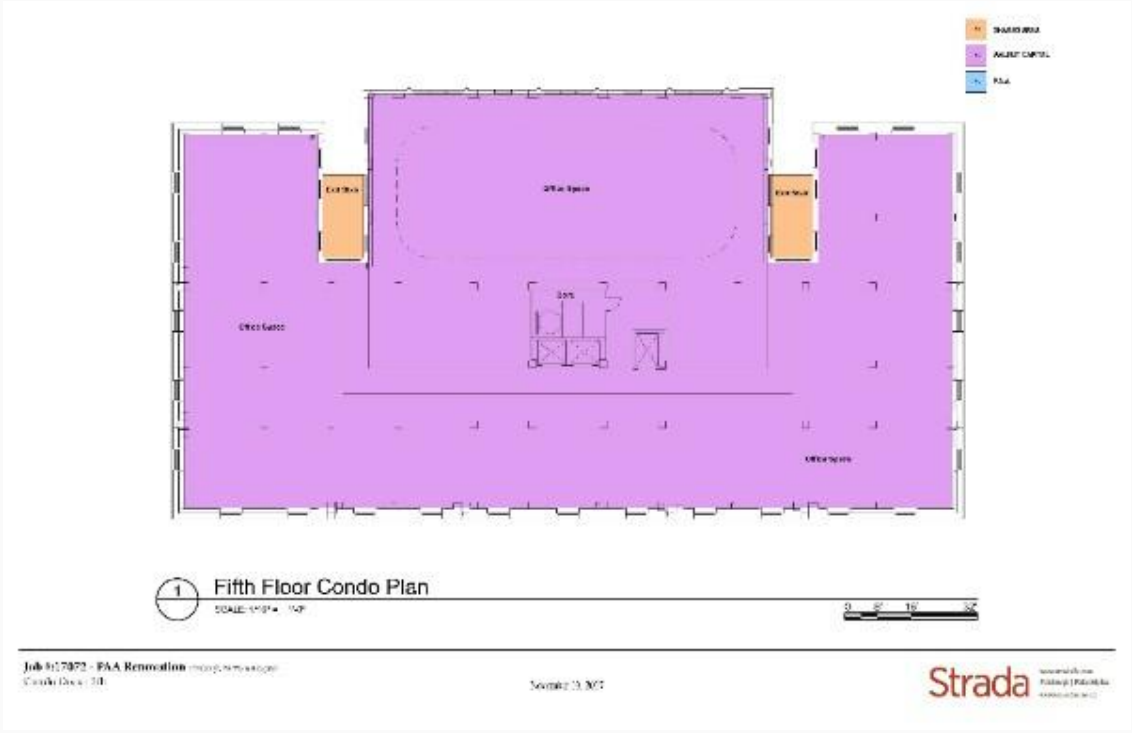
1 Third Floor Condo Plan

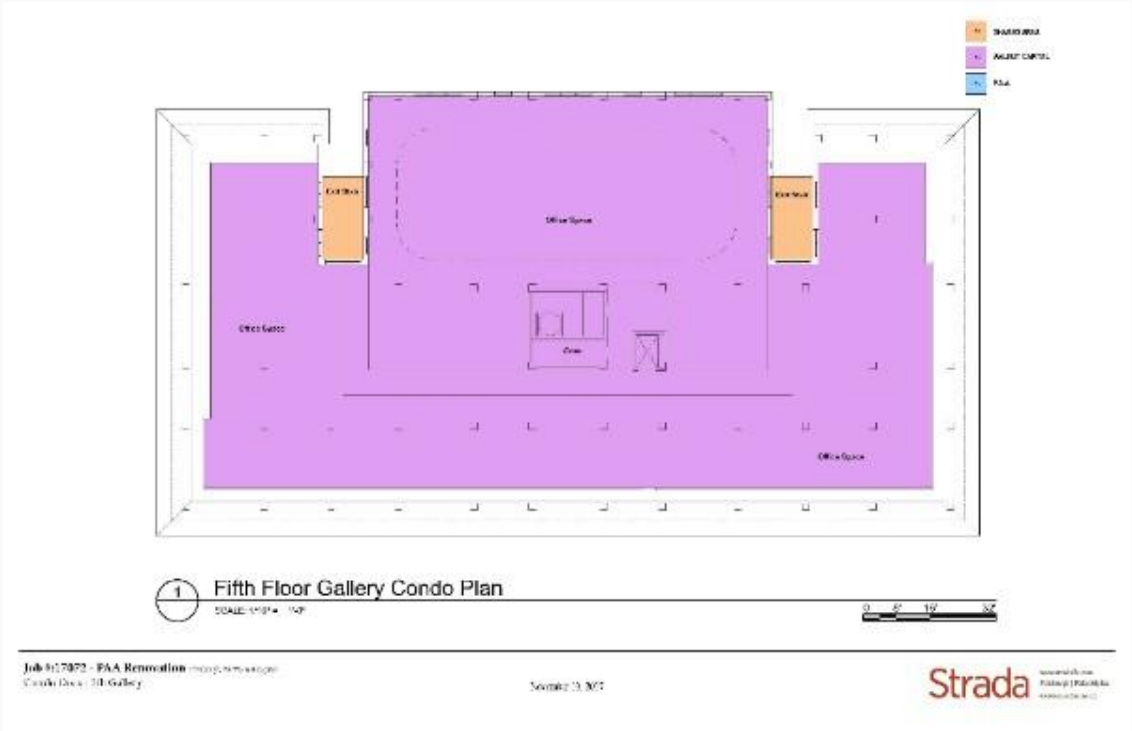
Strada



1 Fourth Floor Condo Plan

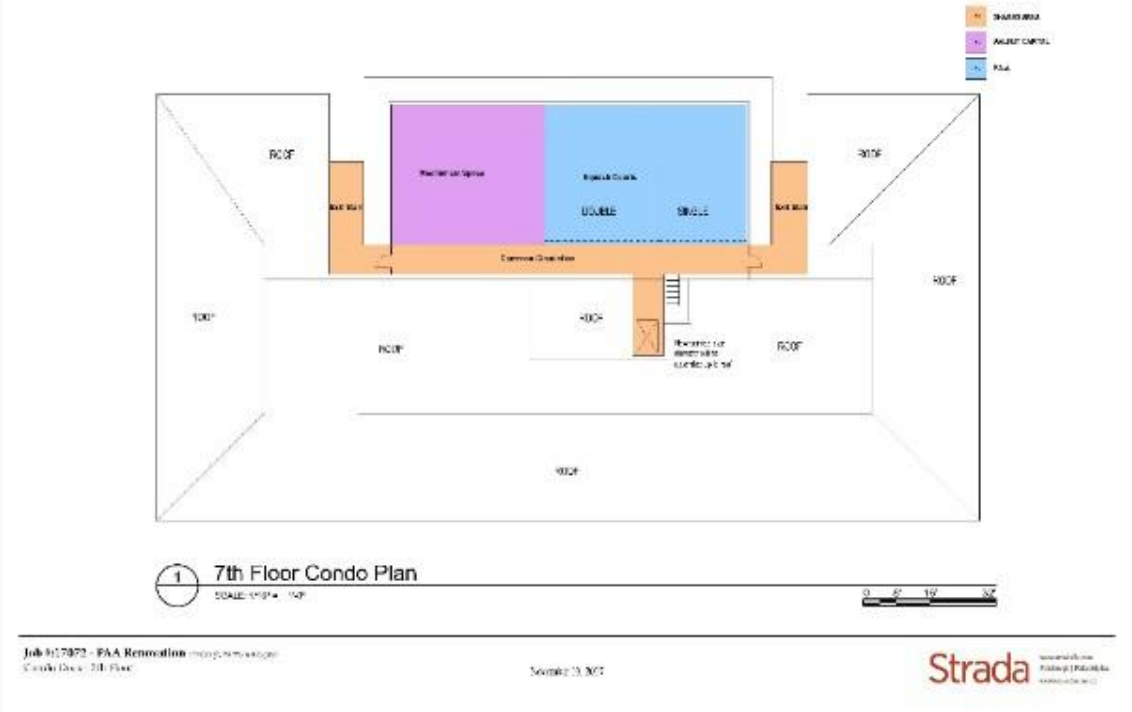
Strada


Fifth Floor Condo Plan
Strada


Fifth Floor Gallery Condo Plan
Strada

1 Sixth Floor Condo Plan

Strada



1 7th Floor Condo Plan

Strada

Copyright © 2018 Pittsburgh Athletic Association, All rights reserved.

You are receiving this email because you are a member of the PAA.

Our mailing address is:

Pittsburgh Athletic Association

4215 Fifth Avenue

Pittsburgh, PA 15213

Want to change how you receive these emails?

You can update your preferences or unsubscribe from this list.

Pittsburgh Athletic Association
4215 Fifth Avenue ● Pittsburgh, Pennsylvania 15213
412.621.2400

February 13, 2018

NOTICE OF SPECIAL MEETING OF PITTSBURGH ATHLETIC ASSOCIATION

FEBRUARY 23, 2018 AT 6:00 PM
TWENTIETH CENTURY CLUB
4201 BIGELOW BLVD, PITTSBURGH, PA 15213

To My Fellow PAA Members,

I am calling this special meeting of the PAA membership so that the Board of Directors and I can apprise you of the recent developments of the bankruptcy process.

This meeting will be held on February 23, 2018 at 6:00 PM at the Twentieth Century Club (address above).

In accordance with our Bylaws this letter shall serve as formal notice being sent at least ten (10) days prior to this Special Meeting of the membership.

The agenda and purpose of the meeting will be the following:

1. A discussion of the current status of the bankruptcy reorganization plan.
2. A vote by membership to amend the details of the purchase and sale agreement with Walnut Capital.

Please note that in accordance with our Bylaws, voting by proxy at this special meeting will not be permitted. Therefore, all members receiving this notice are strongly encouraged to attend the meeting.

I hope to see you all on February 23, 2018.

Best regards,

James A. Sheehan
President, Pittsburgh Athletic Association

Thomas Trimbur

From: Pittsburgh Athletic Association on behalf of Pittsburgh Athletic Association
Sent: Thursday, February 15, 2018 9:07 PM
To: Thomas Trimbur
Subject: Important PAA events coming up

View this email in your browser

Don't forget two important upcoming PAA events!

PAA Contents Auction

Saturday, February 17 at 9:30 am

Pick up some PAA memorabilia at the auction this Saturday. When we emerge from bankruptcy in a smaller footprint within our clubhouse, we will not have room or need for much of the items that have accumulated over the past 100 years. Come see if you can scoop up something of interest.

Meeting of the membership to hear important updates on the bankruptcy progress and vote on changes to the sales agreement with Walnut Capital.

Friday, February 23 at 6:00 pm

(THE COPY BELOW WAS MAILED TO ALL MEMBERS ON FEBRUARY 13, 2013.)

NOTICE OF SPECIAL MEETING OF PITTSBURGH ATHLETIC ASSOCIATION

FEBRUARY 23, 2018 AT 6:00 PM
TWENTIETH CENTURY CLUB
4201 BIGELOW BLVD, PITTSBURGH, PA 15213

To My Fellow PAA Members,

I am calling this special meeting of the PAA membership so that the Board of Directors and I can apprise you of the recent developments of the bankruptcy process.

This meeting will be held on February 23, 2018 at 6:00 PM at the Twentieth Century Club (address above).

In accordance with our Bylaws this letter shall serve as formal notice being sent at least ten (10) days prior to this Special Meeting of the membership.

The agenda and purpose of the meeting will be the following:

A discussion of the current status of the bankruptcy reorganization plan.

A vote by membership to amend the details of the purchase and sale agreement with Walnut Capital.

Please note that in accordance with our Bylaws, voting by proxy at this special meeting will not be permitted. Therefore, all members receiving this notice are strongly encouraged to attend the meeting.

I hope to see you all on February 23, 2018.

Best regards,

James A. Sheehan
President, Pittsburgh Athletic Association

Copyright © 2018 Pittsburgh Athletic Association, All rights reserved.
You are receiving this email because you are a member of the PAA.

Our mailing address is:
Pittsburgh Athletic Association
4215 Fifth Avenue
Pittsburgh, PA 15213

Add us to your address book

Want to change how you receive these emails?
You can update your preferences or unsubscribe from this list.

Thomas Trimbur

From: Pittsburgh Athletic Association on behalf of Pittsburgh Athletic Association
Sent: Tuesday, March 27, 2018 8:42 PM
To: Thomas Trimbur
Subject: PAA Bankruptcy Status Update

View this email in your browser

Dear Fellow Members of the PAA,

The Board of Directors wants to keep all members up to date on the current situation including bankruptcy court proceedings as best we can. Please understand that this is a complicated and fluid situation which changes sometimes on an hourly basis.

Auction

- Netted over $88,000 from the auction---more than expected.

Plan of reorganization

- PAA final plan and disclosure statement was originally intended to be filed in early February.

- IRS viewed our preliminary plan and opposed it
- No reserve funds to pay capital gains tax on the sale of our building.
- The PAA Land Company is a non-profit, the sale should not be subject to capital gains tax,
- An accounting firm the club engaged to prepare our taxes in the early 2000s failed to file the PAA Land Company's 990, a simple post-card return for non-profits.
- The tax-exempt status for the PAA Land Company was revoked by the IRS.
- The IRS did not make the club aware of this until they filed an objection to our preliminary plan!
- Appeal on the tax-exempt status of the PAA Land Company has been filed.
- Our legal and accounting professionals are optimistic that we will be successful in our appeal.
- The IRS will take a while to rule on the appeal,
- This delay doesn't work with the timeline of the bankruptcy reorganization and real estate transaction.

- **Impact of the tax issue on the plan of reorganization**
- An extra $3.5 million escrow account must be established to provide proof to the IRS we could pay the taxes, if appeal is lost.
- To establish this $3.5 million escrow account, several avenues pursued:
- Intense negotiations between Walnut Capital, the creditors committee and the board took place.
- Some changes to the structure of the Walnut Capitol deal
- The equity and condos originally proposed for the PAA spaces have been "monetized" in today's dollars (a much higher value than in the future).

- Any income based on equity in the building would only come after preferred return to developer. Very unlikely to receive any real future financial benefit.
- Condos came with many restrictions.
- A long-term lease will replace the condos. Expect an allowance for improvements adjusted for inflation every 10 years.
- Increased purchase price from Walnut Capital is now $12.6mm, which will allow for 100% payment to all creditors.

- **Additional offer during the above negotiations received.**
- McKnight Realty Partners made a new offer which was received in last 24 hours before filing of the reorganization plan.
- Offer was more than 50% higher than their best and final bid which was rejected in the original bidding process last summer/fall.
- On face value offer appeared to be better than the offer from Walnut Capital.
- Board did an intense review of the offer
- McKnight Realty Partners has done no due diligence and thus doesn't have the necessary knowledge of the building compared to Walnut Capital.
- The amenities offered by McKnight didn't match current amenities in Walnut Capital deal.

Final Plan and disclosure statement

- Submitted on March 13 at 10 AM
- Pays creditors 100% of amount owed
- Establishes a $3.5 million escrow fund to resolve any lingering tax issues.

- Judge Deller gave conditional approval of the disclosure statement on March 15th
- Final hearing on the disclosure statement and plan confirmation to occur on April 17, 2018 at 10:00 am.

Upcoming actions

- Updating of membership rolls
- Letters to be sent to those with outstanding account balance.
- Verify with members accuracy of the debt
- If past due accounts not cleared or a plan to correct, names to be submitted to the house committee with a recommendation for removal from membership rolls
- Setting up of an office in Twentieth Century Club.
- Final clean out of PAA.
- Hiring of a company to manage the club including looking at how to market the club, what the current market wants in a club, assist with the layout of the facilities, etc.
- Review of the current architectural plans with Walnut Capital's architect.
- Formation of Art Committee to determine the future of the club artwork. If you are interested in serving on that committee, please contact Jonathan Glance via email.

We welcome hearing your ideas, questions and/or concerns. Don't hesitate to contact any of the board members.

Your Board of Directors,

Jim Sheenan, President,

Blake Stanton, Vice President,

Charles Felix, Treasurer,

Jonathan Glance, Secretary,

Ken Linamen, ,

Tom Trimbur,

Dr. Bunt Singh,

Bill Otto,

Polly Bozdech-Veater,

Jim Hunter,

Dr.Carl Bruning,

Dr. Eugene Myers,

Copyright © 2018 Pittsburgh Athletic Association, All rights reserved.
You are receiving this email because you are a member of the PAA.

Our mailing address is:
Pittsburgh Athletic Association
4215 Fifth Avenue
Pittsburgh, PA 15213

Add us to your address book

Want to change how you receive these emails?

You can update your preferences or unsubscribe from this list.

Thomas Trimbur

From: Pittsburgh Athletic Association < > on behalf of Pittsburgh Athletic Association < >
Sent: Monday, April 02, 2018 4:00 PM
To: Thomas Trimbur
Subject: PAA Clubhouse redevelopment update

View this email in your browser

Fellow PAA Members

We are excited to share with you an opportunity for you to review the initial concepts and plans for the PAA building including PAA 2.0 facilities developed by Walnut Capital in conjunction with Strada Architects.

Date: April 9, 2018

Time: 6 PM-8PM

Place: Twentieth Century Club, 4201 Bigelow Blvd, Pittsburgh, PA 15213

We hope many of you will join us to review the plans and share in the excitement.

Your Board of Directors

Jim Sheenan, President,

Blake Stanton, Vice President,

Charles Felix, Treasurer,

Jonathan Glance, Secretary,

Ken Linamen,

Tom Trimbur,

Dr. Bunt Singh,

Bill Otto,

Polly Bozdech-Veater,

Jim Hunter,

Dr.Carl Bruning,

Dr. Eugene Myers,

Copyright © 2018 Pittsburgh Athletic Association, All rights reserved.
You are receiving this email because you are a member of the PAA.

Our mailing address is:
Pittsburgh Athletic Association
4215 Fifth Avenue
Pittsburgh, PA 15213

Add us to your address book

Want to change how you receive these emails?

You can update your preferences or unsubscribe from this list.

Exhibit "D"

(Impaired Class Amended D/S)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al.,* *Debtors.*	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD
PITTSBURGH ATHLETIC ASSOCIATION, PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY, *Movants,* v. NO RESPONDENTS.	Chapter 11 Doc. No. _____

IMPAIRED CLASS JOINT AMENDED DISCLOSURE STATEMENT TO ACCOMPANY THE AMENDED PLAN OF REORGANIZATION DATED MARCH 13, 2018 (as revised April 15, 2018)

Pittsburgh Athletic Association ("PAA") and Pittsburgh Athletic Association Land Company ("PAALC" and together with PAA collectively, the "Debtors") file this Joint Amended Disclosure Statement (the "Amended Disclosure Statement") regarding the Joint Amended Plan of Reorganization dated March 13, 2018 (the "Amended Plan") pursuant to 11 U.S.C. § 1125 and Rule 3016 of the Federal Rules of Bankruptcy Procedure. Capitalized terms not defined in this Amended Disclosure Statement shall have the meaning ascribed to them in the Amended Plan. A copy of the Amended Plan is attached as "**Exhibit A**" and is incorporated herein by reference.

I. INTRODUCTION

On May 30, 2017 (the "Petition Date"), the Debtors each filed a voluntary petition seeking relief under Chapter 11 of the Bankruptcy Code (the "Code") and the Orders for relief

were entered. The Debtors retained the law firm of Tucker Arensberg, P.C. ("TAPC") as their counsel in connection with their bankruptcy cases. In addition, the Debtors retained Gleason and Associates, P.C. ("Gleason") as their financial advisors and Holiday Fenoglio Fowler, L.P. ("HFF") as their real estate and capital advisors. Post-petition, the Debtors retained the law firm of Babst Calland Clements and Zomnir, P.C. ("BCCZ") to serve as special litigation counsel. An official committee of unsecured creditors (the "Committee") was appointed by the United States Trustee on June 8, 2017, and Leech Tishman Fuscaldo and Lampl, LLC ("LTFL") was appointed as counsel for the Committee.

On June 29, 2017, Orders were entered approving the retention of TAPC and Gleason. On August 1, 2017, an Order was entered approving the retention of HFF. LTFL was approved as counsel to the Committee on July 12, 2017, and the retention of BCCZ was approved by an Order dated October 12, 2017.

The Debtors with the assistance of HFF, have focused their reorganization efforts on a national marketing campaign of the Sale Assets. The Amended Plan provides for the sale of the Sale Assets and other assets of the Debtors. The Plan proposes that a third-party developer will purchase the Sale Assets and redevelop the Club Parcel. In addition, the third-party developer will assist PAA with its reorganization through the creation of the TCE-TIA Escrow to address certain claims of the Internal Revenue Service (the "IRS") and the Pennsylvania Department of Revenue (the "DOR").

A. Summary

Through a joint enterprise, the Debtors operate a social club in accordance with 26 U.S.C. § 501(c)(7). Their Clubhouse is located in the Oakland Historic District within the city of

Pittsburgh. The purpose of the Amended Plan is to enable the Debtors to sell certain assets and to retain the proceeds to reinvest in replacement facilities to carry on its tax exempt purpose.

The Amended Plan provides for the distribution of funds from the closing of the Sale Assets, and to the extent necessary the sale of the Artwork and other personal property. The proceeds of the sale(s) will provide the Debtors with necessary and sufficient funds to: (i) pay 100% of Allowed Claims (some of which are impaired); (ii) establish a TCE-TIA Escrow with sufficient cash to pay any potential capital gains taxes that may result from the sale of the Sale Assets to the IRS and DOR and/or improvement to the Real Estate Assets post purchase by Walnut PAA; and (iii) establish a Disputed Claims Reserve with cash sufficient to pay 100% of the face amount of any and all Disputed Claims.

Section 1126(a) of the Code permits holders of claims or interests to accept or reject a plan. 11 U.S.C. § 1126(a). Section 1126(f) of the Code provides, in relevant part, that if a class of claims or interests is not impaired under a plan, that class and each holder of a claim or interest of such class are conclusively presumed to have accepted the plan and solicitation of acceptances with respect to such class from the holders of claims or interests of such class is not required. 11 U.S.C. § 1126(f). The Code entitles only holders of impaired claims or equity interests who receive some distribution under a proposed plan to vote to accept or reject the Amended Plan. The Code conclusively presumes that holders of unimpaired claims or equity interests under a proposed plan have accepted the plan and need not vote on it. The Claims in Classes 2, 3 of the Amended Plan are Impaired and thus may vote either to accept or reject the Amended Plan. Furthermore, as the membership rights and benefits of Members of the PAA may be reduced or altered under the Amended Plan, the Members of the PAA may vote to accept or reject the Plan. The Debtors have enclosed a Ballot with this Amended Disclosure Statement

to solicit the votes of the Creditors in Classes 2 and 3, and of the Members of the PAA. Those parties may vote on the Amended Plan by completing the enclosed Ballot and mailing it to the following address:

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
ATTN: Jordan Blask, Esq.

You should use the Ballot sent to you with this Amended Disclosure Statement to cast your vote for or against the Amended Plan. You may not cast Ballots by facsimile or by e-mail and you may not vote by proxy. For your Ballot to be considered by the Bankruptcy Court, it must be received at the above address by 5:00 p.m. (prevailing Eastern time) by the date fixed by the Bankruptcy Court on the accompanying scheduling order (the "Voting Deadline"). If you are a Creditor in Class 2 or 3 or Member of the PAA and you did not receive a Ballot with this Amended Disclosure Statement, please immediately contact:

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
ATTN: Jordan Blask, Esq.
Phone - 412-566-1212
Fax - 412-594-5619
jblask@tuckerlaw.com

A Ballot that does not indicate acceptance or rejection of a plan will not be considered and will not be counted toward either the number or the amount of votes. An impaired class of claims accepts a plan if at least 2/3 in amount and more than 1/2 in number of the allowed claims in the class that actually vote are cast in favor of the Amended Plan. A class of interests, such as the Members of the PAA, accepts a plan if at least 2/3 in amount of the allowed interests of such class that actually vote are cast in favor of the Amended Plan. Whether or not you vote, you will be bound by the terms and treatment set forth in the Amended Plan if the Bankruptcy Court

Case 17-22224-JAD Doc 675-4 Filed 04/13/18 Entered 04/13/18 23:56:06 Desc Main
Exhibit D: Impaired Class Amended Disclosure Statement Page 5 of 56

confirms the Amended Plan. The Bankruptcy Court may disallow any vote accepting or rejecting the Amended Plan if the vote is not cast in good faith.

Once it is determined which impaired classes have accepted a plan, the bankruptcy court will determine whether the plan may be confirmed. For a plan to be confirmed, the Code requires, among other things, that the plan be proposed in good faith and comply with the other applicable provisions of chapter 11 of the Code, including a requirement that at least one class of impaired claims accept the plan, and that confirmation of the plan is not likely to be followed by the need for further financial reorganization. The bankruptcy court will confirm a plan only if it finds that all of the requirements enumerated in section 1129 of the Code have been met. The Debtors believe that the Amended Plan satisfies all of the requirements for confirmation.

The bankruptcy court may confirm a plan notwithstanding the plan's rejection by some impaired classes, if the bankruptcy court finds that at least one impaired class of claims (not including any acceptances by "insiders" as defined in section 101(31) of the Code) has accepted the plan and that the plan satisfies certain additional conditions. This provision, found in section 1129(b) of the Code, generally referred to as "cramdown" enables the bankruptcy court to confirm a plan over the rejection by a class of secured claims if the plan is fair and equitable and satisfies one of the alternative requirements of section 1129(b)(2)(A) of the Code. The Amended Plan satisfies 1129(b)(2)(A)(a)(II) of the Code because the Debtors are selling their assets free and clear of liens claims and encumbrances and the liens are attaching to the proceeds from the sale of the Sale Assets. The bankruptcy court may also confirm a plan under section 1129(b)(2)(B) over the rejection by a class of unsecured claims if the court finds that the plan is fair and equitable and either that (1) the non-accepting claimants will receive the full value of

their claims, or (2) no class of junior priority will receive or retain anything on account of its pre-petition claims or interests.

An entity which has consented to its treatment is the National Retirement Fund ("NRF"). NRF filed a proof of claim on September 12, 2017, in the PAA case at Claim No. 25 on the PAA's claim registry asserting: (i) a general unsecured claim in the amount of $4,098,642.00 representing withdrawal liability for the PAA's alleged early withdrawal from its participation in a multi-employer pension fund; and (ii) an unsecured priority claim of $228,090.70 for unpaid pension contributions, for total claim amount of $4,326,732.70. The NRF also filed a Proof of Claim on September 12, 2017, in the PAALC case at Claim No. 7 on the PAALC's claims registry asserting a general unsecured claim in the amount of $4,098,642.00 representing withdrawal liability for the PAA's alleged early withdrawal from its participation in a multi-employer pension fund. PAALC Claim No. 7 and PAA Claim No. 25, as filed by the NRF, will be collectively referred to herein as the "NRF Claim". While the Debtors dispute the validity and amount of the NRF Claim, the Debtors and the NRF have resolved the dispute as it relates to the NRF Claim as follows:

> In full and final satisfaction of the NRF Claims, the NRF shall have an allowed priority unsecured claim in the PAA case of $100,000 (the "NRF PAA Priority Claim"). The NRF shall also have an allowed general unsecured claim in the PAA case of $4,326,732.70 (the "NRF PAA Unsecured Claim"). The NRF's claim filed in the PAALC case at Claim No. 7, (the "NRF PAALC Claim") will be disallowed in its entirety. Unless the Settlement is terminated, the Debtors and the Committee will not take any action with respect to the NRF PAA Priority Claim or the NRF PAA Unsecured Claim, including, without limitation, contesting the merits of the claims or otherwise objecting to the claims in the Bankruptcy Court or any other court of competent jurisdiction.
>
> The NRF will agree to cap any distribution to be made by the PAA under the Plan on account of the NRF PAA Unsecured Claim. Specifically, the NRF will agree to accept a maximum cash

> distribution on account of its NRF PAA Unsecured Claim for withdrawal liability in the amount of $1,359,000 ("NRF Claim Distribution Cap"). If the funds available for distribution to the class of general unsecured creditors under the Plan result in less than 100% distribution, the NRF's pro rata share of the available funds shall be calculated using the NRF Unsecured Claim Distribution Cap.

The NRF Claim is a Class 9 Claim.

The Amended Plan contains one class of equity interest holders. PAA is the sole shareholder of PAALC and is the only holder of an Equity Interest under the Amended Plan. PAA's Equity Interest in PAALC is classified in Class 10 and is not impaired under the Amended Plan. PAA is a Pennsylvania non-profit corporation organized as an uncertificated entity with no stockholders and exists for the benefit of its members. The Debtors utilize the PAALC's Clubhouse (as defined below) for the benefit of PAA's members. Pursuant to 15 Pa.C.S.A. § 5753 and in accordance with PAA's Bylaws, its members hold only a limited right to enjoy the benefits of their membership and do not hold any other interest in PAA or PAALC. ***However, some of the benefits of PAA membership may be effected by this Plan upon reopening of the Club.***

B. Purpose of the Disclosure Statement

The purpose of this Amended Disclosure Statement is to set forth information that: (i) summarizes the Amended Plan and alternatives to the Amended Plan; (ii) advises holders of Claims and interests of their rights under the Amended Plan; (iii) assists holders of Claims and interests in making informed decisions with respect to the Amended Plan; and (iv) assists the Court in determining whether the Amended Plan complies with the provisions of Chapter 11 of the Code and should be confirmed. All holders of Claims and interests and other parties in interest are encouraged to read the Amended Plan carefully and thoroughly, and to review the

Amended Plan with their attorneys or other advisors to ascertain its terms, provisions, and conditions and the effect of the Amended Plan on any Claims or interests which such persons may hold and/or possess.

Pursuant to the Code, this Amended Disclosure Statement must be approved by the Court. Final approval of the Amended Disclosure Statement may be considered by the Court at a hearing on the adequacy of the information contained in this Amended Disclosure Statement. Approval of the Amended Disclosure Statement is required by statute and does not constitute a determination by the Court as to the desirability of, or the value, adequacy, or suitability of any consideration offered under the Plan, but instead is a determination that the Amended Disclosure Statement contains adequate information to permit holders of Claims and interests to make an informed judgment about the Amended Plan.

The information set forth in this Amended Disclosure Statement has been taken directly from the Debtors' books and records and other readily accessible instruments and documents. While the Debtors have made every effort to retain the meaning of any such instruments or documents or the portions thereof recited herein, you are advised that any reliance on the contents of such other instruments or documents should be predicated on a thorough review of the instruments or documents themselves, including the Amended Plan.

Consummation of the Amended Plan is subject to satisfaction of the conditions as set forth in Plan § 11.1: Conditions Precedent. No representations or assurances concerning the Amended Plan are authorized by the Debtors other than as set forth in this Amended Disclosure Statement. Any representations or inducements made by any person that are other than herein contained should not be relied upon, and such additional representations or inducements should

be reported to Debtors' counsel, TAPC, who in turn will convey such information to the Court for such action as may be deemed appropriate.

II. OVERVIEW OF DEBTORS' OPERATIONS AND CHAPTER 11 CASE

A. Debtors' Prepetition Activities

PAA is a Pennsylvania non-profit corporation chartered in 1908 that operates a private athletic and social club for the benefit and use of its members. PAA operates out of the Club Parcel and offers, *inter alia*, comprehensive athletic facilities, sports lessons, barber services, fine dining, banquet services, and overnight accommodations. PAALC was chartered in 1909 as a Pennsylvania corporation and in 1940 was granted tax exempt status as a title holding company under 26 U.S.C. § 101(14) (1941), the precursor to 26 U.S.C. § 501(c)(2). PAALC is the fee owner of the Real Property Assets. PAA is the sole shareholder of PAALC's capital stock and therefore 100% owner of PAALC. PAALC is the title holder of record for the Club Parcel and Hotel Parcel, as described below.

The Club Parcel is located at 4215 Fifth Avenue, Pittsburgh, Pennsylvania 15213, bearing tax parcel identification number 27-R-138 and contains approximately 33,136 square feet of land. A historic clubhouse stands on the Club Parcel comprised of seven floors and approximately 123,000 square feet of gross building area, three dining areas, including a bar/lounge area, and boasts numerous athletic facilities, including a pool, fitness facilities, a basketball court, and two squash courts (the "Clubhouse"). PAA occupies the Clubhouse pursuant to a lease between PAA as Tenant and PAALC as Landlord initially in the form of an oral lease entered into in or about 1912 (the "Club Lease"). The Club Lease is "year to year" or perpetual until terminated by either party and is memorialized in writing by a Memorandum of Lease executed by PAALC and PAA on April 12, 1962. To date, neither party has terminated the

Club Lease. Through the Amended Plan, the Club Lease will be assumed by both parties and all parties agree that there are no damages to be cured. On or after the Closing Date, the Club Lease will be assigned to Walnut PAA.

The Hotel Parcel is located adjacent to the Club Parcel between Bigelow Boulevard and Lytton Avenue, Pittsburgh, Pennsylvania, bearing tax parcel identification number 27-R-110, and containing approximately 23,685 square feet of land. The Hotel Parcel is currently being developed by Oakland Fifth Avenue Hotel Associates, L.P. ("OFAHA") into an approximately 160 room Marriott Autograph hotel. The Hotel Parcel is currently being leased to OFAHA through a 99-year ground lease (the "Ground Lease") for $200,000 per year through the construction period and increasing to $290,000 per year upon the issuance of a temporary occupancy permit to OFAHA. The Ground Lease will be transferred to Walnut PAA on or after the Closing Date.

B. Debtors' Prepetition Capital Structure

As of the Petition date, the Debtors' capital structure consisted of outstanding secured obligations in the aggregate principal amount of approximately $4,169,245.67 under loans to one or more of the Debtors from (i) PITT AA LLC as assignee of Allegheny Valley Bank ("AVB") and (ii) OFAHA. PITT AA LLC holds an Open-End Mortgage Note dated December 16, 2008, in the original principal amount of $2,625,000.00, and an Open-End Revolving Line of Credit Second Mortgage Note dated December 16, 2008, in the original principal amount of $200,000.00, and later increased to $400,000 (collectively, and together with any amendments thereto, the "PITT AA LLC Pre-petition Loans"). As of the Petition Date the alleged amount due under the PITT AA LLC Pre-petition Loans totals approximately $2.2 million. OFAHA made loans and advances to PAALC pursuant to certain loan agreements including a Promissory

Note dated June 3, 2014, in the original principal amount of $575,000 and a Loan Agreement dated March 12, 2015, and a Delayed Draw Term Note dated March 12, 2015, in the original principal amount of $1,372,744.00 (collectively, and together with any amendments thereto, the "OFAHA Loans").

Prior to the Petition Date, PAA executed and delivered to the Blanche Trust a Term Note and Security Agreement wherein PAA borrowed the sum of $100,000.00 from the Blanche Trust and granted a junior lien to the Blanche Trust on and in certain artwork, sculptures and memorabilia owned by PAA (the "BT Loan" and together with the OFAHA Loans and the PITT AA LLC Pre-petition Loans, collectively the "Prepetition Loans"). The proceeds of the BT Loan were used to pay the fees and expenses of the Debtors' pre-petition advisors, the Bankruptcy filing fees associated with these cases, insurance, payroll and other general operating expenses. In addition to the BT Loan, PAA is further indebted to the Blanche Trust for an additional pre-petition secured indebtedness in the original principal amount of $335,388.36 which was secured by the same collateral encumbered in connection with the BT Loan. The IRS and Commonwealth of Pennsylvania and/or the DOR have also filed liens resulting in secured tax claims against the Debtors.

The amounts alleged to be due and owing to each Secured Creditor as of the Petition Date are set forth in the schedule of claims ("Claims Schedule") which is attached hereto as "**Exhibit B**".

C. Circumstances Leading to Bankruptcy

PAA has experienced a substantial decline in membership in recent years due to a harsh economic climate, aging membership base, and allocation of funds by its potential membership base away from private social clubs towards other recreational activities. The declining

memberships, as well as many other internal and external stressors, have resulted in the Debtors' inability to pay their debts as they become due, deterioration of the facilities, and termination of utility services. The Debtors' creditors filed a multitude of collection actions, including a mortgage foreclosure action brought by AVB and sheriff sale actions brought by local taxing authorities and trade creditors. The IRS and the Commonwealth of Pennsylvania have also filed liens against the Debtors' Assets. All of these factors have impaired the Debtors' liquidity and their ability to continue as a going concern without instituting a comprehensive restructuring venture, ultimately leading to the filing of these chapter 11 cases. The Debtors have determined that it is in their best interests as well as the best interests of their estates and creditors, to restructure through these Chapter 11 cases.

The Debtors have filed a Joint Amended Disclosure Statement and Amended Plan because they have consistently operated as a single entity throughout their existence. PAA is the sole owner of PAALC, and its assets and liabilities are substantially intertwined with PAALC's. PAALC exists only to hold title to the Real Property Assets for the exclusive use and benefit of PAA and remits any receipts related to the Real Property Assets to PAA after payment of PAALC's operating expenses and indebtedness (however, the PAA has never received or reported any gross receipts). PAA's Board of Directors directs the affairs of PAALC. The Debtors have maintained their books and records on a consolidated basis and the assets and liabilities of PAALC have been reported on the federal tax returns of PAA since at least 1989. Prior to that, up until approximately 1982, PAALC filed a separate tax return with the IRS (as well as with the appropriate state and local taxing authorities). In 1982, due to a change in Internal Revenue Code, 26 U.S.C. § 101 *et seq* ("Internal Revenue Code" or "IRC"), tax exempt entities with gross receipts under $25,000 were no longer required to file IRS Form 990 tax

returns ("Form 990 Return"). Accordingly, PAALC ceased filing a separate Form 990 Return. In January of 1986, PAALC received a IRS Form 8184 Notice, detailing that PAALC did not have to file a Form 990 Return if its gross receipts were normally under $25,000 annually and requesting a response from PAALC confirming the same. PAALC timely responded to this notice and indicated therein that its receipts were below the filing threshold and that it was exempt from reporting on a Form 990. In our about 1989, PAA began reporting PAALC's assets and liabilities on PAA's Form 990 Return. Based on the Debtors' archived books and records, the IRS accepted this filing practice from 1989 through 2006 without penalty and without revoking PAALC's tax exempt status.

In 2006, the Internal Revenue Code was amended requiring tax exempt entities with gross receipts that normally fell under $50,000 to file a IRS Form 990-N postcard ("Form 990-N Card"). *See* 26 U.S.C. § 6033. Based on the advice of its tax professionals and Debtor's past reporting practices accepted by the IRS, PAALC did not file a Form 990-N Card for tax years 2007 through 2016 and the Debtors continued their practice of listing PAALC assets and liabilities on PAA's Form 990 Return. The Form 990-N Card, if it had been timely filed, would simply have shown gross receipts below the thresholds required to file a full tax return.

In or around January 2010, the IRS revoked PAALC's tax exempt status due to failure to file Form 990-N Cards for tax years 2007, 2008 and 2009. During this period of non-compliance the Debtors were relying on advice of their tax professionals, who also, in some instances, actually prepared PAA's Form 990 Returns. Accordingly, PAALC unknowingly lost its tax exempt status as a result of this oversight. PAALC is in the process of applying for retroactive reinstatement of its tax exempt status in accordance with IRC § 6033(j) and Revenue Procedure 2014-11. PAALC strongly believes that it has "reasonable cause" for reinstatement of its tax

exempt status and intends to prosecute that reinstatement contemporaneously with the Amended Plan's confirmation. During the pendency of the reinstatement process, the Debtors and Walnut will maintain the TCE-TIA Escrow to satisfy the IRS and DOR that sufficient funds exist to pay any tax liability that may arise from the sale of the Sale Assets. For the avoidance of doubt, the Debtors believe that the sale of the Sale Assets is a tax exempt transaction under IRC § 512(a)(1) as modified by IRC § 512(b)(5), and that no capital gains taxes will be due. Since inception, PAA and PAALC have prepared consolidated financial statements and have had their financial statements reviewed on a consolidated basis by professional tax advisers. In addition, the proceeds generated from the sale of assets will provide the Debtors with funds to pay all of the Allowed Claims against both Debtors pursuant to the terms of the Amended Plan.

The Amended Plan classifies holders of Claims and interests by Class and is transparent on its face as to the timing of payment of all Classes of Claims and interests. There are no impaired classes of Claims under the Amended Plan. Holders of Allowed Claims of both Debtors will be treated the same. That is, holders of Allowed Claims in both the PAA and PAALC bankruptcy cases will be paid the same distribution on account of their Allowed Claims.

D. Debtors' Post-petition Activities/DIP Loans

The Debtors obtained authority to obtain post-petition financing from JDI Loans, LLC/Rollover Fund, LLC ("JDI") for debtor-in-possession financing, consisting of the DIP Loan in the original principal amount of $750,000.00, and subsequently increased to $1,500,000. JDI has advanced $1,500,000 on the DIP Loan. The DIP Loan must be paid in full from the proceeds derived from the sale of the Sale Assets. Debtors reserve the right to seek additional debtor-in-possession funding if necessary to close the contemplated transaction with Walnut PAA.

Immediately upon filing their Chapter 11 petitions, the Debtors retained various professionals to analyze their prospects for reorganization, and concluded that the best course of action was a plan of reorganization through a sale and joint venture, as the Debtors lacked sufficient funds to maintain or restore their Assets. The Real Property Assets are the primary Assets of the Debtors. The Debtors' reorganization hinges on their ability to (i) partner with a developer through a potentially tax-free sale of the Sale Assets; (ii) pay Allowed Claims in full; and (iii) reinvest the Sale Proceeds in replacement facilities to allow PAA to continue its tax exempt purpose.

E. The Developer Bid Process

On June 15, 2017, HFF sent a Request for Proposals (the "RFP") to real estate developers and investors throughout the country. More than 10,000 individuals and companies received copies of the RFP. Nearly 100 parties signed a non-disclosure agreement to review the RFP data room and from that group more than 20 requested to tour the Club and Hotel Parcels. On July 20, 2017, HFF sent a bid notice to all recipients of the RFP that set July 26, 2017 as the initial offer deadline. This process yielded ten (10) initial development proposals for the Sale Assets. After a comprehensive review of the initial offers by the Board and its professionals, HFF sent best and final letters to each interested developer with best and final offers due by August 15, 2017. Telephone interviews of each developer were conducted on August 17-18, 2017.

On August 20, 2017, pursuant to a Special Meeting Notice issued in accordance with the Debtors' Bylaws, the Board held a special meeting of members of PAA to present the results of the RFP process and request membership authorization to consummate a redevelopment plan for the Sale Assets. After presentations by the Board, HFF and TAPC regarding the redevelopment plan, a motion was made to authorize the Board to pursue the redevelopment plan and a vote was

taken. A quorum of PAA's members overwhelmingly voted in favor of pursing the redevelopment plan, which would focus on the sale of the Sale Assets and a partnership whereby PAA would retain an ownership interest in the Sale Assets. During the RFP marketing and selection process, the Board met weekly and sometimes bi-weekly to discuss the progress of the proposed offers. There were several rounds of revisions to the proposed offers based on the negotiations between the Debtors, through HFF, and the proposed developers.

On August 23, 2017, HFF sent a Letter of Intent ("LOI") request to all developers who submitted an offer with the deadline for LOI's to be delivered by September 5, 2017. Through this process, initial offers and then LOI's came in around $8+ million and eventually rose to above $11 million. In total seven (7) LOI's were received. The Board narrowed the LOI group down from seven to two and after careful consideration of all of the offers submitted, the Board chose to partner with Walnut Capital and the proposed purchaser, Walnut PAA, as its redevelopment partner. Walnut PAA is affiliated with Walnut Capital, a leading developer of residential and commercial real estate projects in western Pennsylvania.

Subject to Court approval and confirmation of the Plan, Walnut PAA and the Debtors entered into the Agreement of Purchase and Sale on November 27, 2017 (the "2017 PSA"). The 2017 PSA was subsequently amended and restated in March of 2018 (the "PSA Amendment" and together with the 2017 PSA, collectively the "PSA"). A true and correct copy of the PSA is attached hereto as "**Exhibit C**". It is the intention of the Debtors to sell the Sale Assets to Walnut PAA under and in accordance with 11 U.S.C. §§1123(a)(5) and (b)(4). Pursuant to the PSA, Walnut agreed to pay the Debtors the purchase price of $12,613,000 plus the $325,000 success fee owed to HFF (the "Purchase Price") through a private sale for the Sale Assets. As part of the sales transaction, Debtors and Walnut PAA will enter into a perpetual lease (the

"PAA Lease"). The PSA further provides that Walnut will fund the Tax Claims /Tenant Improvement Reserve with up to $3,500,000 at Closing, which shall be held, utilized and disbursed as set forth in the PSA and the Amended Plan. Further, the Ground Lease, the extent and form that remains subsequent to the adjudication of the OFAHA Adversary, will be assumed by the Debtors assigned to Walnut PAA. Authorization for the Debtors to enter into the PSA and any and all rights and/or obligations of the Debtors and Walnut PAA under the PSA are conditioned upon Bankruptcy Court approval of the transaction and confirmation of the Amended Plan.

After payment in full of the Allowed Claims pursuant to the terms of the Amended Plan, the Reorganized Debtor will retain the Excluded Assets and any excess sales proceeds and operate out of the Real Property Assets pursuant to the terms of the PAA Lease. On December 4, 2017, Walnut made a deposit of $1,000,000, which is being held in escrow by the Title Company. The $1,000,000 deposit is non-refundable except for certain terms and conditions as set forth in the PSA. The closing on the sale of the Sale Assets will occur within thirty (30) days from date that the Confirmation Order becomes a final and non-appealable Order.

III. OVERVIEW OF THE AMENDED PLAN

The following is a brief summary of certain provisions of the Amended Plan and should not be relied on in lieu of a thorough and comprehensive review of the actual Amended Plan itself. This summary does not purport to be complete. Holders of Claims and/or interests are urged to read the Amended Plan to ascertain the effect of the Amended Plan on their Claims and interests and the other provisions of the Amended Plan. Holders of Claims and/or interests are further urged to consult with their attorneys, tax advisors, financial consultants, or other

professionals to understand more fully the Amended Plan or the effect of the Amended Plan as to their particular situation.

Under the Amended Plan, and consistent with 11 U.S.C. §§ 1123(a)(5)(D) and (b)(4) and 11 U.S.C. §1141(c), the Sale Assets will be sold to Walnut PAA free and clear of all claims, liens, encumbrances or interests with said claims, liens, encumbrances or interests attaching to the proceeds of sale in order of priority as established under the Code and distributed to holders of Allowed Claims and interests as set forth in the Amended Plan. In accordance with 11 U.S.C. § 1146, the Real Property Assets are being sold pursuant to a confirmed plan of reorganization and therefore the transfer is exempt from realty transfer taxes.

The net sales proceeds generated from the sale of the Sale Assets will be used to pay Allowed Claims in both the PAA and PAALC cases pursuant to the terms and conditions of the Amended Plan. The sale of the Sale Assets will provide the necessary funding to pay in full the holders of Allowed Claims in the Debtors' bankruptcy cases in full. After payment of the Allowed Claims in the PAALC case consistent with this Amended Plan, the remaining proceeds will be distributed to PAA on account of its Equity Interest in PAALC. PAA will use those funds to pay to its holders of Allowed Claims as set forth in the Amended Plan. Additionally, in the event that all or some of the funds held in the Tax Claim Reserve/Tenant Improvement Allowance Escrow are not needed to pay the tax claims of the IRS and DOR resulting from the sale of the Real Property Assets, the unused funds will be distributed as follows: (i) the first $500,000 of the unused funds will be returned to Walnut PAA; and (ii) second, the remaining balance of the unused funds will be utilized by Walnut PAA for tenant improvements as set forth in the PSA. PAA, as the Reorganized Debtor, will reorganize through retention of its remaining Assets, the surplus proceeds from the distribution it receives from the PAALC bankruptcy case

(i.e. after payment of Claims in the PAA bankruptcy case pursuant to the terms of this Amended Plan) and reinvestment of Sale Proceeds in the redeveloped facilities it will occupy and operate out of pursuant to the PAA Lease.

The PAA sold its Personal Property Assets at an auction process as approved by this Bankruptcy Court which took place on February 17, 2018. The auction of the Personal Property Assets generated gross funds in the amount of $110,108.50 and after payment of commission and fees the PAA realized a net recovery in the amount of $88,049.39. All proceeds realized from the sale of the Personal Property Assets will be used to fund the obligations of the Debtors pursuant to the Amended Plan.

In general, a chapter 11 plan of reorganization (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the plan. Under section 1124 of the Code, a class of claims is "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable and contractual rights of each holder of a claim in such class or (b) provides, among other things, for the cure of existing defaults and reinstatement of the maturity of claims in such class.

The Amended Plan has one (1) class of Equity Interest holders, PAA as sole shareholder of PAALC. PAA is Pennsylvania non-profit corporation and in accordance 15 Pa.C.S.A. § 5753 there are no owners or Equity Interest holders of PAA. However, because some of the benefits of PAA membership may be altered or reduced under the Amended Plan, Members of PAA are entitled to vote to accept or reject the Debtors' Amended Plan. Article 11.1 of the Amended Plan sets forth the conditions precedent to the "effectiveness" of the Amended Plan; the "Effective Date" of the Amended Plan means the date on which each of the conditions precedent to the

occurrence of the Effective Date of the Amended Plan specified in section 11.1 of the Amended Plan have been satisfied or waived in accordance with section 11.2 of the Amended Plan.

IV. TREATMENT OF CLAIMS AND INTERESTS

For purposes of the Amended Plan, Claims and interests are divided into the following classes and will receive the treatment summarized below and set forth in detail in the Amended Plan. The Claims Schedule is attached hereto as Exhibit B.

The Claims Schedule was prepared prior to review or objection of the scheduled and filed claims, and the amounts shown are simply the amounts reflected in proofs of claim filed with the Court, or in the absence of a filed proof of claim by any particular holder of a Claim and/or interest, by the amount estimated by the Debtors in the initial schedules or as agreed upon by the parties.

Identification of a Claim and/or interest in the Claim Schedule does not constitute an admission, acknowledgement and/or agreement by the Debtors' as to the allowance of said Claim and/or interest. The Debtors reserve all rights to object, contest and/or otherwise dispute any and all Claims and/or interests other than those Claims and/or interests that are already the subject of an Order of the Court allowing said Claim and/or interest, or are the subject of an agreement by and between the holder of the Claim and/or interest and the Debtors, the terms and conditions of which are set forth in the Amended Plan.

A. Secured Claims

(i) Holders of Allowed Secured Claims in the PAALC bankruptcy case which constitute valid liens on the Real Property Assets will be paid in full on or before the later of: (a) the closing of the sale of the Real Property Assets to Walnut PAA; or (b) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

(ii) Holders of Allowed Secured Claims that do not constitute valid liens upon the Real Property Assets, but otherwise constitute valid liens on the personal property of the Debtors, will be paid in full on or before the later of: (a) thirty (30) days after the Effective Date; or (b) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

Payment to holders of Allowed Secured Claims under the Amended Plan shall constitute full and final satisfaction of said Allowed Secured Claims and all liens, Claims, security interests and/or encumbrances held by holders of Allowed Secured Claims shall be released and satisfied.

B. Secured Real Estate Tax Claims.

Holders of Real Estate Tax Claims as set forth in the Claims Schedule attached hereto as Exhibit B, will be paid in full on or before the later of: (a) the closing of the sale of the Real Property Assets to Walnut PAA; or (b) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

No liens, security interests or other encumbrances are being retained by holders of Allowed Real Estate Tax Claims under the Plan. Payment to holders of Allowed Real Estate Tax Claims under the Plan shall constitute full and final satisfaction of said Allowed Claims and all liens, Claims, security interests and/or encumbrances held by holders of Allowed Real Estate Tax Claims shall be released and satisfied.

C. Other Secured Tax Claims (IRS and Commonwealth of PA)

Holders of Allowed Secured Tax Claims will be paid on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Secured Tax Claim becomes an Allowed Claim.

No liens, security interests or other encumbrances are being retained by holders of Allowed Secured Tax Claims under the Plan. Payment to holders of Allowed Secured Tax Claims under the Plan shall constitute full and final satisfaction of said Allowed Claims and all liens, Claims, security interests and/or encumbrances held by holders of Allowed Secured Tax Claims shall be released and satisfied.

D. Allowed Administrative Expense Claims and Professional Fee Claims

(i) Holders of Allowed Administrative Expense Claims will receive in full satisfaction of their Allowed Claim an amount in cash equal to the Allowed amount of such Administrative Expense Claim on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the Administrative Expense Claim becomes an Allowed Claim.

(ii) The DIP Loan is also entitled to an administrative priority claim status and will be paid in full at the Closing of the sale of the Sale Assets to Walnut PAA as set forth above for Allowed Secured Claims that constitute valid liens on the Real Property Assets.

(iii) Each holder of a Professional Fee Claim will receive in full satisfaction of its Allowed Claim an amount in cash equal to the Allowed amount of such Professional Fee Claim on or before the later of: (i) thirty (30) days after the Effective Date; (ii) fifteen (15) days after the Professional Fee Claim becomes an Allowed Claim; or (iii) on such other terms as may be mutually agreed upon between the holder of such Allowed Professional Fee Claim and the Debtors. Notwithstanding the aforementioned provisions, holders of unpaid Professional Fee Claims that have been approved by previous Order of the Court (i.e. pursuant

to the Order Approving Procedures for Interim Compensation) will be paid in full at the Closing. Holders of Professional Fee Claims shall file final applications for fees and expenses within thirty (30) days after the Effective Date.

(iv) Professionals are granted and conferred a lien and security interest in all of the Reorganized Debtor's Artwork, effective upon the date of the Effective Date and without the necessity of the Reorganized Debtor executing a security agreement, financing statement or other proof and perfection of security interest. The Professionals' Lien is granted by the Reorganized Debtor to secure the prompt repayment of any Allowed Professional Fee Claims and expenses which remain unpaid as of the Effective Date and any other Professional Fees and expenses incurred by the Reorganized Debtor following the Effective Date.

(v) IRS and DOR are not holders of Allowed Administrative Expense Claims. To the extent that there are any tax liabilities due to IRS or DOR incident to the sale of the Sale Assets, the money set aside in the TCE-TIA Escrow will be used to pay such liabilities.

No fee applications will be required for professional fees incurred after the Effective Date, except that payment on said fees and expenses shall not occur until all Allowed Claims under the Amended Plan have been paid pursuant to the terms of the Amended Plan or the appropriate reserves have been funded to pay said Claims pursuant to the terms of the Amended Plan pending their allowance.

The aggregate amount of Allowed Administrative Claims and Professional Fee Claims is difficult to predict, as the fees of Professionals will be directly related to the time and effort required in connection with confirmation of the Amended Plan, liquidating the remaining Assets

of the estate, addressing the potential tax claims of IRS and DOR, and reconciling Claims, which in turn will be related to the extent of the opposition and defenses raised by the parties involved. The fees and expenses of Professionals have been paid in part as and when allowed during the course of this case pursuant to the Order Approving Procedures for Interim Compensation. The Debtors estimate that the aggregate amount of Allowed and unpaid Administrative Expense Claims and Professional Fee Claims as of the Effective Date of the Amended Plan will be $1,500,000.00.

E. Allowed Priority Claims

Priority claims are those unsecured claims entitled to priority as set forth in § 507(a)(1) through (7) of the Code. Holders of Allowed Priority Claims will be paid in full on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the Priority Claim becomes an Allowed Claim.

F. Allowed Priority Tax Claims

Priority tax claims are those unsecured claims entitled to priority as set forth in § 507(a)(8) of the Code. Holders of Allowed Priority Tax Claims that are not Allowed Secured Tax Claims will be paid, with interest at the applicable statutory rate from the Confirmation Date, on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the Priority Tax Claim becomes an Allowed Claim.

G. General Unsecured Claims

The Plan provides that holders of Allowed General Unsecured Claims will receive a distribution equal to 100% of a holder's Allowed General Unsecured Claims on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the General Unsecured Claim becomes an Allowed Claim. The Excluded Assets and/or the proceeds of the

Excluded Assets, shall not vest in the Reorganized Debtor free and clear of the Allowed Claims until such time as holders of Allowed Class 9 Claims are paid in full (i.e. 100%).

H. PAA Equity Interest in PAALC

PAA is the sole holder of the Equity Interest of PAALC. PAA's Equity Interest in PAALC is not impaired under the Amended Plan as it will receive the value of its equity as a distribution of the excess Sale Proceeds under the Amended Plan. As of the Effective Date, PAA will retain its Equity Interest in PAALC and PAALC may be dissolved at a later date and time once its tax exempt purpose is no longer able to be realized as it would have sold all assets held for the benefit of PAA.

PAA will remain in existence as the Reorganized Debtor and will occupy and operate out of space in the redeveloped Real Estate Assets pursuant to the PAA Lease. In addition, once holders of Allowed Claims are paid pursuant to the terms of the Amended Plan, PAA, as the Reorganized Debtor, will retain the Excluded Assets and any surplus funds (collectively the "Retained Assets") to assist in the funding of its operations post-confirmation and reinvest in its replacement facilities. Subject to the terms and conditions of the Amended Plan, to the fullest extent permitted by 11 U.S.C. §§ 1141(b) and (c), the Excluded Assets shall vest in PAA, as Reorganized Debtor, free and clear of Claims and interests.

V. CLASSIFICATION OF CLAIMS AND INTERESTS

Claims are classified for all purposes, including balloting (unless otherwise specified), confirmation, and distribution pursuant to the Plan, as follows:

Class Number and Description	Estimated Amount of Allowed Claim in Class	Will Liens Be Retained Under The Plan	Status and Treatment under the Plan

Class 1 - Secured Claims of PITT AA LLC	$2,088,171.35	No	Not Impaired - Payment in full on or before the later of: (i) the Closing Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 2 - Secured Claim of OFAHA	$2,261,671.00 (or as reduced through settlement)	No	Impaired - Payment in full of their reduced Claim on or before the later of: (i) the Closing Date or (ii) fifteen (15) days after the reduced Secured Claim becomes an Allowed Claim.
Class 3 - Secured Claim of the Blanche Trust	$399,914.06	No	Impaired— Payment in full on or before the later of: (i) thirty (30) days after the closing of the sale of the Artwork or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 4 – Secured Tax Claims of the Internal Revenue Service	$345,348.00	No	Not Impaired— Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

Class 5 – Secured Tax Claims of the Commonwealth of Pennsylvania	$450,997.76	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 6 – Secured Real Estate Tax Claims	$0.00	No	Not Impaired - Payment in full on or before the later of: (i) the Closing Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 7 – Unsecured Priority Tax Claims	$342,768.37	No	Not Impaired—Payment in full on or before the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim becomes an Allowed Claim
Class 8 – Unsecured Priority Non-Tax Claims	$176,394.86	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim becomes an Allowed Claim

Class 9 – General Unsecured Claims	$3,498,435.51	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim becomes and Allowed Claim
Class 10 - Equity Interest of PAA in PAALC	N/A	N/A	Not impaired – The value of the PAA Equity Interest in the PAALC is equal to the amount that the PAA will receive from the sale of the Sale Assets.

VI. PROVISIONS GOVERNING DISTRIBUTIONS

A. Effective Date Payments.

The Effective Date shall be the first Business Day following the Closing Date. Upon the occurrence of the Effective Date, the Reorganized Debtor shall file a notice of Effective Date and serve the same upon all holders of Claims and interests, creditors and other interested parties.

On the Effective Date, the Debtors and/or Reorganized Debtor, as applicable, will remit to the Disbursing Agent the net proceeds from the sale of the Sale Assets (i.e. after payments made at Closing consistent with the Plan), the proceeds from the sale of the Personal Property Assets and the proceeds generated from the sale, liquidation and/or other monetization of the Excluded Assets. It shall be the responsibility of the Disbursing Agent to ensure that all payments made at the Closing are consistent with the Amended Plan. The Disbursing Agent shall be responsible to make all distributions pursuant to the Amended Plan consistent with the terms and conditions under the Amended Plan. Other than the Disbursing Agent's duties under

the Amended Plan, the Debtors and the Reorganized Debtor shall be and remain responsible and liable for all obligations under the Amended Plan.

The Disbursing Agent shall be responsible for establishing the Disputed Claims Reserve, which amount shall initially (i.e. after closing on the sale of the Sale Assets) be equal to 100% of the face amount of any and all Disputed Claims.

B. Subsequent Distributions.

Consistent with the provisions of Section (VI)A. above, once all Allowed Claims have been paid pursuant to the terms of this Amended Plan and the Disputed Claims Reserve has been funded, all excess cash held by the Disbursing Agent will be returned to the Reorganized Debtor for use in its ongoing operations.

C. Distributions of Cash.

Any payment of cash made by the Disbursing Agent pursuant to the Amended Plan may be made at the option of the Disbursing Agent either by check drawn on a domestic bank or by wire transfer from a domestic bank.

D. Delivery of Distributions and Undeliverable Distributions.

Distributions to holders of Allowed Claims will be made to the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by a new address as set forth (a) on a proof of claim filed by a holder of an Allowed Claim or (b) in another writing notifying the Disbursing Agent (at the address set forth in the Plan) of a change of address. If any holder's distribution is returned as undeliverable, within sixty (60) days thereafter, the Disbursing Agent must be notified of the holder's current address. If that notice is not timely provided, no further distributions to such holder will be required.

E. Compliance with Tax Requirements.

In connection with the Amended Plan, to the extent applicable, the Disbursing Agent in making distributions under the Amended Plan will comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Amended Plan will be subject to such withholding and reporting requirements. The Disbursing Agent, may withhold the entire distribution due to any holder of an Allowed Claim until such time as such holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property withheld will then be paid by the Disbursing Agent to the appropriate authority. If the holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within six (6) months from the date of first notification to the holder of the need for such information or for the cash necessary to comply with any applicable withholding requirements, then the holder's distribution will be treated as an undeliverable distribution.

F. Time Bar to Cash Payments.

Checks issued in accordance with the Amended Plan by the Disbursing Agent to holders of Allowed Claims will be null and void if not negotiated within sixty (60) days after the date of issuance. Requests for reissuance of any check must be made to the Disbursing Agent by the holder of the Allowed Claim to whom such check was originally issued within sixty (60) days following the date of original issuance of the affected payment. Thereafter, the amount represented by such voided check will irrevocably revert to the Reorganized Debtor and the Claim for which the non-negotiated payment was made will be discharged and the Claimant forever barred from asserting such Claim against the Debtors and/or the Reorganized Debtor.

G. Setoffs.

After notice and hearing, the Debtors may, in accordance with section 553 of the Code and applicable non-bankruptcy law, set off against any Allowed Claim the distributions to be made pursuant to the Amended Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors may hold against the holder of such Allowed Claim. However, neither the failure to affect such a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtors or Reorganized Debtor of any such claims, rights and causes of action that the Debtors or Reorganized Debtor may possess against such holder. The amount necessary to satisfy any Claim that may be subject to setoff will be placed into the Disputed Claim Reserve pursuant to the Amended Plan.

H. Professional Fees and Expenses.

Each Professional retained by order of the Bankruptcy Court requesting compensation in the Chapter 11 Case pursuant to sections 330 or 503(b) of the Code will be required to file a final application for an allowance and payment of final compensation and reimbursement of expenses in the Chapter 11 Case incurred through the Effective Date no later than thirty (30) days after the Effective Date. Objections to any such application shall be filed on or before a date to be set by the Bankruptcy Court.

I. Transactions on Business Days.

If the Effective Date or any other date on which a transaction may occur under the Amended Plan will occur on a day that is not a Business Day, the transactions contemplated by the Amended Plan to occur on such day will instead occur on the next succeeding Business Day.

VII. MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN

A. Sale of Assets. Pursuant to 11 U.S.C. §§ 1123(a)(5)(D) and (b)(4), within thirty (30) days after the date that the Confirmation Order is entered, the Debtors will sell the Sale Assets to Walnut PAA pursuant to the terms of the PSA. Walnut PAA and the Reorganized Debtor shall execute the PAA Lease at Closing.

B. Tax Consequences of the Sale of Sale Assets and Creation of the TCE-TIA Escrow /Tenant Improvement Allowance Escrow

The sale of the Sale Assets to Walnut PAA is not a taxable event under the Internal Revenue Code § 512(a)(1) as modified by § 512(b)(5). There was no "acquisition indebtedness" within the meaning of Internal Revenue Code § 514(a) in this situation. *See generally* Rev. Reg. 1.501(c)(2)–1(a), 26 C.F.R. § 1.501(c)(2)-1.; Rev. Reg. 1-514(b)-1(c)(2), 26 C.F.R. § 1.514(b)(c)(2)[1]. PAA is a tax-exempt 501(c)(7) entity. As set forth above, PAALC was formerly a tax-exempt 501(c)(2) entity however its tax-exempt status was revoked by the IRS in 2010 due to a failure to file Form 990-N Cards for tax years 2007 through 2009, pursuant to 26 U.S.C. § 6033(j)(1). (The postcard, which was not filed, would simply have indicated that no other filing was required). Notwithstanding this revocation, PAALC has operated as a 501(c)(2)

[1] According to a IRS private letter ruling, income collected by a § 501(c)(2) tax exempt entity and used to pay debts securing the property does not result in unrelated business income because:

> Section 1.501(c)(2)-1(a) of the regulations provides that a section 501(c)(2) organization cannot have unrelated business income other than income which is treated as unrelated business taxable income solely because of section 514 of the Code. Section 514(b)(1)(A)(i) of the Code excludes from the term "debt-financed property" any property where "substantially all" the use of the property is substantially related (aside from the need of the organization for income or funds) to the exercise or performance by such organization of its charitable, educational, or other exempt purpose or function constituting the basis for its exemption under section 501. Section 1.514(b)-1(c)(2)(i) of the regulations provides that property owned by an exempt organization and used by a related exempt organization or by an exempt organization related to such related exempt organization shall not be treated as debt-financed property to the extent such property is used by either exempt organization in furtherance of its exemption under section 501.

I.R.S. P.L.R. 9206034 (Jan. 7, 1992).

title holding company since obtaining that status in 1940. PAALC, relying on advice from its tax professionals and its past filing practices, was unaware of a change in the tax code that required exempt organizations with gross receipts normally under $50,000 to file a Form 990-N Card. Prior to 2006 and since 1982, PAALC was not required to file a Form 990. The Debtors began reporting PAALC's assets and liabilities on PAA's Form 990 Returns as early as 1989. The Debtors continued this filing practice through 2016.

During the tax years 2007 through 2009, the Debtors relied in good faith on the advice of their tax professionals, some of who actually prepared the tax documents, and continued to file only a PAA Form 990 Return, listing the PAALC's assets and liabilities. Upon information and belief and based upon PAALC's books and records the only "notice" that PAALC received from the IRS regarding the revocation of its tax exempt status was in the form of the IRS' published annual list of entities with revoked tax exempt status. A comprehensive review of PAALC's records failed to turn up any written notice to PAALC from the IRS.

Section 6033 of the Internal Revenue Code, in relevant part, provides that a party must file an application to have its tax-exempt status retroactively reinstated and that the party must show "reasonable cause" for failing to timely file the requisite notices which lead to revocation of its tax-exempt status. *See, 26 U.S.C. §§ 6033(j)(2) and (3)*. On March 8, 2018, PAALC filed its Form 1024 Application for Retroactive Reinstatement of its 501(c)(2) Tax-exempt Status (the "Form 1024"). A true and correct copy of the Form 1024 is attached hereto as "**Exhibit D**".

Revenue Procedure 2014-11 sets procedural requirements for obtaining a retroactive reinstatement of tax exempt status. *See generally* Rev. Proc. 2014-11, 2014-3 I.R.B. 411 at § 6 (2014). The substantive requirement for reinstatement is that the taxpayer must demonstrate "reasonable cause" for its failure to file the requisite returns. "To establish reasonable cause the

applicant must demonstrate that it exercised ordinary business care and prudence in determining and attempting to comply with its reporting requirements, taking all pertinent facts and circumstances into consideration." Rev. Proc. 2014-11 § 8.03. The Supreme Court has found that reliance on advice from tax professionals regarding a taxpayer's obligation to file a return constitutes "reasonable cause" to avoid a penalty imposed for failure to file. *United States v. Boyle*, 469 U.S. 241, 105 S.Ct. 687, 83 L.Ed.2d 622 (1985). The Third Circuit, following the rule in *Boyle*, has held: "that a taxpayer's reliance on the advice of a tax expert may be reasonable cause" when that advice constitutes substantive advice, i.e. such as the obligation to file a return. *Estate of Thouron v. United States*, 752 F.3d 311, 315 (3d Cir. 2014) (citing *Boyle,* 469 U.S. at 251). Here, the Debtors, exercised ordinary business care and prudence in selecting their tax professionals, who were all certified public accounts with decades of experience in preparing tax documents and financials for tax exempt entities. Furthermore, the Debtors exercised ordinary care and prudence in relying on the advice of their tax professionals. This reliance coupled with Debtors' past filing practices, which were accepted by the IRS, demonstrates "reasonable cause" for PAALC's failure to file the Form 990-N Cards for tax years 2007 through 2009.

In addition, Rev. Proc. 2014-11 § 8.05 also sets forth a non-exclusive list of additional factors weighing in favor of a finding "reasonable cause" for the failure to file required returns. Several of those factors are present in this case and justify retroactive reinstatement, including but not limited to: the rapidly deteriorating financial conditions of the Debtors created an impediment to PAALC, operating with a volunteer Board of Directors, complying with the filing requirements, *See* Rev. Proc. 2014-11 § 8.05(2); the Debtors acted responsibly in trying to remedy the failure to file PAALC's Form 990-N Cards when they finally became aware of the

revocation after the Bankruptcy filings, *See* Rev. Proc. 2014-11 § 8.05(3); the Debtors have a long and established history of complying with the IRS's filing requirements since PAA's formation in 1908, and continuing through several changes in the IRC and IRS regulations, including tax years 1982 through 2006, when no Form 990 Return was due from PAALC. *See* Rev. Proc. 2014-11 § 805(4). Because PAALC has had no gross receipts since its formation in 1911, PAALC's failure to file its Form 990-N Cards has not left the IRS in any financial detriment as there would be no tax due for those tax years for which the Debtors are delinquent. Accordingly, the facts and circumstances demonstrate there is "reasonable cause" for PAALC's failure to file form 990-N's, and accordingly PAALC's § 501(c)(2) tax exempt status should be reinstated.

Immediately after the filing of the Amended Disclosure Statement and Amended Plan, and in conjunction with the application for retroactive reinstatement, the Debtors will commence proceedings pursuant to 11 U.S.C. § 505 seeking an adjudication by the Bankruptcy Court of the legality and amount if any of potential tax claims associated with the sale of the Sale Assets to Walnut PAA and/or the appropriate amount of a cap for such alleged taxes to be applied against the funds set aside in the TCE-TIA Escrow. Upon reinstatement of the PAALC's tax exempt status under section 501(c)(2), the sale of the Sales Assets shall not be a taxable event and shall not create a tax liability due and owing to either the IRS or the DOR. Furthermore, a § 501(c)(2) entity may retain income for the purposes of paying debt related to the real property it holds for the benefit of the parent entity. *See* 26 C.F.R. § 1.501(c)(2)-1 (to maintain tax exempt status, income from property must be turned over to parent company "less expenses"); *See also* Rev. Rul. 77-429, 1977-2 C.B. 189 (1977).

With respect to PAA, the Internal Revenue Code excludes gains arising from sale transactions under the § 512(a)(1) as modified by § 512(b)(5). Although PAA was not the legal owner of the property, if PAA were deemed to be the owner because the property, for tax purposes, was reflected on its books and records, the provisions in the Internal Revenue Code would exempt any gain on sale by PAALC is not taxable. Alternatively, assuming the property is deemed to be owned by PAALC and the tax exempt status of the PAALC is restored retroactively as discussed above, so that the gain on the sale by PAALC is not taxable to PAALC, any actual or deemed distribution by PAALC to PAA would be exempt under § 512(b)(1). Thus, under no circumstances should there be any tax on the sale of the property or the usage of the proceeds of the sale to pay PAA's indebtedness.

Notwithstanding that the Debtors' believe and aver that the IRS and the DOR are not, and will not become, holders of Allowed Administrative Expense Claims arising out of the sale of the Sale Assets. Respectively, the IRS and the DOR should agree to the creation of the TCE-TIA Escrow whereby funds in the amount of $3,500,000.00 will be held in escrow pending: (i) an adjudication by this Court under Section 505 as to the allowance and amount of any tax; or (ii) approval by the IRS of the Form 1024 for PAALC and the final adjudication of any audit associated therewith. The TCE-TIA Escrow will be funded through a combination of money contributed by Walnut PAA, which funds have been marked by Walnut Capital as a tenant improvement allowance under the PSA, as well as through the monetization of PAA's equity interest in Walnut PAA (the "Equity Contribution"). If upon a determination by the Bankruptcy Court under Section 505 that a tax payment is required; funds from the TCE-TIA Escrow will be used to pay any liability due to IRS or DOR.

In the event that all or some of the funds held in the TCE-TIA Escrow are not needed to pay the tax claims of the IRS and DOR resulting from the sale of the Real Property Assets, the unused funds will be distributed as follows: (i) the first $500,000 of the unused funds will be returned to Walnut PAA; (ii) second, the remaining balance of the unused funds up to $2,000,000 will be first distributed back to Walnut PAA to be utilized for tenant improvements as set forth in the PSA with any remaining money not to exceed $100,000 to be remitted to the Reorganized Debtor on account of the Equity Contribution.

In accordance with 11 U.S.C. § 1146, the Real Property Assets are being sold pursuant to a confirmed plan of reorganization and therefore the transfer is exempt from realty transfer taxes. In the event that any realty transfer taxes arise, Walnut PAA shall be exclusively responsible to payment of such realty transfer taxes pursuant to the PSA.

C. Funding. The holders of Allowed Secured Claims and Allowed Secured Tax Claims which constitute liens on the Real Estate Assets shall be paid at the closing of the sale of the Sale Assets. The Disbursing Agent will subsequently pay all classes of Claims pursuant to the terms of the Amended Plan.

D. Distributions. The Disbursing Agent will make all distributions contemplated by the Amended Plan that are not paid at Closing.

E. Post-Confirmation Responsibilities. After the Effective Date, the Disbursing Agent shall administer the Disputed Claims Reserve. On and after the Effective Date, the Reorganized Debtor shall be solely responsible for filing any tax returns for, and for all other tax matters relating to, the Debtors or Reorganized Debtor.

F. Documents and Further Transactions. Each of the officers or directors of the Debtors is authorized and directed to execute, deliver, file, or record such contracts, instruments,

releases, indentures, and other agreements or documents, including without limitation, the Amended Plan Documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Amended Plan.

G. Causes of Action.

(i) On November 30, 2017, the Debtors filed an adversary complaint against OFAHA at adversary case no. 17-02238-JAD seeking to: (1) Avoid and Recover Pre-Petition Fraudulent Transfers pursuant to 11 U.S.C. §§548, 550 & 544 and the Pennsylvania Uniform Fraudulent Transfer Act; and, in the alternative, (2) Avoid and Recover a Preferential Pre-Petition Transfer pursuant To 11 U.S.C. §§547 & 550. OFAHA has a motion to dismiss pending and the Debtors have served written discovery requests on OFAHA. Debtors and OFAHA agreed to stay all activity and deadlines in the adversary case pending a potential settlement between the parties thereto.(ii) Before the later of the Effective Date or the expiration of any applicable statutes of limitations, the Debtors, or the Reorganized Debtor, as the case may be, may file and prosecute any or all Causes of Action of the Debtors, and the Debtors may settle any Causes of Action with Bankruptcy Court approval. On the Effective Date, all remaining Causes of Action, whether filed or unfiled, will be transferred to the Reorganized Debtor and may thereafter be prosecuted, settled, or abandoned without Bankruptcy Court approval by the Reorganized Debtor. Notwithstanding anything to the contrary herein, pending the Effective Date, the Debtors, and after the Effective Date, the Reorganized Debtor, in its sole discretion reserve the right to commence any Cause of Action or Avoidance Action and to defend any Cause of Action.

Prosecution and settlement of such claims, rights, defenses, and Causes of Action will be the responsibility of the Debtors prior to the Effective Date and then to the Reorganized Debtor after the Effective Date, pursuant to the provisions of the Plan. The Reorganized Debtor will or will not pursue those claims, rights, defenses, and Causes of Action, as appropriate, in accordance with the Reorganized Debtor's commercially reasonable judgment.

(iii) The Debtors have claims against, *inter alia*, (1) Pittsburgh History & Landmarks Foundation related to a façade easement, and (2) Meyer Unkovic & Scott, LLP for legal malpractice, and preserve all rights with respect to each and all claims. The entry of the Confirmation Order shall not bar any Causes of Action that may be brought by the Debtors or the Reorganized Debtor.

(iv) The Debtors intend to file an adversary proceeding pursuant to Code Section 505 to determine whether the Debtors are required to pay any tax claims of the IRS and DOR resulting from the sale of the Sale Assets.

(iv) Any compromise or settlement of a Cause of Action by the Debtors before the Effective Date will be subject to approval of the Bankruptcy Court. After the Effective Date, the Reorganized Debtor will not be required to (but may, in its sole discretion) seek approval of the Bankruptcy Court to commence, pursue, prosecute, settle, compromise, or abandon any Causes of Action.

Any and all claims, Causes of Action and/or Avoidance Actions, and any proceeds realized there from and transferred to the Reorganized Debtor, are preserved for the benefit of the Debtors' bankruptcy estates and the holders of Allowed Claims and interests until such time as all Allowed Claims are paid pursuant to the terms of the Amended Plan.

VIII. PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS OTHER THAN CLAIMS COVERED BY THE TCE-TIA ESCROW /TENANT IMPROVEMENT ALLOWANCE ESCROW

A. No Distribution Pending Allowance. Notwithstanding any other provision of the Amended Plan, no cash or other property will be distributed under the Amended Plan on account of any Disputed Claim or Interest, unless and until such Claim or interest becomes an Allowed Claim or interest.

B. Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and the Reorganized Debtors, as the case may be, will have the right to make and file objections to Claims and/or interests and will serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than sixty (60) days after the Effective Date or any extension thereto. From and after the Effective Date, all objections will be litigated to a Final Order except to the extent the Reorganized Debtors elect to withdraw any such objection or the Reorganized Debtors and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

C. Reserve Accounts for Disputed Claims. On and after the Effective Date, the Disbursing Agent shall establish the Disputed Claims Reserve and shall hold in the Disputed Claims Reserve: (i) cash in an aggregate amount sufficient to pay to each holder of a Disputed Unsecured Claim the amount that such holder would have been entitled to receive under the Amended Plan if such Claim had been an Allowed Claim on the Effective Date; and (ii) net earnings on such cash. All cash and earnings thereon shall be used to satisfy any expenses

incurred in connection with the maintenance of the Disputed Claims Reserve, including taxes payable on such interest income, if any.

D. Investment of Disputed Claims Reserve. The Disbursing Agent will be permitted, from time to time, in its sole discretion, to invest all or a portion of the cash or cash equivalents in the Disputed Claims Reserve in United States Treasury Bills, interest-bearing certificates of deposit, tax exempt securities or investments permitted by section 345 of the Code or otherwise authorized by the Bankruptcy Court, using prudent efforts to enhance the rates of interest earned on such cash without inordinate credit risk or interest rate risk.

E. Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim becomes an Allowed Claim, the Disbursing Agent will, within fifteen (15) days after the Claim becomes an Allowed Claim, distribute from the Disputed Claims Reserve to the holder of such Allowed Claim (i) cash in an aggregate amount sufficient to pay to each holder of a Disputed Claim the amount that such holder would have been entitled to receive under the Amended Plan if such Claim had been an Allowed Claim on the Effective Date; and (ii) net earnings on such cash.

F. Release of Funds from Disputed Claims Reserve. To the extent a Disputed Claim is disallowed, the cash attributable to such Disallowed Claim will be distributed to Holders of Class 9 Allowed Claims until paid pursuant to the terms of the Amended Plan. Thereafter to the Reorganized Debtor; provided, however, that the Disbursing Agent will retain at all times until closing of the Disputed Claims Reserve at least $25,000 cash from which the Reorganized Debtor will pay the costs and fees, if any, of administering the Disputed Claims Reserve.

G. Closing of the Disputed Claims Reserve. After the last Disputed Claim is resolved, whether by Final Order of the Bankruptcy Court or by stipulation between the Reorganized Debtor and the holder of such Disputed Claim, the Disbursing Agent will (i) pay all remaining costs and fees, (ii) distribute all remaining cash to holders of Allowed Claims in Class 9 until paid pursuant to the terms of the Amended Plan. Thereafter to the Reorganized Debtor and (iii) close the Disputed Claims Reserve.

IX. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. **Club Lease**. On the Closing Date, PAA and PAALC will each respectively assume the Club Lease. PAA and PAALC agree that there are no defaults and no amounts due and owing under the Club Lease. The Club Lease will be assigned to Walnut PAA for valuable consideration to be allocated and paid from the Purchase Price.

B. **Collective Bargaining Agreements**. On or about the Petition Date, PAA shut its doors and has had no union employees other than a single engineer who was/is responsible for boiler system maintenance (until the Clubhouse was winterized) and basement sump pump operation. It is anticipated that this employee will be terminated at or around the Closing Date. The Clubhouse is closed and will remain closed through and beyond the Closing Date.

PAA and the Pennsylvania Joint Board of UNITE HERE, Local 57 are parties to a collective bargaining agreement dated November 1, 2008 (the "UNITE HERE CBA"). The UNITE HERE CBA expired on February 28, 2011 and continues on a year to year basis until a party gives the other party notice of its intent to terminate the agreement within sixty (60) days prior to the expiration date. PAA has given notice of termination to UNITE HERE in accordance with applicable law and provisions of the UNITE HERE CBA. Pursuant to its contractual terms, the UNITE HERE CBA terminated on February 28, 2018.

PAA and the International Union of Operating Engineers Local 95-95A, AFL-CIO ("OE") are parties to a collective bargaining agreement dated February 1, 2012 (the "OE CBA"). The OE CBA expired on January 31, 2014 and continues on a year to year basis until a party gives the other party notice of its intent to terminate the agreement within sixty (60) days prior to the expiration date. PAA has given notice of termination to OE in accordance with applicable law and provisions of the OE CBA. Pursuant to its contractual terms, the OE CBA terminated on January 31, 2018.

C. **Ground Lease**. PAALC has filed the OFAHA Complaint challenging, *inter alia,* the validity and extent of the Ground Lease. Unless the OFAHA Complaint is resolved prior to the confirmation of the Amended Plan, the Ground Lease will be rejected on confirmation. If the OFAHA Complaint is resolved prior to the Confirmation Date, whether through stipulation of the parties or otherwise, the Debtor shall assume the Ground Lease and assign it to Walnut PAA. In sum, to the extent that the Court determines that the Ground Lease is valid or the parties arrive at a consensual resolution regarding the validity of the Ground Lease, the Ground Lease will be assumed by the Debtors and assigned to Walnut PAA on the Closing Date.

D. **All Remaining Executory Contracts and Unexpired Leases.** On the Confirmation Date, all remaining executory contracts and unexpired leases that exist between the Debtors and any Person, whether or not previously listed by the Debtors on Schedule "G" of their Schedules, shall be deemed rejected as of the Confirmation Date, except for any executory contract or unexpired lease (a) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, or (b) as to which a motion for approval of the assumption or rejection of such contract or lease is pending on the Confirmation Date including but not limited to, as part of the sale of the Sale Assets.

E. **Approval of Rejection of Executory Contracts and Unexpired Leases.** Entry of the Confirmation Order shall constitute the approval, pursuant to section 365 of the Code, of the rejection or assumption and assignment, as the case may be, of the executory contracts and unexpired leases rejected or assumed and assigned pursuant to the Amended Plan.

X. EFFECT OF THE PLAN ON CLAIMS

A. **Exculpation and Related Injunction.**

(i) **Satisfaction of Claims in the Debtors**. The treatment to be provided for respective Allowed Claims against the Debtors pursuant to the Amended Plan shall be in full satisfaction, settlement, and release of such respective Claims.

(ii) **Discharge and Injunction**.

(1) As to PAA, except as otherwise provided in this Amended Plan, the rights afforded in the Amended Plan and the treatment of all Claims herein shall be in exchange for and in complete satisfaction and release of all Claims of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against PAA, or any of the Assets or any other assets of PAA in existence on or after the Petition Date. Except as otherwise provided in the Amended Plan or the Confirmation Order and the obligation of the PAA thereunder: (i) on the Effective Date, PAA shall be deemed discharged and released to the fullest extent permitted by section 1141 of the Code from all Claims, including, but not limited to, demands, liabilities, Claims, that arose before the Confirmation Date and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Code, whether or not: (a) a Proof a Claim or proof of interest based on such debt or Interest is filed or deemed filed pursuant to section 501 of the Code, (b) a Claim or Interest based on such debt or interest is Allowed pursuant to section 502 of the Code,

or (c) the holder of a Claim or interest based on such debt or interest has accepted the Amended Plan; and (ii) all entities shall be precluded from asserting against the Disbursing Agent, his successors or its Assets or properties any other or further Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date. Except as otherwise provided in the Amended Plan or the Confirmation Order and the obligations of the PAA thereunder, the Confirmation Order shall act as a discharge of any and all Claims against any and all debts and liabilities of PAA, as provided in Sections 524 and 1141 of the Code, and such discharge shall void any judgment against PAA at any time obtained to the extent that it relates to a Claim discharged.

(2) As to PAALC, which is selling substantially all of its property through the Plan, there will be no discharge in accordance with Section 1141(d)(3) of the Code.

(3) Except as otherwise provided in the Amended Plan or the Confirmation Order, on and after the Effective Date, all entities who have held, currently hold or may hold a debt, Claim or Interest paid pursuant to the terms of the Amended Plan are permanently enjoined from taking any of the following actions on account of any such debt, Claim or Interest: (i) commencing or continuing in any manner any action or other proceeding against the Debtors and its successors or their respective Assets or properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Debtors and its successors or their respective Assets or properties; (iii) creating, perfecting, or enforcing any Lien or encumbrance against the Debtors and its successors or their respective Assets or properties; (iv) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the

Debtors and their successors or their respective Assets or properties; and (v) commencing or continuing, any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Any Entity injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages from the willful violator.

(iii) **Indemnification**. Notwithstanding anything to the contrary in this Amended Plan, other than for acts constituting willful misconduct or gross negligence, the Debtors' obligations, in all cases net of applicable insurance proceeds, to indemnify Persons who served during the Chapter 11 Case as the Debtors' members, employees, directors, officers and Professionals existing under applicable non-bankruptcy law (including but not limited to acting as employee benefit plan fiduciaries or employee benefit administrative trustees), whether arising under contract, bylaw, or articles of organization, with respect to all present and future actions, suits, and proceedings against any of such indemnified Persons, based upon any act or omission related to service with, for, or on behalf of the Debtors at any time during the period from the Petition Date through the Effective Date, shall not be released.

(iv) **Exculpation**. As of the Effective Date, neither the Debtors, Walnut, Walnut PAA the Committee, the members of the Committee, the Debtors' Professionals, directors, officers, Walnut's Professionals, Walnut PAA's Professionals nor the Committee's Professionals will have or incur any liability to any Person for any act taken or omission occurring on or after the Petition Date in connection with or related to the Case, including but not limited to: (i) the Debtors' consent to the entry of an order for bankruptcy relief under Chapter 11 of the Code; (ii) the administration of the Chapter 11 Case; (iii) the operation of the Debtors' business during the

pendency of the Chapter 11 Case; (iv) the formulating, preparing, disseminating, implementing, confirming, consummating, and administering of the Plan (including soliciting acceptances or rejections thereof); (v) the submission of and statements made in, the Disclosure Statement or any contract, instrument, release, or other agreement or document entered into, or any action taken or omitted to be taken in connection with the Amended Plan; and (vi) any distributions made pursuant to the Amended Plan, except for acts constituting willful misconduct or gross negligence, and in all respects such parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Amended Plan. The entry of the Confirmation Order shall constitute a determination by the Bankruptcy Court that Persons or Entities covered under this section of the Amended Plan have acted in good faith and in compliance with the applicable provisions of the Code, pursuant to, among other provisions of law, Sections 1125(e) and 1129(a)(3) of the Code, with respect to the foregoing.

XI. EFFECTIVENESS OF THE AMENDED PLAN

A. Conditions Precedent to the Effective Date. The following are conditions precedent to the Effective Date of the Amended Plan:

(i) The Bankruptcy Court shall have entered the Confirmation Order, in form and substance satisfactory to the Debtors and the Committee;

(ii) No stay of the Confirmation Order shall then be in effect and the Confirmation Order is a Final Order;

(iii) The Closing on sale of the Sale Assets shall have occurred and the Debtors shall have sufficient cash to pay in full the Allowed Secured, Administrative, and Priority Claims and 80% of the Allowed General Unsecured Claims and to fund the appropriate Disputed Claims Reserve as provided under the Amended Plan;

(iv) The TCE-TIA Escrow shall be funded in the total amount of $3,500,000.00; and

(iv) All agreements and instruments contemplated by, or to be entered into pursuant to, the Amended Plan and its provisions, including without limitation, the Amended Plan Documents necessary for the effectuation of the Amended Plan, shall have been duly and validly executed, shall be consistent with terms and conditions of the Amended Plan and delivered by the parties thereto and all conditions to their effectiveness shall have been satisfied or waived.

B. Waiver of Conditions. Notwithstanding the foregoing, the Debtors, only after obtaining the consent of the Committee, may waive the occurrence of any of the foregoing conditions precedent. Any such waiver of a condition precedent hereof may be affected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Amended Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors decide that one of the foregoing conditions cannot be satisfied and the occurrence of such condition is not waived, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

XII. EFFECTS OF CONFIRMATION

A. Vesting of Assets in Reorganized Debtor. As of the Effective Date, and only upon payment of Allowed Claims pursuant to the terms of the Amended Plan, the funding of the Disputed Claim Reserve and the funding of the Tax Claim Reserve/Tenant Improvement

Allowance Escrow, the property of the Estate shall vest in the Reorganized Debtor, free and clear of all Claims and interests.

B. Binding Effect. Except as otherwise provided in section 1141(d)(3) of the Code, on and after the Confirmation Date, the provisions of the Amended Plan shall bind any holder of a Claim against the Debtors and its successors and assigns, whether or not the Claim is impaired under the Amended Plan and whether or not such holder has accepted the Plan.

C. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in these Chapter 11 Cases pursuant to sections 105 or 362 of the Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of these Chapter 11 Cases.

D. Rights of Action. Except as otherwise provided in the Amended Plan, on and after the Effective Date, the Reorganized Debtor will have the exclusive right to enforce any and all present or future rights, claims or causes of action against any Person. The Reorganized Debtor may pursue, abandon, settle or release any or all such rights of action, as it deems appropriate, without the need to obtain approval or any other or further relief from the Bankruptcy Court. The Debtors and/or the Reorganized Debtor may, in their sole discretion, offset any such claim held against a person against any payment due such person under the Amended Plan; provided, however, that any claims of the Debtors arising before the Petition Date shall first be offset against Claims against the Debtors arising before the Petition Date.

E. Injunction. On and after the Confirmation Date, all Persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of or respecting any claim, debt, right or cause of action of the Debtors for which the Debtors or the Reorganized Debtor retain sole

and exclusive authority to pursue in accordance with the Amended Plan. The PAA intends that the Amended Plan will operate as a discharge of all debts to the fullest extent permitted by 11 U.S.C. §1141(d).

F. Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and the Amended Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Code and for, among other things, the following purposes:

(i) To hear and determine any motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases, and the allowance of any Claims resulting there from;

(ii) To determine any and all pending adversary proceedings, applications, and contested matters;

(iii) To hear and determine any objection to any Claims;

(iv) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(v) To issue such orders in aid of execution of the Amended Plan to the extent authorized by section 1142 of the Code;

(vi) To consider any modifications of the Amended Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(vii) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Code;

(viii) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Amended Plan;

(ix) To determine and recover all Assets of the Debtors and property of the Estates, wherever located;

(x) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Code (including any requests for expedited determinations under section 505 of the Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Commencement Date through the closing of the Chapter 11 Case);

(xi) To hear and determine all matters concerning the sale of the Sale Assets;

(xii) To hear any other matter consistent with the provisions of the Code; and

(xiii) To enter a final decree closing these Chapter 11 cases.

G. Modification of Amended Plan. The Debtors reserve the right, in accordance with the Code and the Bankruptcy Rules, to amend or modify the Amended Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Reorganized Debtor may, upon order of the Bankruptcy Court, amend or modify the Amended Plan, in accordance with section 1127(b) of the Code, or remedy any defect or omission or reconcile any inconsistency in the Amended Plan in such manner as may be necessary to carry out the purpose and intent of the Amended Plan. A holder of an Allowed Claim that is deemed to have accepted the Amended Plan shall be deemed to have accepted the Amended Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such holder.

XIII. ALTERNATIVES TO THE PROPOSED AMENDED PLAN

The Plan reflects the efforts of the Board to market, sell and redevelop the Debtors' assets. Debtors have determined that the Amended Plan is the most practical means of providing maximum recoveries to creditors. Alternatives to the Amended Plan that have been considered and evaluated by the Debtors during the course of these Chapter 11 Cases include (a) liquidation of the Debtors' assets under chapter 7 of the Code, and (b) an alternative chapter 11 plan. The Debtors' thorough consideration of these alternatives to the Amended Plan has led the Debtors to conclude that the Amended Plan, in comparison, provides a more certain and expeditious recovery to creditors on a more efficient timetable, and in a manner that minimizes certain inherent risks including but not limited to, delay in executing a transaction, possibility of additional broker's commissions, administrative expenses, and/or the permanent cessation of the social and charitable activities of PAA.

A. Liquidation Under Chapter 7 of the Bankruptcy Code. If the Amended Plan or any other chapter 11 plan for the Debtors cannot be confirmed under section 1129(a) of the Code, the Chapter 11 Case of PAALC may be converted to a case under chapter 7 of the Code, in which case, a trustee would be elected or appointed to liquidate any remaining assets of PAALC for distribution to creditors pursuant to chapter 7 of the Code. If a trustee is appointed and the remaining assets of PAALC are liquidated under chapter 7 of the Code, there will be an additional layer of administrative costs and commissions that will negatively affect distributions. Furthermore, under a liquidation scenario, PAA may not receive any distribution on account of its Equity Interest in PAALC and therefore the creditors of PAA may not recover any money on account of their claims.

PAA is the sole owner of the PAALC and must approve the sale of the Sale Assets and the payment to all creditors with Allowed Claims. Due to the substantially intertwined relationship between the Debtors, one could not have operated independently without the other. PAALC has few creditors but substantial secured claims to pay. A review the Debtors' claims registry evidences that the vast majority of the unsecured claims were filed against PAA. For the claims against PAA to be satisfied, the Sale Assets of PAALC must be sold for the benefit of all of the Debtors' creditors. The Debtors believe that conversion of these Chapter 11 Cases to Chapter 7 cases would result in (i) significant delay in distributions to all creditors who would have received a distribution under the Joint Plan; and (ii) diminished recoveries for creditors.

B. Case Dismissal. If the Debtors' cases are dismissed, creditors would be free to pursue non-bankruptcy remedies in their attempts to satisfy claims. The Secured Creditors will most certainly foreclose on the Real Property Assets, with the Real Property Assets likely being sold at a sheriff's sale for the amounts due to satisfy the secured creditors' liens. It would be unlikely that any excess proceeds from a Sheriff sale would be returned to the PAA which would eliminate any recovery to other creditors.

XIV. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE AMENDED PLAN

The following discussion summarizes certain material federal income tax consequences of the implementation of the Amended Plan to the Debtors and to certain holders of Allowed Claims. Accordingly, the following summary of certain material federal income tax consequences has been provided for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult its own tax advisors for

the federal, state, local and foreign income and other tax consequences applicable under the Amended Plan.

A. Gain or Loss. In general, each holder of an Allowed Unsecured Claim may recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by such holder in satisfaction of its Claim (other than any Claim representing accrued but unpaid interest) and (ii) such holder's adjusted tax basis in such Claim other than any Claim representing accrued but unpaid interest. The "amount realized" by a holder of an Allowed Claim will equal the sum of the cash, less any amount required to be treated as imputed interest in respect of any distributions received after the Effective Date.

B. Information Reporting and Withholding. All distributions to holders of Allowed Claims under the Amended Plan are subject to any applicable withholding (including employment tax withholding). The foregoing summary of certain material federal income tax consequences has been provided for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult its own tax advisors for the federal, state, local and foreign income and other tax consequences applicable under the Amended Plan.

XV. CONFIRMATION OF THE PLAN

The Bankruptcy Court will confirm the Amended Plan only if all of the requirements of section 1129(a) of the Code are met. The Debtors submit that all applicable provisions of section 1129 have been met by the Amended Plan.

A. Best Interests Test. One requirement for confirmation of a plan is called the "best interests test." Notwithstanding acceptance of the plan by each impaired class of claims, in

order to confirm a plan, if even one member of an impaired class votes to reject the plan, the bankruptcy court must determine that the plan is in the best interests of each holder of a claim or interest in such class. The best interests test requires that the bankruptcy court find that the plan provides to each member of such impaired class a recovery on account of the class member's claim or interest that has a value, as of the Effective Date of the plan (generally, at least 14 days after confirmation), at least equal to the value of the distribution that each such class member would have received if the debtor's assets were liquidated under chapter 7 of the Code on such date. Under the Chapter 7 liquidation analysis provided in this Amended Disclosure Statement, all holders of claims within Classes 2, and 3 (the impaired classes) and Members of the PAA, will receive more under the Amended Plan than they would if the Debtor was liquidated and its most valuable assets, certain personal property (no real property is owned by the Debtor), was sold.

B. Feasibility of the Plan. Section 1129(a)(11) of the Code provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one that will not lead to a need for further reorganization or liquidation of the debtor. As of the closing of any sale as contemplated under the Amended Plan, the Debtors will have the funds necessary to satisfy their obligations under the Amended Plan. Therefore, the Amended Plan is financial feasibility as required by the Code. The Debtors' feasibility analysis is attached hereto as "**Exhibit E**".

C. Classification of Claims and Equity Interests Under the Plan. The Debtors believe that the Amended Plan meets the classification requirements of the Code which provide that a Chapter 11 plan place each claim or equity interest into a class with other claims or equity

interests that are "substantially similar." The Amended Plan establishes classes of Claims and Equity Interests as required by the Code and summarized above. Administrative Expense Claims and Priority Tax Claims are not classified.

XVI. CONCLUSION

The Debtors submit that the Amended Disclosure Statement and the Amended Plan comply in all respects with sections 1125 and 1129 of the Code and that the Amended Disclosure Statement should be approved and the Amended Plan confirmed.

Dated: March 13, 2018
Revised: April 15, 2018

Respectfully Submitted,

TUCKER ARENSBERG, P.C.

/s/*Jordan S. Blask*
Jordan S. Blask, Esq. (Pa. I.D. 308511)
Jillian Nolan Snider, Esq. (Pa. I.D. 202253)
1500 One PPG Place
Pittsburgh, PA 15222
Phone: (412) 566-1212
Fax: (412) 594-5619
jblask@tuckerlaw.com
jsnider@tuckerlaw.com

Counsel for the Debtors

Exhibit "E"

(Forms of Ballots)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY, *Debtors.*	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD

CLASS 2 BALLOT FOR ACCEPTING OR REJECTING
DEBTORS' AMENDED PLAN OF REORGANIZATION DATED MARCH 13, 2018
(as revised March 16, 2018 and April 15, 2018)

Debtors, Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company, filed a Joint Amended Plan of reorganization dated March 13, 2018, as revised March 16, 2018 and April 15, 2018, (the "Amended Plan") for the Debtors in these jointly administered cases. The Court has approved the Impaired Class Joint Amended Disclosure Statement with respect to the Amended Plan (the "Impaired Class Amended D/S"). The Impaired Class Amended D/S provides information to assist you in deciding how to vote your ballot. If you do not have an Impaired Class Amended D/S, you may obtain a copy from *Tucker Arensberg, P.C., Attn: Jordan Blask, Esq., 1500 One PPG Place, tel: 412-566-1212/fax: 412-594-5619; email: jblask@tuckerlaw.com.* Court approval of the Impaired Class Amended DS does not indicate approval of the Amended Plan by the Court.

You should review the Impaired Class Amended D/S and Amended Plan before you vote. You may wish to seek legal advice concerning the Amended Plan and your classification and treatment under the Amended Plan. Your *claim* has been placed in CLASS 2 under the Amended Plan. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If the Amended Plan is confirmed by the Bankruptcy Court it will binding on you whether or not you vote.

The undersigned, a creditor of the above-named Debtors, is the holder of a **CLASS 2 Secured Claim of OFAHA**, as classified in the Joint Amended Plan of Reorganization dated March 13, 2018 as revised March 16, 2018 and April 15, 2018, in the amount of $_____.

The undersigned hereby (check appropriate block):

[ ] ACCEPTS or **[ ] REJECTS** the Joint Amended Plan of Reorganization of Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company, dated March 13, 2018 as revised April 15, 2018.

Print or Type Name of Creditor: _____

Signed: _____

Title: _____

Address: _____

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY, *Debtors.*	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD

CLASS 3 BALLOT FOR ACCEPTING OR REJECTING
DEBTORS' AMENDED PLAN OF REORGANIZATION DATED MARCH 13, 2018
(as revised March 16, 2018 and April 15, 2018)

Debtors, Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company, filed a Joint Amended Plan of reorganization dated March 13, 2018, as revised March 16, 2018 and April 15, 2018 (the "Amended Plan") for the Debtors in these jointly administered cases. The Court has approved the Impaired Class Joint Amended Disclosure Statement with respect to the Plan (the "Impaired Class Amended D/S"). The Impaired Class Amended D/S provides information to assist you in deciding how to vote your ballot. If you do not have an Impaired Class Amended D/S, you may obtain a copy from *Tucker Arensberg, P.C., Attn: Jordan Blask, Esq., 1500 One PPG Place, tel: 412-566-1212/fax: 412-594-5619; email: jblask@tuckerlaw.com.* Court approval of the Impaired Class Amended D/S does not indicate approval of the Amended Plan by the Court.

You should review the Impaired Class Amended D/S and Amended Plan before you vote. You may wish to seek legal advice concerning the Amended Plan and your classification and treatment under the Amended Plan. Your *claim* has been placed in CLASS 3 under the Amended Plan. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If the Amended Plan is confirmed by the Bankruptcy Court it will binding on you whether or not you vote.

The undersigned, a creditor of the above-named Debtor, is the holder of a **Class 3 - Secured Claim of the Blanche Trust**, as classified in the Joint Amended Plan of Reorganization dated March 13, 2018 as revised March 16, 2018 and April 15, 2018, in the amount of $_____.

The undersigned hereby (check appropriate block):

[ ] ACCEPTS or **[ ] REJECTS** the Joint Amended Plan of Reorganization of Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company, dated March 13, 2018, as revised Mach 16, 2018 and April 15, 2018.

Print or Type Name of Creditor: _____

Signed: _____

Title: _____

Address: _____

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY, *Debtors.*	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD

PAA MEMBER BALLOT FOR ACCEPTING OR REJECTING
DEBTORS' AMENDED PLAN OF REORGANIZATION DATED MARCH 13, 2018
(as revised March 16, 2018 and April 15, 2018)

Debtors, Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company, filed a Joint Amended Plan of reorganization dated March 13, 2018 (the "Amended Plan") for the Debtors in these jointly administered cases. The Court has approved the Impaired Class Joint Amended Disclosure Statement with respect to the Amended Plan (the "Impaired Class Amended D/S"). The Impaired Class Amended D/S provides information to assist you in deciding how to vote your ballot. If you do not have a D/S, you may obtain a copy from *Tucker Arensberg, P.C., Attn: Jordan Blask, Esq., 1500 One PPG Place, tel: 412-566-1212/fax: 412-594-5619; email: jblask@tuckerlaw.com.* Court approval of the DS does not indicate approval of the Amended Plan by the Court.

You should review the Impaired Class Amended D/S and Amended Plan before you vote. You may wish to seek legal advice concerning the Amended Plan and your classification and treatment under the Amended Plan. Your interest is as a Member of the Pittsburgh Athletic Association. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If the Amended Plan is confirmed by the Bankruptcy Court it will binding on you whether or not you vote.

The undersigned, a Member, is the holder of a **Membership Interest in the Pittsburgh Athletic Association.**

The undersigned hereby (check appropriate block):

[ ] ACCEPTS or **[ ] REJECTS** the Joint Amended Plan of Reorganization of Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company, dated March 13, 2018 as revised March 16, 2018 and April 15, 2018.

Print or Type Name of Member: _____

Signed: _____

Title & PAA Member No.: _____

Address: _____

Exhibit "G"

(Redlined Impaired Class Amended D/S)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al.,* *Debtors.*	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD
PITTSBURGH ATHLETIC ASSOCIATION, PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY, *Movants,* v. NO RESPONDENTS.	Chapter 11 Doc. No. _____

IMPAIRED CLASS JOINT AMENDED DISCLOSURE STATEMENT TO ACCOMPANY THE JOINT PLAN OF REORGANIZATION DATED MARCH 13, 2018 (as revised April 15, 2018)

Pittsburgh Athletic Association ("PAA") and Pittsburgh Athletic Association Land Company ("PAALC" and together with PAA collectively, the "Debtors") file this Joint Amended Disclosure Statement (the "Amended Disclosure Statement") regarding the Joint Amended Plan of Reorganization dated March 13~~1~~, 2018 (the "Amended Plan") pursuant to 11 U.S.C. § 1125 and Rule 3016 of the Federal Rules of Bankruptcy Procedure. Capitalized terms not defined in this Amended Disclosure Statement shall have the meaning ascribed to them in the Amended Plan. A copy of the Amended Plan is attached as "**Exhibit A**" and is incorporated herein by reference.

I. INTRODUCTION

On May 30, 2017 (the "Petition Date"), the Debtors each filed a voluntary petition seeking relief under Chapter 11 of the Bankruptcy Code (the "Code") and the Orders for relief

were entered. The Debtors retained the law firm of Tucker Arensberg, P.C. ("TAPC") as their counsel in connection with their bankruptcy cases. In addition, the Debtors retained Gleason and Associates, P.C. ("Gleason") as their financial advisors and Holiday Fenoglio Fowler, L.P. ("HFF") as their real estate and capital advisors. Post-petition, the Debtors retained the law firm of Babst Calland Clements and Zomnir, P.C. ("BCCZ") to serve as special litigation counsel. An official committee of unsecured creditors (the "Committee") was appointed by the United States Trustee on June 8, 2017, and Leech Tishman Fuscaldo and Lampl, LLC ("LTFL") was appointed as counsel for the Committee.

On June 29, 2017, Orders were entered approving the retention of TAPC and Gleason. On August 1, 2017, an Order was entered approving the retention of HFF. LTFL was approved as counsel to the Committee on July 12, 2017, and the retention of BCCZ was approved by an Order dated October 12, 2017.

The Debtors with the assistance of HFF, have focused their reorganization efforts on a national marketing campaign of the Sale Assets. The Amended Plan provides for the sale of the Sale Assets and other assets of the Debtors. The Plan proposes that a third-party developer will purchase the Sale Assets and redevelop the Club Parcel. In addition, the third-party developer will assist PAA with its reorganization through the creation of the TCE-TIA Escrow to address certain claims of the Internal Revenue Service (the "IRS") and the Pennsylvania Department of Revenue (the "DOR").

A. Summary

Through a joint enterprise, the Debtors operate a social club in accordance with 26 U.S.C. § 501(c)(7). Their Clubhouse is located in the Oakland Historic District within the city of

Pittsburgh. The purpose of the Amended Plan is to enable the Debtors to sell certain assets and to retain the proceeds to reinvest in replacement facilities to carry on its tax exempt purpose.

The Amended Plan provides for the distribution of funds from the closing of the Sale Assets, and to the extent necessary the sale of the Artwork and other personal property. The proceeds of the sale(s) will provide the Debtors with necessary and sufficient funds to: (i) pay 100% of Allowed Claims (some of which are impaired); (ii) establish a TCE-TIA Escrow with sufficient cash to pay any potential capital gains taxes that may result from the sale of the Sale Assets to the IRS and DOR and/or improvement to the Real Estate Assets post purchase by Walnut PAA; and (iii) establish a Disputed Claims Reserve with cash sufficient to pay 100% of the face amount of any and all Disputed Claims.

Section 1126(a) of the Code permits holders of claims or interests to accept or reject a plan. 11 U.S.C. § 1126(a). Section 1126(f) of the Code provides, in relevant part, that if a class of claims or interests is not impaired under a plan, that class and each holder of a claim or interest of such class are conclusively presumed to have accepted the plan and solicitation of acceptances with respect to such class from the holders of claims or interests of such class is not required. 11 U.S.C. § 1126(f). The Code entitles only holders of impaired claims or equity interests who receive some distribution under a proposed plan to vote to accept or reject the Amended Plan. The Code conclusively presumes that holders of unimpaired claims or equity interests under a proposed plan have accepted the plan and need not vote on it. The Claims in Classes 2, 3 of the Amended Plan are Impaired and thus may vote either to accept or reject the Amended Plan. Furthermore, as the membership rights and benefits of Members of the PAA may be reduced or altered under the Amended Plan, the Members of the PAA may vote to accept or reject the Plan. The Debtors have enclosed a Ballot with this Amended Disclosure Statement

to solicit the votes of the Creditors in Classes 2 and 3, and of the Members of the PAA. Those parties may vote on the Amended Plan by completing the enclosed Ballot and mailing it to the following address:

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
ATTN: Jordan Blask, Esq.

You should use the Ballot sent to you with this Amended Disclosure Statement to cast your vote for or against the Amended Plan. You may not cast Ballots by facsimile or by e-mail and you may not vote by proxy. For your Ballot to be considered by the Bankruptcy Court, it must be received at the above address by 5:00 p.m. (prevailing Eastern time) by the date fixed by the Bankruptcy Court on the accompanying scheduling order (the "Voting Deadline"). If you are a Creditor in Class 2 or 3 or Member of the PAA and you did not receive a Ballot with this Amended Disclosure Statement, please immediately contact:

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
ATTN: Jordan Blask, Esq.
Phone - 412-566-1212
Fax - 412-594-5619
jblask@tuckerlaw.com

A Ballot that does not indicate acceptance or rejection of a plan will not be considered and will not be counted toward either the number or the amount of votes. An impaired class of claims accepts a plan if at least 2/3 in amount and more than 1/2 in number of the allowed claims in the class that actually vote are cast in favor of the Amended Plan. A class of interests, such as the Members of the PAA, accepts a plan if at least 2/3 in amount of the allowed interests of such class that actually vote are cast in favor of the Amended Plan. Whether or not you vote, you will be bound by the terms and treatment set forth in the Amended Plan if the Bankruptcy Court

confirms the Amended Plan. The Bankruptcy Court may disallow any vote accepting or rejecting the Amended Plan if the vote is not cast in good faith.

Once it is determined which impaired classes have accepted a plan, the bankruptcy court will determine whether the plan may be confirmed. For a plan to be confirmed, the Code requires, among other things, that the plan be proposed in good faith and comply with the other applicable provisions of chapter 11 of the Code, including a requirement that at least one class of impaired claims accept the plan, and that confirmation of the plan is not likely to be followed by the need for further financial reorganization. The bankruptcy court will confirm a plan only if it finds that all of the requirements enumerated in section 1129 of the Code have been met. The Debtors believe that the Amended Plan satisfies all of the requirements for confirmation.

The bankruptcy court may confirm a plan notwithstanding the plan's rejection by some impaired classes, if the bankruptcy court finds that at least one impaired class of claims (not including any acceptances by "insiders" as defined in section 101(31) of the Code) has accepted the plan and that the plan satisfies certain additional conditions. This provision, found in section 1129(b) of the Code, generally referred to as "cramdown" enables the bankruptcy court to confirm a plan over the rejection by a class of secured claims if the plan is fair and equitable and satisfies one of the alternative requirements of section 1129(b)(2)(A) of the Code. The Amended Plan satisfies 1129(b)(2)(A)(a)(II) of the Code because the Debtors are selling their assets free and clear of liens claims and encumbrances and the liens are attaching to the proceeds from the sale of the Sale Assets. The bankruptcy court may also confirm a plan under section 1129(b)(2)(B) over the rejection by a class of unsecured claims if the court finds that the plan is fair and equitable and either that (1) the non-accepting claimants will receive the full value of

their claims, or (2) no class of junior priority will receive or retain anything on account of its pre-petition claims or interests.

An entity which has consented to its treatment is the National Retirement Fund ("NRF"). NRF filed a proof of claim on September 12, 2017, in the PAA case at Claim No. 25 on the PAA's claim registry asserting: (i) a general unsecured claim in the amount of $4,098,642.00 representing withdrawal liability for the PAA's alleged early withdrawal from its participation in a multi-employer pension fund; and (ii) an unsecured priority claim of $228,090.70 for unpaid pension contributions, for total claim amount of $4,326,732.70. The NRF also filed a Proof of Claim on September 12, 2017, in the PAALC case at Claim No. 7 on the PAALC's claims registry asserting a general unsecured claim in the amount of $4,098,642.00 representing withdrawal liability for the PAA's alleged early withdrawal from its participation in a multi-employer pension fund. PAALC Claim No. 7 and PAA Claim No. 25, as filed by the NRF, will be collectively referred to herein as the "NRF Claim". While the Debtors dispute the validity and amount of the NRF Claim, the Debtors and the NRF have resolved the dispute as it relates to the NRF Claim as follows:

> In full and final satisfaction of the NRF Claims, the NRF shall have an allowed priority unsecured claim in the PAA case of $100,000 (the "NRF PAA Priority Claim"). The NRF shall also have an allowed general unsecured claim in the PAA case of $4,326,732.70 (the "NRF PAA Unsecured Claim"). The NRF's claim filed in the PAALC case at Claim No. 7, (the "NRF PAALC Claim") will be disallowed in its entirety. Unless the Settlement is terminated, the Debtors and the Committee will not take any action with respect to the NRF PAA Priority Claim or the NRF PAA Unsecured Claim, including, without limitation, contesting the merits of the claims or otherwise objecting to the claims in the Bankruptcy Court or any other court of competent jurisdiction.
>
> The NRF will agree to cap any distribution to be made by the PAA under the Plan on account of the NRF PAA Unsecured Claim. Specifically, the NRF will agree to accept a maximum cash

> distribution on account of its NRF PAA Unsecured Claim for withdrawal liability in the amount of $1,359,000 ("NRF Claim Distribution Cap"). If the funds available for distribution to the class of general unsecured creditors under the Plan result in less than 100% distribution, the NRF's pro rata share of the available funds shall be calculated using the NRF Unsecured Claim Distribution Cap.

The NRF Claim is a Class 9 Claim.

The Amended Plan contains one class of equity interest holders. PAA is the sole shareholder of PAALC and is the only holder of an Equity Interest under the Amended Plan. PAA's Equity Interest in PAALC is classified in Class 10 and is not impaired under the Amended Plan. PAA is a Pennsylvania non-profit corporation organized as an uncertificated entity with no stockholders and exists for the benefit of its members. The Debtors utilize the PAALC's Clubhouse (as defined below) for the benefit of PAA's members. Pursuant to 15 Pa.C.S.A. § 5753 and in accordance with PAA's Bylaws, its members hold only a limited right to enjoy the benefits of their membership and do not hold any other interest in PAA or PAALC. ***However, some of the benefits of PAA membership may be effected by this Plan upon reopening of the Club.***

B. Purpose of the Disclosure Statement

The purpose of this Amended Disclosure Statement is to set forth information that: (i) summarizes the Amended Plan and alternatives to the Amended Plan; (ii) advises holders of Claims and interests of their rights under the Amended Plan; (iii) assists holders of Claims and interests in making informed decisions with respect to the Amended Plan; and (iv) assists the Court in determining whether the Amended Plan complies with the provisions of Chapter 11 of the Code and should be confirmed. All holders of Claims and interests and other parties in interest are encouraged to read the Amended Plan carefully and thoroughly, and to review the

Amended Plan with their attorneys or other advisors to ascertain its terms, provisions, and conditions and the effect of the Amended Plan on any Claims or interests which such persons may hold and/or possess.

Pursuant to the Code, this Amended Disclosure Statement must be approved by the Court. Final approval of the Amended Disclosure Statement may be considered by the Court at a hearing on the adequacy of the information contained in this Amended Disclosure Statement. Approval of the Amended Disclosure Statement is required by statute and does not constitute a determination by the Court as to the desirability of, or the value, adequacy, or suitability of any consideration offered under the Plan, but instead is a determination that the Amended Disclosure Statement contains adequate information to permit holders of Claims and interests to make an informed judgment about the Amended Plan.

The information set forth in this Amended Disclosure Statement has been taken directly from the Debtors' books and records and other readily accessible instruments and documents. While the Debtors have made every effort to retain the meaning of any such instruments or documents or the portions thereof recited herein, you are advised that any reliance on the contents of such other instruments or documents should be predicated on a thorough review of the instruments or documents themselves, including the Amended Plan.

Consummation of the Amended Plan is subject to satisfaction of the conditions as set forth in Plan § 11.1: Conditions Precedent. No representations or assurances concerning the Amended Plan are authorized by the Debtors other than as set forth in this Amended Disclosure Statement. Any representations or inducements made by any person that are other than herein contained should not be relied upon, and such additional representations or inducements should

be reported to Debtors' counsel, TAPC, who in turn will convey such information to the Court for such action as may be deemed appropriate.

II. OVERVIEW OF DEBTORS' OPERATIONS AND CHAPTER 11 CASE

A. Debtors' Prepetition Activities

PAA is a Pennsylvania non-profit corporation chartered in 1908 that operates a private athletic and social club for the benefit and use of its members. PAA operates out of the Club Parcel and offers, *inter alia*, comprehensive athletic facilities, sports lessons, barber services, fine dining, banquet services, and overnight accommodations. PAALC was chartered in 1909 as a Pennsylvania corporation and in 1940 was granted tax exempt status as a title holding company under 26 U.S.C. § 101(14) (1941), the precursor to 26 U.S.C. § 501(c)(2). PAALC is the fee owner of the Real Property Assets. PAA is the sole shareholder of PAALC's capital stock and therefore 100% owner of PAALC. PAALC is the title holder of record for the Club Parcel and Hotel Parcel, as described below.

The Club Parcel is located at 4215 Fifth Avenue, Pittsburgh, Pennsylvania 15213, bearing tax parcel identification number 27-R-138 and contains approximately 33,136 square feet of land. A historic clubhouse stands on the Club Parcel comprised of seven floors and approximately 123,000 square feet of gross building area, three dining areas, including a bar/lounge area, and boasts numerous athletic facilities, including a pool, fitness facilities, a basketball court, and two squash courts (the "Clubhouse"). PAA occupies the Clubhouse pursuant to a lease between PAA as Tenant and PAALC as Landlord initially in the form of an oral lease entered into in or about 1912 (the "Club Lease"). The Club Lease is "year to year" or perpetual until terminated by either party and is memorialized in writing by a Memorandum of Lease executed by PAALC and PAA on April 12, 1962. To date, neither party has terminated the

Club Lease. Through the Amended Plan, the Club Lease will be assumed by both parties and all parties agree that there are no damages to be cured. On or after the Closing Date, the Club Lease will be assigned to Walnut PAA.

The Hotel Parcel is located adjacent to the Club Parcel between Bigelow Boulevard and Lytton Avenue, Pittsburgh, Pennsylvania, bearing tax parcel identification number 27-R-110, and containing approximately 23,685 square feet of land. The Hotel Parcel is currently being developed by Oakland Fifth Avenue Hotel Associates, L.P. ("OFAHA") into an approximately 160 room Marriott Autograph hotel. The Hotel Parcel is currently being leased to OFAHA through a 99-year ground lease (the "Ground Lease") for $200,000 per year through the construction period and increasing to $290,000 per year upon the issuance of a temporary occupancy permit to OFAHA. The Ground Lease will be transferred to Walnut PAA on or after the Closing Date.

B. Debtors' Prepetition Capital Structure

As of the Petition date, the Debtors' capital structure consisted of outstanding secured obligations in the aggregate principal amount of approximately $4,169,245.67 under loans to one or more of the Debtors from (i) PITT AA LLC as assignee of Allegheny Valley Bank ("AVB") and (ii) OFAHA. PITT AA LLC holds an Open-End Mortgage Note dated December 16, 2008, in the original principal amount of $2,625,000.00, and an Open-End Revolving Line of Credit Second Mortgage Note dated December 16, 2008, in the original principal amount of $200,000.00, and later increased to $400,000 (collectively, and together with any amendments thereto, the "PITT AA LLC Pre-petition Loans"). As of the Petition Date the alleged amount due under the PITT AA LLC Pre-petition Loans totals approximately $2.2 million. OFAHA made loans and advances to PAALC pursuant to certain loan agreements including a Promissory

Note dated June 3, 2014, in the original principal amount of $575,000 and a Loan Agreement dated March 12, 2015, and a Delayed Draw Term Note dated March 12, 2015, in the original principal amount of $1,372,744.00 (collectively, and together with any amendments thereto, the "OFAHA Loans").

Prior to the Petition Date, PAA executed and delivered to the Blanche Trust a Term Note and Security Agreement wherein PAA borrowed the sum of $100,000.00 from the Blanche Trust and granted a junior lien to the Blanche Trust on and in certain artwork, sculptures and memorabilia owned by PAA (the "BT Loan" and together with the OFAHA Loans and the PITT AA LLC Pre-petition Loans, collectively the "Prepetition Loans"). The proceeds of the BT Loan were used to pay the fees and expenses of the Debtors' pre-petition advisors, the Bankruptcy filing fees associated with these cases, insurance, payroll and other general operating expenses. In addition to the BT Loan, PAA is further indebted to the Blanche Trust for an additional pre-petition secured indebtedness in the original principal amount of $335,388.36 which was secured by the same collateral encumbered in connection with the BT Loan. The IRS and Commonwealth of Pennsylvania and/or the DOR have also filed liens resulting in secured tax claims against the Debtors.

The amounts alleged to be due and owing to each Secured Creditor as of the Petition Date are set forth in the schedule of claims ("Claims Schedule") which is attached hereto as "**Exhibit B**".

C. Circumstances Leading to Bankruptcy

PAA has experienced a substantial decline in membership in recent years due to a harsh economic climate, aging membership base, and allocation of funds by its potential membership base away from private social clubs towards other recreational activities. The declining

memberships, as well as many other internal and external stressors, have resulted in the Debtors' inability to pay their debts as they become due, deterioration of the facilities, and termination of utility services. The Debtors' creditors filed a multitude of collection actions, including a mortgage foreclosure action brought by AVB and sheriff sale actions brought by local taxing authorities and trade creditors. The IRS and the Commonwealth of Pennsylvania have also filed liens against the Debtors' Assets. All of these factors have impaired the Debtors' liquidity and their ability to continue as a going concern without instituting a comprehensive restructuring venture, ultimately leading to the filing of these chapter 11 cases. The Debtors have determined that it is in their best interests as well as the best interests of their estates and creditors, to restructure through these Chapter 11 cases.

The Debtors have filed a Joint Amended Disclosure Statement and Amended Plan because they have consistently operated as a single entity throughout their existence. PAA is the sole owner of PAALC, and its assets and liabilities are substantially intertwined with PAALC's. PAALC exists only to hold title to the Real Property Assets for the exclusive use and benefit of PAA and remits any receipts related to the Real Property Assets to PAA after payment of PAALC's operating expenses and indebtedness (however, the PAA has never received or reported any gross receipts). PAA's Board of Directors directs the affairs of PAALC. The Debtors have maintained their books and records on a consolidated basis and the assets and liabilities of PAALC have been reported on the federal tax returns of PAA since at least 1989. Prior to that, up until approximately 1982, PAALC filed a separate tax return with the IRS (as well as with the appropriate state and local taxing authorities). In 1982, due to a change in Internal Revenue Code, 26 U.S.C. § 101 *et seq* ("Internal Revenue Code" or "IRC"), tax exempt entities with gross receipts under $25,000 were no longer required to file IRS Form 990 tax

returns ("Form 990 Return"). Accordingly, PAALC ceased filing a separate Form 990 Return. In January of 1986, PAALC received a IRS Form 8184 Notice, detailing that PAALC did not have to file a Form 990 Return if its gross receipts were normally under $25,000 annually and requesting a response from PAALC confirming the same. PAALC timely responded to this notice and indicated therein that its receipts were below the filing threshold and that it was exempt from reporting on a Form 990. In our about 1989, PAA began reporting PAALC's assets and liabilities on PAA's Form 990 Return. Based on the Debtors' archived books and records, the IRS accepted this filing practice from 1989 through 2006 without penalty and without revoking PAALC's tax exempt status.

In 2006, the Internal Revenue Code was amended requiring tax exempt entities with gross receipts that normally fell under $50,000 to file a IRS Form 990-N postcard ("Form 990-N Card"). *See* 26 U.S.C. § 6033. Based on the advice of its tax professionals and Debtor's past reporting practices accepted by the IRS, PAALC did not file a Form 990-N Card for tax years 2007 through 2016 and the Debtors continued their practice of listing PAALC assets and liabilities on PAA's Form 990 Return. The Form 990-N Card, if it had been timely filed, would simply have shown gross receipts below the thresholds required to file a full tax return.

In or around January 2010, the IRS revoked PAALC's tax exempt status due to failure to file Form 990-N Cards for tax years 2007, 2008 and 2009. During this period of non-compliance the Debtors were relying on advice of their tax professionals, who also, in some instances, actually prepared PAA's Form 990 Returns. Accordingly, PAALC unknowingly lost its tax exempt status as a result of this oversight. PAALC is in the process of applying for retroactive reinstatement of its tax exempt status in accordance with IRC § 6033(j) and Revenue Procedure 2014-11. PAALC strongly believes that it has "reasonable cause" for reinstatement of its tax

exempt status and intends to prosecute that reinstatement contemporaneously with the Amended Plan's confirmation. During the pendency of the reinstatement process, the Debtors and Walnut will maintain the TCE-TIA Escrow to satisfy the IRS and DOR that sufficient funds exist to pay any tax liability that may arise from the sale of the Sale Assets. For the avoidance of doubt, the Debtors believe that the sale of the Sale Assets is a tax exempt transaction under IRC § 512(a)(1) as modified by IRC § 512(b)(5), and that no capital gains taxes will be due. Since inception, PAA and PAALC have prepared consolidated financial statements and have had their financial statements reviewed on a consolidated basis by professional tax advisers. In addition, the proceeds generated from the sale of assets will provide the Debtors with funds to pay all of the Allowed Claims against both Debtors pursuant to the terms of the Amended Plan.

The Amended Plan classifies holders of Claims and interests by Class and is transparent on its face as to the timing of payment of all Classes of Claims and interests. There are no impaired classes of Claims under the Amended Plan. Holders of Allowed Claims of both Debtors will be treated the same. That is, holders of Allowed Claims in both the PAA and PAALC bankruptcy cases will be paid the same distribution on account of their Allowed Claims.

D. Debtors' Post-petition Activities/DIP Loans

The Debtors obtained authority to obtain post-petition financing from JDI Loans, LLC/Rollover Fund, LLC ("JDI") for debtor-in-possession financing, consisting of the DIP Loan in the original principal amount of $750,000.00, and subsequently increased to $1,500,000. JDI has advanced $1,500,000 on the DIP Loan. The DIP Loan must be paid in full from the proceeds derived from the sale of the Sale Assets. Debtors reserve the right to seek additional debtor-in-possession funding if necessary to close the contemplated transaction with Walnut PAA.

Immediately upon filing their Chapter 11 petitions, the Debtors retained various professionals to analyze their prospects for reorganization, and concluded that the best course of action was a plan of reorganization through a sale and joint venture, as the Debtors lacked sufficient funds to maintain or restore their Assets. The Real Property Assets are the primary Assets of the Debtors. The Debtors' reorganization hinges on their ability to (i) partner with a developer through a potentially tax-free sale of the Sale Assets; (ii) pay Allowed Claims in full; and (iii) reinvest the Sale Proceeds in replacement facilities to allow PAA to continue its tax exempt purpose.

E. The Developer Bid Process

On June 15, 2017, HFF sent a Request for Proposals (the "RFP") to real estate developers and investors throughout the country. More than 10,000 individuals and companies received copies of the RFP. Nearly 100 parties signed a non-disclosure agreement to review the RFP data room and from that group more than 20 requested to tour the Club and Hotel Parcels. On July 20, 2017, HFF sent a bid notice to all recipients of the RFP that set July 26, 2017 as the initial offer deadline. This process yielded ten (10) initial development proposals for the Sale Assets. After a comprehensive review of the initial offers by the Board and its professionals, HFF sent best and final letters to each interested developer with best and final offers due by August 15, 2017. Telephone interviews of each developer were conducted on August 17-18, 2017.

On August 20, 2017, pursuant to a Special Meeting Notice issued in accordance with the Debtors' Bylaws, the Board held a special meeting of members of PAA to present the results of the RFP process and request membership authorization to consummate a redevelopment plan for the Sale Assets. After presentations by the Board, HFF and TAPC regarding the redevelopment plan, a motion was made to authorize the Board to pursue the redevelopment plan and a vote was

taken. A quorum of PAA's members overwhelmingly voted in favor of pursing the redevelopment plan, which would focus on the sale of the Sale Assets and a partnership whereby PAA would retain an ownership interest in the Sale Assets. During the RFP marketing and selection process, the Board met weekly and sometimes bi-weekly to discuss the progress of the proposed offers. There were several rounds of revisions to the proposed offers based on the negotiations between the Debtors, through HFF, and the proposed developers.

On August 23, 2017, HFF sent a Letter of Intent ("LOI") request to all developers who submitted an offer with the deadline for LOI's to be delivered by September 5, 2017. Through this process, initial offers and then LOI's came in around $8+ million and eventually rose to above $11 million. In total seven (7) LOI's were received. The Board narrowed the LOI group down from seven to two and after careful consideration of all of the offers submitted, the Board chose to partner with Walnut Capital and the proposed purchaser, Walnut PAA, as its redevelopment partner. Walnut PAA is affiliated with Walnut Capital, a leading developer of residential and commercial real estate projects in western Pennsylvania.

Subject to Court approval and confirmation of the Plan, Walnut PAA and the Debtors entered into the Agreement of Purchase and Sale on November 27, 2017 (the "2017 PSA"). The 2017 PSA was subsequently amended and restated in March of 2018 (the "PSA Amendment" and together with the 2017 PSA, collectively the "PSA"). A true and correct copy of the PSA is attached hereto as "**Exhibit C**". It is the intention of the Debtors to sell the Sale Assets to Walnut PAA under and in accordance with 11 U.S.C. §§1123(a)(5) and (b)(4). Pursuant to the PSA, Walnut agreed to pay the Debtors the purchase price of $12,613,000 plus the $325,000 success fee owed to HFF (the "Purchase Price") through a private sale for the Sale Assets. As part of the sales transaction, Debtors and Walnut PAA will enter into a perpetual lease (the

"PAA Lease"). The PSA further provides that Walnut will fund the Tax Claims /Tenant Improvement Reserve with up to $3,500,000 at Closing, which shall be held, utilized and disbursed as set forth in the PSA and the Amended Plan. Further, the Ground Lease, the extent and form that remains subsequent to the adjudication of the OFAHA Adversary, will be assumed by the Debtors assigned to Walnut PAA. Authorization for the Debtors to enter into the PSA and any and all rights and/or obligations of the Debtors and Walnut PAA under the PSA are conditioned upon Bankruptcy Court approval of the transaction and confirmation of the Amended Plan.

After payment in full of the Allowed Claims pursuant to the terms of the Amended Plan, the Reorganized Debtor will retain the Excluded Assets and any excess sales proceeds and operate out of the Real Property Assets pursuant to the terms of the PAA Lease. On December 4, 2017, Walnut made a deposit of $1,000,000, which is being held in escrow by the Title Company. The $1,000,000 deposit is non-refundable except for certain terms and conditions as set forth in the PSA. The closing on the sale of the Sale Assets will occur within thirty (30) days from date that the Confirmation Order becomes a final and non-appealable Order.

III. OVERVIEW OF THE AMENDED PLAN

The following is a brief summary of certain provisions of the Amended Plan and should not be relied on in lieu of a thorough and comprehensive review of the actual Amended Plan itself. This summary does not purport to be complete. Holders of Claims and/or interests are urged to read the Amended Plan to ascertain the effect of the Amended Plan on their Claims and interests and the other provisions of the Amended Plan. Holders of Claims and/or interests are further urged to consult with their attorneys, tax advisors, financial consultants, or other

professionals to understand more fully the Amended Plan or the effect of the Amended Plan as to their particular situation.

Under the Amended Plan, and consistent with 11 U.S.C. §§ 1123(a)(5)(D) and (b)(4) and 11 U.S.C. §1141(c), the Sale Assets will be sold to Walnut PAA free and clear of all claims, liens, encumbrances or interests with said claims, liens, encumbrances or interests attaching to the proceeds of sale in order of priority as established under the Code and distributed to holders of Allowed Claims and interests as set forth in the Amended Plan. In accordance with 11 U.S.C. § 1146, the Real Property Assets are being sold pursuant to a confirmed plan of reorganization and therefore the transfer is exempt from realty transfer taxes.

The net sales proceeds generated from the sale of the Sale Assets will be used to pay Allowed Claims in both the PAA and PAALC cases pursuant to the terms and conditions of the Amended Plan. The sale of the Sale Assets will provide the necessary funding to pay in full the holders of Allowed Claims in the Debtors' bankruptcy cases in full. After payment of the Allowed Claims in the PAALC case consistent with this Amended Plan, the remaining proceeds will be distributed to PAA on account of its Equity Interest in PAALC. PAA will use those funds to pay to its holders of Allowed Claims as set forth in the Amended Plan. Additionally, in the event that all or some of the funds held in the Tax Claim Reserve/Tenant Improvement Allowance Escrow are not needed to pay the tax claims of the IRS and DOR resulting from the sale of the Real Property Assets, the unused funds will be distributed as follows: (i) the first $500,000 of the unused funds will be returned to Walnut PAA; and (ii) second, the remaining balance of the unused funds will be utilized by Walnut PAA for tenant improvements as set forth in the PSA. PAA, as the Reorganized Debtor, will reorganize through retention of its remaining Assets, the surplus proceeds from the distribution it receives from the PAALC bankruptcy case

(i.e. after payment of Claims in the PAA bankruptcy case pursuant to the terms of this Amended Plan) and reinvestment of Sale Proceeds in the redeveloped facilities it will occupy and operate out of pursuant to the PAA Lease.

The PAA sold its Personal Property Assets at an auction process as approved by this Bankruptcy Court which took place on February 17, 2018. The auction of the Personal Property Assets generated gross funds in the amount of $110,108.50 and after payment of commission and fees the PAA realized a net recovery in the amount of $88,049.39. All proceeds realized from the sale of the Personal Property Assets will be used to fund the obligations of the Debtors pursuant to the Amended Plan.

In general, a chapter 11 plan of reorganization (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the plan. Under section 1124 of the Code, a class of claims is "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable and contractual rights of each holder of a claim in such class or (b) provides, among other things, for the cure of existing defaults and reinstatement of the maturity of claims in such class.

The Amended Plan has one (1) class of Equity Interest holders, PAA as sole shareholder of PAALC. PAA is Pennsylvania non-profit corporation and in accordance 15 Pa.C.S.A. § 5753 there are no owners or Equity Interest holders of PAA. However, because some of the benefits of PAA membership may be altered or reduced under the Amended Plan, Members of PAA are entitled to vote to accept or reject the Debtors' Amended Plan. ~~Members of PAA are not entitled to accept or reject the Debtors' Amended Plan.~~

Article 11.1 of the Amended Plan sets forth the conditions precedent to the "effectiveness" of the Amended Plan; the "Effective Date" of the Amended Plan means the date on which each of the conditions precedent to the occurrence of the Effective Date of the Amended Plan specified in section 11.1 of the Amended Plan have been satisfied or waived in accordance with section 11.2 of the Amended Plan.

IV. TREATMENT OF CLAIMS AND INTERESTS

For purposes of the Amended Plan, Claims and interests are divided into the following classes and will receive the treatment summarized below and set forth in detail in the Amended Plan. The Claims Schedule is attached hereto as Exhibit B.

The Claims Schedule was prepared prior to review or objection of the scheduled and filed claims, and the amounts shown are simply the amounts reflected in proofs of claim filed with the Court, or in the absence of a filed proof of claim by any particular holder of a Claim and/or interest, by the amount estimated by the Debtors in the initial schedules or as agreed upon by the parties.

Identification of a Claim and/or interest in the Claim Schedule does not constitute an admission, acknowledgement and/or agreement by the Debtors' as to the allowance of said Claim and/or interest. The Debtors reserve all rights to object, contest and/or otherwise dispute any and all Claims and/or interests other than those Claims and/or interests that are already the subject of an Order of the Court allowing said Claim and/or interest, or are the subject of an agreement by and between the holder of the Claim and/or interest and the Debtors, the terms and conditions of which are set forth in the Amended Plan.

A. Secured Claims

(i) Holders of Allowed Secured Claims in the PAALC bankruptcy case which constitute valid liens on the Real Property Assets will be paid in full on or before the later of: (a) the closing of the sale of the Real Property Assets to Walnut PAA; or (b) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

(ii) Holders of Allowed Secured Claims that do not constitute valid liens upon the Real Property Assets, but otherwise constitute valid liens on the personal property of the Debtors, will be paid in full on or before the later of: (a) thirty (30) days after the Effective Date; or (b) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

Payment to holders of Allowed Secured Claims under the Amended Plan shall constitute full and final satisfaction of said Allowed Secured Claims and all liens, Claims, security interests and/or encumbrances held by holders of Allowed Secured Claims shall be released and satisfied.

B. Secured Real Estate Tax Claims.

Holders of Real Estate Tax Claims as set forth in the Claims Schedule attached hereto as Exhibit B, will be paid in full on or before the later of: (a) the closing of the sale of the Real Property Assets to Walnut PAA; or (b) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

No liens, security interests or other encumbrances are being retained by holders of Allowed Real Estate Tax Claims under the Plan. Payment to holders of Allowed Real Estate Tax Claims under the Plan shall constitute full and final satisfaction of said Allowed Claims and all liens, Claims, security interests and/or encumbrances held by holders of Allowed Real Estate Tax Claims shall be released and satisfied.

C. Other Secured Tax Claims (IRS and Commonwealth of PA)

Holders of Allowed Secured Tax Claims will be paid on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Secured Tax Claim becomes an Allowed Claim.

No liens, security interests or other encumbrances are being retained by holders of Allowed Secured Tax Claims under the Plan. Payment to holders of Allowed Secured Tax Claims under the Plan shall constitute full and final satisfaction of said Allowed Claims and all liens, Claims, security interests and/or encumbrances held by holders of Allowed Secured Tax Claims shall be released and satisfied.

D. Allowed Administrative Expense Claims and Professional Fee Claims

(i) Holders of Allowed Administrative Expense Claims will receive in full satisfaction of their Allowed Claim an amount in cash equal to the Allowed amount of such Administrative Expense Claim on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the Administrative Expense Claim becomes an Allowed Claim.

(ii) The DIP Loan is also entitled to an administrative priority claim status and will be paid in full at the Closing of the sale of the Sale Assets to Walnut PAA as set forth above for Allowed Secured Claims that constitute valid liens on the Real Property Assets.

(iii) Each holder of a Professional Fee Claim will receive in full satisfaction of its Allowed Claim an amount in cash equal to the Allowed amount of such Professional Fee Claim on or before the later of: (i) thirty (30) days after the Effective Date; (ii) fifteen (15) days after the Professional Fee Claim becomes an Allowed Claim; or (iii) on such other terms as may be mutually agreed upon

between the holder of such Allowed Professional Fee Claim and the Debtors. Notwithstanding the aforementioned provisions, holders of unpaid Professional Fee Claims that have been approved by previous Order of the Court (i.e. pursuant to the Order Approving Procedures for Interim Compensation) will be paid in full at the Closing. Holders of Professional Fee Claims shall file final applications for fees and expenses within thirty (30) days after the Effective Date.

(iv) Professionals are granted and conferred a lien and security interest in all of the Reorganized Debtor's Artwork, effective upon the date of the Effective Date and without the necessity of the Reorganized Debtor executing a security agreement, financing statement or other proof and perfection of security interest. The Professionals' Lien is granted by the Reorganized Debtor to secure the prompt repayment of any Allowed Professional Fee Claims and expenses which remain unpaid as of the Effective Date and any other Professional Fees and expenses incurred by the Reorganized Debtor following the Effective Date.

(v) IRS and DOR are not holders of Allowed Administrative Expense Claims. To the extent that there are any tax liabilities due to IRS or DOR incident to the sale of the Sale Assets, the money set aside in the TCE-TIA Escrow will be used to pay such liabilities.

No fee applications will be required for professional fees incurred after the Effective Date, except that payment on said fees and expenses shall not occur until all Allowed Claims under the Amended Plan have been paid pursuant to the terms of the Amended Plan or the appropriate reserves have been funded to pay said Claims pursuant to the terms of the Amended Plan pending their allowance.

The aggregate amount of Allowed Administrative Claims and Professional Fee Claims is difficult to predict, as the fees of Professionals will be directly related to the time and effort required in connection with confirmation of the Amended Plan, liquidating the remaining Assets of the estate, addressing the potential tax claims of IRS and DOR, and reconciling Claims, which in turn will be related to the extent of the opposition and defenses raised by the parties involved. The fees and expenses of Professionals have been paid in part as and when allowed during the course of this case pursuant to the Order Approving Procedures for Interim Compensation. The Debtors estimate that the aggregate amount of Allowed and unpaid Administrative Expense Claims and Professional Fee Claims as of the Effective Date of the Amended Plan will be $1,500,000.00.

E. Allowed Priority Claims

Priority claims are those unsecured claims entitled to priority as set forth in § 507(a)(1) through (7) of the Code. Holders of Allowed Priority Claims will be paid in full on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the Priority Claim becomes an Allowed Claim.

F. Allowed Priority Tax Claims

Priority tax claims are those unsecured claims entitled to priority as set forth in § 507(a)(8) of the Code. Holders of Allowed Priority Tax Claims that are not Allowed Secured Tax Claims will be paid, with interest at the applicable statutory rate from the Confirmation Date, on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the Priority Tax Claim becomes an Allowed Claim.

G. General Unsecured Claims

The Plan provides that holders of Allowed General Unsecured Claims will receive a distribution equal to 100% of a holder's Allowed General Unsecured Claims on or before the later of: (i) thirty (30) days after the Effective Date; or (ii) fifteen (15) days after the General Unsecured Claim becomes an Allowed Claim. The Excluded Assets and/or the proceeds of the Excluded Assets, shall not vest in the Reorganized Debtor free and clear of the Allowed Claims until such time as holders of Allowed Class 9 Claims are paid in full (i.e. 100%).

H. PAA Equity Interest in PAALC

PAA is the sole holder of the Equity Interest of PAALC. PAA's Equity Interest in PAALC is not impaired under the Amended Plan as it will receive the value of its equity as a distribution of the excess Sale Proceeds under the Amended Plan. As of the Effective Date, PAA will retain its Equity Interest in PAALC and PAALC may be dissolved at a later date and time once its tax exempt purpose is no longer able to be realized as it would have sold all assets held for the benefit of PAA.

PAA will remain in existence as the Reorganized Debtor and will occupy and operate out of space in the redeveloped Real Estate Assets pursuant to the PAA Lease. In addition, once holders of Allowed Claims are paid pursuant to the terms of the Amended Plan, PAA, as the Reorganized Debtor, will retain the Excluded Assets and any surplus funds (collectively the "Retained Assets") to assist in the funding of its operations post-confirmation and reinvest in its replacement facilities. Subject to the terms and conditions of the Amended Plan, to the fullest extent permitted by 11 U.S.C. §§ 1141(b) and (c), the Excluded Assets shall vest in PAA, as Reorganized Debtor, free and clear of Claims and interests.

V. CLASSIFICATION OF CLAIMS AND INTERESTS

Claims are classified for all purposes, including balloting (unless otherwise specified), confirmation, and distribution pursuant to the Plan, as follows:

Class Number and Description	**Estimated Amount of Allowed Claim in Class**	**Will Liens Be Retained Under The Plan**	**Status and Treatment under the Plan**
Class 1 - Secured Claims of PITT AA LLC	$2,088,171.35	No	Not Impaired - Payment in full on or before the later of: (i) the Closing Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 2 - Secured Claim of OFAHA	$2,261,671.00 (or as reduced through settlement)	No	~~Not~~ Impaired - Payment in full of their reduced Claim on or before the later of: (i) the Closing Date or (ii) fifteen (15) days after the reduced Secured Claim becomes an Allowed Claim.
Class 3 - Secured Claim of the Blanche Trust	$399,914.06	No	~~Not~~ Impaired—Payment in full on or before the later of: (i) thirty (~~30~~30) days after the ~~Effective Date~~closing of the sale of the Artwork or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.

Class 4 – Secured Tax Claims of the Internal Revenue Service	$345,348.00	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 5 – Secured Tax Claims of the Commonwealth of Pennsylvania	$450,997.76	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 6 – Secured Real Estate Tax Claims	$0.00	No	Not Impaired - Payment in full on or before the later of: (i) the Closing Date or (ii) fifteen (15) days after the Secured Claim becomes an Allowed Claim.
Class 7 – Unsecured Priority Tax Claims	$342,768.37	No	Not Impaired—Payment in full on or before the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim becomes an Allowed Claim

Class 8 – Unsecured Priority Non-Tax Claims	$176,394.86	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim becomes an Allowed Claim
Class 9 – General Unsecured Claims	$3,498,435.51	No	Not Impaired—Payment in full on or before the later of: (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim becomes and Allowed Claim
Class 10 - Equity Interest of PAA in PAALC	N/A	N/A	Not impaired – The value of the PAA Equity Interest in the PAALC is equal to the amount that the PAA will receive from the sale of the Sale Assets.

VI. PROVISIONS GOVERNING DISTRIBUTIONS

A. Effective Date Payments.

The Effective Date shall be the first Business Day following the Closing Date. Upon the occurrence of the Effective Date, the Reorganized Debtor shall file a notice of Effective Date and serve the same upon all holders of Claims and interests, creditors and other interested parties.

On the Effective Date, the Debtors and/or Reorganized Debtor, as applicable, will remit to the Disbursing Agent the net proceeds from the sale of the Sale Assets (i.e. after payments made at Closing consistent with the Plan), the proceeds from the sale of the Personal Property

Assets and the proceeds generated from the sale, liquidation and/or other monetization of the Excluded Assets. It shall be the responsibility of the Disbursing Agent to ensure that all payments made at the Closing are consistent with the Amended Plan. The Disbursing Agent shall be responsible to make all distributions pursuant to the Amended Plan consistent with the terms and conditions under the Amended Plan. Other than the Disbursing Agent's duties under the Amended Plan, the Debtors and the Reorganized Debtor shall be and remain responsible and liable for all obligations under the Amended Plan.

The Disbursing Agent shall be responsible for establishing the Disputed Claims Reserve, which amount shall initially (i.e. after closing on the sale of the Sale Assets) be equal to 100% of the face amount of any and all Disputed Claims.

B. Subsequent Distributions.

Consistent with the provisions of Section (VI)A. above, once all Allowed Claims have been paid pursuant to the terms of this Amended Plan and the Disputed Claims Reserve has been funded, all excess cash held by the Disbursing Agent will be returned to the Reorganized Debtor for use in its ongoing operations.

C. Distributions of Cash.

Any payment of cash made by the Disbursing Agent pursuant to the Amended Plan may be made at the option of the Disbursing Agent either by check drawn on a domestic bank or by wire transfer from a domestic bank.

D. Delivery of Distributions and Undeliverable Distributions.

Distributions to holders of Allowed Claims will be made to the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by a new address as set forth (a) on a proof of claim filed by a holder of an Allowed Claim or (b) in

another writing notifying the Disbursing Agent (at the address set forth in the Plan) of a change of address. If any holder's distribution is returned as undeliverable, within sixty (60) days thereafter, the Disbursing Agent must be notified of the holder's current address. If that notice is not timely provided, no further distributions to such holder will be required.

E. Compliance with Tax Requirements.

In connection with the Amended Plan, to the extent applicable, the Disbursing Agent in making distributions under the Amended Plan will comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Amended Plan will be subject to such withholding and reporting requirements. The Disbursing Agent, may withhold the entire distribution due to any holder of an Allowed Claim until such time as such holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property withheld will then be paid by the Disbursing Agent to the appropriate authority. If the holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within six (6) months from the date of first notification to the holder of the need for such information or for the cash necessary to comply with any applicable withholding requirements, then the holder's distribution will be treated as an undeliverable distribution.

F. Time Bar to Cash Payments.

Checks issued in accordance with the Amended Plan by the Disbursing Agent to holders of Allowed Claims will be null and void if not negotiated within sixty (60) days after the date of issuance. Requests for reissuance of any check must be made to the Disbursing Agent by the holder of the Allowed Claim to whom such check was originally issued within sixty (60) days following the date of original issuance of the affected payment. Thereafter, the amount

represented by such voided check will irrevocably revert to the Reorganized Debtor and the Claim for which the non-negotiated payment was made will be discharged and the Claimant forever barred from asserting such Claim against the Debtors and/or the Reorganized Debtor.

G. Setoffs.

After notice and hearing, the Debtors may, in accordance with section 553 of the Code and applicable non-bankruptcy law, set off against any Allowed Claim the distributions to be made pursuant to the Amended Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors may hold against the holder of such Allowed Claim. However, neither the failure to affect such a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtors or Reorganized Debtor of any such claims, rights and causes of action that the Debtors or Reorganized Debtor may possess against such holder. The amount necessary to satisfy any Claim that may be subject to setoff will be placed into the Disputed Claim Reserve pursuant to the Amended Plan.

H. Professional Fees and Expenses.

Each Professional retained by order of the Bankruptcy Court requesting compensation in the Chapter 11 Case pursuant to sections 330 or 503(b) of the Code will be required to file a final application for an allowance and payment of final compensation and reimbursement of expenses in the Chapter 11 Case incurred through the Effective Date no later than thirty (30) days after the Effective Date. Objections to any such application shall be filed on or before a date to be set by the Bankruptcy Court.

I. Transactions on Business Days.

If the Effective Date or any other date on which a transaction may occur under the Amended Plan will occur on a day that is not a Business Day, the transactions contemplated by the Amended Plan to occur on such day will instead occur on the next succeeding Business Day.

VII. MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN

A. Sale of Assets. Pursuant to 11 U.S.C. §§ 1123(a)(5)(D) and (b)(4), within thirty (30) days after the date that the Confirmation Order is entered, the Debtors will sell the Sale Assets to Walnut PAA pursuant to the terms of the PSA. Walnut PAA and the Reorganized Debtor shall execute the PAA Lease at Closing.

B. Tax Consequences of the Sale of Sale Assets and Creation of the TCE-TIA Escrow /Tenant Improvement Allowance Escrow

The sale of the Sale Assets to Walnut PAA is not a taxable event under the Internal Revenue Code § 512(a)(1) as modified by § 512(b)(5). There was no "acquisition indebtedness" within the meaning of Internal Revenue Code § 514(a) in this situation. *See generally* Rev. Reg. 1.501(c)(2)–1(a), 26 C.F.R. § 1.501(c)(2)-1.; Rev. Reg. 1-514(b)-1(c)(2), 26 C.F.R. § 1.514(b)(c)(2)[1]. PAA is a tax-exempt 501(c)(7) entity. As set forth above, PAALC was formerly a tax-exempt 501(c)(2) entity however its tax-exempt status was revoked by the IRS in

[1] According to a IRS private letter ruling, income collected by a § 501(c)(2) tax exempt entity and used to pay debts securing the property does not result in unrelated business income because:

> Section 1.501(c)(2)-1(a) of the regulations provides that a section 501(c)(2) organization cannot have unrelated business income other than income which is treated as unrelated business taxable income solely because of section 514 of the Code. Section 514(b)(1)(A)(i) of the Code excludes from the term "debt-financed property" any property where "substantially all" the use of the property is substantially related (aside from the need of the organization for income or funds) to the exercise or performance by such organization of its charitable, educational, or other exempt purpose or function constituting the basis for its exemption under section 501. Section 1.514(b)-1(c)(2)(i) of the regulations provides that property owned by an exempt organization and used by a related exempt organization or by an exempt organization related to such related exempt organization shall not be treated as debt-financed property to the extent such property is used by either exempt organization in furtherance of its exemption under section 501.

I.R.S. P.L.R. 9206034 (Jan. 7, 1992).

2010 due to a failure to file Form 990-N Cards for tax years 2007 through 2009, pursuant to 26 U.S.C. § 6033(j)(1). (The postcard, which was not filed, would simply have indicated that no other filing was required). Notwithstanding this revocation, PAALC has operated as a 501(c)(2) title holding company since obtaining that status in 1940. PAALC, relying on advice from its tax professionals and its past filing practices, was unaware of a change in the tax code that required exempt organizations with gross receipts normally under $50,000 to file a Form 990-N Card. Prior to 2006 and since 1982, PAALC was not required to file a Form 990. The Debtors began reporting PAALC's assets and liabilities on PAA's Form 990 Returns as early as 1989. The Debtors continued this filing practice through 2016.

During the tax years 2007 through 2009, the Debtors relied in good faith on the advice of their tax professionals, some of who actually prepared the tax documents, and continued to file only a PAA Form 990 Return, listing the PAALC's assets and liabilities. Upon information and belief and based upon PAALC's books and records the only "notice" that PAALC received from the IRS regarding the revocation of its tax exempt status was in the form of the IRS' published annual list of entities with revoked tax exempt status. A comprehensive review of PAALC's records failed to turn up any written notice to PAALC from the IRS.

Section 6033 of the Internal Revenue Code, in relevant part, provides that a party must file an application to have its tax-exempt status retroactively reinstated and that the party must show "reasonable cause" for failing to timely file the requisite notices which lead to revocation of its tax-exempt status. *See, 26 U.S.C. §§ 6033(j)(2) and (3)*. On March 8, 2018, PAALC filed its Form 1024 Application for Retroactive Reinstatement of its 501(c)(2) Tax-exempt Status (the "Form 1024"). A true and correct copy of the Form 1024 is attached hereto as "**Exhibit D**".

Revenue Procedure 2014-11 sets procedural requirements for obtaining a retroactive reinstatement of tax exempt status. *See generally* Rev. Proc. 2014-11, 2014-3 I.R.B. 411 at § 6 (2014). The substantive requirement for reinstatement is that the taxpayer must demonstrate "reasonable cause" for its failure to file the requisite returns. "To establish reasonable cause the applicant must demonstrate that it exercised ordinary business care and prudence in determining and attempting to comply with its reporting requirements, taking all pertinent facts and circumstances into consideration." Rev. Proc. 2014-11 § 8.03. The Supreme Court has found that reliance on advice from tax professionals regarding a taxpayer's obligation to file a return constitutes "reasonable cause" to avoid a penalty imposed for failure to file. *United States v. Boyle*, 469 U.S. 241, 105 S.Ct. 687, 83 L.Ed.2d 622 (1985). The Third Circuit, following the rule in *Boyle*, has held: "that a taxpayer's reliance on the advice of a tax expert may be reasonable cause" when that advice constitutes substantive advice, i.e. such as the obligation to file a return. *Estate of Thouron v. United States*, 752 F.3d 311, 315 (3d Cir. 2014) (citing *Boyle,* 469 U.S. at 251). Here, the Debtors, exercised ordinary business care and prudence in selecting their tax professionals, who were all certified public accounts with decades of experience in preparing tax documents and financials for tax exempt entities. Furthermore, the Debtors exercised ordinary care and prudence in relying on the advice of their tax professionals. This reliance coupled with Debtors' past filing practices, which were accepted by the IRS, demonstrates "reasonable cause" for PAALC's failure to file the Form 990-N Cards for tax years 2007 through 2009.

In addition, Rev. Proc. 2014-11 § 8.05 also sets forth a non-exclusive list of additional factors weighing in favor of a finding "reasonable cause" for the failure to file required returns. Several of those factors are present in this case and justify retroactive reinstatement, including

but not limited to: the rapidly deteriorating financial conditions of the Debtors created an impediment to PAALC, operating with a volunteer Board of Directors, complying with the filing requirements, *See* Rev. Proc. 2014-11 § 8.05(2); the Debtors acted responsibly in trying to remedy the failure to file PAALC's Form 990-N Cards when they finally became aware of the revocation after the Bankruptcy filings, *See* Rev. Proc. 2014-11 § 8.05(3); the Debtors have a long and established history of complying with the IRS's filing requirements since PAA's formation in 1908, and continuing through several changes in the IRC and IRS regulations, including tax years 1982 through 2006, when no Form 990 Return was due from PAALC. *See* Rev. Proc. 2014-11 § 805(4). Because PAALC has had no gross receipts since its formation in 1911, PAALC's failure to file its Form 990-N Cards has not left the IRS in any financial detriment as there would be no tax due for those tax years for which the Debtors are delinquent. Accordingly, the facts and circumstances demonstrate there is "reasonable cause" for PAALC's failure to file form 990-N's, and accordingly PAALC's § 501(c)(2) tax exempt status should be reinstated.

Immediately after the filing of the Amended Disclosure Statement and Amended Plan, and in conjunction with the application for retroactive reinstatement, the Debtors will commence proceedings pursuant to 11 U.S.C. § 505 seeking an adjudication by the Bankruptcy Court of the legality and amount if any of potential tax claims associated with the sale of the Sale Assets to Walnut PAA and/or the appropriate amount of a cap for such alleged taxes to be applied against the funds set aside in the TCE-TIA Escrow. Upon reinstatement of the PAALC's tax exempt status under section 501(c)(2), the sale of the Sales Assets shall not be a taxable event and shall not create a tax liability due and owing to either the IRS or the DOR. Furthermore, a § 501(c)(2) entity may retain income for the purposes of paying debt related to the real property it holds for

the benefit of the parent entity. *See* 26 C.F.R. § 1.501(c)(2)-1 (to maintain tax exempt status, income from property must be turned over to parent company "less expenses"); *See also* Rev. Rul. 77-429, 1977-2 C.B. 189 (1977).

With respect to PAA, the Internal Revenue Code excludes gains arising from sale transactions under the § 512(a)(1) as modified by § 512(b)(5). Although PAA was not the legal owner of the property, if PAA were deemed to be the owner because the property, for tax purposes, was reflected on its books and records, the provisions in the Internal Revenue Code would exempt any gain on sale by PAALC is not taxable. Alternatively, assuming the property is deemed to be owned by PAALC and the tax exempt status of the PAALC is restored retroactively as discussed above, so that the gain on the sale by PAALC is not taxable to PAALC, any actual or deemed distribution by PAALC to PAA would be exempt under § 512(b)(1). Thus, under no circumstances should there be any tax on the sale of the property or the usage of the proceeds of the sale to pay PAA's indebtedness.

Notwithstanding that the Debtors' believe and aver that the IRS and the DOR are not, and will not become, holders of Allowed Administrative Expense Claims arising out of the sale of the Sale Assets. Respectively, the IRS and the DOR should agree to the creation of the TCE-TIA Escrow whereby funds in the amount of $3,500,000.00 will be held in escrow pending: (i) an adjudication by this Court under Section 505 as to the allowance and amount of any tax; or (ii) approval by the IRS of the Form 1024 for PAALC and the final adjudication of any audit associated therewith. The TCE-TIA Escrow will be funded through a combination of money contributed by Walnut PAA, which funds have been marked by Walnut Capital as a tenant improvement allowance under the PSA, as well as through the monetization of PAA's equity interest in Walnut PAA (the "Equity Contribution"). If upon a determination by the Bankruptcy

Court under Section 505 that a tax payment is required; funds from the TCE-TIA Escrow will be used to pay any liability due to IRS or DOR.

In the event that all or some of the funds held in the TCE-TIA Escrow are not needed to pay the tax claims of the IRS and DOR resulting from the sale of the Real Property Assets, the unused funds will be distributed as follows: (i) the first $500,000 of the unused funds will be returned to Walnut PAA; (ii) second, the remaining balance of the unused funds up to $2,000,000 will be first distributed back to Walnut PAA to be utilized for tenant improvements as set forth in the PSA with any remaining money not to exceed $100,000 to be remitted to the Reorganized Debtor on account of the Equity Contribution.

In accordance with 11 U.S.C. § 1146, the Real Property Assets are being sold pursuant to a confirmed plan of reorganization and therefore the transfer is exempt from realty transfer taxes. In the event that any realty transfer taxes arise, Walnut PAA shall be exclusively responsible to payment of such realty transfer taxes pursuant to the PSA.

C. Funding. The holders of Allowed Secured Claims and Allowed Secured Tax Claims which constitute liens on the Real Estate Assets shall be paid at the closing of the sale of the Sale Assets. The Disbursing Agent will subsequently pay all classes of Claims pursuant to the terms of the Amended Plan.

D. Distributions. The Disbursing Agent will make all distributions contemplated by the Amended Plan that are not paid at Closing.

E. Post-Confirmation Responsibilities. After the Effective Date, the Disbursing Agent shall administer the Disputed Claims Reserve. On and after the Effective Date, the Reorganized Debtor shall be solely responsible for filing any tax returns for, and for all other tax matters relating to, the Debtors or Reorganized Debtor.

F. Documents and Further Transactions. Each of the officers or directors of the Debtors is authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, including without limitation, the Amended Plan Documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Amended Plan.

G. Causes of Action.

(i) On November 30, 2017, the Debtors filed an adversary complaint against OFAHA at adversary case no. 17-02238-JAD seeking to: (1) Avoid and Recover Pre-Petition Fraudulent Transfers pursuant to 11 U.S.C. §§548, 550 & 544 and the Pennsylvania Uniform Fraudulent Transfer Act; and, in the alternative, (2) Avoid and Recover a Preferential Pre-Petition Transfer pursuant To 11 U.S.C. §§547 & 550. OFAHA has a motion to dismiss pending and the Debtors have served written discovery requests on OFAHA. Debtors and OFAHA agreed to stay all activity and deadlines in the adversary case pending a potential settlement between the parties thereto.~~By Joint Stipulation and Consent Order of Court dated February 12, 2018, the Debtors and OFAHA agreed to stay all activity and deadlines in the adversary case for 30 days. OFAHA has a motion to dismiss pending and the Debtors have served written discovery requests on OFAHA.~~

(ii) Before the later of the Effective Date or the expiration of any applicable statutes of limitations, the Debtors, or the Reorganized Debtor, as the case may be, may file and prosecute any or all Causes of Action of the Debtors, and the Debtors may settle any Causes of Action with Bankruptcy Court approval. On the Effective Date, all remaining Causes of Action, whether filed or unfiled, will be

transferred to the Reorganized Debtor and may thereafter be prosecuted, settled, or abandoned without Bankruptcy Court approval by the Reorganized Debtor. Notwithstanding anything to the contrary herein, pending the Effective Date, the Debtors, and after the Effective Date, the Reorganized Debtor, in its sole discretion reserve the right to commence any Cause of Action or Avoidance Action and to defend any Cause of Action. Prosecution and settlement of such claims, rights, defenses, and Causes of Action will be the responsibility of the Debtors prior to the Effective Date and then to the Reorganized Debtor after the Effective Date, pursuant to the provisions of the Plan. The Reorganized Debtor will or will not pursue those claims, rights, defenses, and Causes of Action, as appropriate, in accordance with the Reorganized Debtor's commercially reasonable judgment.

(iii) The Debtors have claims against, *inter alia*, (1) Pittsburgh History & Landmarks Foundation related to a façade easement, and (2) Meyer Unkovic & Scott, LLP for legal malpractice, and preserve all rights with respect to each and all claims. The entry of the Confirmation Order shall not bar any Causes of Action that may be brought by the Debtors or the Reorganized Debtor.

(iv) The Debtors intend to file an adversary proceeding pursuant to Code Section 505 to determine whether the Debtors are required to pay any tax claims of the IRS and DOR resulting from the sale of the Sale Assets.

(iv) Any compromise or settlement of a Cause of Action by the Debtors before the Effective Date will be subject to approval of the Bankruptcy Court. After the Effective Date, the Reorganized Debtor will not be required to (but may, in its

sole discretion) seek approval of the Bankruptcy Court to commence, pursue, prosecute, settle, compromise, or abandon any Causes of Action.

Any and all claims, Causes of Action and/or Avoidance Actions, and any proceeds realized there from and transferred to the Reorganized Debtor, are preserved for the benefit of the Debtors' bankruptcy estates and the holders of Allowed Claims and interests until such time as all Allowed Claims are paid pursuant to the terms of the Amended Plan.

VIII. PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS OTHER THAN CLAIMS COVERED BY THE TCE-TIA ESCROW /TENANT IMPROVEMENT ALLOWANCE ESCROW

A. No Distribution Pending Allowance. Notwithstanding any other provision of the Amended Plan, no cash or other property will be distributed under the Amended Plan on account of any Disputed Claim or Interest, unless and until such Claim or interest becomes an Allowed Claim or interest.

B. Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and the Reorganized Debtors, as the case may be, will have the right to make and file objections to Claims and/or interests and will serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than sixty (60) days after the Effective Date or any extension thereto. From and after the Effective Date, all objections will be litigated to a Final Order except to the extent the Reorganized Debtors elect to withdraw any such objection or the Reorganized Debtors and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

C. Reserve Accounts for Disputed Claims. On and after the Effective Date, the Disbursing Agent shall establish the Disputed Claims Reserve and shall hold in the Disputed Claims Reserve: (i) cash in an aggregate amount sufficient to pay to each holder of a Disputed Unsecured Claim the amount that such holder would have been entitled to receive under the Amended Plan if such Claim had been an Allowed Claim on the Effective Date; and (ii) net earnings on such cash. All cash and earnings thereon shall be used to satisfy any expenses incurred in connection with the maintenance of the Disputed Claims Reserve, including taxes payable on such interest income, if any.

D. Investment of Disputed Claims Reserve. The Disbursing Agent will be permitted, from time to time, in its sole discretion, to invest all or a portion of the cash or cash equivalents in the Disputed Claims Reserve in United States Treasury Bills, interest-bearing certificates of deposit, tax exempt securities or investments permitted by section 345 of the Code or otherwise authorized by the Bankruptcy Court, using prudent efforts to enhance the rates of interest earned on such cash without inordinate credit risk or interest rate risk.

E. Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim becomes an Allowed Claim, the Disbursing Agent will, within fifteen (15) days after the Claim becomes an Allowed Claim, distribute from the Disputed Claims Reserve to the holder of such Allowed Claim (i) cash in an aggregate amount sufficient to pay to each holder of a Disputed Claim the amount that such holder would have been entitled to receive under the Amended Plan if such Claim had been an Allowed Claim on the Effective Date; and (ii) net earnings on such cash.

F. Release of Funds from Disputed Claims Reserve. To the extent a Disputed Claim is disallowed, the cash attributable to such Disallowed Claim will be distributed to

Holders of Class 9 Allowed Claims until paid pursuant to the terms of the Amended Plan. Thereafter to the Reorganized Debtor; provided, however, that the Disbursing Agent will retain at all times until closing of the Disputed Claims Reserve at least $25,000 cash from which the Reorganized Debtor will pay the costs and fees, if any, of administering the Disputed Claims Reserve.

G. Closing of the Disputed Claims Reserve. After the last Disputed Claim is resolved, whether by Final Order of the Bankruptcy Court or by stipulation between the Reorganized Debtor and the holder of such Disputed Claim, the Disbursing Agent will (i) pay all remaining costs and fees, (ii) distribute all remaining cash to holders of Allowed Claims in Class 9 until paid pursuant to the terms of the Amended Plan. Thereafter to the Reorganized Debtor and (iii) close the Disputed Claims Reserve.

IX. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. **Club Lease**. On the Closing Date, PAA and PAALC will each respectively assume the Club Lease. PAA and PAALC agree that there are no defaults and no amounts due and owing under the Club Lease. The Club Lease will be assigned to Walnut PAA for valuable consideration to be allocated and paid from the Purchase Price.

B. **Collective Bargaining Agreements**. On or about the Petition Date, PAA shut its doors and has had no union employees other than a single engineer who was/is responsible for boiler system maintenance (until the Clubhouse was winterized) and basement sump pump operation. It is anticipated that this employee will be terminated at or around the Closing Date. The Clubhouse is closed and will remain closed through and beyond the Closing Date.

PAA and the Pennsylvania Joint Board of UNITE HERE, Local 57 are parties to a collective bargaining agreement dated November 1, 2008 (the "UNITE HERE CBA"). The

UNITE HERE CBA expired on February 28, 2011 and continues on a year to year basis until a party gives the other party notice of its intent to terminate the agreement within sixty (60) days prior to the expiration date. PAA has given notice of termination to UNITE HERE in accordance with applicable law and provisions of the UNITE HERE CBA. Pursuant to its contractual terms, the UNITE HERE CBA terminated on February 28, 2018.

PAA and the International Union of Operating Engineers Local 95-95A, AFL-CIO ("OE") are parties to a collective bargaining agreement dated February 1, 2012 (the "OE CBA"). The OE CBA expired on January 31, 2014 and continues on a year to year basis until a party gives the other party notice of its intent to terminate the agreement within sixty (60) days prior to the expiration date. PAA has given notice of termination to OE in accordance with applicable law and provisions of the OE CBA. Pursuant to its contractual terms, the OE CBA terminated on January 31, 2018.

C. **Ground Lease**. PAALC has filed the OFAHA Complaint challenging, *inter alia,* the validity and extent of the Ground Lease. Unless the OFAHA Complaint is resolved prior to the confirmation of the Amended Plan, the Ground Lease will be rejected on confirmation. If the OFAHA Complaint is resolved prior to the Confirmation Date, whether through stipulation of the parties or otherwise, the Debtor shall assume the Ground Lease and assign it to Walnut PAA. In sum, to the extent that the Court determines that the Ground Lease is valid or the parties arrive at a consensual resolution regarding the validity of the Ground Lease, the Ground Lease will be assumed by the Debtors and assigned to Walnut PAA on the Closing Date.

D. **All Remaining Executory Contracts and Unexpired Leases.** On the Confirmation Date, all remaining executory contracts and unexpired leases that exist between the Debtors and any Person, whether or not previously listed by the Debtors on Schedule "G" of

their Schedules, shall be deemed rejected as of the Confirmation Date, except for any executory contract or unexpired lease (a) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, or (b) as to which a motion for approval of the assumption or rejection of such contract or lease is pending on the Confirmation Date including but not limited to, as part of the sale of the Sale Assets.

E. **Approval of Rejection of Executory Contracts and Unexpired Leases.** Entry of the Confirmation Order shall constitute the approval, pursuant to section 365 of the Code, of the rejection or assumption and assignment, as the case may be, of the executory contracts and unexpired leases rejected or assumed and assigned pursuant to the Amended Plan.

X. EFFECT OF THE PLAN ON CLAIMS

A. **Exculpation and Related Injunction.**

(i) **Satisfaction of Claims in the Debtors**. The treatment to be provided for respective Allowed Claims against the Debtors pursuant to the Amended Plan shall be in full satisfaction, settlement, and release of such respective Claims.

(ii) **Discharge and Injunction**.

(1) As to PAA, except as otherwise provided in this Amended Plan, the rights afforded in the Amended Plan and the treatment of all Claims herein shall be in exchange for and in complete satisfaction and release of all Claims of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against PAA, or any of the Assets or any other assets of PAA in existence on or after the Petition Date. Except as otherwise provided in the Amended Plan or the Confirmation Order and the obligation of the PAA thereunder: (i) on the Effective Date, PAA shall be deemed discharged and released to the fullest extent permitted by section 1141 of the Code from

all Claims, including, but not limited to, demands, liabilities, Claims, that arose before the Confirmation Date and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Code, whether or not: (a) a Proof a Claim or proof of interest based on such debt or Interest is filed or deemed filed pursuant to section 501 of the Code, (b) a Claim or Interest based on such debt or interest is Allowed pursuant to section 502 of the Code, or (c) the holder of a Claim or interest based on such debt or interest has accepted the Amended Plan; and (ii) all entities shall be precluded from asserting against the Disbursing Agent, his successors or its Assets or properties any other or further Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date. Except as otherwise provided in the Amended Plan or the Confirmation Order and the obligations of the PAA thereunder, the Confirmation Order shall act as a discharge of any and all Claims against any and all debts and liabilities of PAA, as provided in Sections 524 and 1141 of the Code, and such discharge shall void any judgment against PAA at any time obtained to the extent that it relates to a Claim discharged.

(2) As to PAALC, which is selling substantially all of its property through the Plan, there will be no discharge in accordance with Section 1141(d)(3) of the Code.

(3) Except as otherwise provided in the Amended Plan or the Confirmation Order, on and after the Effective Date, all entities who have held, currently hold or may hold a debt, Claim or Interest paid pursuant to the terms of the Amended Plan are permanently enjoined from taking any of the following actions on account of any such debt, Claim or Interest: (i) commencing or continuing in any manner any action or other proceeding against the Debtors and its successors or their respective Assets or properties;

(ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Debtors and its successors or their respective Assets or properties; (iii) creating, perfecting, or enforcing any Lien or encumbrance against the Debtors and its successors or their respective Assets or properties; (iv) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Debtors and their successors or their respective Assets or properties; and (v) commencing or continuing, any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Any Entity injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages from the willful violator.

(iii) **Indemnification**. Notwithstanding anything to the contrary in this Amended Plan, other than for acts constituting willful misconduct or gross negligence, the Debtors' obligations, in all cases net of applicable insurance proceeds, to indemnify Persons who served during the Chapter 11 Case as the Debtors' members, employees, directors, officers and Professionals existing under applicable non-bankruptcy law (including but not limited to acting as employee benefit plan fiduciaries or employee benefit administrative trustees), whether arising under contract, bylaw, or articles of organization, with respect to all present and future actions, suits, and proceedings against any of such indemnified Persons, based upon any act or omission related to service with, for, or on behalf of the Debtors at any time during the period from the Petition Date through the Effective Date, shall not be released.

(iv) **Exculpation**. As of the Effective Date, neither the Debtors, Walnut, Walnut PAA the Committee, the members of the Committee, the Debtors' Professionals, directors, officers,

Walnut's Professionals, Walnut PAA's Professionals nor the Committee's Professionals will have or incur any liability to any Person for any act taken or omission occurring on or after the Petition Date in connection with or related to the Case, including but not limited to: (i) the Debtors' consent to the entry of an order for bankruptcy relief under Chapter 11 of the Code; (ii) the administration of the Chapter 11 Case; (iii) the operation of the Debtors' business during the pendency of the Chapter 11 Case; (iv) the formulating, preparing, disseminating, implementing, confirming, consummating, and administering of the Plan (including soliciting acceptances or rejections thereof); (v) the submission of and statements made in, the Disclosure Statement or any contract, instrument, release, or other agreement or document entered into, or any action taken or omitted to be taken in connection with the Amended Plan; and (vi) any distributions made pursuant to the Amended Plan, except for acts constituting willful misconduct or gross negligence, and in all respects such parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Amended Plan. The entry of the Confirmation Order shall constitute a determination by the Bankruptcy Court that Persons or Entities covered under this section of the Amended Plan have acted in good faith and in compliance with the applicable provisions of the Code, pursuant to, among other provisions of law, Sections 1125(e) and 1129(a)(3) of the Code, with respect to the foregoing.

XI. EFFECTIVENESS OF THE AMENDED PLAN

A. Conditions Precedent to the Effective Date. The following are conditions precedent to the Effective Date of the Amended Plan:

(i) The Bankruptcy Court shall have entered the Confirmation Order, in form and substance satisfactory to the Debtors and the Committee;

(ii) No stay of the Confirmation Order shall then be in effect and the Confirmation Order is a Final Order;

(iii) The Closing on sale of the Sale Assets shall have occurred and the Debtors shall have sufficient cash to pay in full the Allowed Secured, Administrative, and Priority Claims and 80% of the Allowed General Unsecured Claims and to fund the appropriate Disputed Claims Reserve as provided under the Amended Plan;

(iv) The TCE-TIA Escrow shall be funded in the total amount of $3,500,000.00; and

(iv) All agreements and instruments contemplated by, or to be entered into pursuant to, the Amended Plan and its provisions, including without limitation, the Amended Plan Documents necessary for the effectuation of the Amended Plan, shall have been duly and validly executed, shall be consistent with terms and conditions of the Amended Plan and delivered by the parties thereto and all conditions to their effectiveness shall have been satisfied or waived.

B. Waiver of Conditions. Notwithstanding the foregoing, the Debtors, only after obtaining the consent of the Committee, may waive the occurrence of any of the foregoing conditions precedent. Any such waiver of a condition precedent hereof may be affected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Amended Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors decide that one of the foregoing conditions cannot be satisfied

and the occurrence of such condition is not waived, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

XII. EFFECTS OF CONFIRMATION

A. Vesting of Assets in Reorganized Debtor. As of the Effective Date, and only upon payment of Allowed Claims pursuant to the terms of the Amended Plan, the funding of the Disputed Claim Reserve and the funding of the Tax Claim Reserve/Tenant Improvement Allowance Escrow, the property of the Estate shall vest in the Reorganized Debtor, free and clear of all Claims and interests.

B. Binding Effect. Except as otherwise provided in section 1141(d)(3) of the Code, on and after the Confirmation Date, the provisions of the Amended Plan shall bind any holder of a Claim against the Debtors and its successors and assigns, whether or not the Claim is impaired under the Amended Plan and whether or not such holder has accepted the Plan.

C. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in these Chapter 11 Cases pursuant to sections 105 or 362 of the Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of these Chapter 11 Cases.

D. Rights of Action. Except as otherwise provided in the Amended Plan, on and after the Effective Date, the Reorganized Debtor will have the exclusive right to enforce any and all present or future rights, claims or causes of action against any Person. The Reorganized Debtor may pursue, abandon, settle or release any or all such rights of action, as it deems appropriate, without the need to obtain approval or any other or further relief from the Bankruptcy Court. The Debtors and/or the Reorganized Debtor may, in their sole discretion, offset any such claim held against a person against any payment due such person under the

Amended Plan; provided, however, that any claims of the Debtors arising before the Petition Date shall first be offset against Claims against the Debtors arising before the Petition Date.

E. Injunction. On and after the Confirmation Date, all Persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of or respecting any claim, debt, right or cause of action of the Debtors for which the Debtors or the Reorganized Debtor retain sole and exclusive authority to pursue in accordance with the Amended Plan. The PAA intends that the Amended Plan will operate as a discharge of all debts to the fullest extent permitted by 11 U.S.C. §1141(d).

F. Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and the Amended Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Code and for, among other things, the following purposes:

(i) To hear and determine any motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases, and the allowance of any Claims resulting there from;

(ii) To determine any and all pending adversary proceedings, applications, and contested matters;

(iii) To hear and determine any objection to any Claims;

(iv) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(v) To issue such orders in aid of execution of the Amended Plan to the extent authorized by section 1142 of the Code;

(vi) To consider any modifications of the Amended Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(vii) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Code;

(viii) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Amended Plan;

(ix) To determine and recover all Assets of the Debtors and property of the Estates, wherever located;

(x) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Code (including any requests for expedited determinations under section 505 of the Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Commencement Date through the closing of the Chapter 11 Case);

(xi) To hear and determine all matters concerning the sale of the Sale Assets;

(xii) To hear any other matter consistent with the provisions of the Code; and

(xiii) To enter a final decree closing these Chapter 11 cases.

G. Modification of Amended Plan. The Debtors reserve the right, in accordance with the Code and the Bankruptcy Rules, to amend or modify the Amended Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Reorganized Debtor may, upon order of the Bankruptcy Court, amend or modify the Amended Plan, in accordance with section 1127(b) of the Code, or remedy any defect or omission or reconcile any inconsistency in the Amended Plan in such manner as may be necessary to carry

out the purpose and intent of the Amended Plan. A holder of an Allowed Claim that is deemed to have accepted the Amended Plan shall be deemed to have accepted the Amended Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such holder.

XIII. ALTERNATIVES TO THE PROPOSED AMENDED PLAN

The Plan reflects the efforts of the Board to market, sell and redevelop the Debtors' assets. Debtors have determined that the Amended Plan is the most practical means of providing maximum recoveries to creditors. Alternatives to the Amended Plan that have been considered and evaluated by the Debtors during the course of these Chapter 11 Cases include (a) liquidation of the Debtors' assets under chapter 7 of the Code, and (b) an alternative chapter 11 plan. The Debtors' thorough consideration of these alternatives to the Amended Plan has led the Debtors to conclude that the Amended Plan, in comparison, provides a more certain and expeditious recovery to creditors on a more efficient timetable, and in a manner that minimizes certain inherent risks including but not limited to, delay in executing a transaction, possibility of additional broker's commissions, administrative expenses, and/or the permanent cessation of the social and charitable activities of PAA.

A. Liquidation Under Chapter 7 of the Bankruptcy Code. If the Amended Plan or any other chapter 11 plan for the Debtors cannot be confirmed under section 1129(a) of the Code, the Chapter 11 Case of PAALC may be converted to a case under chapter 7 of the Code, in which case, a trustee would be elected or appointed to liquidate any remaining assets of PAALC for distribution to creditors pursuant to chapter 7 of the Code. If a trustee is appointed and the remaining assets of PAALC are liquidated under chapter 7 of the Code, there will be an additional layer of administrative costs and commissions that will negatively affect distributions.

Furthermore, under a liquidation scenario, PAA may not receive any distribution on account of its Equity Interest in PAALC and therefore the creditors of PAA may not recover any money on account of their claims.

PAA is the sole owner of the PAALC and must approve the sale of the Sale Assets and the payment to all creditors with Allowed Claims. Due to the substantially intertwined relationship between the Debtors, one could not have operated independently without the other. PAALC has few creditors but substantial secured claims to pay. A review the Debtors' claims registry evidences that the vast majority of the unsecured claims were filed against PAA. For the claims against PAA to be satisfied, the Sale Assets of PAALC must be sold for the benefit of all of the Debtors' creditors. The Debtors believe that conversion of these Chapter 11 Cases to Chapter 7 cases would result in (i) significant delay in distributions to all creditors who would have received a distribution under the Joint Plan; and (ii) diminished recoveries for creditors.

B. Case Dismissal. If the Debtors' cases are dismissed, creditors would be free to pursue non-bankruptcy remedies in their attempts to satisfy claims. The Secured Creditors will most certainly foreclose on the Real Property Assets, with the Real Property Assets likely being sold at a sheriff's sale for the amounts due to satisfy the secured creditors' liens. It would be unlikely that any excess proceeds from a Sheriff sale would be returned to the PAA which would eliminate any recovery to other creditors.

XIV. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE AMENDED PLAN

The following discussion summarizes certain material federal income tax consequences of the implementation of the Amended Plan to the Debtors and to certain holders of Allowed Claims. Accordingly, the following summary of certain material federal income tax consequences has been provided for informational purposes only and is not a substitute for

careful tax planning and advice based upon the individual circumstances pertaining to a holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult its own tax advisors for the federal, state, local and foreign income and other tax consequences applicable under the Amended Plan.

A. Gain or Loss. In general, each holder of an Allowed Unsecured Claim may recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by such holder in satisfaction of its Claim (other than any Claim representing accrued but unpaid interest) and (ii) such holder's adjusted tax basis in such Claim other than any Claim representing accrued but unpaid interest. The "amount realized" by a holder of an Allowed Claim will equal the sum of the cash, less any amount required to be treated as imputed interest in respect of any distributions received after the Effective Date.

B. Information Reporting and Withholding. All distributions to holders of Allowed Claims under the Amended Plan are subject to any applicable withholding (including employment tax withholding). The foregoing summary of certain material federal income tax consequences has been provided for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult its own tax advisors for the federal, state, local and foreign income and other tax consequences applicable under the Amended Plan.

XV. CONFIRMATION OF THE PLAN

The Bankruptcy Court will confirm the Amended Plan only if all of the requirements of section 1129(a) of the Code are met. The Debtors submit that all applicable provisions of section 1129 have been met by the Amended Plan.

A. Best Interests Test. One requirement for confirmation of a plan is called the "best interests test." Notwithstanding acceptance of the plan by each impaired class of claims, in order to confirm a plan, if even one member of an impaired class votes to reject the plan, the bankruptcy court must determine that the plan is in the best interests of each holder of a claim or interest in such class. The best interests test requires that the bankruptcy court find that the plan provides to each member of such impaired class a recovery on account of the class member's claim or interest that has a value, as of the Effective Date of the plan (generally, at least 14 days after confirmation), at least equal to the value of the distribution that each such class member would have received if the debtor's assets were liquidated under chapter 7 of the Code on such date. Under the Chapter 7 liquidation analysis provided in this Amended Disclosure Statement, all holders of claims within Classes 2, and 3 (the impaired classes) and Members of the PAA, will receive more under the Amended Plan than they would if the Debtor was liquidated and its most valuable assets, certain personal property (no real property is owned by the Debtor), was sold.

~~There are no creditors who are impaired under the Plan and no creditor will vote. Therefore, Section 1129(b) does not apply.~~

B. Feasibility of the Plan. Section 1129(a)(11) of the Code provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one that will not lead to a need for further reorganization or liquidation of the debtor. As of the closing of any sale as contemplated under the Amended Plan, the Debtors will have the funds necessary to satisfy their obligations under the Amended Plan. Therefore, the Amended Plan is financial feasibility as required by the Code. The Debtors' feasibility analysis is attached hereto as "**Exhibit E**".

C. Classification of Claims and Equity Interests Under the Plan. The Debtors believe that the Amended Plan meets the classification requirements of the Code which provide that a Chapter 11 plan place each claim or equity interest into a class with other claims or equity interests that are "substantially similar." The Amended Plan establishes classes of Claims and Equity Interests as required by the Code and summarized above. Administrative Expense Claims and Priority Tax Claims are not classified.

XVI. CONCLUSION

The Debtors submit that the Amended Disclosure Statement and the Amended Plan comply in all respects with sections 1125 and 1129 of the Code and that the Amended Disclosure Statement should be approved and the Amended Plan confirmed.

Dated: March 13, 2018
Revised: April 15, 2018

Respectfully Submitted,

TUCKER ARENSBERG, P.C.

/s/*Jordan S. Blask*
Jordan S. Blask, Esq. (Pa. I.D. 308511)
Jillian Nolan Snider, Esq. (Pa. I.D. 202253)
1500 One PPG Place
Pittsburgh, PA 15222
Phone: (412) 566-1212
Fax: (412) 594-5619
jblask@tuckerlaw.com
jsnider@tuckerlaw.com

Counsel for the Debtors

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al.* [1], Debtors.	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD Chapter 11
PITTSBURGH ATHLETIC ASSOCIATION, *et al.*, Movants, v. No Respondents.	Related Docket Nos. 638, 670, 673 - 75 Hearing: _____ Responses Due: _____

NOTICE AND ORDER SETTING HEARING ON AN EXPEDITED BASIS

AND NOW, this _____ ***day*** of ***April, 2018,*** **NOTICE IS HEREBY GIVEN THAT** a ***Request for an Expedited Hearing on Motion for Order (i) conditionally approving the Impaired Class Disclosure Statement for Solicitation Purposes Only, (ii) Approving the Form of Ballots, (iii) Setting Balloting Deadline, and (iv) continuing the April 24, 2018 Confirmation Hearing on the Amended Chapter 11 Plan to May 8, 2018, pursuant to 11 U.S.C. §§ 1124, 1125, and 1126, and Fed. R. Bankr. P. 3017 and 3018*** (the "**Motion**") has been filed in the above-referenced case by Jordan S. Blask, Esquire, Counsel for the above captioned Debtors.

On _____, 20___ at _____ M. a hearing has been scheduled in Courtroom D, U.S. Bankruptcy Court, U.S. Steel Building, 54th Floor, 600 Grant Street, Pittsburgh, PA 15219.

On or before _____, Responses to the *Motion* shall be filed with the Clerk of the Bankruptcy Court and served on the parties in interest.

Movant shall serve a copy of this completed Scheduling Order and the Motion by U.S. Mail **and**, (1) hand delivery **or** (2) facsimile **or** (3) email (separate from CM/ECF) on the Respondent(s), Trustee, Debtor, Debtor's Counsel, all secured creditors whose interests may be affected by the relief requested, U.S. Trustee and counsel for any committee. In the absence of a committee, the Movant shall serve the 20 largest unsecured creditors. Movant shall immediately file a certificate of service indicating such service.

JEFFERY A. DELLER
Chief U.S. Bankruptcy Court

[1] The Debtors have the following cases pending Pittsburgh Athletic Association, Bankruptcy No. 17-22222-JAD and Pittsburgh Athletic Association Land Company, Bankruptcy No. 17-22223-JAD, both cases are being jointly administered under Case No. 17-22222-JAD.

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al.* [7], Debtors.	Jointly Administered at: Bankruptcy No. 17-22222-JAD Bankruptcy Nos: 17-22222-JAD, and 17-22223-JAD Chapter 11
PITTSBURGH ATHLETIC ASSOCIATION, *et al.*, Movants, v. No Respondents.	Docket No.

ORDER

AND NOW, upon consideration of Debtors' Motion for Order (i) conditionally approving the Impaired Class Disclosure Statement for Solicitation Purposes Only, (ii) Approving the Form of Ballots, (iii) Setting Balloting Deadline, and (iv) continuing the April 24, 2018 Confirmation Hearing on the Amended Chapter 11 Plan to May 8, 2018, pursuant to 11 U.S.C. §§ 1124, 1125, and 1126, and Fed. R. Bankr. P. 3017 and 3018 (the "**Motion**") and after notice and hearing, it is hereby ***ORDERED, ADJUDGED*** and ***DECREED*** that the Motion is ***GRANTED*** as follows:

(1) The Impaired Class Amended Disclosure Statement is ***CONDITIONALLY APPROVED***.

(2) The Form of Ballots attached as Exhibit "E" to the Motion are ***APPROVED***.

[7] The Debtors have the following cases pending Pittsburgh Athletic Association, Bankruptcy No. 17-22222-JAD and Pittsburgh Athletic Association Land Company, Bankruptcy No. 17-22223-JAD, both cases are being jointly administered under Case No. 17-22222-JAD.

(3) Counsel for the Debtor shall immediately serve a copy of this Order, the Impaired Class Amended Disclosure Statement, the Second Revised Amended Plan and the appropriate Form of Ballots on the Blanche Trust, OFAHA, and all PAA Members listed on Exhibit "F" to the Motion. Debtors shall file a Certificate of Service indicating compliance with this Paragraph within 3 days.

(4) ***On or before May 1, 2018 at 5:00 PM***, Ballots on the Amended Plan shall be submitted to Debtors' Counsel at:

Tucker Arensberg, P.C.
c/o Jordan S. Blask, Esq.
1500 One PPG Place
Pittsburgh, PA 15222.

(5) ***On or before May 3, 2018*****,** Debtors shall file a Summary of Ballots received on the Amended Plan.

(6) The hearing on Confirmation of the Amended Plan, scheduled for April 24, 2018 at 10:00 AM is ***continued to May 8, 2018, at ___:_____ (am/pm).***

(7) In addition to the service requirements set forth in Paragraph (3) above, Debtors shall serve a copy of this Order on the United States Trustee, all committees, all creditors and parties in interest in this case. Debtors shall file a Certificate of Service within 3 days indicating compliance with this Paragraph.

Dated:

JEFFERY A. DELLER
Chief U.S. Bankruptcy Court