IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al*[1] *Debtors,*	Jointly Administered at: Case No. 17-22222-JAD Bankruptcy Case Nos: 17-22222-JAD, and 17-22223-JAD
PITTSBURGH ATHLETIC ASSOCIATION *et al,* *Movant,* v. IRWIN KOTOVSKY, FRANK W. GUSTINE, JR., RICHARD J. VELAN, YVONNE L. ROSE, KAY MERGE, CHARLES PRINGLE, LOVEY KREITZER, GERALD KRUPP, RICK EVANS, ROBERT SEMETHY, JR., DR. PETER BOWER, DR. LILA PENCHANSKY, PITTSBURGH ATHLETIC ASSOCIATION PRESERVATION ASSOCIATION, Respondents.	Chapter 11 Related to Doc. No. Hearing: May ___, 2018 at _____ am Response Deadline: TBA

EXPEDITED MOTION FOR CONTEMPT FOR VIOLATION OF THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362 AND FOR VIOLATION OF PLAN EXCLUSIVITY PURSUANT TO 11 U.S.C. § 1121 AND 1125

Pittsburgh Athletic Association ("**PAA**") and Pittsburgh Athletic Association Land Company ("**PAA-LC**", together with PAA, the "**Debtors**") file this Expedited Motion for Contempt for Violation of the Automatic Stay Pursuant to 11 U.S.C. § 362 and for Violation of Plan Exclusivity pursuant to 11 U.S.C. § 1121 and 1125. The Debtors aver as follows:

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

PRELIMINARY STATEMENT

Throughout the course of the Debtors' Chapter 11 Bankruptcy Cases, select members of the PAA and other individuals, including the Respondents, whether individually or as members of the Pittsburgh Athletic Association Preservation Association ("**PAAPA**"), have sought, through procedurally inappropriate venues, to delay and derail the course of these proceedings. For example, Respondents attended the "First Day Motions" improperly raised alleged concerns with the corporate governance of the Debtors. During the First Day Motions, the Court specifically noted the impropriety of Respondents' actions by stating, "in these proceedings…there has been concerns raised in terms of a composition of the board of the debtors-in-possession…If there's a challenge as to that, there are ways in which those can be presented. It's not through an objection to the underlying motion." Transcript on First Day Motions, 117:23 – 118:4 (June 2, 2017).

Consistent with Respondents' continued desire to delay and derail the hard fought progress by these Debtors, the Committee and the various professionals towards a successful reorganization, Respondents have sent an email attached as **Exhibit "A"**, in yet another attempt to control property of the Debtors' estate and to solicit votes from PAA Members, in clear violations of the Automatic Stay and Exclusivity Period.

Rather than filing a Motion to Limit Exclusivity or seek inclusion of additional information in the Court approved Disclosure Statement during the **four (4) hearings** the Court held on the Disclosure Statement, the Respondents are attempting to garner support for a *sub rosa* Plan through unsolicited correspondence with PAA Members that contains factual inaccuracies about the Amended Plan currently before the Court.

Furthermore, the Respondents have abused this Court's Order that the PAA Member List remain under seal in order to protect the personal information of PAA Members. Notwithstanding the Debtors' concern with protecting this personal information and the Court's acknowledgment of the same, Respondents have used this information to facilitate its unsolicited *sub rosa* attempt to derail the Plan Process. **Indeed, the Respondents even went so far as to remove the members of the Debtors' Board from the email list, in a further attempt to conceal their machinations.**

Accordingly, the Respondents should be held in Contempt for the aforementioned violations of the Automatic Stay under § 362(a)(3) and Exclusivity Period under § 1121, and for their blatant disregard for the Court's Order in approving the Disclosure Statement and Solicitation Process and Order directing that the PAA Member List remain under seal.

LIMITED FACTUAL AND PROCEDURAL BACKGROUND

1. On May 30, 2017 (the "**Petition Date**"), Debtors each filed voluntary petitions under Chapter 11 of the Bankruptcy Code and are authorized to continue to operate their businesses and manage their properties pursuant to Section 1107(a) and Section 1108 of the Bankruptcy Code.

2. 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**").

3. 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**").

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

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

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

The Plan Process

7. 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**").

8. 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].

9. On March 13, 2018, the 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].

10. 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**"). *See* Doc. No. 593.

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

12. On March 19, 2018, the Court entered an Order indicating that the revised Amended Plan "supersedes the Amended Joint Plan of Reorganization dated March 13, 2018." *See* Doc. No. 600.

13. 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 ("**Third Exclusivity Motion**"). [Doc. No. 630].

14. 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 (the "**Objection Deadline**"), [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 (the "**Confirmation Hearing**").

15. On April 9, 2018, the Respondents filed an Objection to the Debtors' Third Exclusivity Motion raising various "kitchen sink" and spurious arguments. *See* Document No. 659 (*and various joinders thereto*).

16. On April 10, 2018, the Court held a hearing on Debtors' Third Exclusivity Motion and Objections thereto [Doc. No. 630] (the "**April 10th Hearing**"). During the April 10th Hearing, the Court indicated that the PAA Members, which includes the Respondents, may be considered impaired under the Amended Plan. The Court further stated that, should the PAA Members be considered impaired, they may be entitled to vote to accept or reject the Amended Plan. The Court reserved decision on this matter for the Confirmation Hearing.

17. In light of the Court's comments during the April 10th Hearing, and to ensure all impaired and potentially impaired classes have had the opportunity to vote to accept the Amended Plan, rather than proceeding with the April 24, 2018 Confirmation Hearing, Debtors filed a Motion for Approval of Impaired Class Disclosure Statement and Ballot and requested a continuance of the Confirmation Hearing to May 8, 2018 ("**Solicitation Motion**"). [Doc. No. 675].

18. On April 15, 2018, the Debtors filed a Second Revised Amended Joint Chapter 11 Plan of Reorganization of Pittsburgh Athletic Association & Pittsburgh Athletic Association Land Company dated March 13, 2018, as Revised March 16, 2018 and April 15, 2018 (the "Second Revised Amended Plan") [Doc. No. 673], an Impaired Class Amended Joint Disclosure Statement to Accompany Joint Plan of Reorganization (the "Impaired Class Amended D/S", together with the Second Revised Amended Plan the "Impaired Class Plan Documents") [Doc. No. 674].

19. As the Second Revised Amended Plan was filed for limited purposes to address comments made by the Movants and the Court at the April 10th Hearing, and to reflect the treatment of Classes 2 and 3 after the Debtors and those creditors had reached agreements in that regard.

20. Specifically, the Impaired Class Plan Documents provide for the following changes: (1) OFAHA is an impaired class under Class 2; (2) the Blanche Trust is an impaired class under Class 3; and (3) out of an abundance of caution and to prevent issues at the Confirmation Hearing, PAA Members have now been Classified in Class-11 and were provided a Ballot.

21. In the Solicitation Motion filed on April 15, 2018, the Debtors Requested approval of their Impaired Class Disclosure Statement and Ballots and noted that "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." *See* Document No. 675 at ¶ 47. ("***emphasis added***").

22. On April 16, 2018, the Debtors filed a Motion to File the PAA Member List under seal, in order to protect the personal information of the PAA Members (the "**Motion to Seal**"). *See* Document No. 676.

23. On April 16, 2018, the Court entered Scheduling Orders on the Solicitation Motion and the Motion to Seal setting hearings for April 24, 2018 and response deadlines to both motions for April 23, 2018 at 12:00 PM. *See* Document Nos. 677 and 678.

24. The Respondents were served with the Solicitation Motion and the Motion to Seal on April 15, 2016, through the Court's CM/ECF System, and by Electronic Mail. The Respondents were further served with these Motions by First Class U.S. Mail on April 17, 2018. *See* Document No. 687.

25. On April 19, 2018, the Court held a telephonic status conference on the Solicitation Motion and the Motion to Seal, during which no issues were raised regarding the proposed cover letter to be included in the Debtors' solicitation packet.

26. No Objections to either the Solicitation Motion or the Motion to Seal were filed by any party including the Respondents. *See* Docket *generally*.

27. On April 22, 2018, the Debtor filed a Third Revised Amended Plan, as revised April 22, 2018, and a Revised Impaired Class Amended Disclosure Statement, *See* Document Nos. 702 and 703, to accommodate concerns raised by various parties and the Court during the April 19th Telephone Conference.

28. On April 24, 2018, the Court held an Omnibus Hearing including on the Solicitation Motion, the Motion to Seal, and approval of the Revised Impaired Class Disclosure Statement. During that hearing the Court addressed issues and substance of the Disclosure Statement, including information regarding the potential tax liabilities that may be incurred through the proposed sale of the Debtors' property. The Court read into the record the sections of the Impaired Class Disclosure Statement that contained adequate disclosures of these tax issues and directed the Debtor to include similar disclosures in the "Overview of the Plan" section of the Impaired Class Disclosure Statement.

29. Subsequent to the April 24th hearing, the Court entered an Order granting the Motion to Seal. *See* Document No. 716, and the Debtors filed the PAA Member List under seal at Document No. 740.

30. On April 24, 2018, the Debtors filed a second revised Impaired Class Disclosure Statement at Document No. 717 in accordance with the Court's direction from the April 24th Hearing.

31. On April 25, 2018, the Court entered an Order approving the Impaired Class Disclosure Statement as revised April 24, 2018 and setting a hearing on Confirmation of the

Amended Plan for May 30, 2018 with a Balloting deadline and Plan Objection deadline of May 23, 2018. *See* Document No. 724.

32. The Debtors then prepared their Solicitation Packet, attached as **Exhibit "B"**, in accordance with the content referenced in the Solicitation Motion ("**Solicitation Packet**"). The Solicitation Packet includes:

- A Cover letter from the Board;
- A Ballot with return envelope;
- A Cover letter from Walnut Capital and Slides from the presentation shown to the PAA Members at the Special Meeting held on April 20, 2018;
- A Letter from HFF detailing the Sale Process;
- The Court approved Impaired Class Disclosure Statement, as revised April 24, 2018; and
- The Amended Plan, as revised April 22.

33. The Solicitation Packet was printed and served on all 199 Members included on the PAA Member List, that was filed in conjunction with the Motion to Seal and consistent with the Amended Plan documents. The costs incurred by the Estate in printing and serving the Solicitation Packet was approximately $15,000.

34. Indeed, the Debtors have begun to receive Ballots returned from the Impaired Classes under the Amended Plan including Class 2 OFAHA, which has accepted the Amended Plan; Class 3 the Blanche Trust, which has accepted the Plan; and over 20 Ballots from the PAA Members, which have overwhelmingly accepted the Plan.

35. At no time did the Respondents file an objection to the Motion to Seal or request a copy of the Membership List being used for solicitation purposes pertaining the Amended Plan documents.

36. At issue may be the question of which PAA members received a Solicitation Packet...for the sake of clarity and as disclosed in the Amended Plan Documents and reiterated during proceedings before this Court; all members of PAA as of the Petition Date who have not tendered a resignation of their membership interest have received a Solicitation Packet in accordance with the Member List sealed at Document No. 740.

37. The Court may recall that during a hearing in early April, counsel for the Debtors was directed to share the PAA Membership List with counsel for the respondents inclusive of the names of all PAA members as of the Petition Date. On April 15, 2018, by email the complete membership list including personal contact information for each member was shared with counsel to the Respondents.

38. Instead of respecting this Court's order sealing the Member List, Respondents abused the circumstances underlying the basis for counsel having previously shared the complete Member List on April 15th and undertook the process described below to improperly solicit rejections of the Debtors' Amended Plan.

39. Notwithstanding having several opportunities to seek to include additional information in the Disclosure Statement, including the **four (4) hearings** on the Disclosure Statement, and an notwithstanding the notice and opportunity to request review of the Solicitation Packet, as described in the Solicitation Motion, on May 3, 2018, Yvonne Rose along with the other Respondents, sent the email Respondent Email to all members except the twelve (12) members of the Debtors' Board of Directors.

40. The Respondent Email contains various inaccurate statements regarding the Amended Plan and the sale process generally followed in this case as detailed below.

RELIEF REQUESTED

41. The Debtors request this Court to enter an Order finding the Respondents in Contempt for violation of the Automatic Stay under 11 U.S.C. § 362(a)(3) and for violation of the Plan Exclusivity under 11 U.S.C. § 1121. The Debtors also requests injunctive relief against the Respondents preventing them from further violations of the Automatic Stay and Exclusivity, and for the imposition of monetary sanctions in the amount of not less than $15,000 plus attorney fees and costs due to the harm caused by the Respondent Email, which may have thwarted the efforts and costs incurred by the Debtors in serving the Court approved Impaired Class Disclosure Statement, Amended Plan and Solicitation Packet.

a. Respondents violated the Automatic Stay under 11 U.S.C. § 362 by attempting to control property of the Estate.

42. Section 362 of the Bankruptcy Provides that "a petition filed under section 301, 302, or 303 of this title . . . operates as a stay, applicable to all entities, of-- (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate" 11 U.S.C. § 362(a)(3).

43. Actions taken to "possess" or "control" property of the estate include a non-debtor party marketing and purporting to sell property of the estate. *See In re C.W. Mining Co.*, ADV.08-2338, 2009 WL 4809632, at *6 (Bankr. D. Utah Dec. 9, 2009) (finding that party violated the automatic stay under § 362(a)(3) by, *inter alia*, purporting to sell coal removed from the Debtor's coal mines to third parties).

44. Here, the Respondents have violated the Automatic Stay by: (i) holding out for sale the assets of the Debtors; (ii) engaging a third party consultant (O'Keefe Consulting) to

solicit offers to purchase the Debtors' Assets; and (iii) soliciting an offer for sale of the Debtors' assets from a third party buyer.

45. Indeed, by the Respondents own admissions demonstrate their violations:

> As PAAPA lost confidence in the Board and following the filing of the original Joint Chapter 11 Plan of Reorganization [Doc. No. 418] which also sought approval of a sale of the Debtor's real property to Walnut Capital, PAAPA retained O'Keefe Consulting ("O'Keefe") from Michigan to test the waters and pursue competent developers that might be interested in partnering with the PAA in a way that would preserve the PAA as a vibrant social and athletic association.
>
> After a period of substantial effort, O'Keefe and representatives of PAAPA, ***including respondent Mr. Kotovsky***, have engaged in a series of discussions and meetings with McKnight Realty Partners ("McKnight"). These discussions and meetings have culminated with McKnight's submission of a redevelopment proposal for the PAA property far superior to the Board's proposed sale to Walnut Capital. These discussions were necessary after McKnight's overtures were completely rebuffed by the existing Board.

See Document No. 659.

46. Indeed, the *sub rosa* efforts in violation of the Automatic Stay by the Respondents come through in the Respondent Email wherein they indicate that "[o]ther interested developers

have made offers to the PAA board of directors as recently as April 2018." *See* Exhibit "A". And further, the Respondent Email states:

> If the current Walnut plan is voted down it is very likely those interested developers will then have the opportunity to make an offer to the court, seeing as the board dismissed this opportunity outright.
>
> To summarize: if the Walnut Plan is voted down, then another party can make its offer which includes significantly better amenities.

Id.

47. These attempts to market and sell the Debtor's assets are clearly with the purview of what Congress sought to protect when it enacted section 362 to allow a debtor, especially a debtor in possession, to maintain and control its own property to facilitate its reorganization. And the Respondents have disregarded and violated the protections of the Automatic Stay as set forth in section 362(a)(3).

b. Respondents violated the Exclusivity Period provided under 11 U.S.C. § 1125

48. Section 1125(b) of the Bankruptcy Code provides that "[a]n acceptance or rejection of a plan may not be solicited…from a holder of a claim or interest…unless, at the time of or before such solicitation, there is transmitted to such holder the plan or summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information." 11 U.S.C. § 1125(b).

49. Section 1125(b) bars certain solicitation activities, regardless of the actor's intent. *Century Glove, Inc. v. First American Bank*, 860 F.2d 94, 97 (3d. Cir. 1988).

50. In analyzing unauthorized communications between creditors regarding proposed plans during the exclusivity period, the courts rely heavily upon whether a vote was specifically

solicited and the truthfulness of the information being transmitted. *In re Gulph Woods*, 83 B.R. 339, 343-44 (Bankr. E.D.Pa. 1988).

51. Where an interested party dispatched what is definitely a solicitation to reject or accept a plan to creditors during the voting period which contains false or misleading information, the court can and should intervene under Section 1125(b) to prevent unfair influencing of votes. *Id*.

52. Here, the Respondents have clearly attempted to unfairly influence the votes during the balloting period in violation of Sections 1125(b) and 1121(b) by way of the Respondent Email including the very initial statement which reads: "We are members who care deeply about the PAA and feel the current plan is seriously flawed and could result in the end of our historic club." *See* Exhibit "A".

53. Further, just by way of example, another statement soliciting PAA Members to vote to reject are:

> Other interested developers have made offers to the PAA board of directors as recently as April 2018 that would have paid all the club's debt and guaranteed more amenities and money for the club's future yet these offers were rejected by the board. **Due to the bankruptcy process, there is no way for members to see the details of any such offers unless the current plan is rejected by voting NO. If the current Walnut plan is voted down it is very likely those interested developers will then have the opportunity to make an offer to the court, seeing as the board dismissed this opportunity outright. To summarize: if the Walnut Plan is voted down, then another party can make its offer which includes significantly better amenities. If the Plan is approved, however, no other amenities can or will be offered to the PAA.**

See Exhibit "A" (***emphasis added***).

54. Therefore, the Respondents have clearly violated the Debtor's exclusive right to propose and solicit the Amended Plan, by the Respondent Email that solicited the PAA Members

in attempts to obtain a negative vote so that Respondents could impose their own agenda and terms on the Plan process.

c. The Respondents Conduct is a Sub Rosa effort to side step the Requirements of the Bankruptcy Code and commandeer the Plan Process.

55. The Respondents efforts constitute a *sub rosa* effort to dictate the terms of the Chapter 11 Plan, and the outcome of this confirmation process of this Plan.

56. "Where a transaction has the effect of dictating the terms of a prospective chapter 11 plan, it will constitute a prohibited *sub rosa* plan." *In re Podzemny*, 09-14226-J11, 2011 WL 576591, at *8 (Bankr. D.N.M. Feb. 8, 2011).

57. Here, it is clear that the Respondents are trying to "side step" the procedures and settled principles of the Chapter 11 process, which are that a Debtor has the exclusive right to market and sell its assets and has the exclusive right to propose and solicit a plan of reorganization during the period of Exclusivity under Section 1121.

58. The Court entered an Order extending the Exclusivity Period to allow the Debtor to complete the solicitation and confirmation process of the currently pending Amended Plan.

59. Notwithstanding this, the Respondents have disregarded the Court's Order and sent the Respondent Email specifically targeting the PAA Members listed on the PAA Member list that was filed under seal. Moreover, the Respondents have removed the Board Members from the email list to further conceal their efforts.

60. The Respondents have specifically targeted the aspects of the Amended Plan related to the sale and attempted to discredit the Walnut redevelopment to impose their own terms from their purported, ill-gotten offer that they procured through a violation of the Automatic Stay.

61. Furthermore, the following points are responsive to the misleading attempts to confuse the PAA Members and to commandeer a the Plan process set forth in the Respondents Email, which include:

Debtors Response Related to Paragraph (1) of the Respondent Email:

- The Board of Directors isn't arguing anything - it's the Debtors and the Court specifically addressed this misstatement at the April 24th hearing.
- The IRS and the DOR have taken the position that the sale may be taxable and if so the liability may be $3.5 million but, to date, neither the Debtors nor the taxing bodies have litigated the underlying tax consequences of the sale or PAALC's reinstatement request. IRS and DOR merely requested an escrow to establish the Debtors' ability to pay a tax in the future should one be assessed.
- The language that the IRS and DOR requested to be included in the Disclosure Statement was intended to provide reservation of rights but not a conclusive determination of tax liability as the Respondent Email suggested.

Debtors' Response Related to Paragraph (2) of the Respondent Email:

- The Board vetted every offer submitted and determined that for many reasons the Walnut partnership was the highest and best path to a successful reorganization. Suggesting that PAA Members should vote NO to the current Plan as a means to allow another developer to present an offer disregards the bankruptcy code cram down process should it become necessary based upon the results of the balloting of PAA Members. Essentially, the Respondents are soliciting a NO vote with the improper promise to allow another developer a bite at the apple.

Debtors' Response Related to Paragraph (3) of the Respondent Email:

- All PAA Members who are either paying dues or not, but who have not tendered a resignation since the bankruptcy was filed on May 30, 2018 have received a Ballot. If a member resigned then they did not receive a Ballot since they voluntarily resigned their membership and would not be entitled to vote on any business matters since they are no longer a PAA Member.

62. At this point the Respondents efforts to submarine the Debtors' solicitation of the Amended Plan has seriously undermined the expenditures incurred in preparing and serving the Solicitation Packet on the PAA Members to the cost of $15,000.

63. Lastly, but maybe most importantly, the Debtors believe that cause may exist to disqualify any "NO" vote received following the Respondent Email as a negative vote may have been improperly secured due to the Respondents' conduct.

WHEREFORE, for the above stated reasons, Debtors respectfully request this Honorable Court enter an Order (i) finding the Respondents in violation of the Automatic Stay, pursuant to 11 U.S.C. § 362; (ii finding the Respondents in violation of the exclusivity period under 11 U.S.C. § 1121; (iii) enjoining the Respondents from any further solicitation activities of the PAA Members and other parties in interest in these Cases, (iv) disqualifying all Ballots rejecting the Amended Plan received from May 3, 2018 through May 23, 2018 (v) and to award monetary sanctions to the Debtors in the amount of not less than $15,000 plus attorney's fees and costs.

Respectfully Submitted,

TUCKER ARENSBERG, P.C.

DATED: May 4, 2018

/s/ Jordan S. Blask

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Exhibit "A"

(Respondent Email)

From: yrose@ [mailto:yrose@]
Sent: Thursday, May 03, 2018 6:56 PM
To:
Subject: Important Update regarding the PAA

Dear fellow PAA member,

This letter is in regard to the PAA's current plan to emerge from bankruptcy which you are being asked to vote on. We are members who care deeply about the PAA and feel the current plan is seriously flawed and could result in the end of our historic club. The reasons for this are:

1.) Under the current plan, the clubhouse building is being sold to Walnut Capital and PAA members have absolutely no guarantee of any space in the clubhouse or money to operate a club. This is because all the accommodations for the club are contingent on the PAA board of directors successfully arguing that there will be no taxes owed on the sale, yet the IRS and PA Department of Revenue (the "DOR") have repeatedly objected to this and insist that there will be significant taxes owed. For that reason, Walnut is setting aside $3,500,000 in an escrow account in case the taxes are owed, but as stated on page 22 of the plan: **"should the Debtors be wrong respecting the tax effect of the sale, Walnut PAA will not be required to provide all or some of the Redevelopment Amenities or the full service banquet facilities."** A more detailed explanation of this critical point is below under **Taxes Explained.**

2.) Other interested developers have made offers to the PAA board of directors as recently as April 2018 that would have paid all the club's debt and guaranteed more amenities and money for the club's future yet these offers were rejected by the board. Due to the bankruptcy process, there is no way for members to see the details of any such offers unless the current plan is rejected by voting NO. If the current Walnut plan is voted down it is very likely those interested developers will then have the opportunity to make an offer to the court, seeing as the

board dismissed this opportunity outright. To summarize: if the Walnut Plan is voted down, then another party can make its offer which includes significantly better amenities. If the Plan is approved, however, no other amenities can or will be offered to the PAA.

3.) We the members of the PAA are an impaired class of interests under the proposed Plan. At the April 10, 2018 hearing, counsel for the board took the position that there was no need for the members to vote on this plan, but we are thankful that they eventually changed their position and sent out ballots. Each member has a right to vote on the future of the PAA in the Bankruptcy Court. For purposes of voting on the Plan, you are considered to be a member if you were a member in good standing as of May 1, 2017—no matter if you have not kept current on your dues. In order for a vote to count, the ballot must be filled out and returned to: Jordan S. Blask, Esq. at Tucker Arensberg, P.C., 1500 One PPG Place, Pittsburgh, PA 15222. Mr. Blask must receive the ballot before 5:00 pm EDT on May 23, 2018. This is a hard deadline that will not be extended. No matter how you feel please mail in your ballot, if you do not vote your opinion does not count.

Please join fellow PAA members for an informal discussion and Q & A session at the Wyndham University Center, 100 Lytton Avenue, Pittsburgh PA 15213 one of the following dates/times:

May 8, 6-7pm, Oakland Room
May 17, 6-7pm, Oakland Room

And the last bit of news, former PAA President Frank Gustine has expressed his interest to run for President of the Club once again! Frank would like to help see the PAA become the great success it once was. This may yet be possible under a different arrangement, but it is not likely under the current plan.

Sincerely,

Frank Gustine, Irwin Kotovsky, Charles Pringle, Kay Merge, Lovey Kreitzer, Rich Velan, Gerald Krupp, Rick Evans, Robert Semethy Jr., Dr. Peter Bower, Dr.Lila Penchansky, Yvonne Lynn Rose and other concerned PAA Members

PAA Proposed Board Plan Summary	
Potential Club Amentities	**Board Proposed Plan**
Grill Room preserved	Yes*
Basement workout facility	Yes*
Squash Courts	Yes*
Payment of all claims in bankruptcy including taxes	Yes
Closing promptly upon approval of plan	Yes
Long term nominal lease guaranteed	No
Building continued to be named the PAA	No
PAA ownership of 5% in the new entity	No
Artwork to be displayed in the public spaces	No
Right of First Offer to purchase the building back	No
Pool	No
Kitchen	No
Schenley Room	No
Pennsylvania Room	No
Floors 2-5	No
Access to other facilities during construction period	No
* These amenities will only happen if the IRS ruling is favorable to the PAA	
Because of their involvement in the Bankruptcy Case, Members are aware of	
the fact that another developer presented the Board with another offer that	
would provide the PAA with a signficantly higher level of amenities.	

Taxes Explained

All of the PAA's potential future amenities are contingent on the tax strategy succeeding, the same tax strategy that the IRS and PA Department of Revenue have repeatedly objected to as it is stated in the Disclosure Statement. Walnut is setting aside $3,500,000 in an escrow account until such time as the PAA's nefarious capital gains tax problem is resolved. If the Plan put forth by the Board works and there is no taxable event as a result of the sale, the Grill Room will be preserved. However, there will be no kitchen, no banquet or meeting facilities, no pool, no artwork to be displayed, no assurances that the building will be called the "PAA", and virtually no parking. And $2,000,000 of the $3,500,000 can then be used by Walnut PAA to build a workout facility in the basement, squash courts on the roof and nothing else. (The first $500,000 of the $3,500,000 not used to pay taxes will be returned to Walnut. The last $1,000,000, if available, will be given to the PAA for the Board to use. The Board has publicly stated that it intends to use that money to hire an athletic club manager.)

If the sale of the club is a taxable event, and the estimated $3,500,000 is due and owing to the IRS and the PA Department of Revenue (the "DOR"), then the Plan specifically states in Section 2 D that (a) the Club's lease will be terminated and (b) Walnut PAA will have no obligation to deliver any space whatsoever to the PAA. In other words, if the Board of the PAA is not successful in overturning the IRS and the PA DOR's tax claims, then the PAA will not have a home in the PAA building and will most likely cease to exist. While we cannot opine on the taxes because we are members and not tax experts, it is important to note that both the IRS and the PA DOR requested that the bankruptcy court add language to the Disclosure Statement explaining that they have not analyzed the Board's tax analysis and reserve all rights to disagree with it, specifically:

> **The IRS and DOR have not evaluated or approved the Debtors' proposed tax-planning measures. Nor have the IRS or DOR agreed in any way that the proposed sale . . . will be non-taxable event. The IRS and DOR have informed the Debtor that they reserve all rights to disagree as to the Debtors' tax analysis, and that they reserve the right to challenge the appropriateness of using 11 U.S.C. [section] 505.**

See page 16 of the Disclosure Statement mailed to you by the Board.

Walnut Capital Tax Escrow Waterfall					
TCE-TIA Escrow (Tax Escrow)		$3,500,000		Total monies set aside for potential tax liability	
If taxes are :				**Then:**	
$0				Walnut keeps $500,000 Walnut uses $2,000,000 for improving PAA's space Remaining money goes back to the PAA	
$3,500,000				The lease will be terminated and the PAA will receive no space or amenities at the PAA Building.	
Less than $3,500,000				Walnut gets the first $500,000. The next up to $2,000,000 goes to Walnut to be used to put in those amenities or portions thereof the that the PAA and Walnut agree upon. If Walnut does not believe it can build the amenities with the remaining funds and the PAA does not come up with the balance, then the remaining money goes to Seller with no lease or space.	
Tax Amount		**Walnut**	**PAA**	**Walnut/Tenant Improvements**	**Result**
$ 3,500,000		$ -	$ -		No Lease
$ 3,250,000		$ 250,000	$ -		No Lease
$ 3,000,000		$ 500,000	$ -		No Lease
$ 2,500,000		$ 500,000	$ -	$ 500,000	Club has to put additional monies up
$ 2,000,000		$ 500,000	$ -	$ 1,000,000	Club has to put additional monies up
$ 1,500,000		$ 500,000	$ -	$ 1,500,000	Club has to put additional monies up
$ 1,000,000		$ 500,000	$ -	$ 2,000,000	Club has to put additional monies up
$ 500,000		$ 500,000	$ 500,000	$ 2,000,000	Club has to put additional monies up
$ -		$ 500,000	$1,000,000	$ 2,000,000	Club is built out.

Exhibit "B"

(Solicitation Packet)

Pittsburgh Athletic Association

4215 Fifth Avenue ● Pittsburgh, Pennsylvania 15213

412.621.2400

April 27, 2018

Dear Fellow Members of the PAA:

On behalf of the entire Board of Directors (the "Board"), thank you for your commitment to the legacy of the PAA. We have some great news — we are approaching the final stretch of the Bankruptcy Court approving our reorganization, with one more formality necessary to obtain the Court's "go ahead." We encourage all members to support the PAA by participating in the balloting process explained below.

Next, the Board cordially invites you to an informational cocktail party with hors'd oeuvres on May 15, 2018 at 6:00p.m. at the Twentieth Century Club. An invitation is enclosed and all members are welcome and encouraged to attend. During this event, any questions about the materials included with this letter will be answered by the Board and our consultants. If there are specific questions you would like answered before voting on the reorganization we encourage you to ask them at the party.

You may recall that a Special Membership Meeting was called on August 20, 2017, during which the membership voted in favor of terms for a plan of redevelopment of the clubhouse (the "Redevelopment"). With around 70 members present, the members voted overwhelmingly in favor of the Redevelopment. After the August 20th meeting, the Board entered into negotiations with qualified developers in order to consummate the Redevelopment — the result is the bankruptcy Plan of Reorganization included with this letter (the "Plan").

Prior to the August 20th meeting and thereafter, your Board has worked tirelessly and has remained committed to getting the best deal for the members — reviewing all qualified offers from potential partners. Working with our Court approved and independent real estate advisor, Holliday Foglio Fowler, LP ("HFF"), the Board unanimously selected Walnut Capital Acquisitions ("Walnut") as the highest and best redevelopment partner for the PAA. Walnut has enthusiastically supported our reorganization and has shown that they will be a proactive and congruent partner as we embark upon the next stages of this process to position the club with the best and most sustainable amenities for the future. Enclosed with this

mailing is a cover letter and comprehensive graphic presentation from Walnut entitled "PAA Rejuvenation" that has been shared with the Board and PAA's consultant, Troon Club Management.

Importantly, the terms of the Redevelopment will result in a comprehensive amenity package with those certain features as approved by our members on August 20, 2017 including but not limited to:

- Exclusive use of the restored and updated Grille Room;
- Brand new, state of the art Fitness Center including locker rooms, spa, sauna, steam room, classrooms and other components not less than 14,000 square feet;
- Regulation single and double squash courts;
- Regulation 25 meter two-lane Lap Pool;
- Private office space for PAA of not less than 800 square feet; and
- Access to full service banquet facilities to be operated by a premium food and beverage vendor chosen by Walnut whereby Members will be able to rent the banquet spaces to host social events, club activities, weddings and private functions at reasonable rates.

In addition, your Board wants to make clear that no PAA member or Board member is involved in the Redevelopment with Walnut assuring no conflicts of interest exist.

Each component of the Redevelopment has been incorporated into the Plan. Furthermore, as explained throughout the Plan, Walnut has also worked with the PAA to provide a solution to manage any potential tax liabilities that may be assessed due to the sale, so as to ensure that our reorganization will be feasible.

We are confident that we will be able to confirm the Plan, but before we do so, we must present each member with a ballot to cast a vote on the Plan. In light of the changes to the building and amenities available, your interests as PAA members may possibly be "impaired", as defined in the legal parlance of the U.S. Bankruptcy Code. In layman's terms, "impaired" means that PAA Members' interests have changed, which was to be expected given the financial straits our club was in prior to the Bankruptcy filing.

To be more specific, membership interests have been classified in Class 11 of the Plan as an impaired class. Being a member of an impaired class means that you are getting something different than what you had before the bankruptcy case was filed. By way of some examples: the PAA, as it goes through this rightsizing, will occupy a smaller footprint in the clubhouse; fitness facilities and locker rooms are going to change location in the building; food service will be different; and some offerings may be replaced by new features.

Accordingly, to proceed with the Redevelopment, the PAA's members will have to "weigh in" on the final details as proposed in the Plan. ***Your Board strongly recommends that membership vote to accept the Plan.*** Without membership support of the Plan, your Board believes that the club will face a number of risks with unfavorable outcomes, including loss of control of the Redevelopment, further delay in the bankruptcy process (depleting our remaining resources), or even the dissolution of PAA ending of the club's existence.

Included with this letter is a packet comprised of the following documents:

(1) A golden colored ballot for each member to cast a vote to accept or reject the Plan;

(2) A self-addressed stamped envelope to submit your completed ballot;

(3) A cover letter from Walnut and copy of Walnut's presentation entitled "PAA Rejuvenation" (the "Walnut Materials") featuring their proposed renovations;

(4) A cover letter from HFF detailing the process we went through when selecting our redevelopment partner;

(5) A copy of the Bankruptcy Court Order setting the deadline to vote on the Plan and setting the time for hearing on confirmation of the Plan;

(6) A copy of the Court approved Impaired Class Amended Disclosure Statement, (the "Disclosure Statement") and the Plan, to aid you in your decision. The Disclosure Statement also has exhibits that further support the Plan.

We urge you to carefully read the Disclosure Statement and Plan. We know that many members have been unable to attend our meetings over the last few months so we wanted to give each of you a chance to review the Walnut Materials which were presented to the membership during a special meeting we held a few weeks ago.

We are aware that some outside groups are working with a very small minority of our members who may have approached you about "alternatives plans" that promise to deliver to membership better terms, more space, or more money. It is important to note that such an "alternative plan", while appealing on its face may not be feasible or sustainable for the club's operation into the future. In light of this, your Board has reviewed every offer made through the analysis of bids process, with the assistance of HFF, as well as those made thereafter. On April 22, 2018, your Board again voted unanimously in favor of maintaining course with Walnut to assure a sustainable Redevelopment is consummated and completed.

While we all wish we could maintain more of the clubhouse for the benefit of PAA members, but it is not realistic or sustainable if we truly want to see the club successfully reorganize and continue to operate. At the time of the bankruptcy filing, the club had amassed over $8 million dollars in debt and the deferred maintenance costs to the clubhouse

would have likely exceeded $20 million dollars. The Plan process allows PAA to: (i) remain in our clubhouse, (ii) have first class athletic and social facilities consistent with our mission as stated in our Bylaws; (iii) continue to offer an exclusive food and beverage program in the wonderful Grille Room; (iv) have access to event and banquet facilities within the PAA without the associated expenses and liabilities of operating a kitchen and those banquet spaces; (v) continued ownership of our Artwork; (vi) preserve the significant architectural features of the clubhouse; and (vii) emerge out of Bankruptcy having eliminated the club's outstanding debt.

Although there are more details to work out, to move forward with the Redevelopment outlined above we need **your** help. We need **your vote for approval of the Plan**. Please carefully review the attached documents and feel free to reach out to any members of your Board with questions. Then please cast your vote, according to the instructions on page 5 of the Disclosure Statement, and mail it using the enclosed prepaid self-addressed envelope ***no later than May 18th to ensure it is received and counted by the May 23rd Ballot Deadline***.

Thank you again for your continued support and commitment and for your consideration of these matters. We hope to see each of you at the party on May 15th!

Cordially,

Your Board of Directors

THE PLAN

Learn all about the plan for the Pittsburgh Athletic Association's emergence from bankruptcy

You are receiving an imposing looking package regarding our plan to emerge from bankruptcy. The court has asked that all members vote on that plan. To help all members understand the plan in plain English, please come and mingle with your Board of Directors and our consultants to enjoy cocktails and conversation about the plan.

Tuesday, May 15 6:00 PM

Twentieth Century Club, 4201 Bigelow Blvd., Pittsburgh, PA 15213

Please contact Polly Bozdech-Veater with any questions:

bozdechvpm@aol.com; 412-719-6432

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 11 - PAA MEMBER BALLOT FOR ACCEPTING OR REJECTING
DEBTORS' AMENDED PLAN OF REORGANIZATION DATED MARCH 13, 2018
(as revised April 22, 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 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 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 be binding on you whether or not you vote.

The undersigned, a Member, is the holder of a **Class 11 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 April 22, 2018.

Print or Type Name of Member: _____

Signed: _____

PAA Member No _____

Address: _____

WALNUT CAPITAL

Walnut Capital Management
5500 Walnut Street, Suite 300
Pittsburgh, PA 15232

o. 412.683.3810
walnutcapital.com

April 26, 2018

An Open Letter to the Members of the Pittsburgh Athletic Association ("PAA")

Dear Members:

It is with great excitement that we present you with our vision for the Pittsburgh Athletic Association. We at Walnut Capital are honored to partner with this historic and iconic association and eager to bring our expertise to bear in moving the PAA forward into a prosperous future.

Enclosed please find a graphic presentation that has been shared with the PAA's Board of Directors and the membership who attended a meeting at the Twentieth Century Club in Oakland a few weeks ago. This presentation outlines our vision for the redevelopment of the PAA -- one that is mindful of its illustrious past but also balances that history with the 21st century lifestyle. The plan received unanimous approval from your Board of Directors.

Over the past six months we worked tirelessly with HFF, the PAA Board of Directors, and our own team of financial advisors, architects, engineers, designers and food and beverage consultants to develop a comprehensive redevelopment plan that we are proud and excited to present to all PAA members.

For those of you who are unfamiliar with Walnut Capital, we are a Pittsburgh-based real estate development, management, and brokerage company operating for over 20 years. We're leading the way in the development and property management of commercial office, mixed-use, retail and apartment complexes in Pittsburgh. From our inception, we have been customer focused – viewing our role as providing solutions for our clients. We feel that our redevelopment plan for the PAA will do just that; and exceed your expectations. We often say that we don't just construct buildings, we create experiences. With every project we strive to help Pittsburgh reimagine itself while paying homage to its past. For example, our nationally recognized Bakery Square project has breathed new life into East Liberty while preserving the distinct character of the former Nabisco cookie factory at its core.

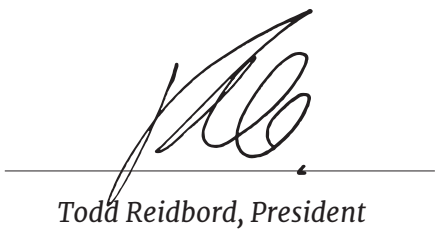
Our goal of this transformation will be to create something new within something known – a destination with an amazing past and brilliant future. We, as owners, will be intimately involved in every step along the way and are committed to being excellent partners. It is an honor to work on this historic building and we will be investing millions of dollars on this legacy project to restore and improve the Clubhouse.

We consider all of the people, organizations, and communities involved in and impacted by our project as "partners" and as such, actively solicit and incorporate their input. We would like to keep an open dialogue with all members and encourage every one of you to reach out with any questions, concerns, or comments about the redevelopment plan or our team.

Please visit our website at walnutcapital.com to learn more about Walnut Capital's leadership, our projects, and our innovative Bakery Square development. We look forward to a long and successful relationship with the PAA and its members and hope to see you at the cocktail party on May 15th!



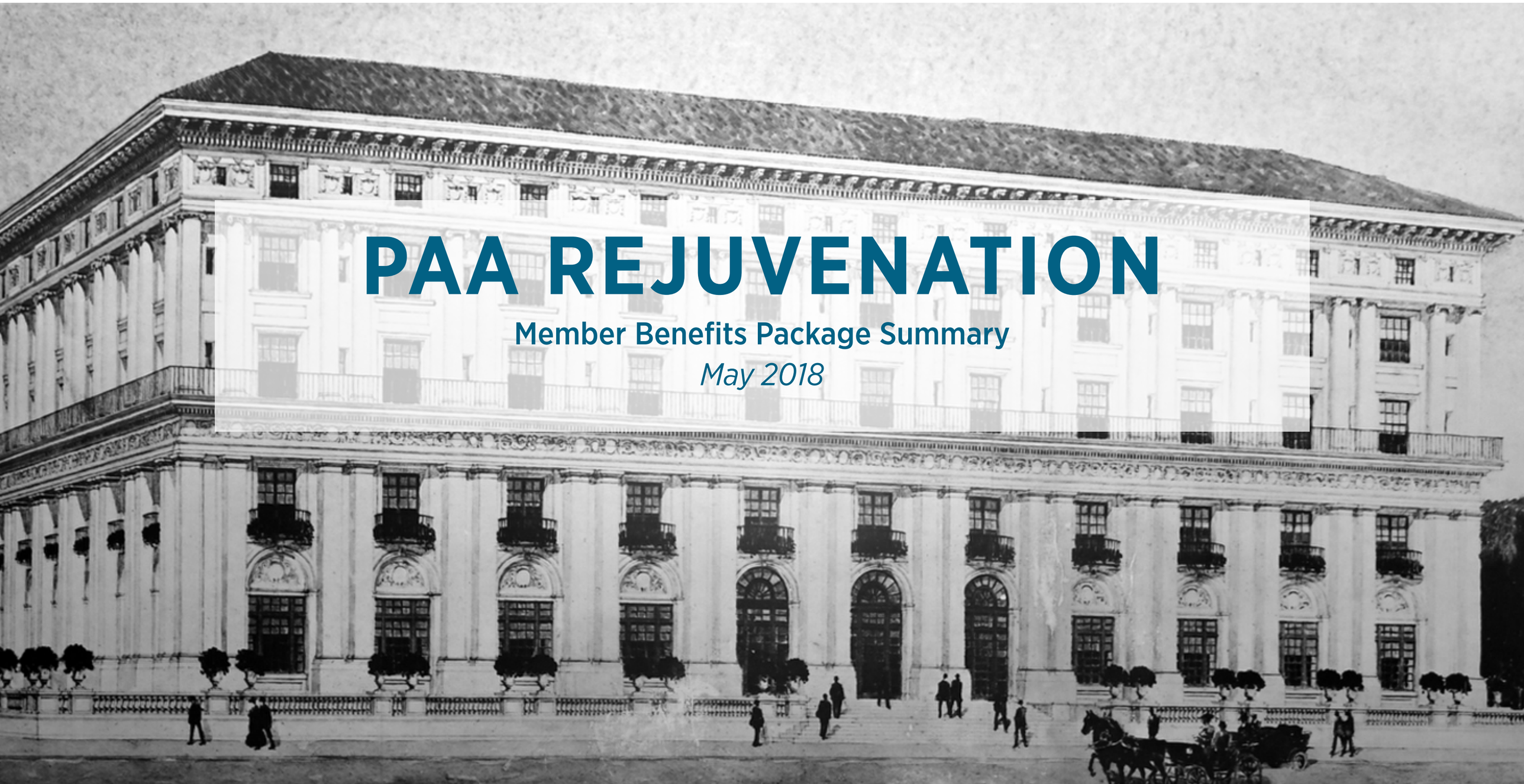
Gregg Perelman, CEO



Todd Reidbord, President

PITTSBURGH ATHLETIC ASSOCIATION

WALNUT CAPITAL



PAA REJUVENATION

Member Benefits Package Summary

May 2018

Dear Member of the Pittsburgh Athletic Association,

In 1908, Franklin Nicola and Benno Janssen together created a destination in Oakland, where, in the words of the Pittsburgh Press, " a sound mind in a sound body" could be cultivated. Something that did not exist in our city at that time.

110 Years later, 2018 provides us with a once in a lifetime opportunity to continue that legacy for the current and future generations of the PAA.

It has been our great pleasure working with the board over the past year to develop a legacy plan that thoughtfully restores The Clubhouse to its former glory and provides members with exclusive fitness, wellness, food, and social programming amenities as follows...

WALNUT CAPITAL

“There are risk takers and there are visionaries—and there are those that will put their money and their backs behind developments. Thank you guys for having that vision.”

—Mayor William Peduto, Bakery Square 2.0 Groundbreaking

Walnut Capital is proud to be one of Pittsburgh’s best known and fastest growing real estate development, management and brokerage companies. We’re leading the way in the development and property management of commercial office, mixed use, retail and luxury apartment complexes in various prime Pittsburgh area locations.

OUR VISION

Our vision is to become the most respected residential and commercial real estate development and management company in the Pittsburgh area. We will develop the space that builds communities, revitalizes neighborhoods, and is environmentally friendly. Our property management will meet or exceed our clients’ expectations through exemplary customer service.

WHO WE ARE

One of Pittsburgh’s most respected real estate management, development and brokerage companies, we do more than just manage properties – we create communities, with innovative features that make our locations more desirable and valuable. Our exemplary customer service and reputation for client satisfaction has led to higher occupancies, higher rents and increased investment value. Our mission is to provide the best value, quality and amenities in real estate. We design environmentally friendly, “happy” spaces. Our goal is to create vibrant communities by facilitating the revitalization of areas surrounding our properties.

OUR CORE VALUES

Client, Tenant and Resident Satisfaction
our top priority.

Open and Honest Communication
to build strong, lasting, and mutually-respectful relationships with clients, residents, vendors and fellow workers.

Respect and Revitalization
respect for fellow employees, clients, and residents; revitalization efforts that help the areas surrounding our spaces grow into vibrant communities.

Environmentally-Friendly Design
all new developments and restorations will be completed with sound, environmentally-sustaining elements.







WHAT WE DO

When you work with Walnut Capital, you deal with competent, experienced professionals. We take pride in fostering lasting partnerships. Each member of our team has achieved measurable success in his or her area of expertise. We build relationships with clients, residents, and vendors through honest communication. We're trusted to be the best at what we do. Walnut Capital became an industry leader in today's competitive marketplace by helping residential and commercial clients to make informed choices. We enlist state-of-the-art technology – management and lead-tracking software, online tenant accounts and mobile maintenance. We manage social media accounts for our properties, and improve customer service by surveying our tenants and residents following each interaction. Walnut Capital has in-house expertise in accounting, facilities management, purchasing, human resources and recruiting, marketing, information technology, internal auditing and training. Our seasoned professionals make fiscal and operational decisions with keen insight.

HOW WE DO IT

We know our market and we know how to reach our target with effective marketing. We enjoy a valuable network of connections, and we apply our personal, "hands-on" approach to every project we undertake. We have proven experience in all areas of development, construction and property management. Contractors in all trades immediately respond to us, and our professional services relationships that span over 20 years give us the ability to handle routine or emergency requests. We can leverage our existing relationships to obtain competitive pricing and other services for the benefit of our third-party management clients.

OUR PROJECTS

have included historic renovations

Bakery Square & Walnut on Highland

& other successful projects like:

Bakery Living, The Foundry at 41st & Smallman Street Hilton Hotel

 MEMBER'S AMENITY PACKAGE Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose.



GREGG PERELMAN Principal/CEO

Throughout his professional career, Gregg Perelman has been a trendsetter. As CEO of Walnut Capital, he has brought his vision of innovative concepts to a city that is becoming synonymous with urban rebirth.

Gregg has been instrumental in creating and implementing Walnut Capital's aggressive acquisition and development strategy. A hands-on developer, he often supervises construction and renovation projects in the field and takes prospective tenants on tours of apartments and townhouses.

He jointly oversees the company's property management arm, leading a staff of more than 100 people with vision and enthusiasm throughout the day-to-day operations, marketing, and management of all the firm's residential, office and commercial properties.

Gregg built his career around a philosophy of marketing, customer service and attention to detail. Long before the words "corporate social responsibility" or "social entrepreneurship" existed, Gregg lived by those principles. He wants to change the landscape of the city he calls home: "You start with an idea, a seed. You nurture it, and you see the whole cycle. Legacy is very important to me."



TODD REIDBORD Principal/President

Todd Reidbord has expertise in real estate and corporate law, specializing in commercial real estate acquisition, financing, leasing and development.

He jointly oversees the operations and staff at Walnut Capital Management that coordinates all aspects of development, management, and brokerage services. He is the point person for the many investor and lender relationships involved in Walnut Capital's owned and managed properties.

As a member of Pittsburgh's Planning Commission for eight years, Todd learned from the inside out how public policy shapes development. There, he forged the network that would help him understand the impact of his work on future generations and the value of public-private partnerships.

After co-founding Walnut Capital, Todd sought properties that simply did not interest other developers, usually because they appeared too difficult to rehabilitate. Driven by the question, "Would you live there?" he dedicated himself to doing what was needed to answer yes. His projects have infused the city with some of its most innovative growth. With collaboration, "You can do special things."

Todd is a graduate of the Wharton School of the University of Pennsylvania and the University of Pittsburgh School of Law. He is an experienced real estate attorney in Pennsylvania as well as a licensed commercial real estate broker.

REDEVELOPMENT PLAN

 Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose.

PROPOSED PAA MEMBER ONLY AMENITIES

CONTEMPORARY MEMBERS ONLY FITNESS AND WELLNESS FACILITY

- Well appointed locker rooms
- 25 meter double lane lap pool
- Sauna and steam facilities for both women and men
- Massage/spa program
- Private fitness rooms
- Cardio equipment including stationary bicycles/spin studio, treadmills, ellipticals
- Complete strength training circuit
- Salon facilities
- Full time on site management and welcome desk
- Penthouse fitness studio with dedicated lounge, two private restrooms, elevator service, and stair access
- Regulation squash courts with ability to support racquetball, handball, and basketball practice programs
- 15% Expansion from previous PAA facility of cardio and weight training facilities
- 17,618 total square footage of new fitness amenities

* ALL CONTENT PENDING PAA BOARD AND TROON APPROVAL.

PROPOSED PAA MEMBER ONLY AMENITIES
(continued)

CURRENT PROPOSED FITNESS EQUIPMENT *(PENDING PAA BOARD & TROON APPROVAL)*

STRENGTH EQUIPMENT

Kinesis station set of 6 pieces

Kettle bells and storage (universal storage)

(1) 10 Pair DB rack pure strength

1 Set medicine ball and storage

1 Multipower (used for squats, bench press and more)

3 Adjustable pure benches

2 - Omnia 3

1 Omnia storage unit

Arke set floor holder

CARDIO EQUIPMENT

1 Skillrun

5 Run treadmills 1000 Unity

2 Vario 1000 Unity

3 Synchro 1000 Unity (elliptical)

2 Bike 1000 Unity

1 Recline 1000 Unity

1 Climb Excite

1 Skillrow

- **Reciprocity at participating Troon properties (Pending approval PAA Board and Troon, the Club's fitness consultant)**
- **Use of the JCC of Pittsburgh's fitness facilities during the redevelopment phase of the PAA club**
- **Valet and parking services options**

* ALL CONTENT PENDING PAA BOARD AND TROON APPROVAL.

A PREMIER DINING DESTINATION FOR GATHERING & SOCIALIZING

YOUR MEMBERSHIP WILL PROVIDE YOU WITH PREFERRED ACCESS TO SEVERAL PRIVATELY OPERATED FOOD AND BEVERAGE VENUES AS FOLLOWS:

- Restaurant Tenant 1 in the former Main Dining Room, with capacity to seat up to 180 for dinner.
- Restaurant Tenant 2 in the former Pennsylvania room, with capacity to seat up to 180 for dinner.
- Restaurant Tenant 3 in the former Schenley Lounge, with capacity to seat up to 115.
- The Grille Room (PAA Members Only), with capacity to seat up to 80 for dinner.
    - Members will have the exclusive opportunity to combine the capacity of the Grille Room and the former Main Dining Room to accommodate events for over 250 guests.

INCLUDED AS A BENEFIT TO PAA MEMBERS WE WILL OFFER AN EXCLUSIVE MEMBERSHIP PACKAGE WHICH MAY INCLUDE:

- Priority reservations
- Special club member menu items
- Preferred pricing for private social events, weddings and receptions
- Concierge line for restaurant services

* ALL CONTENT PENDING PAA BOARD AND TROON APPROVAL.

OUR CONSTRUCTION & DEVELOPMENT GOALS

- Restore the building to it's 1911 beauty, weaving elements of its history throughout the story.
- Completely remove all asbestos, demolish deteriorating walls and make way for updated finished spaces throughout (with an emphasis on preserving all historically significant spaces).
- Restore the terracota and marble in the pool room, remove the water, and create a new floor surface over the location of the pool, memorializing what was once there.
- Restore & preserve the exterior masonry.
- Provide accessible means of entry to the building, and explore possibilities of offering high-end exterior dining terraces.
- Create a grand food and beverage experience to showcase the building, the history of the space, and the innovative culture in Pittsburgh.
- Provide large new restrooms with elegant finishes.
- Curate a delicate balance between newly public spaces and private club members only spaces to provide current and future generations of PAA family with a place to exchange ideas, engage in intellectual discourse and to access social capital, as well as an environment where they can enjoy the finer things in life.

THE HEART OF OAKLAND

The Pittsburgh Athletic Association's Clubhouse was once the focal point of Franklin Nicola's Oakland Civic Center Plan; with our proposed revitalization, it will quickly become a critical part of this vibrant neighborhood once again.



EXTERIOR RESTORATION

All historic facades will be preserved to meet Secretary of Interior Standards for Rehabilitation.

 MEMBER'S AMENITY PACKAGE Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose.



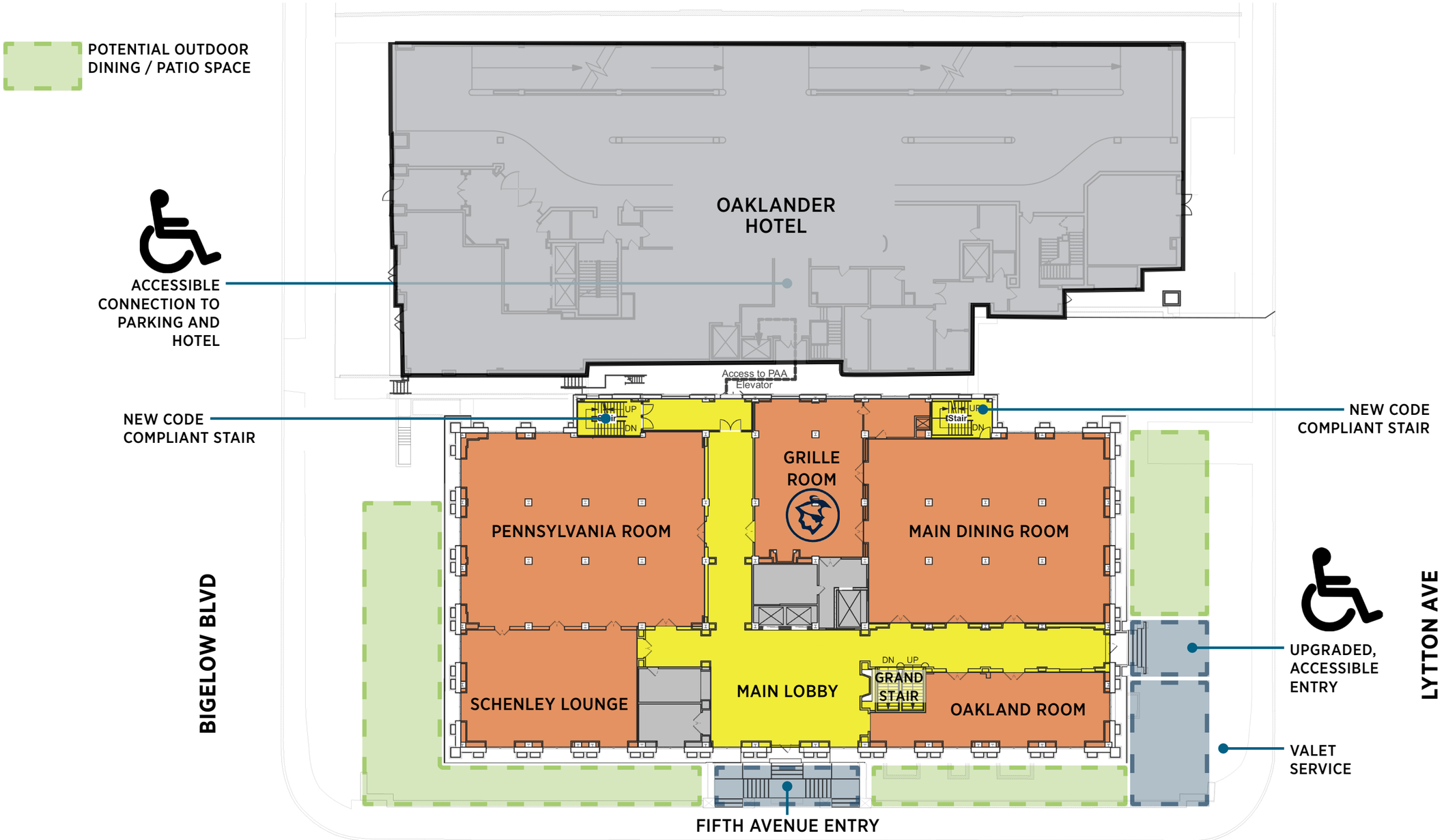
EYE-CATCHING

Thoughtfully integrated lighting will illuminate the magnificent architectural details of the building.



 MEMBER'S AMENITY PACKAGE Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose.

ACCESSIBLE SITE IMPROVEMENTS



SITE PLAN

 MEMBER'S AMENITY PACKAGE Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose.

BUILDING CUT-AWAY

(SPLIT DOWN THE MIDDLE AT THE FRONT STEPS)

Members Fitness Facilites:

Lower Level 1

Lower Level 2

Penthouse

Offices:

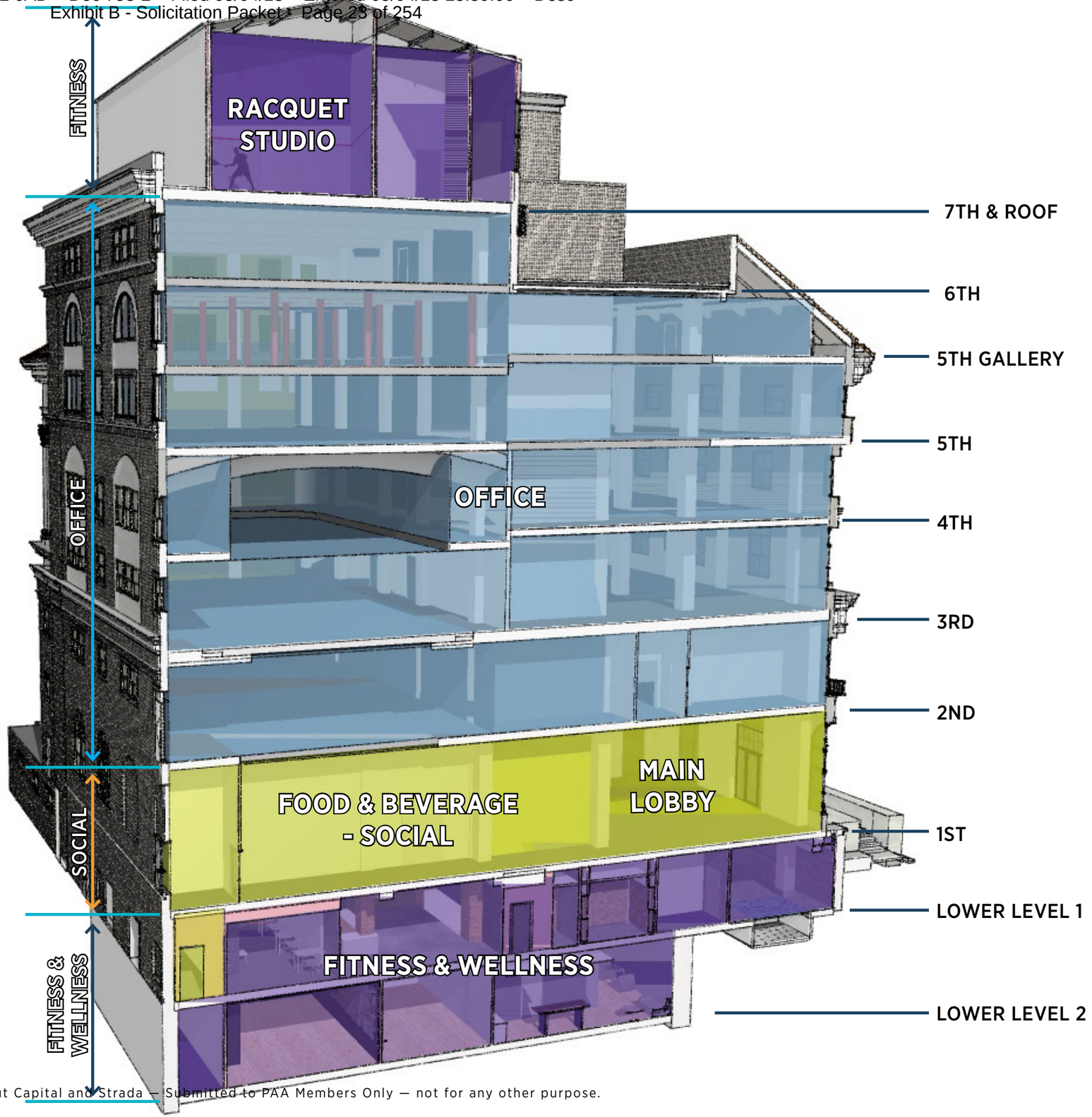
Floors 2 Through 6
(PAA CLUB OFFICE)

Restaurants and Social Spaces:

First Floor
(INCLUDING MEMBERS ONLY GRILLE ROOM)

Kitchen:

Lower Level 1



 MEMBER'S AMENITY PACKAGE Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose.

HISTORY MAPPING

Remembering the historic background of the pool, we intend to create an adapted space similar to the Chicago Athletic Association pictured.

FIRST FLOOR SPACE PLAN & EXPERIENCE

(FOOD AND BEVERAGE PROGRAM + SOCIAL GATHERING SPACE)

Fitness | Circulation | Support | Restaurant/ Retail | Office

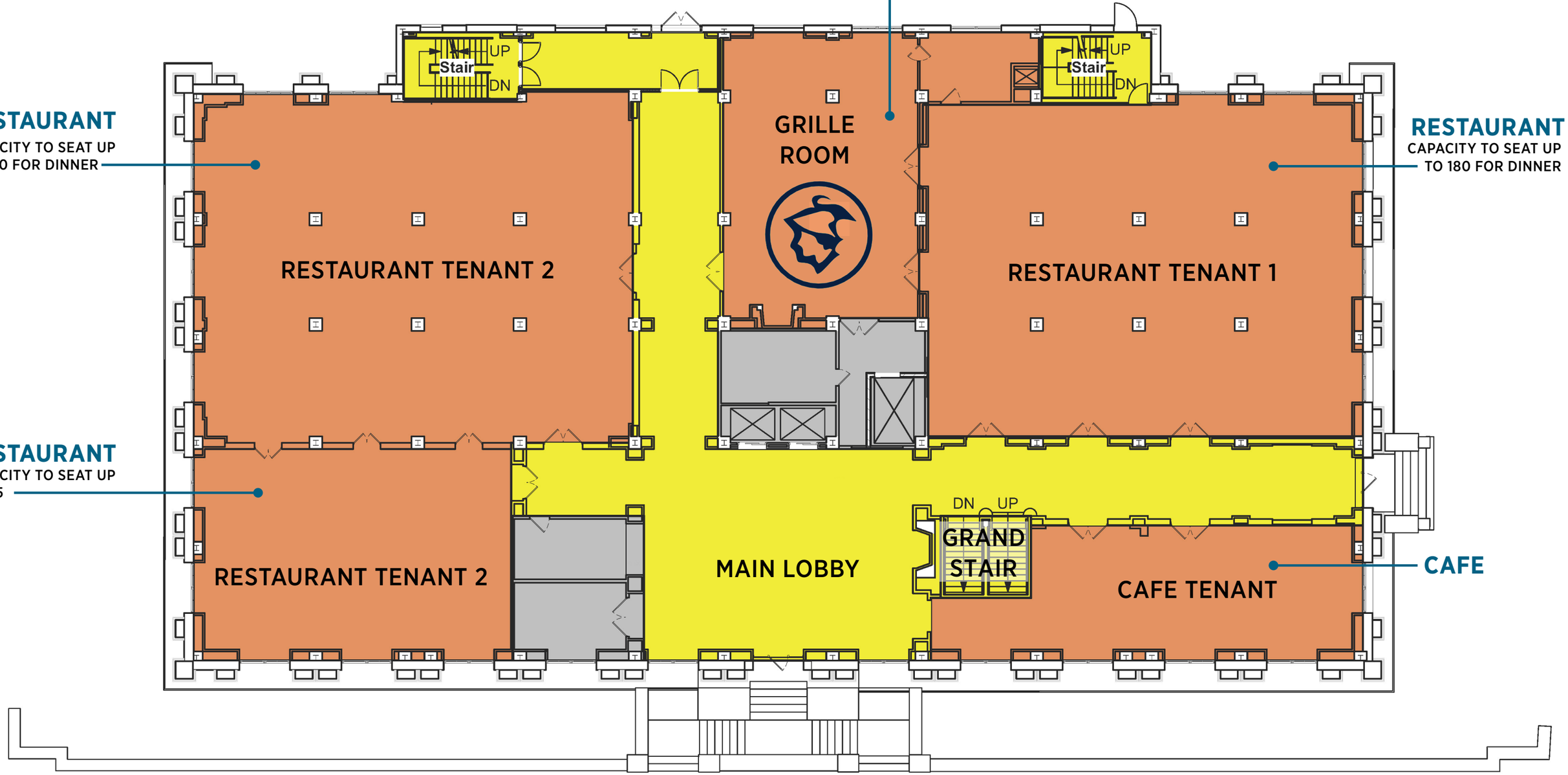
CLUB MEMBERS ONLY GRILLE ROOM
CAPACITY TO SEAT UP TO 80 FOR DINNER

RESTAURANT
CAPACITY TO SEAT UP TO 180 FOR DINNER

RESTAURANT
CAPACITY TO SEAT UP TO 180 FOR DINNER

RESTAURANT
CAPACITY TO SEAT UP TO 115

CAFE

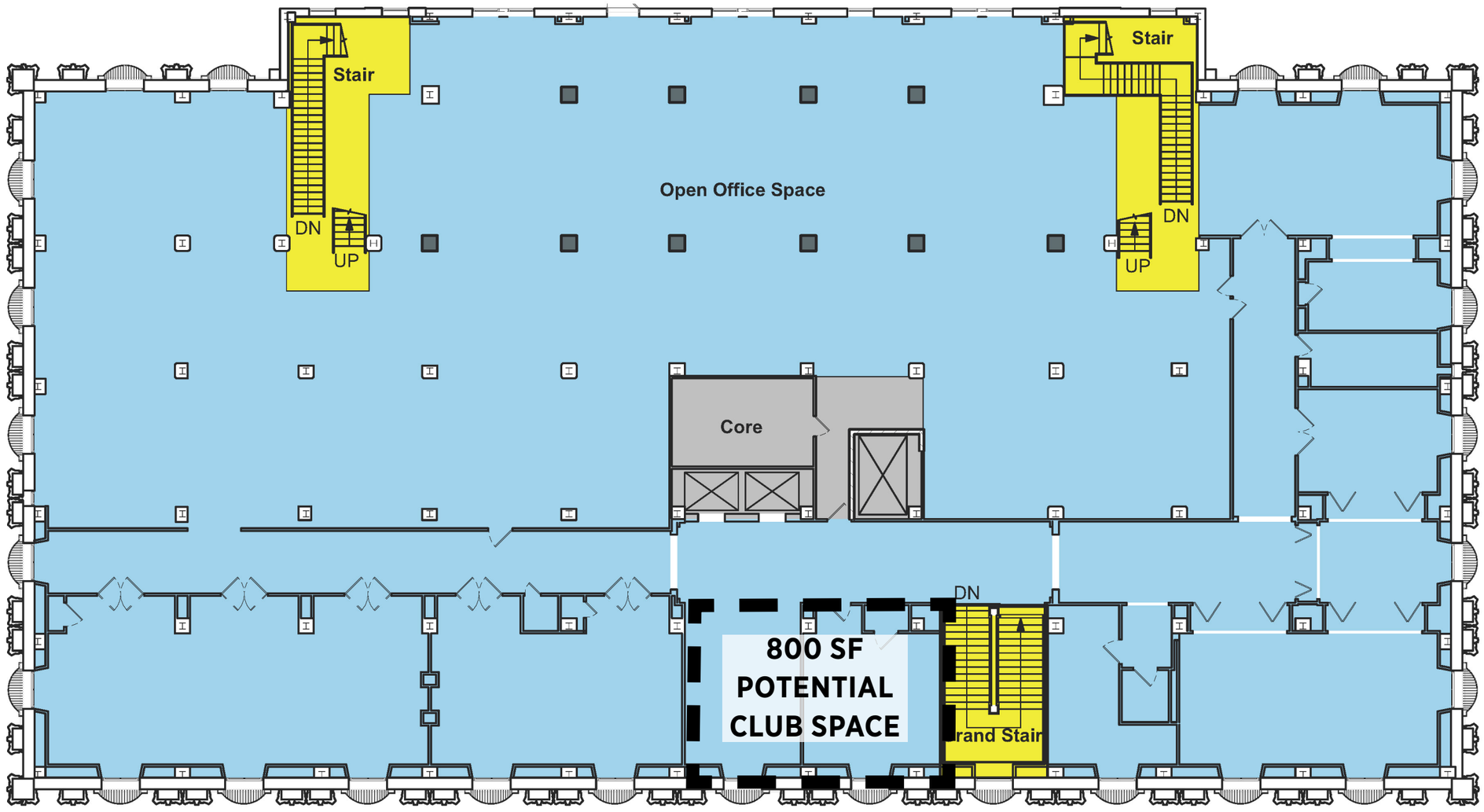


 MEMBER'S AMENITY PACKAGE Confidential — Proprietary Work Product of Walnut Capital and Strada — Submitted to PAA Members Only — not for any other purpose. * CAPACITY COUNTS ARE APPROXIMATED BASED ON BANQUET STYLE SEATING

THE OFFICE/WORKSPACE EXPERIENCE

Second Floor

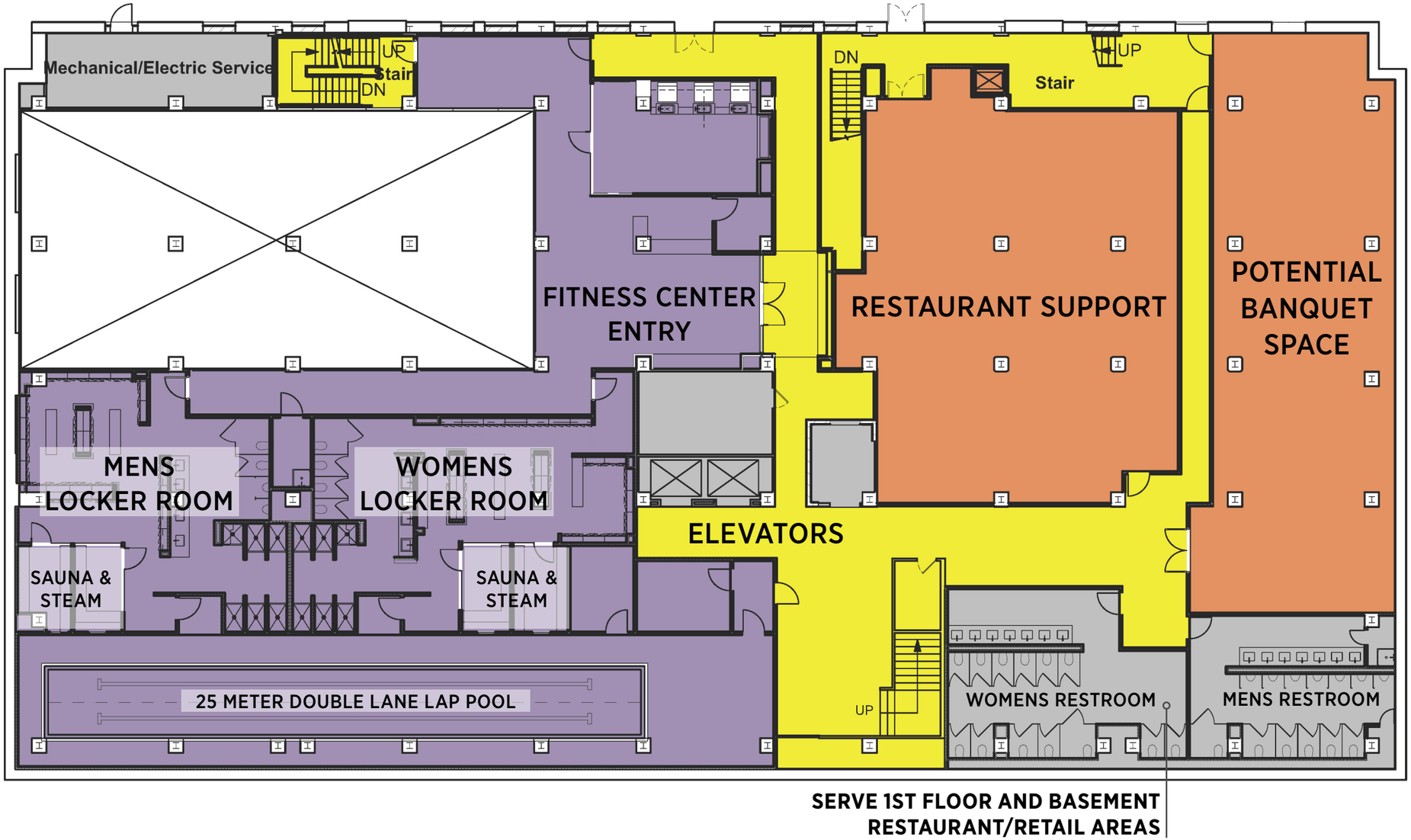
THE CLUB WILL HAVE AN 800 SF SPACE ON THE SECOND FLOOR FOR EITHER ADMINISTRATIVE USE, OR PRIVATE EVENTS



Fitness | Circulation | Support | Restaurant/ Retail | Office

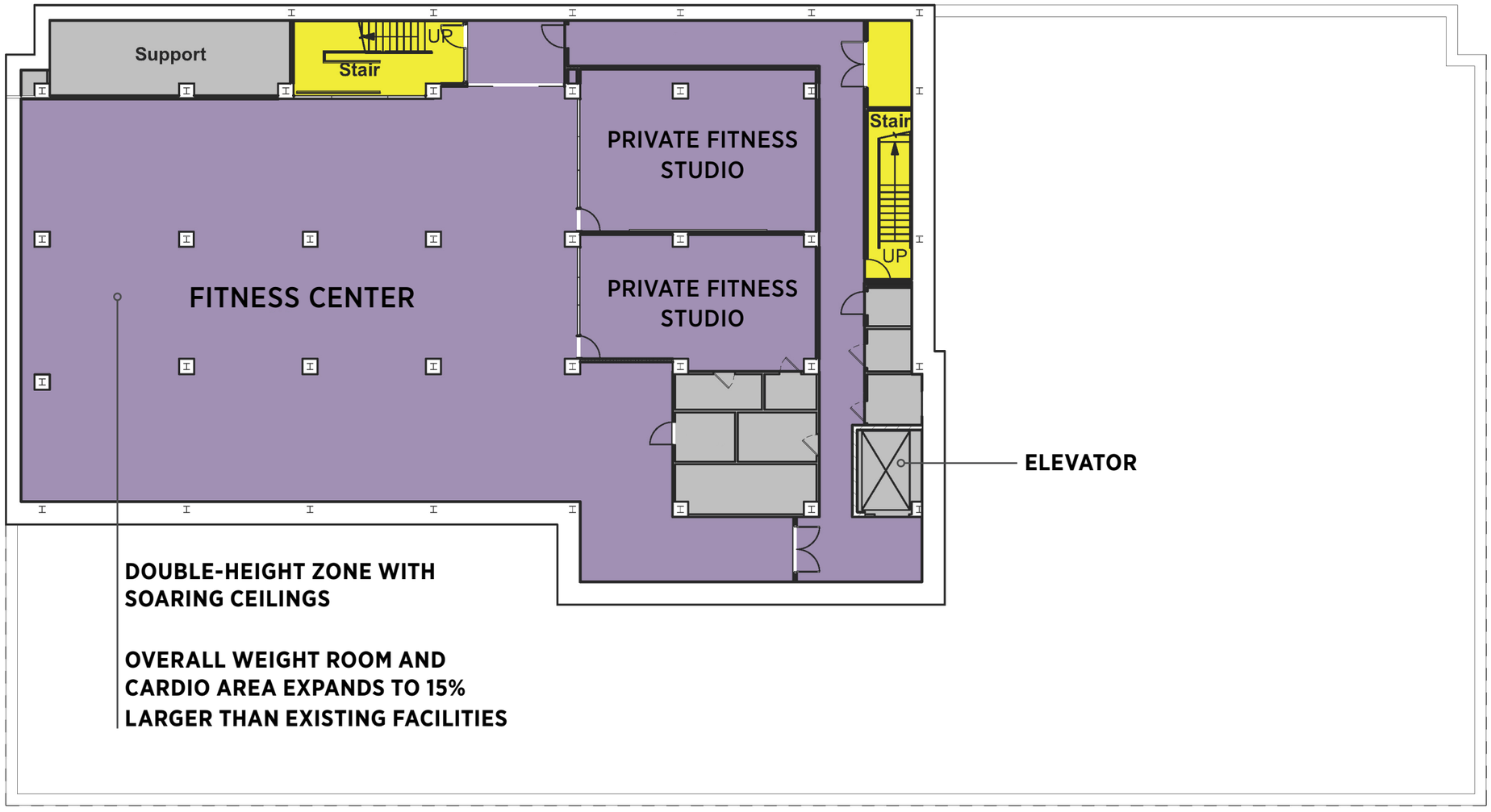
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LOWER LEVEL 1
FITNESS & WELLNESS ZONES



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LOWER LEVEL 2
“WORK HORSE”



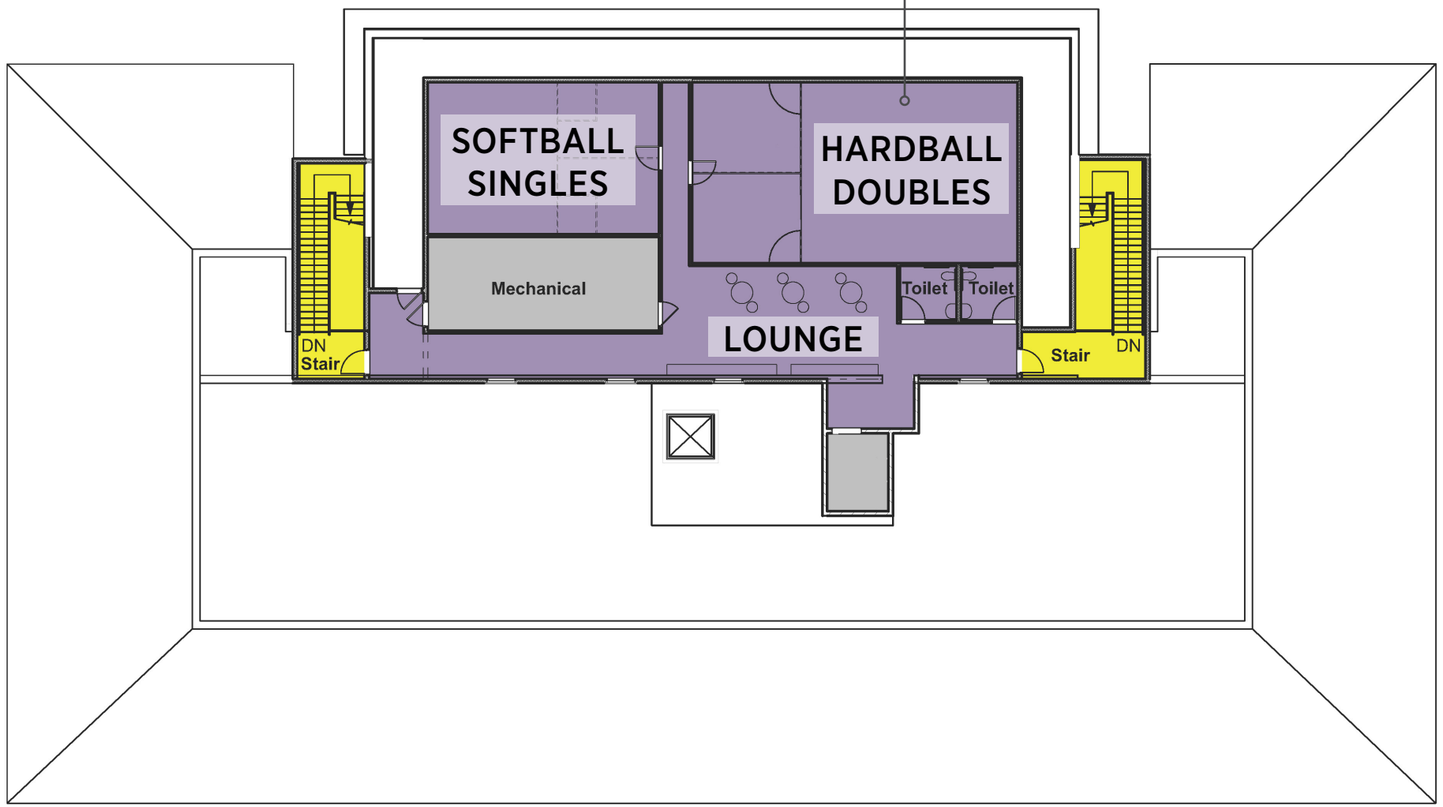
Fitness | Circulation | Support | Restaurant/ Retail | Office

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SEVENTH FLOOR

(RACQUET STUDIO)

POTENTIAL TO:
ACCOMMODATE ALTERNATE COURT SIZES AS NEEDED
AND
OFFER A ONE HOOP BASKETBALL PRACTICE GYM



Fitness | Circulation | Support | Restaurant/ Retail | Office

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STUNNING ARRIVAL

We intend to update the current lobby *(pictured)* by refreshing and restoring its beautiful stone walls and fireplaces, coffered ceilings, and period details.

EXCLUSIVE

The Grille Room will be restored to its full glory, making it highly appealing for PAA exclusive events and special occasions.



FOOD AND BEVERAGE OPPORTUNITIES



CAFE



FULL-SERVICE RESTAURANT & BAR



VARIETY







FOOD & BEVERAGE GOALS

A curated and unique food and beverage experience that reflects a sense of place, an experience that could only exist in this location.

A premier destination for gathering and socializing, one that is authentic and modern with elements of history to be discovered throughout.

A diverse set of offerings that can be used throughout the day for many occasions.

A social environment that feels alive all day long: it's a go-to spot for coffee, happy hour, lunch, dinner, and weekend brunch.

A community gathering place, with beautiful spaces to work, eat, drink and mingle.



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BEFORE

Reinvent the Main Dining Room to become a restaurant and bar that transitions with the day-or-night needs of our guests.



AFTER



BEFORE

Transforming the Pennsylvania Room & Schenley Lounge into a social, bright and easy to navigate space with all-day food offerings.



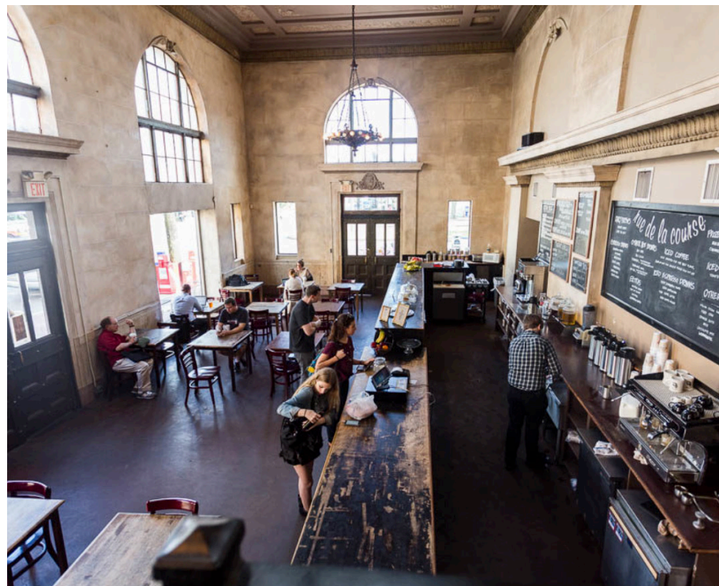
AFTER



BEFORE

A stylish cafe with amazing views to and from 5th Avenue, tall ceilings, and elegant windows.





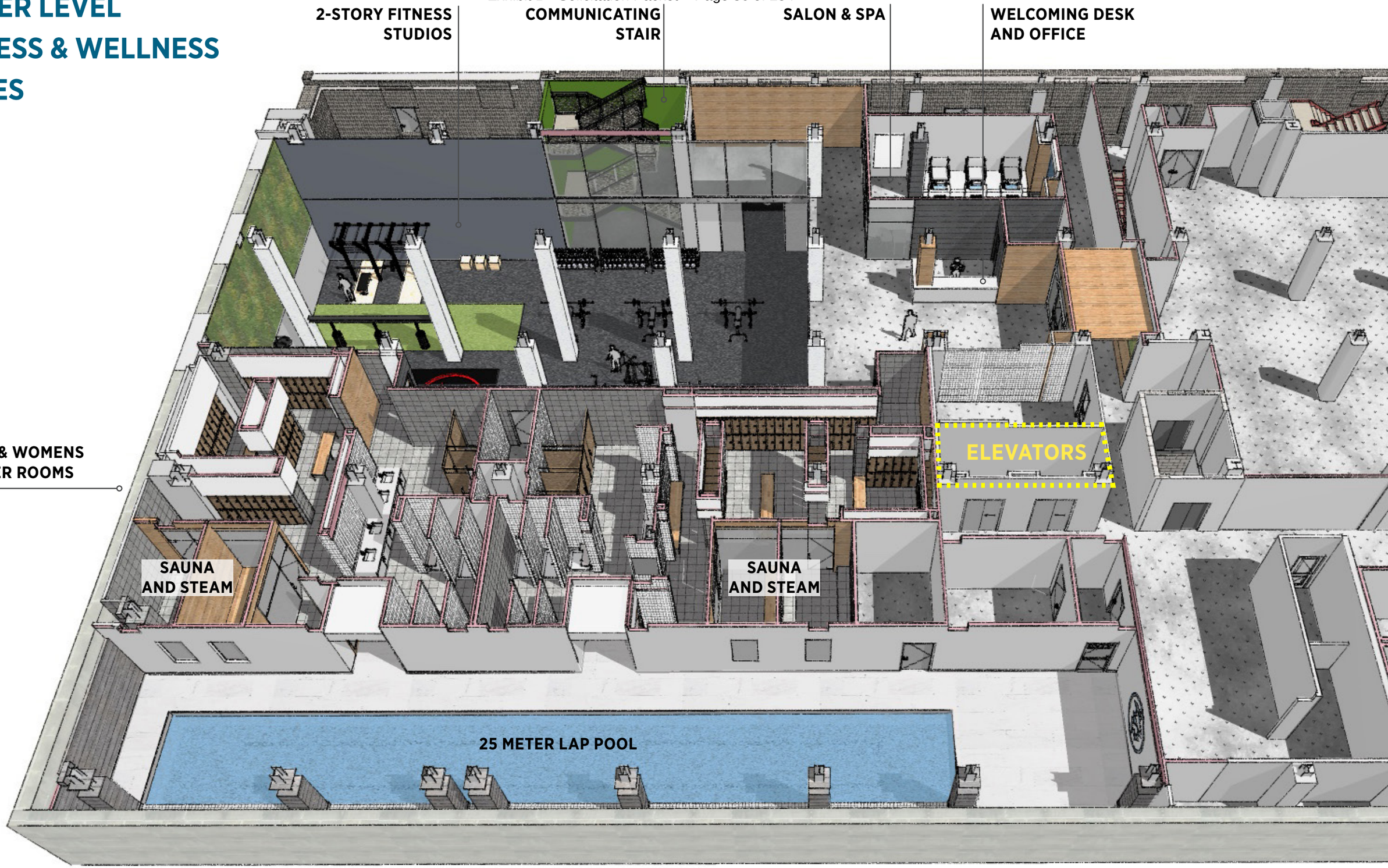
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PAA MEMBERS ONLY

PROPOSED FITNESS & WELLNESS PROGRAM

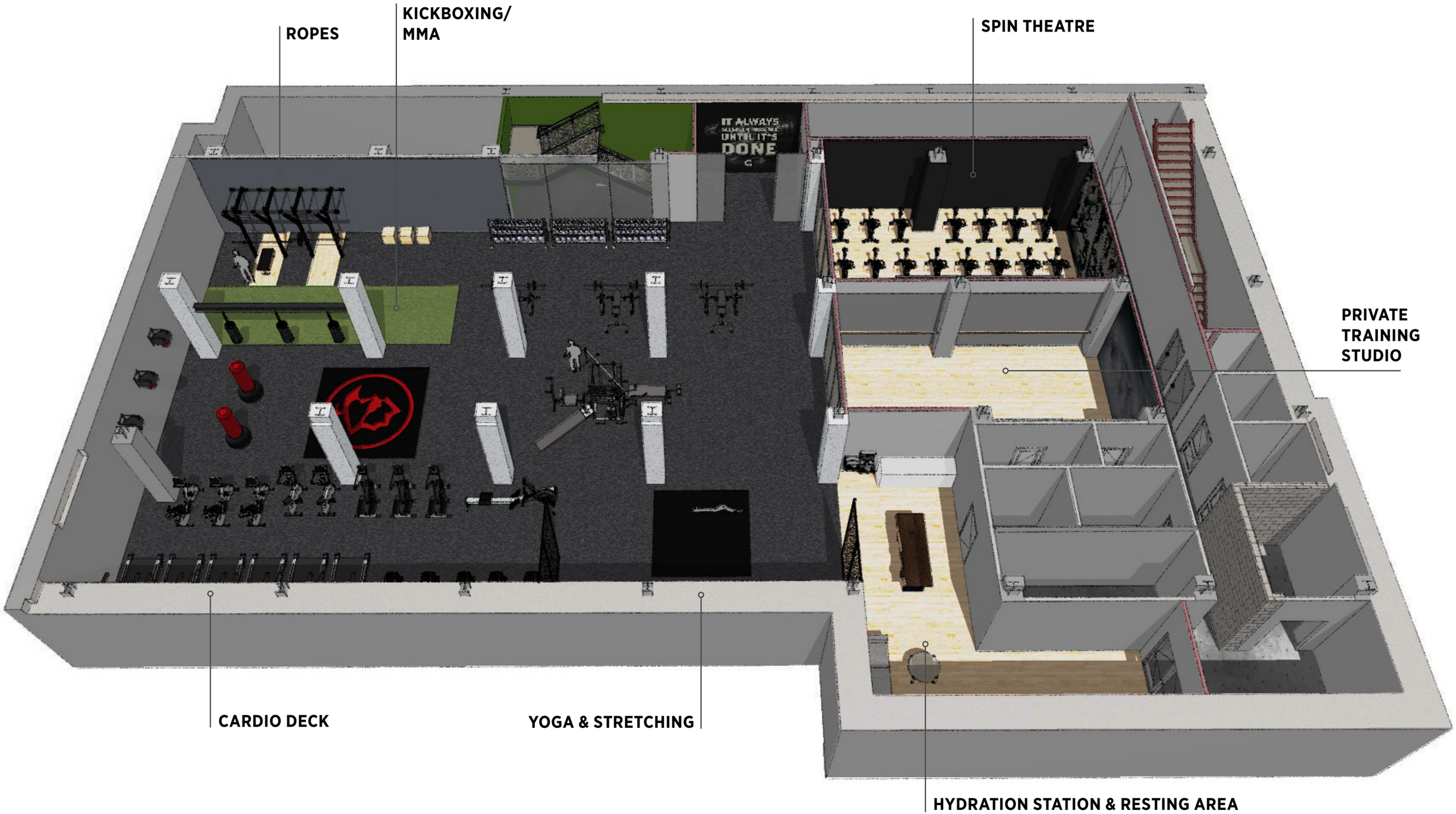


LOWER LEVEL FITNESS & WELLNESS ZONES



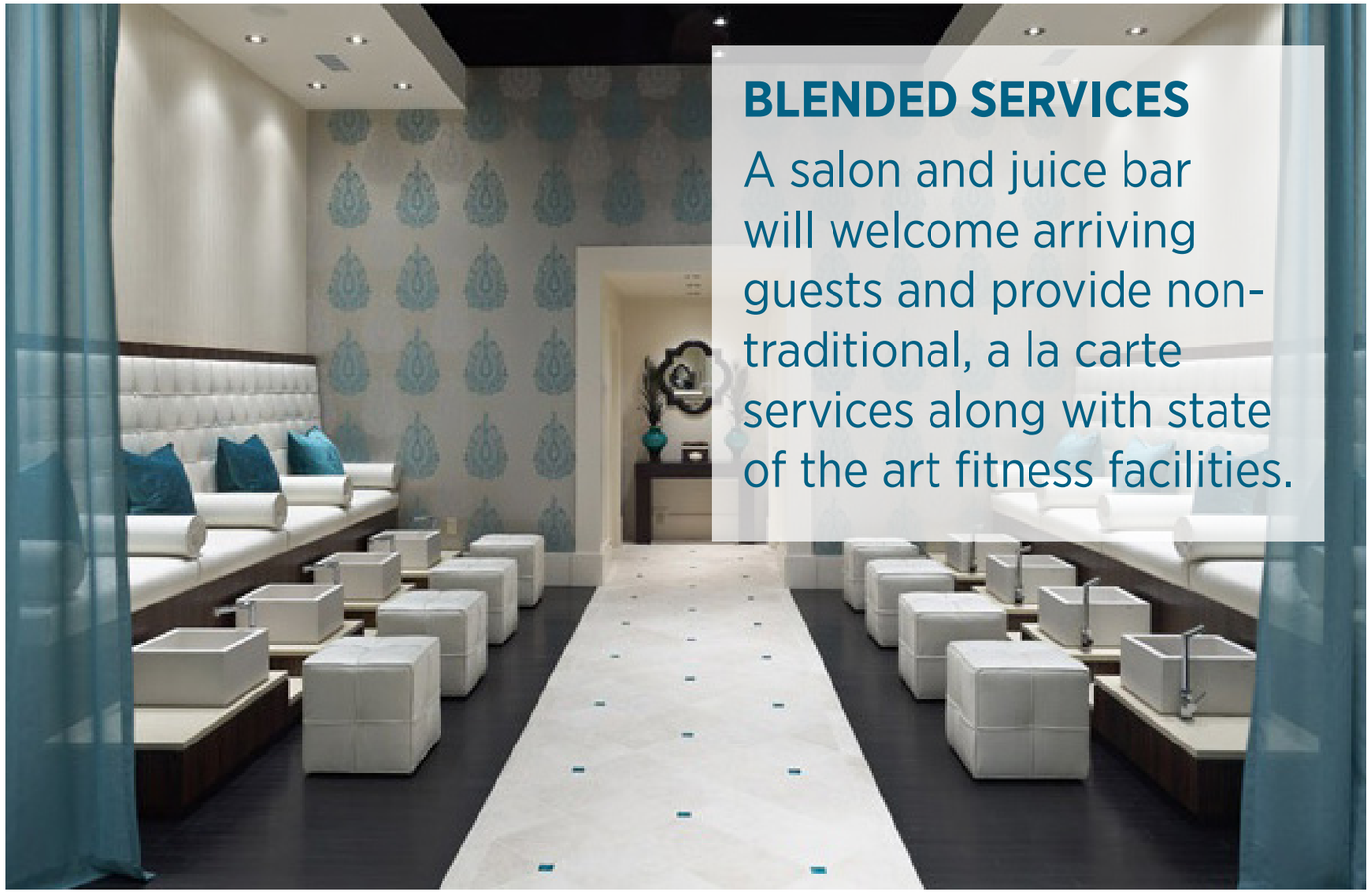
* PLAN IS PRELIMINARY AND WILL BE REFINED BY THE PAA BOARD AND THE PAA'S CLUB CONSULTANT, TROON

SUB-BASEMENT “WORK HORSE”



* PLAN IS PRELIMINARY AND WILL BE REFINED BY THE PAA BOARD AND THE PAA’S CLUB CONSULTANT, TROON





BLENDED SERVICES

A salon and juice bar will welcome arriving guests and provide non-traditional, a la carte services along with state of the art fitness facilities.





TRANSFORM LOCKER ROOMS

Accessible from the mezzanine overlooking the fitness floor, the locker rooms include hospitality-quality amenities and atmosphere, including steam rooms, saunas & other new options pictured below. Walnut Capital team to work with Troom & Designers of the PAA Board of Directors.



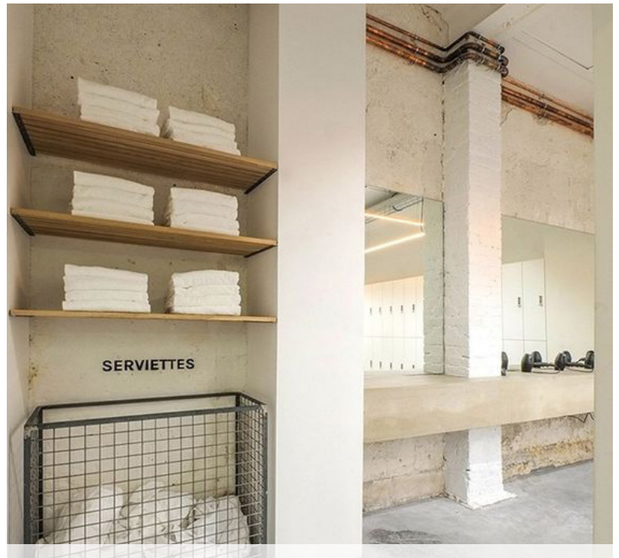
NATURAL



TRANSPARENT



WARM

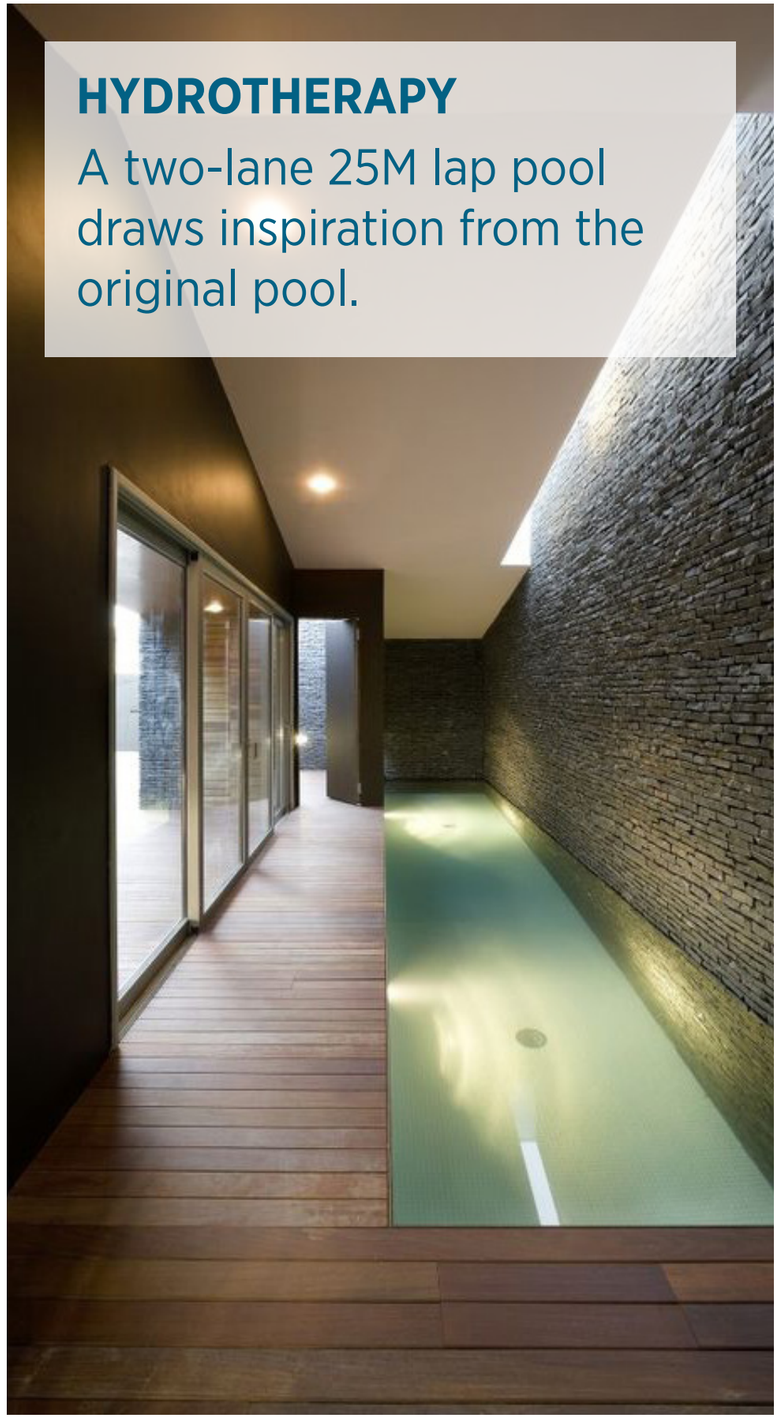


CLEAN



BRIGHT

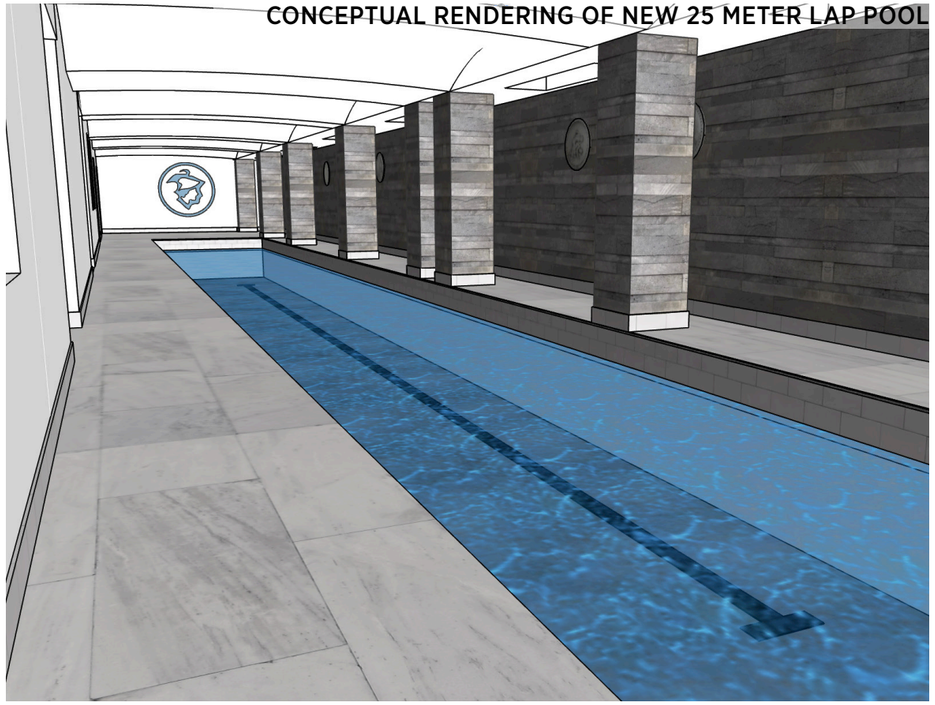
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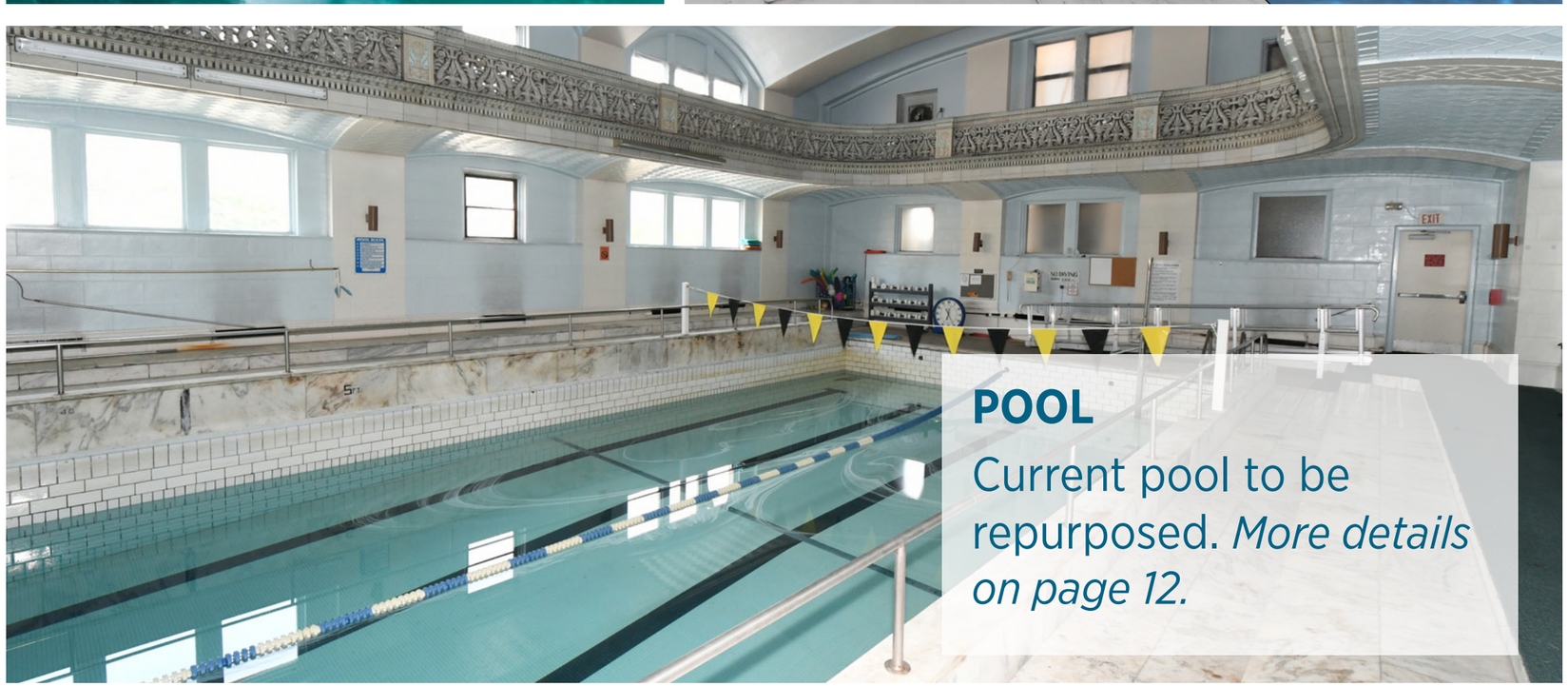
HYDROTHERAPY

A two-lane 25M lap pool draws inspiration from the original pool.





CONCEPTUAL RENDERING OF NEW 25 METER LAP POOL



POOL

Current pool to be repurposed. *More details on page 12.*

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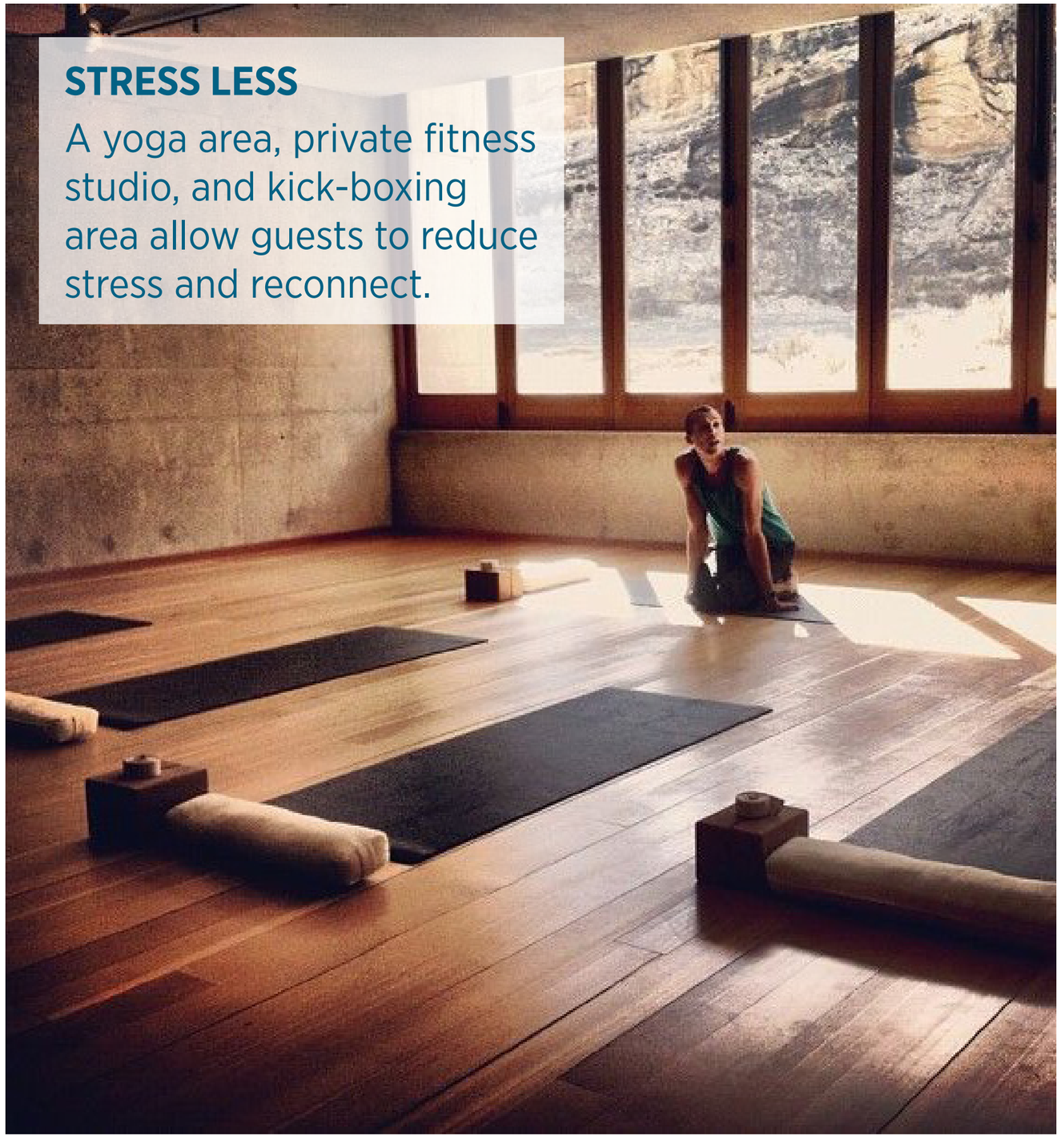
BELLS & WHISTLES

The airy fitness studio hosts a wide range of individual and group work-out modes, stations, and activities.

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STRESS LESS

A yoga area, private fitness studio, and kick-boxing area allow guests to reduce stress and reconnect.







RACQUET STUDIO

This penthouse space contains single and double courts, a lounge, and views to the Cathedral of Learning.







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MAIN ENTRY TO NEW PAA FITNESS CENTER

CONCEPTUAL RENDERING



OVERLOOK

CONCEPTUAL RENDERING



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OVERVIEW

CONCEPTUAL RENDERING



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FROM FITNESS STUDIO

CONCEPTUAL RENDERING



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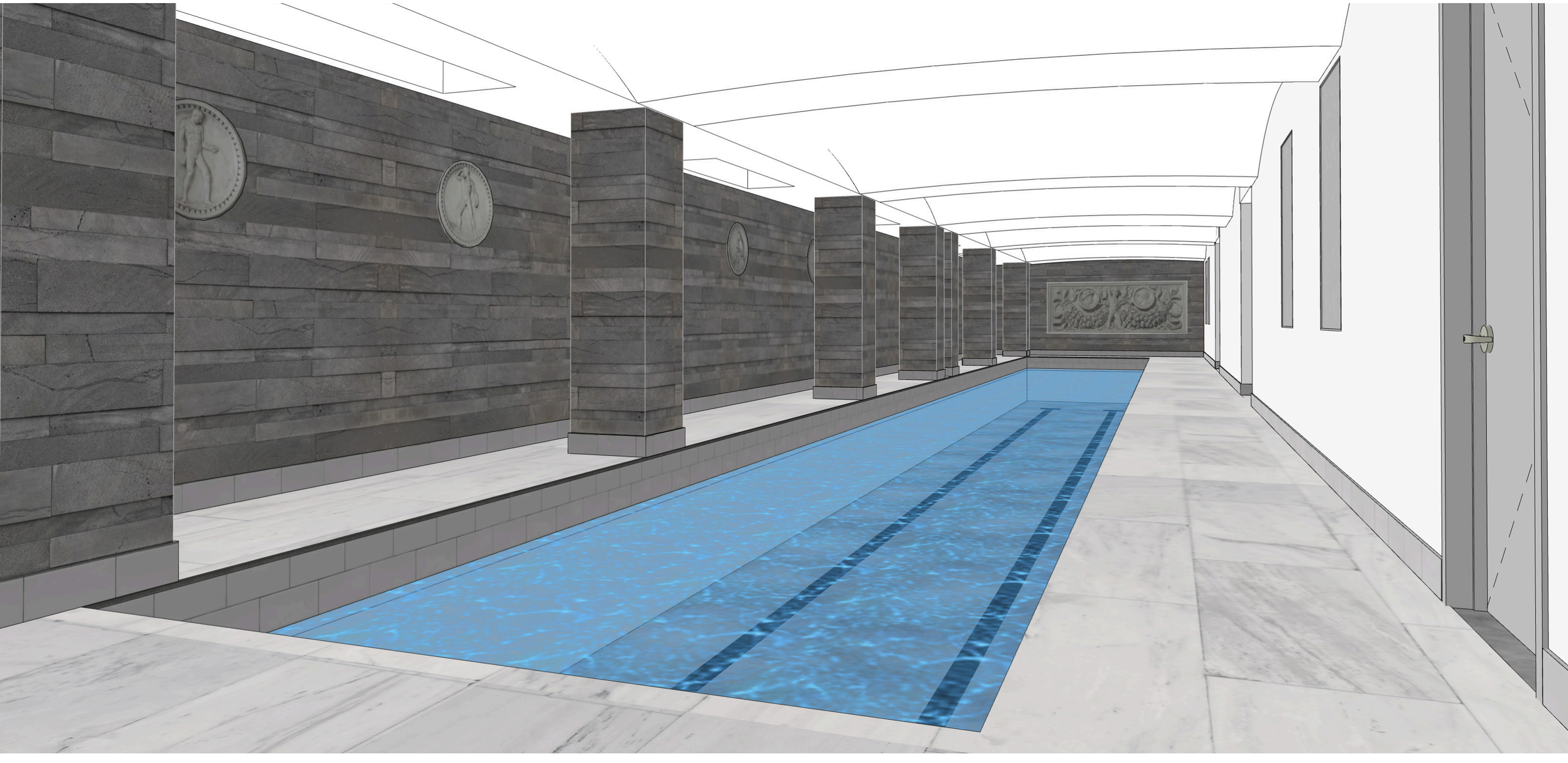
SPIN "THEATER"

CONCEPTUAL RENDERING



25 METER DOUBLE LANE LAP POOL

CONCEPTUAL RENDERING



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Walnut Capital's extensive experience in commercial and residential development and management; innovative, best-in-class strategies for growth; superior customer service; and operational efficiency make us the preferred partner.

We look forward to developing a strong, mutually-beneficial partnership with all PAA members.



THANK YOU!

PITTSBURGH ATHLETIC ASSOCIATION

WALNUT CAPITAL

LIONSTONE INVESTMENTS

Strada

PJ DICK

Date: April 13, 2018

To: Jordan Blask, Esq.

From: Mark Popovich

RE: PAA Marketing Process

The purpose of this memo is to summarize the marketing process the PAA Club Facility and PAA Hotel Parcel Ground Lease (Collectively "the PAA") by HFF that spanned approximately three (3) months from June 15, 2017 to September 11, 2017.

The PAA Marketing Process and timeline is summarized on the following page.

It should also be noted that throughout the marketing process, HFF conducted approximately fifty (50) tours of the PAA with prospective bidders and their contractors, consultants and engineers.

As always, please contact me with questions.

PAA 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 over Hycroft’s proposed condo redevelopment getting requisite approvals.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE:

PITTSBURGH ATHLETIC ASSOCIATION, *et al*[1],	:	**Bankruptcy No. 17-22222JAD**
	:	**Bankruptcy No. 17-22223JAD**
	:	**Jointly Administered at: 17-22222JAD**
	:	
	:	**Doc. #717 - Disclosure Statement**
Debtors.	:	**Doc. #702 - Plan**
	:	
	:	**Chapter 11**
	X	

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

AND NOW, at Pittsburgh this **25th** day of **April**, 20**18**, a disclosure statement and plan of reorganization having been filed under chapter 11 of the Bankruptcy Code by **PITTSBURGH ATHLETIC ASSOCIATION, *et al*[1]**, and it having been determined after notice and hearing that the disclosure statement contains adequate information;

IT IS ORDERED, **ADJUDGED** and **DECREED**, and notice is hereby given, that:

A. The disclosure statement filed by **PITTSBURGH ATHLETIC ASSOCIATION, *et al*[1]**, is **CONDITIONALLY APPROVED**.

B. Within **14** days after the entry of this Order, a copy of this Order, the disclosure statement, the plan, and a ballot conforming to Official Form No. 314 shall be mailed to all creditors, interest holders, equity security holders, the U.S. Trustee, and other parties in interest as provided in Rule 3017(d). Counsel for the proponent of the plan shall perform such mailing, and file a Certificate thereof.

C. **May 23, 2018** is fixed as the last day for serving on the attorney for debtor at the address listed below, ballots which are written acceptances or rejections of the plan referred to above.

D. **May 23, 2018** is fixed as the last day for filing and serving pursuant to Rule 3020(b)(1) written objections to the confirmation of the plan.

E. **May 30, 2018** at **10:00 AM** in **Courtroom D, 54th Floor, U.S. Steel Tower, 600 Grant Street, Pittsburgh, PA 15219** is the date and time fixed for hearing on confirmation of the plan.

F. Counsel for the proponent of the plan shall file a report of the balloting no later than three (3) days before hearing on the confirmation. A courtesy copy of the report should be provided to chambers on the 54th Floor U.S. Steel Tower, 600 Grant Street, Pittsburgh, Pennsylvania 15219.

G. Pursuant To Bankruptcy Rule 4004(a), the last day for filing a complaint objecting to discharge, if applicable, shall not be later than **May 30, 2018**.

sjk

JEFFERY A. DELLER
Chief U.S. Bankruptcy Judge

CASE ADMINISTRATOR TO MAIL COPY TO:

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

FILED
4/25/18 10:39 am
CLERK
U.S. BANKRUPTCY
COURT - WDPA

1. The Debtors have the following cases pending: Pittsburgh Athletic Association, Bankruptcy No. 17-22222-JAD and the Pittsburgh Athletic Association Land Company, Bankruptcy No. 17-22223-JAD. Both cases are being jointly administered at Bankruptcy No. 17-22222-JAD.

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. _____

[REVISED] IMPAIRED CLASS JOINT AMENDED DISCLOSURE STATEMENT TO ACCOMPANY THE JOINT PLAN OF REORGANIZATION DATED MARCH 13, 2018 (as revised April 24, 2018)

Pittsburgh Athletic Association ("PAA") and Pittsburgh Athletic Association Land Company ("PAALC" and together with PAA collectively, the "Debtors") file this Revised Impaired Class Joint Amended Disclosure Statement (the "Amended Disclosure Statement") regarding the Joint Amended Plan of Reorganization dated March 13, 2018, as revised (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.[1] The Amended Plan provides for the sale of the Sale Assets and other assets of the Debtors. The Amended Plan proposes that Walnut PAA will purchase the Sale Assets and redevelop the Club Parcel. The purchase price received from the sale of the Sale Assets will allow the Debtors to pay 100% of the Allowed Claims or the claims as reduced through settlement and acceptance of its treatment by the respective creditors. In other words, 100% of the debts owed by PAA and PAALC will be repaid under the Amended Plan. In addition, Walnut PAA will assist PAA with its reorganization through the creation of the TCE-TIA Escrow in the amount of $3,500,000 to address certain claims of the Internal Revenue Service (the "IRS") and the Pennsylvania Department of Revenue (the "DOR").

[1] Capitalized terms not defined herein carry the meaning set forth in the Amended Plan.

The Debtors in conjunction with Walnut PAA have evaluated the tax consequences of the contemplated sale transaction and believe that the sale of the Sale Assets will not constitute a taxable event and will not give rise to any capital gains tax liability. Prior to the final determination of any tax liability, PAALC must undertake the Reinstatement Process as described herein at Section II Paragraph D so as to allow the IRS an opportunity to evaluate whether or not PAALC should be retroactively reinstated as a 501(c)(2) Tax Exempt Title Holding Company.

Once the Reinstatement Process is concluded the outcome of the IRS's determination will provide further guidance as to whether or not PAALC must undertake further steps to exhaust its administrative remedies and/or prosecute a determination of any tax liability through an action under § 505 of the Bankruptcy Code ("§505 Action"). It is not likely that the Reinstatement Process will be concluded prior to confirmation of the Debtors' Amended Plan and therefore, a §505 Action to the extent necessary will be commenced after confirmation of the Amended Plan.

The Debtors are cognizant of the necessity of adequate disclosure pertaining to the outcome of the Reinstatement Process and/or a possible §505 Action and therefore have provided further disclosure pertaining thereto in Section II Paragraph D of this Amended Disclosure Statement. Holders of Claims or Interests, specifically PAA Members are advised that the tax matters described herein may ultimately impact the ability of PAA to reopen within the Club Parcel.

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 the 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 interests to vote to accept or reject the Amended Plan. The Code conclusively presumes that holders of unimpaired claims or interests under a proposed plan have accepted the plan and need not vote on it. The Claims in Classes 2 and 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 PAA Members may be reduced or altered under the Amended Plan, the PAA Members may vote to accept or reject the Plan and have been classified as holders of Interests in Class 11 as defined in the Amended Plan. The Debtors have enclosed a ballot with this Amended Disclosure

Statement to solicit the votes of the Creditors in Classes 2, 3 and PAA Members of Class 11. 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 if you are holder of an Interest as a PAA Member in Class 11 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 dollar 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 PAA Members, accepts a plan if at least 2/3 in number 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 or interests 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) or interests 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 or interest holders

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 that 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 only for the benefit of its members. The Debtors utilize PAALC's Clubhouse (as defined below) for the benefit of PAA's Members.

B. NOTICE TO THE PAA MEMBERS PERTAINING TO BALLOTING

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. In particular, PAA's Bylaws provide that the "purpose for which [the PAA is formed] is the maintenance of a club for athletic exercises and social enjoyments: in particular affording an opportunity for such exercise and social intercourse among [sic] members by providing athletic facilities, dining rooms, reading rooms and a place where [sic] members may meet for the above purpose". Due to the inherent nature of the Debtors' restructuring process, some of the benefits of PAA membership may be effected by the Amended Plan upon reopening of the Clubhouse as specifically related to the outcome of the tax matters associated with the sale of the Sale Assets. Moreover, the Debtors are obligated to

disclose to all Claims and Interest holders that there is a risk that the tax liability as discussed herein will consume the entire amount of the TCE-TIA Escrow which may prevent PAA from reopening in the Club Parcel. Specifically, in the event that the TCE-TIA Escrow is exhausted by the payment of tax liabilities the terms and conditions of the PAA Lease (as defined herein) will become null and void and Walnut PAA will no longer have any obligation to deliver the space contemplated under the PAA Lease to PAA.

The Debtors have fully vetted all offers that were submitted during the RFP Process, as well as, any unsolicited offers received to date, and believe that Walnut PAA presents the Debtors with the best path towards a successful reorganization inclusive of a comprehensive redevelopment of the Clubhouse aligned with PAA's mission. Therefore, the Debtors encourage PAA Members to cast a ballot in accordance with the provisions of the Amended Plan Documents.

C. 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, the 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 Amended 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 CASES

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 an 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.

D. Tax Matters Related to the Debtors' Restructuring

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 an 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 an 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 (the "Reinstatement Process"). 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. The IRS and DOR have not evaluated or approved the Debtors' proposed tax-planning measures. Nor have the IRS or DOR agreed in any way that the proposed sale of the Sale Assets will be a non-taxable event. The IRS and DOR have informed the Debtor that they reserve all rights to disagree as to the Debtors' tax analysis, and that they reserve the right to challenge the appropriateness of using 11 U.S.C. § 505.

In the event the sale of the Sale Assets is determined to be a taxable event, the Debtors will use all reasonable tax planning measures to account for basis in the Sale Assets, deductions, depreciation, operating losses, and tax credits to reduce the amount of any capital gains tax imposed by the DOR and IRS. The Debtors' financial advisors have reviewed the potential tax implications of the sale of the Sale Assets under a "hypothetical taxable transaction" and believe that any taxes owed would be substantially less than the amount of the TCE-TIA Escrow and may in fact be zero. However, the Debtors are obligated to disclose to all Claims and Interest holders that there is an inherent risk that the tax liability will consume the entire amount of the TCE-TIA Escrow which may prevent the PAA from reopening in the Club Parcel. **Specifically,**

in the event that the TCE-TIA Escrow is exhausted by the payment of tax liabilities the terms and conditions of the PAA Lease (as defined herein) will become null and void and Walnut PAA will no longer have any obligation to deliver the space contemplated under the PAA Lease to PAA.

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. 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. The proceeds generated from the sale of assets will provide the Debtors with funds to pay all of the Allowed Claims against both Debtors in full or in accordance with agreed upon claim treatment pursuant to the terms of the Amended Plan.

E. 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.

F. 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 Debtors and their 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 Amended 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 TCE-TIA Escrow 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 will be assumed by the Debtors assigned to Walnut PAA consistent with the terms of settlement reached between OFAHA and the

Debtors in connection with the OFAHA Action. 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 the holders of Allowed Claims in the Debtors' bankruptcy cases in full or in full satisfaction of agreed upon treatment of any Claims. 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 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 $1,000,000 to be remitted to the Reorganized Debtor on account of the Equity Contribution (as defined herein).

PAA, as the Reorganized Debtor, will reorganize through retention of its remaining Assets inclusive of some or all of the Equity Contribution, 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.

Importantly, the terms of the contemplated redevelopment partnership between PAA and Walnut PAA will result in a comprehensive amenity package with certain minimum features as approved by PAA Members on August 20, 2017 (the "Redevelopment Amenities") including but not limited to:

- Exclusive use of the Grille Room in a restored and updated manner;
- Fitness Center including locker rooms, spa, sauna, steam, classrooms and other components not less than 10,000 square feet;
- Regulation single and double squash courts; and
- Private office space for PAA of not less than 800 square feet.

In addition to the Redevelopment Amenities, Walnut PAA has committed to providing PAA Members with access to full service banquet facilities to be operated by a premium food and beverage vendor chosen by Walnut PAA. PAA Members will be able rent the banquet space to host social events, club activities and private parties within that space at appropriate market rates set by the food and beverage operator.

For the avoidance of doubt, should the Debtors be wrong respecting the tax effect of the sale, Walnut PAA will not be required to provide all or some of the Redevelopment Amenities or the full service banquet facilities.

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 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 or interests 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, PAA Members have been classified as Interest holders in Class 11 and are entitled to vote to accept or reject the Debtors' Amended Plan, notwithstanding their votes cast at the membership meeting held on August 20, 2017. 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, or at a reduced amount as accepted by the respective creditors, 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 and Municipal 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 Amended Plan. Payment to holders of Allowed Real Estate Tax Claims under the Amended 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 Amended Plan. Payment to holders of Allowed Secured Tax Claims under the Amended 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 Amended 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.

I. PAA Member Interests

PAA is an uncertificated Pennsylvania not-profit corporation and in accordance with 15 Pa.C.S.A. § 5753 there are no owners or equity holders. Membership in PAA provides Members with access to the social and athletic services offered in compliance with PAA's tax exempt purpose and its mission as set forth in PAA's Bylaws. PAA Membership is not an "equity type" membership. The value of any alleged economic Interests of each PAA Member is not readily ascertainable and such value may only come to fruition through a formal dissolution of PAA in accordance with 15 Pa. C.S. § 5975. At no time during these bankruptcy cases have the Debtors ever contemplated formal dissolution proceedings as these Debtors have only pursued a reorganization. The PAA Members' rights and benefits may be effected by the Amended Plan upon reopening of the Clubhouse and based upon the resolution of the TCE-TIA Escrow and

related tax issues. Out of the abundance of caution, the PAA Members are being solicited to vote on the Amended Plan. Each PAA Member is entitled to cast a ballot representing one vote. PAA Members have been classified as Interest holders in Class 11. As set forth herein and for the reasons more particularly described above in Section I Paragraph B, the PAA Members are being solicited to vote on the Amended Plan, notwithstanding their votes cast at the membership meeting held on August 20, 2017.

V. CLASSIFICATION OF CLAIMS AND INTERESTS

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

Class Number and Description	**Estimated Amount of Allowed Claim in Class**	**Will Liens Be Retained Under The Amended Plan**	**Status and Treatment under the Amended 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 and Municipal Claims	$198,475.58	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.
Class 11 - PAA Membership Interests	N/A	N/A	Impaired - Each PAA Member shall be entitled to Vote.

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 Amended 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 Paragraph 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 Amended 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 AMENDED 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 Debtors submit that 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)[2]. 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) 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

[2] 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).

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.

Upon the termination of the Reinstatement Process and after confirmation of the Amended Plan, the Debtors will evaluate the necessity of further administrative proceedings and/or immediately 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).

However, all holders of Claims and Interests should note that in the event the sale of the Sale Assets is determined to be a taxable event, the Debtors will use all reasonable tax planning measures to account for basis in the Sale Assets, deductions, depreciation, operating losses, and tax credits to reduce the amount of any capital gains tax imposed by the DOR and IRS.

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 as 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 five (5%) percent 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 $1,000,000 to be remitted to the Reorganized Debtor on account of the Equity Contribution.

Conversely, in the event the sale of the Sale Assets is determined to be a taxable event, and despite the Debtors' best efforts as set forth herein to reduce any such tax liability there is a risk that the tax liability will consume the entire amount of the TCE-TIA Escrow. Exhaustion of the TCE-TIA Escrow will result in the PAA Lease becoming null and void and will absolve Walnut PAA from delivering any of the contemplated space under the PAA Lease thereby making it highly unlikely that PAA will reopen within the Club Parcel.

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 Amended 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 prosecute all necessary administrative proceedings after the conclusion of the Reinstatement Process including but not limited to the filing of an adversary proceeding pursuant to 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

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. As of the date of this Amended Disclosure Statement, PAALC and OFAHA have reached an agreement resolving the OFAHA Complaint and will file a Motion for Approval of Settlement. The terms of the settlement of the OFAHA Complaint are conditioned upon *inter alia* the sale of the Sale Assets to Walnut PAA. The settlement between the Debtors and OFAHA provides that the Debtors shall assume the Ground Lease and assign it 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 AMENDED 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 Amended 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 Amended 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 Amended Plan (including soliciting acceptances or rejections thereof); (v) the submission of and statements made in, the Amended 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 100% 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 TCE-TIA 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 or Interest against the Debtors and its successors and assigns, whether or not the Claim or Interest 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 Amended 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 athletic 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 Amended 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 AMENDED 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 or interests, 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 PAA Members, 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 Amended 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 Interests Under the Amended 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 interest into a class with other claims or interests that are "substantially similar." The Amended Plan establishes classes of Claims and 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
As Revised: April 24, 2018

Respectfully Submitted,

TUCKER ARENSBERG, P.C.

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Exhibit "A"

(Third Revised Amended Plan)

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
PITTSBURGH ATHLETIC ASSOCIATION, et al, *Movants,* v. NO RESPONDENTS.	Chapter 11 Doc. No. _____

[THIRD REVISED] AMENDED JOINT PLAN OF REORGANIZATION DATED MARCH 16, 2018
(as revised April 22, 2018)

TUCKER ARENSBERG, P.C.

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

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INTRODUCTION

Pittsburgh Athletic Association ("PAA") and Pittsburgh Athletic Association Land Company ("PAALC" and together with PAA collectively, the "Debtors") propose the following Amended Joint Plan of Reorganization (the "Amended Plan") pursuant to section 1121(a) of the Bankruptcy Code. Reference is made to the Impaired Class Amended Joint Disclosure Statement to Accompany the Amended Joint Plan of Reorganization dated March 13, 2018 (the "Amended Disclosure Statement"), for (i) a discussion of the Debtors' history, business and post-bankruptcy reorganization efforts, and (ii) a summary and analysis of this Amended Plan. TO THE EXTENT THAT THIS AMENDED PLAN IS INCONSISTENT WITH THE AMENDED DISCLOSURE STATEMENT, THIS AMENDED PLAN WILL GOVERN. Debtors file this Amended Plan as a joint plan because (i) PAA is the sole shareholder of PAALC's capital stock and therefore 100% owner of PAALC; (ii) the Debtors' Assets and liabilities are substantially intertwined; (iii) the Debtors have maintained their books and records on a combined basis; (iv) the Debtors prepare consolidated financial statements, which have been reviewed on a consolidated basis throughout their existence; and (v) have operated as a single entity since the Clubhouse opened. The Amended Plan is predicated upon the closing of the sale of the Sale Assets, as that term is defined below, and to the extent necessary the sale of the Artwork and other personal property, which will provide the Debtors with funding to pay their creditors in accordance with the priorities established by the Bankruptcy Code and the terms of this Amended Plan.

ARTICLE I.
DEFINITIONS AND INTERPRETATION

Definitions. As used in the Amended Plan, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

1.1 "**Administrative Expense Claim**" means a Claim for the costs and expenses of administration arising during the period commencing on the Petition Date and ending on the Effective Date under Sections 503(b), 503(c), 507(a) or 507(b) of the Bankruptcy Code, including, but not limited to, (i) any actual and necessary costs or expenses of preserving the Estates or conducting the business of the Debtors, (ii) administrative expenses previously allowed by the Bankruptcy Court, (iii) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under Sections 330(a) or 331 of the Bankruptcy Code, including Professional Fee Claims, (iv) Claims, pursuant to Section 503(b)(9) of the Bankruptcy Code, for the value of goods received by the Debtors in the 20 days immediately prior to the Petition Date and sold to the Debtors in the ordinary course of the Debtor's businesses, and (v) all fees and charges assessed against the Debtors pursuant to 28 U.S.C. § 1930.

1.2 "**Allowed**" means, with respect to a Claim, any Claim, proof of which was timely and properly filed or, if no proof of Claim or proof of interest was filed, which has been or hereafter is listed by the Debtors on their Schedules as liquidated in amount and not disputed or contingent and, in either case, as to which no objection to allowance has been interposed on or before the expiration of the time within which to object to such Claim as set forth in the Amended Plan or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder. Unless otherwise specified in the Amended Plan or by order of the Bankruptcy Court, "Allowed Claim" shall not, for purposes of computation of distributions under the Amended Plan, include interest on such Claim from and after the Effective Date.

1.3 "**Amended Disclosure Statement**" means the Impaired Class Amended Disclosure Statement relating to the Amended Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.4 "**Plan**" means this Amended Chapter 11 plan of reorganization, including all exhibits and schedules annexed hereto, either in its present form or as it may be altered, amended or modified from time to time.

1.5 "**Artwork**" means all of the artwork, paintings, sculptures and memorabilia owned by PAA.

1.6 "**Assets**" means all real and personal property assets of the Debtors.

1.7 "**AVB**" means Allegheny Valley Bank.

1.8 "**Avoidance Actions**" means any and all actions arising under or actionable by the Estate pursuant to Sections 544, 545, 547, 548, 549, 550, and/or 551 of the Bankruptcy Code, and expressly includes such actions against any and all persons and entities listed on the Debtor's Statement of Financial Affairs, Number 3, filed in the Bankruptcy Case.

1.9 "**Bankruptcy Code**" means title 11 of the United States Code, as amended from time to time.

1.10 "**Bankruptcy Court**" means the United States Bankruptcy Court for the Western District of Pennsylvania or, if such court ceases to have jurisdiction over the Chapter 11 Cases, the court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

1.11 "**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, including the Local Rules of the Bankruptcy Court.

1.12 **"Bar Date"** means, as applicable: (i) November 20, 2017, for the filing of any prepetition Claim against the Debtors, and (ii) November 27, 2017 for the filing of any prepetition Claim against the Debtors by Governmental Units. The Amended Plan does not extend any Bar Date established by the Bankruptcy Court, the Bankruptcy Code, the Bankruptcy Rules, and the earliest date applicable to the filing of a Claim shall govern.

1.13 "**Board"** means collectively the Board of Directors for the Debtors, Pittsburgh Athletic Association and the Board of Directors for Pittsburgh Athletic Association Land Company.

1.14 **"BT Loan**" means certain pre-petition notes executed by PAA and delivered to the Blanche Trust.

1.15 "**Business Day**" means any day other than a Saturday, a Sunday, and any other day on which commercial banks in Pittsburgh, Pennsylvania are required or authorized to close by law or executive order.

1.16 **"Causes of Action"** shall means any and all claims, actions, adversary proceedings (other than Avoidance Actions), causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments and demands whatsoever, whether pending or not pending, known or unknown, whether or not scheduled as an asset of the Debtors, disputed or undisputed, legal or equitable, absolute or contingent, that are already pending or that have accrued or are accruing to the Debtors or their respective successors and/or assignees, or that may be pursued derivatively by or on behalf of the Debtors or the Estates.

1.17 "**Chapter 11 Case(s)**" means the case under Chapter 11 of the Bankruptcy Code commenced by Pittsburgh Athletic Association under the caption *In re Pittsburgh Athletic Association*, Chapter 11 Case No. 17-22222-JAD and the case commenced by Pittsburgh Athletic Association Land Company under the caption *In re Pittsburgh Athletic Association Land Company*, Chapter 11 Case No. 17-22223-JAD, and jointly administered under Case No. 17-22222-JAD which cases are currently pending in the Bankruptcy Court.

1.18 "**Claim**" means any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, known or unknown; or any right to

an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, known or unknown.

1.19 "**Class**" means any group of substantially similar Claims classified by the Amended Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

1.20 **"Closing"** means the final step in transferring the Sale Assets to Walnut PAA, LP and the Purchase Price to the Debtors.

1.21 "**Closing Date**" means the day that the Sale Assets are sold to Walnut PAA which shall occur no earlier than April 15, 2018.

1.22 "**Club Lease**" means the oral lease from 1912 between PAA and PAALC as memorialized in writing by a Memorandum of Lease executed by PAALC and PAA on April 3, 1962.

1.23 "**Club Parcel**" means the real property owned by PAALC located at 4215 Fifth Avenue, Pittsburgh, Pennsylvania 15213, bearing tax parcel identification number 27-R-138 and containing approximately 33,136 square feet of land.

1.24 "**Collateral**" means any property or interest in property of the Estates of the Debtors subject to a lien to secure the payment or performance of a Claim, which lien is valid, perfected and enforceable under applicable law, and is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.25 "**Committee**" means the Official Committee of Unsecured Creditors of the Pittsburgh Athletic Association as appointed by the United States Trustee.

1.26 "**Confirmation Date**" means the first date after which the Bankruptcy Court enters an order confirming the Amended Plan pursuant to section 1129 of the Bankruptcy Code and upon which all of the condition set forth in section 11.1 are satisfied.

1.27 "**Confirmation Hearing**" means the hearing held by the Bankruptcy Court to consider confirmation of the Amended Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.28 "**Confirmation Order**" means the order of the Bankruptcy Court confirming the Amended Plan pursuant to section 1129 of the Bankruptcy Code.

1.29 "**Confirmation Scheduling Order**" means the order of the Bankruptcy Court (i) approving the Disclosure Statement and fixing the date for the hearing on confirmation of the Amended Plan; and (ii) fixing the date for filing and serving objections to confirmation of the Amended Plan.

1.30 "**Debtors**" means Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company as debtors and debtors in possession under Chapter 11 of the Bankruptcy Code.

1.31 "**DIP Lender**" means JDI Loan, LLC/Rollover Fund, LLC.

1.32 "**DIP Loan**" means the post-petition Note executed by PAA and given to JDI for debtor-in-possession financing, consisting of a Loan in the original principal amount of $750,000.00, which was subsequently increased to $1,500,000.

1.33 "**Disbursing Agent**" means Gleason and Associates, P.C., the Debtors' financial advisors with a principal place of business at 420 Fort Duquesne Blvd., Suite 525, Pittsburgh, Pennsylvania 15522.

1.34 "**Disputed Claim**" means any Claim, proof of which was timely and properly filed, and (a) which has been or hereafter is listed on the Schedules as unliquidated, disputed, or contingent, and which has not been resolved by written agreement of the parties or by an order of the Bankruptcy Court, or (b) as to which the Debtor or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by a Final Order. Prior to (i) the filing of an objection to a Claim or (ii) the expiration of the time within which to object to such Claim set forth in the Amended Plan or otherwise established by order of the Bankruptcy Court, for purposes of the Amended Plan, a Claim shall be considered a Disputed Claim if (i) the amount of the Claim specified in the proof of Claim exceeds the amount of the Claim scheduled by the Debtor as other than disputed, contingent or unliquidated, or (ii) the Claim is not listed on the Schedules.

1.35 "**Disputed Claims Reserve**" means, in the event there exists any Disputed Claims on the Effective Date, the reserve established in accordance with Article VIII of the Amended Plan, to hold cash that would be distributable to the holders of such Claims if such Claims are subsequently Allowed, as set forth more fully in Article VIII of the Amended Plan.

1.36 "**DOR**" means the Commonwealth of Pennsylvania, Department of Revenue.

1.37 "**Effective Date**" means the date on which the Amended Plan shall become effective, which date shall be as soon as reasonably practicable after the date on which the conditions specified in Article 11.1 of the Amended Plan have been satisfied or waived.

1.38 "**Equity Interest**" means the ownership interest of PAA in PAALC.

1.39 "**Estates**" means the estates of the Debtors created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

1.40 **"Excluded Assets"** means the assets which are being retained by the Reorganized Debtor: (a) the Reorganized Debtor's Artwork, all china, dishware, furniture, linens, silver, and/or any other equipment, furnishings, memorabilia, and/or tangible assets located at the Club

Parcel; (b) all intellectual property owned by the Debtors including, branded materials, copyrights, trademarks, and service marks; (c) Pennsylvania liquor license known as Liquor License CC-1/LID No. 2815; (d) all claims and actions arising under the United States Bankruptcy Code Chapter 5; (e) any contracts, including employment and/or labor agreements, entered into by the Debtors; and (f) all legal claims or causes of action accrued prior to the Debtors' filing the Bankruptcy Case including, but not limited to, any professional malpractice claims.

1.41 "**Final Order**" means an order of the Bankruptcy Court as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or motion for reargument or rehearing is then pending or as to which any right to appeal, petition for certiorari, or move to reargue or rehear shall have been waived in writing in form and substance satisfactory to the Debtor or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been upheld by the highest court to which such order was appealed, or from which certiorari, reargument or rehearing was sought and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

1.42 "**Gleason**" means Gleason and Associates, P.C., the Debtors' financial advisors.

1.43 "**Ground Lease**" means the 99-year ground lease between PAALC and OFAHA for the development of the Marriott Autograph hotel dated January 30, 2015, as amended.

1.44 "**HFF**" means Holiday Fenoglio Fowler, L.P., the Debtors' real estate and capital advisors.

1.45 "**Hotel Parcel**" means the real property owned by PAALC located adjacent to the Club Parcel between Bigelow Boulevard and Lytton Avenue, Pittsburgh, Pennsylvania, bearing tax parcel identification number 27-R-ll0, and containing approximately 23,685 square feet of land

1.46 "**Impaired**" means any holder of a Claim or Interest for which its legal, contractual or equitable rights are altered, modified or changed by the proposed treatment under the Amended Plan.

1.47 "**Interest**" means the PAA Membership Interests and/or PAA's Equity Interest as defined herein.

1.48 "**IRS**" means the Internal Revenue Service.

1.49 "**JDI**" means JDI Loans, LLC/Rollover Fund, LLC.

1.50 "**Membership Interests**" means the membership interests held by the individual PAA Members.

1.51 **"NRF"** means the National Retirement Fund

1.52 **"NRF Claim"** means the allowed claim of the National Retirement Fund.

1.53 "**OFAHA**" means Oakland Fifth Avenue Hotel Associated, L.P.

1.54 "**OFAHA Loans**" means certain loan agreements including a Promissory Note dated June 3, 2014, in the original principal amount of $575,000.00, 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.

1.55 "**PAA**" means the Debtor, Pittsburgh Athletic Association.

1.56 "**PAA Board**" means the Board of Directors for the Debtor, Pittsburgh Athletic Association.

1.57 "**PAA Lease**" means that certain lease between the Reorganized Debtor, the PAA, and Walnut PAA, LP as more particularly described in the018 PSA.

1.58 "**PAALC**" means the Debtor, Pittsburgh Athletic Association Land Company.

1.59 "**PAALC Board**" means the Board of Directors for the Debtor, Pittsburgh Athletic Association Land Company.

1.60 "**PAA Members**" means members of PAA who have not submitted letters of resignation.

1.61 "**Person**" means an individual, partnership, corporation, Limited Liability Company, business trust, joint stock company trust, unincorporated association, joint venture, governmental authority, governmental unit or other entity of whatever nature.

1.62 "**Petition Date**" means May 30, 2017, the date on which the Debtors filed voluntary petitions for relief under Chapter 11.

1.63 "**Plan Documents**" means the forms of documents effectuating the transactions contemplated by this Amended Plan, which documents shall be in form and content reasonably acceptable to the Debtors.

1.64 "**Personal Property Assets**" means all of the personal property of the PAA and any proceeds resulting for the sale of any personal property.

1.65 "**PITT AA, LLC**" means the successor in interest to AVB.

1.66 "**Prepetition Lenders**" means PITT AA LLC, as assignee of AVB, OFAHA, and the Blanche Trust.

1.67 "**Prepetition Loans**" means collectively the BT Loan, the OFAHA Loans and the PIT AA LLC Loans.

1.68 "**Priority Claim**" means a Priority Tax Claim or Priority Non-Tax Claim.

1.69 "**Priority Non-Tax Claim**" means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment under section 507(a) of the Bankruptcy Code.

1.70 "**Priority Tax Claim**" means any Claim of a governmental unit of the kind entitled to priority in payment as specified in section 507(a)(8) of the Bankruptcy Code.

1.71 **"Professional"** means any Person employed by the Debtors or any Committee pursuant to a Final Order in accordance with § 327 and/or § 1103 of the Bankruptcy Code.

1.72 **"Professional Fee Claim"** means any Claims against the Debtors for fees and expenses incurred from the Petition Date through the Effective Date by any Professional that is filed on or before any applicable Bar Date for such Claims under Sections 328, 330(a), 331, 503 or 1103 of the Bankruptcy Code.

1.73 **"Professionals' Lien"** means the lien granted to the Professionals in Reorganized Debtor's Artwork pursuant to the terms and conditions of the Plan.

1.74 "**PSA**" means that certain Agreement of Purchase and Sale dated November 27, 2017 by and between the Debtors and Walnut as amended as of March 2018, and as the same may be amended from time to time.

1.75 "**Purchase Price**" means the agreed amount of $12,613,000.00 plus the $325,000 success fee owed to HFF as set forth in the PSA.

1.76 "**Real Property Assets**" means collectively the Club Parcel and Hotel Parcel.

1.77 "**Reorganized Debtor**" means the PAA on and after the Effective Date.

1.78 "**Reorganized Debtor's Artwork**" means (i) the Artwork not sold at auction, and (ii) the excess proceeds of the Artwork sold at auction that is not used to the pay the Blanche Trust and Allowed Claims other than Professional Fees.

1.79 **"Sale Assets"** means the Real Property Assets and any personal property assets of the PAALC incidental to the Real Property Assets which are not part of the Excluded Assets and the Ground Lease which is are being sold pursuant to the terms of the PSA.

1.80 **"Sale Proceeds"** the amount of funds that the Debtors will receive from the sale of the Sale Assets.

1.81 "**Schedules**" means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors as required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any supplements or amendments thereto through the Confirmation Date.

1.82 "**Secured Claim**" means a Claim held by any Person against the Debtors secured by Collateral, but only to the extent of the value, as set forth in the Amended Plan, as agreed to by the holder of such Claim and the Debtors, or as determined by a Final Order of the Bankruptcy Court pursuant to section 506(a) of the Bankruptcy Code, of such Person's interest in the Estate's interest in such Collateral; provided, however, that a Secured Claim shall not include any portion of the Claim to the extent that the value of such Person's interest in the Collateral is less than the amount of such Claim.

1.83 "**Secured Tax Claims**" means the Allowed Secured Claims of the Internal Revenue Service and the Commonwealth of Pennsylvania.

1.84 "**Setoff Claim**" means any Secured Claim secured by a right to offset a mutual debt owing by such creditor to the Debtors that arose before the Commencement Date against the claim of such creditor against the Debtors that arose before the Commencement Date.

1.85 "**TAPC**" means Tucker Arensberg, P.C., counsel for the Debtors and Reorganized Debtor.

1.86 "**TCE-TIA Escrow**" means that certain Tax Claim Escrow – Tenant Improvement Allowance Escrow to be funded by Walnut PAA, LP at the Closing in the amount of $3,500,000 for the payment of any potential capital gains taxes that may accrue to the sale of the Sale Assets and/or improvement to the Real Estate Assets post purchase by Walnut PAA, LP.

1.87 "**Title Company**" means Chicago Title Insurance Company.

1.88 "**Unimpaired**" means any holder of a claim or interest whose legal contractual or equitable rights are not altered, modified or damaged by the proposed treatment under the Amended Plan.

1.89 "**Unsecured Claim**" means any Claim other than a Secured Claim, an Administrative Expense Claim or a Priority Claim.

1.90 "**Walnut**" means Walnut Capital Acquisitions, LLC.

1.91 **"Walnut PAA"** means Walnut PAA, LP, or any successors and or assignees thereof.

Other Terms. A term used in the Amended Plan that is not defined shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

Construction of Certain Terms. The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Amended Plan as a whole and not to any particular section, subsection, or clause contained in the Amended Plan. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter.

ARTICLE II.
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL FEE CLAIMS AND PRIORITY TAX CLAIMS

2.1 Administrative Expense Claims.

Holders of Allowed Administrative Expense Claims of the Debtors will receive in full satisfaction thereof an amount in cash equal to the Allowed amount of such 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.

The IRS and DOR are not holders of Allowed Administrative Expense Claims.

The DIP Loan is an Allowed Administrative Expense Claim and will be paid in full at the Closing.

Claims under this Section 2.1 shall not include Professional Fee Claims. Treatment of Professional Fee Claims is set forth in Section 2.2 below.

2.2 Professional Fee Claims.

(a) Holders of Professional Fee Claims will receive in full satisfaction of their 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; except that, 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.

(b) Professionals are hereby 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.

(c) 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 in full or the appropriate reserves have been funded to pay said Claims in full pending their allowance.

(d) An Administrative Expense Claim that is a Professional Fee Claim, and for which a fee application has been properly filed pursuant to Section 2.2 of the Amended Plan, shall become an Allowed Professional Fee Claim only to the extent allowed by a Final Order.

(e) Unless the holder of a Professional Fee Claim agrees to a different treatment of such Claim in writing, any unpaid Professional Fee Claim shall be paid the full amount thereof thirty (30) days after such Professional Fee Claim becomes an Allowed Claim pursuant to entry of an order of the Bankruptcy Court. Allowed unpaid Professional Fee claims will be paid at closing in full.

2.3 Priority Tax Claims. Holders of Allowed Priority Tax Claims of the Debtors shall receive in full satisfaction thereof an amount in cash equal to the Allowed amount of such Claim on or before the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Allowed Priority Tax Claim can be determined and, if necessary, allowed by the Court together with interest thereon (if and only to the extent required) at the applicable statutory rate required for such Claims. Holders of Allowed Priority Tax Claims will not be entitled to receive any payment on account of any penalty arising with respect to, or in connection with, such Claims. Any Claim for any such penalty, or demand for any such penalty, will be deemed disallowed by confirmation of this Amended Plan. Priority Tax Claims do not include Administrative Expense Claims.

ARTICLE III.
CLASSIFICATION OF CLAIMS AND INTERESTS AND GENERAL PROVISIONS

3.1 In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, and Priority Tax Claims, as described in Article II, have not been classified and, thus, are excluded from the Classes that follow. Claims are classified for all purposes, including voting, confirmation, and distribution pursuant to the Amended Plan, as follows:

CLASS	TREATMENT	ENTITLED TO VOTE	ESTIMATED AMOUNTS	ESTIMATED RECOVERY
Class 1 - Allowed Secured Claims of PITT AA LLC	Not impaired	No	$2,088,171.35	100%
Class 2 - Allowed Secured Claim of OFAHA	Impaired	Yes	$2,223,832.10 (or as reduced by settlement)	100% of the reduced Secured Claim.

Class 3 - Allowed Secured Claim of the Blanche Trust	Impaired	Yes	$399,914.06	100% payable 30 days after the closing of the Sale of the Artwork
Class 4 – Allowed Secured Claim of the Internal Revenue Service	Not impaired	No	$345,348.00	100%
Class 5 – Allowed Secured Claim of the Commonwealth of Pennsylvania	Not impaired	No	$450,997.76	100%
Class 6 - Allowed Secured Real Estate Tax Claims	Not impaired	No	$0.00	100%
Class 7 - Allowed Unsecured Priority Tax Claims	Not impaired	No	$342,768.37	100%
Class 8 - Allowed Unsecured Priority Non-Tax Claims	Not impaired	No	$176,394.86	100%
Class 9 - Allowed General Unsecured Claims	Not Impaired	No.	$3,498,435.51	100%
Class 10 - Equity Interest of PAA in PAALC	Not Impaired	No	Not Applicable	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.
Class 11 - PAA Membership Interests	Impaired	Yes	N/A - Each PAA Member is entitled to cast one vote to accept or reject the Amended Plan	N/A

3.2 General Rules of Classification. Generally, a Claim or Interest is classified in a particular Class for voting and distribution purposes only to the extent the Claim or Interest qualifies within the description of that Class, and is classified in another Class or Classes to the extent the Claim or Interest qualifies within the description of such other Class or Classes.

3.3 Membership Interests. PAA is an uncertificated Pennsylvania not-profit corporation and in accordance with 15 Pa.C.S.A. § 5753 there are no owners or equity holders. Membership in PAA provides PAA Members with access to the social and athletic services offered in compliance with PAA's tax exempt purpose. PAA Membership is not an "equity type" membership. The value of any alleged economic interests of each PAA Member is not readily ascertainable and such value may only come to fruition through a formal dissolution of PAA in accordance with 15 Pa. C.S. § 5975. At no time during these bankruptcy cases have the Debtors ever contemplated formal dissolution proceedings as these Debtors have only pursued a reorganization. The PAA Members' rights and benefits may be effected by the Amended Plan upon reopening of the Club and based upon the resolution of the TCE-TIA Escrow and related tax issues. Out of the abundance of caution, the PAA Members are being solicited to vote on the Amended Plan. Each PAA Member is entitled to cast a ballot representing one vote.

3.4 Administrative Expense Claims. Administrative Expense Claims have not been classified and are excluded from the Classes of Claims in accordance with section 1123(a)(1) of the Bankruptcy Code.

3.5 Satisfaction of Claims. The treatment to be provided for Allowed Claims pursuant to this Amended Plan and the consideration provided for herein shall be in full satisfaction, settlement, release and discharge of such respective Claims, pursuant to the Amended Plan.

3.6 Bar Dates for Administrative Expense Claims. **PROOFS OF ADMINISTRATIVE EXPENSE CLAIMS AND APPLICATIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS WHICH HAVE ARISEN ON OR AFTER THE COMMENCEMENT DATE MUST BE FILED AND SERVED PURSUANT TO THE PROCEDURES SET FORTH IN THE CONFIRMATION ORDER.** The bar date for Administrative Expense Claims and Professional Fee Claims does not apply to Administrative Expense Claims incurred in the ordinary course of the Debtor's business which will be paid in the ordinary course of the Debtor's business.

ARTICLE IV.
TREATMENT OF CLAIMS AND INTERESTS

4.1 Class 1 - Secured Claims of PITT AA LLC

(a) Impairment and Voting. Class 1 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 1 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) the Closing Date or (ii) fifteen (15) days after the Class 1 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 1 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.2 Class 2 - Secured Claims of OFAHA

(a) Impairment and Voting. Class 2 Claims are impaired by the Amended Plan. Holders of Allowed Claims in Class 2 are entitled to vote to accept or reject the Amended Plan.

(b) Distributions. On the later of (i) the Closing Date or (ii) fifteen (15) days after the Class 2 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 2 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.3 Class 3 - Secured Claims of the Blanche Trust

(a) Impairment and Voting. Class 3 Claims are impaired by the Amended Plan. Holders of Allowed Claims in Class 3 are entitled to vote to accept or reject the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the closing of the sale of the Artwork (ii) fifteen (15) days after the Class 3 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 3 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.4 Class 4 - Secured Claims of the Internal Revenue Service

(a) Impairment and Voting. Class 4 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 4 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 4 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 4 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.5 Class 5 - Secured Claims of the Commonwealth of Pennsylvania

(a) Impairment and Voting. Class 5 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 5 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 5 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 5 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with

interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.6 Class 6 - Secured Real Estate Claims

(a) Impairment and Voting. Class 6 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 6 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) the Closing Date or (ii) fifteen (15) days after the Class 6 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 6 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.7 Class 7 - Unsecured Priority Tax Claims

(a) Impairment and Voting. Class 7 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 7 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 7 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 7 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.8 Class 8 - Unsecured Priority Non-Tax Claims

(a) Impairment and Voting. Class 8 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 8 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 8 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 8 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.9 Class 9 - General Unsecured Claims

(a) Impairment and Voting. Class 9 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 9 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

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(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 9 Claim can be determined and, if necessary, allowed by order of the Court, each holder of an Allowed Class 9 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.10 Class 10 - Equity Interest of PAA in PAALC

(a) Impairment and Voting. The Class 10 Claim is not impaired by the Amended Plan. PAA is not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. PAA is the holder of an unimpaired Interest. Under the Amended Plan the Sale Assets of the Debtors will be sold to Walnut PAA and PAALC will no longer possess any assets of value. Once all Allowed Claims have been paid, all excess cash will be returned to PAA for future use in its ongoing operations as the Reorganized Debtor. 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. The Reorganized Debtor will also retain the Excluded Assets.

4.11 Class 11 - PAA Members

(a) Impairment and Voting. The PAA Members who comprise Class 11 have Interests that may be impaired by the Amended Plan. Out of the abundance of caution, the PAA Members are entitled to vote to accept or reject the Amended Plan.

(b) Distributions. PAA Members have no readily ascertainable economic interest in the Debtors and are not entitled to a distribution under the Amended Plan.

ARTICLE V.
ACCEPTANCE OR REJECTION OF THE AMENDED PLAN

5.1 Voting of Claims or Interests. Only holders of an Allowed Claim or Interest in an Impaired Class of Claims or Interests are entitled to vote to accept or reject the Amended Plan. Classes 2 and 3 are impaired under the Amended Plan and are entitled to vote on the Amended Plan. Furthermore, PAA Members in Class 11, may also have their rights and benefits altered under the Amended Plan upon reopening of the Clubhouse and/or the resolution of the TCE-TIA Escrow and related tax matters, and therefore, out of the abundance of caution, PAA Members are being balloted. .

5.2 Acceptance by a Class of Creditors or Interest Holders.

(a) Acceptance by a Class of Creditors. Consistent with section 1126(c) of the Bankruptcy Code and except as provided for in section 1126(e) of the Bankruptcy Code, a Class of creditors shall have accepted the Amended Plan if it is accepted by at least two-thirds in dollar amount and more than one-half in number of the holders of Allowed Claims of such Class that have timely and properly voted to accept or reject the Amended Plan.

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(b) Acceptance by a Class of Interests. Consistent with section 1126(d) of the Bankruptcy Code and except as provided for in section 1126(e) of the Bankruptcy Code, a Class of interests shall have accepted the Amended Plan if it is accepted by at least two-thirds in number of the holders of Allowed Interests of such Class that have timely and properly voted to accept or reject the Amended Plan.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions Under the Amended Plan.

(a) Effective Date Payments. Within thirty (30) days of the Effective Date the Disbursing Agent will (i) remit to holders of Allowed Administrative Expense Claims and Allowed Priority Claims an amount in cash equal to the Allowed amount of such Claims, or such lesser amounts as agreed to by such holders; (ii) pay to Allowed Unsecured Claims the Allowed amount of such Claim; and (iii) remit to the Disputed Claims Reserve in respect of Disputed Unsecured Claims cash equal to the amount of such Disputed Unsecured Claims. All distributions made to holders of Claims under the Plan shall be in full and final satisfaction of all Claims.

(b) Subsequent Distributions. After the Effective Date, to the extent cash is available from (i) the Disputed Claims Reserve following the disallowance or reduction of Disputed Claims, or (ii) undeliverable, time barred or unclaimed distributions to holders of Allowed Claims, such cash shall be returned to the Reorganized Debtor for the ultimate benefit of its Members. After the Effective Date, the Disbursing Agent shall distribute to the holders of Claims Allowed by a Final Order of the Bankruptcy Court after the Effective Date cash equal to the Allowed portion of such holder's Allowed Claim and shall distribute to the Disbursing Agent for subsequent distribution cash equal to that portion of such holder's Claim that is disallowed by a Final Order of the Bankruptcy Court. ***Once all Allowed Claims have been paid, all excess cash will be returned to PAA for use in its ongoing operations as the Reorganized Debtor.***

(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. 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 Amended 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 will be made to such holder.

6.2 Unclaimed Distributions. 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 120 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 forever barred from asserting such Claim against the Debtors and/or the Reorganized Debtor.

6.3 Compliance with Tax Requirements. To the extent applicable, the Disbursing Agent in making distributions under the Amended Plan shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Amended Plan shall be subject to such withholding and reporting requirements. The Disbursing Agent may withhold the entire distribution due to any holder of an Allowed Claim or interest 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 or interest 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 shall be treated as an undeliverable distribution in accordance with this Article.

6.4 Setoffs. After notice and hearing, the Debtors may, in accordance with section 553 of the Bankruptcy 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 shall be placed into the Disputed Claim Reserve pursuant to the Amended Plan.

6.5 Professional Fees and Expenses. Each Professional retained by order of the Bankruptcy Court requesting compensation in these Chapter 11 Cases pursuant to sections 330 or 503(b) of the Bankruptcy Code will be required to file a final application for an allowance and payment of final compensation and reimbursement of expenses in these Chapter 11 Cases 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.

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

ARTICLE VII.
MEANS FOR IMPLEMENTATION AND EXECUTION OF THE AMENDED PLAN

7.1 Sale of the Sale 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.

7.2 Tax Consequences of the Sale of Sale Assets. 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). PAA is a tax-exempt 501(c)(7) entity. 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) title holding company since obtaining that tax exempt 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 whom 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 application for retroactive reinstatement of its 501(c)(2) tax-exempt status (the "Reinstatement Process").

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, to 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 the 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). Indeed, 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 because there was 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.

Upon the termination of the Reinstatement Process and after confirmation of the Amended Plan, the Debtors will evaluate the necessity of further administrative proceedings and/or will immediately 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 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).

However, all holders of Claims and Interests should note that event the sale of the Sale Assets is determined to be a taxable event, the Debtors will use all reasonable tax planning measures to account for basis in the Sale Assets, deductions, depreciation, operating losses, and tax credits to reduce the amount of any capital gains tax imposed by the DOR and IRS.

With respect to PAA, the Internal Revenue Code excludes gains arising from sale transactions under § 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, these provisions in the Internal Revenue Code would exempt any gain on the sale from taxation. Alternatively, assuming that the property is deemed to be owned by PAALC and the tax-exempt status of PAALC is restored retroactively as discussed above, so that the gain on sale by PAALC is not taxable to PAALC, any actual or deemed distribution by PAALC to PAA would be exempt under Section 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, the Debtors, the IRS and the DOR have agreed 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 1024 application for reinstatement of tax exempt status for the 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"). Upon determination by the Bankruptcy Court under Section 505 that a payment is required; funds from the tax Claims/Tenant Improvement Reserve 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; and (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 $1,000,000 to be remitted to the Reorganized Debtor on account of the Equity Contribution.

Conversely, in the event the sale of the Sale Assets is determined to be a taxable event, and despite the Debtors' best efforts as set forth herein to reduce any such tax liability there is a risk that the tax liability will consume the entire amount of the TCE-TIA Escrow. **Exhaustion of the TCE-TIA Escrow will result in the PAA Lease becoming null and void and will absolve Walnut PAA from delivering any of the contemplated space under the PAA Lease thereby making it highly unlikely that PAA will reopen within the Club Parcel.**

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 to Walnut PAA and any subsequent lease back to PAA will be exempt from realty transfer taxes. To the extent that any realty transfer taxes shall be assessed upon the sale of the Sale Assets, Walnut PAA shall be exclusively responsible for the realty transfer taxes pursuant to the PSA.

7.3 Sale of Artwork. PAA shall sell so much of its Artwork as is necessary to pay all Allowed General Unsecured Claims. To the extent taxes are owed on the sale of the Artwork, PAA will pay those taxes out of the sale proceeds.

7.4 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 and all Administrative Expense Claims and Professional Fee Claims in cash on or before the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim or Administrative Expense can be determined and, if necessary, allowed by the Court.

7.5 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.

7.6 Corporate Action. As of the Effective Date, (i) 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; and (ii) the Reorganized Debtor shall perform each of the actions required by the terms of the Amended Plan, in the time period set forth in the Amended Plan.

7.7 Documents and Further Transactions. Each of the officers or directors of the Debtors are authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, including without limitation, the 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.

7.8 Causes of Action.

(a) 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. 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. The Debtors and OFAHA have reached agreed upon terms of settlement and a Motion to Approve Settlement will be filed.

(b) Before the later of the Effective Date or the expiration of any applicable statutes of limitations, the Debtors 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 reserves the right to commence any Cause of Action or Avoidance Action and to defend any Cause of Action. No distribution will be made to the holder of any Claim, including by way of setoff or recoupment by such Claimant, if the Debtors or the Reorganized Debtor has commenced any such action until it is resolved by final order or settlement or given notice to the applicable party of intent to commence such action. Notwithstanding anything to the contrary, on a Cause of Action or Avoidance Action against the holder of such Claim (or the direct or indirect transferor to, or transferee of, such holder), until such Cause of Action is resolved by Final Order or otherwise in accordance with the Amended Plan. Prosecution and settlement of such claims, rights, defenses, and Causes of Action will be the responsibility of the Reorganized Debtor exclusively, pursuant to the provisions of the Amended 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.

(c) 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

(d) 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 Real Property Assets.

(d) 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.

ARTICLE VIII.
PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

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

8.2 Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and the Reorganized Debtor shall have the right to the

exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall 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 (the "Objections Bar Date") or any extension thereto. From and after the Effective Date, all objections shall be litigated to a Final Order except to the extent the Debtors elects to withdraw any such objection or the 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. A Disputed Claim as to which no objection is filed by the Objections Bar Date shall become an Allowed Claim.

8.3 Reserve Account 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.

8.4 Investment of Disputed Claims Reserve. The Disbursing Agent shall be permitted, from time to time, in its sole discretion, to invest all or a portion of the cash 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 Bankruptcy 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.

8.5 Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Unsecured Claim becomes an Allowed Claim, the Disbursing Agent will, within fourteen (14) 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.

8.6 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 the Debtors or the Reorganized Debtor; provided, however, that the Disbursing Agent shall retain at all times until closing of the Disputed Claims Reserve at least $25,000 cash from which the Disbursing Agent shall pay the costs and fees, if any, of administering the Disputed Claims Reserve.

8.7 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 Debtors or the Reorganized Debtor and the holder of such Disputed Claim, the Disbursing Agent shall (i) distribute to the holder of Claims cash as provided for in Article 8.5 hereof, (ii) pay all remaining

costs and fees of the Disputed Claims Reserve (iii) distribute all remaining cash to the Reorganized Debtor and (iv) close the Disputed Claims Reserve.

ARTICLE IX.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 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.

9.2 Collective Bargaining Agreements. On or about the Petition Date, PAA shut its doors and has no union employees other than a single engineer who was responsible for boiler system maintenance, and who will leave PAA's employment when the Clubhouse has been winterized. Thereafter, the Clubhouse 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 terminates on January 31, 2018.

9.3 Ground Lease. PAALC has filed an adversary complaint challenging, *inter alia*, the validity and extent of the Ground Lease. As of the date of this Amended Plan, PAALC and OFAHA have reached an agreement resolving the OFAHA Complaint and will file a Motion for Approval of Settlement. The terms of the settlement of the OFAHA Complaint are conditioned upon *inter alia* the sale of the Sale Assets to Walnut PAA. The settlement between the Debtors and OFAHA provides that the Debtors shall assume the Ground Lease and assign it to Walnut PAA on the Closing Date.

9.4 All Remaining Executory Contracts and Unexpired Leases. On the Confirmation Date, all 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 its 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

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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.

9.5 Approval of Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Amended Plan.

ARTICLE X.
EFFECT OF THE AMENDED PLAN ON CLAIMS AND INTERESTS

10.1 Exculpation and Related Injunction

(a) **Satisfaction of Claims against 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. Except as otherwise expressly provided for herein, any claims of the Debtors or the Estates against the Holders of any Allowed Claims shall not be deemed compromised and are expressly preserved upon confirmation of the Amended Plan.

(b) **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 Amended 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 Amended 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.

(c) **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.

(d) **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 Amended Plan (including soliciting acceptances or rejections thereof); (v) the submission of and statements made in, the Amended 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.

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ARTICLE XI.
EFFECTIVENESS OF THE AMENDED PLAN

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

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

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

(c) The Closing on sale of the Sale Assets (and if necessary the sale of the Artwork) shall have occurred and the Debtors shall have sufficient cash to pay all Allowed Claims as provided under the Amended Plan;

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

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

11.2 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.

11.3 Effect of Non-Occurrence of the Conditions Precedent. After entry of the Confirmation Order, if one or more of the conditions to consummation has not been satisfied and the Debtors and the Committee jointly determine that it is not possible or not likely that such condition(s) will be satisfied, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is vacated, the Amended Plan shall be null and void in all respects, and nothing contained in the Amended Plan shall constitute a waiver or release of any Claims by or against the Debtors.

ARTICLE XII.
EFFECTS OF CONFIRMATION

12.1 Vesting of Assets in Reorganized Debtor. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, all property, Assets and claims owned by the Debtors shall vest in the Reorganized Debtor for purposes of Distribution under the Amended Plan, free and clear of all Claims, except as otherwise expressly provided and subject to the provisions of the Amended Plan, the Confirmation Order or the Bankruptcy Code.

12.2 Binding Effect. On and after the Confirmation Date, the provisions of the Amended Plan shall bind any holder of a Claim against PAA or Interests in PAA and their successors and assigns, whether or not the Claim or Interest is impaired under the Amended Plan and whether or not such holder has accepted the Amended Plan.

12.3 Term of Injunctions or Stays. All injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Case.

12.4 Rights of Action. 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 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.

12.5 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. PAA intends that the Amended Plan will operate as a discharge of all debts of PAA to the fullest extent permitted by 11 U.S.C. §1141(d).

ARTICLE XIII.
RETENTION OF JURISDICTION

13.1 Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising in, or related to, the Chapter 11 Case and the Amended Plan for, among other things, the following purposes:

(a) 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;

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

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

(d) 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;

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

(f) 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;

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

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

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

(j) To hear and determine matters concerning state, local, and federal taxes in matters filed or to be filed accordance with *inter alia* sections 105, 346, 505, and 1146 of the Bankruptcy Code;

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

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

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

ARTICLE XIV.
MISCELLANEOUS PROVISIONS

14.1 Payment of Statutory Fees. All fees payable pursuant to Chapter 123 of Title 28, United States Code, as determined by the Bankruptcy Court on the Confirmation Date, shall be paid on the Effective Date. Any statutory fees accruing after the Confirmation Date shall

constitute Administrative Expense Claims and be paid by the Debtor in accordance with section 2.1 of the Amended Plan.

14.2 Modification of Amended Plan. The Debtors reserve the right, in accordance with the Bankruptcy 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 Debtors may, upon order of the Bankruptcy Court, amend or modify the Amended Plan, in accordance with section 1127(b) of the Bankruptcy 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.

14.3 Withdrawal or Revocation. The Debtors may withdraw or revoke the Amended Plan at any time prior to the Effective Date. If the Debtors revoke or withdraw the Amended Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Amended Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

14.4 Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Amended Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

14.5 Notices. Any notices to or requests of the Debtors or the Reorganized Debtor by parties in interest under or in connection with the Amended Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) national overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

Pittsburgh Athletic Association
c/o James Sheehan, President
4215 5th Avenue
Pittsburgh, PA 15213

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

Gleason & Associates, P.C.
c/o William Krieger
420 Fort Duquesne Blvd # 525
Pittsburgh, PA 15222

14.6 Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of the Amended Plan is invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or

interpretation, the remainder of the terms and provisions of the Amended Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Amended Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.7 Governing Law. Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Amended Plan shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law thereof.

14.8 Headings. Headings are used in the Amended Plan for convenience and reference only, and shall not constitute a part of the Amended Plan for any other purpose.

14.9 Final Decree. Once the Estate has been fully administered pursuant to Bankruptcy Rule 3022, the Debtors shall file a motion with the Bankruptcy Court to obtain a Final Decree to close the case.

14.10 No Admissions. Notwithstanding anything herein to the contrary, nothing contained in the Amended Plan shall be deemed an admission by the Debtor with respect to any matter set forth herein, including but not limited to liability on any Claim or the propriety of a Claim's classification.

14.11 Confirmation Order and Amended Plan Control. To the extent the Confirmation Order and/or this Amended Plan is inconsistent with the Amended Disclosure Statement and any other agreement entered into between or among the Debtor and any third party, the Amended Plan controls the Amended Disclosure Statement and any such agreements, and the Confirmation Order (and any later order of the Bankruptcy Court) controls the Amended Plan.

Dated: March 16, 2018
Revised April 22, 2018

Respectfully Submitted,

TUCKER ARENSBERG, P.C.

/s/*Jordan S. Blask*

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Counsel for the Debtors

Exhibit “B”

(Claims Schedule & Analysis)

Analysis of Claims for Plan Feasibility

Creditor	Entity	Docket Reference	Secured as Reflected on POC	Secured as Reflected on Bankruptcy Schedules	Secured (Greater of POC or Bankruptcy Schedules Adjusted for Interest, Late Fees, and Rent Payments through April 30, 2018)
Secured Claims					
A.J. Demors & Sons, Inc.	PAALC	1-1	$ 8,812.00	$ 8,812.00	$ 8,812.00
City and School District of Pittsburgh	PAALC	5-1	85,137.14	85,137.14	-
Coca-Cola Refreshments	PAALC		-	6,655.10	-
Commonwealth of PA - UCTS	PAALC	6-1	322,388.49	322,388.49	-
Oakland Fifth Avenue Hotel Associates LP	PAALC	11-1	660,151.26	637,551.08	730,499.68
Oakland Fifth Avenue Hotel Associates LP	PAALC	12-1	1,563,680.84	1,517,827.86	1,531,171.35
Pitt AA, LLC (AVB/JDI)	PAALC	9-1	2,165,849.10	2,124,416.14	2,088,171.33
Pittsburgh Water and Sewer Authority	PAALC	4-1	198,475.58	198,475.58	198,475.58
Steffan Industries	PAALC	16-1	34,640.00	34,640.00	34,640.00
Unite Here Health	PAALC	8-1	30,246.75	141,048.92	36,607.71
Total			**$ 5,069,381.16**	**$ 5,076,952.31**	**$ 4,628,377.65**
Priority Unsecured Claims					
County of Allegheny	PAALC	10-1	$ 10,396.21	$ -	$ -
City of Pittsburgh	PAALC	13-1	2,112.67	-	-
City of Pittsburgh	PAALC	14-1	8,278.05	-	-
Commonwealth of PA - UCTS	PAALC	6-1	37,251.13	37,251.13	-
Department of Treasury - IRS	PAALC	3-1	$ 300.00	$ 300.00	$ 300.00
Total			**$ 58,338.06**	**$ 37,551.13**	**$ 300.00**
Unsecured Claims					
Allegheny County Health Department	PAALC	2-1	$ 7,000.00	$ 7,000.00	$ -
Department of Treasury - IRS	PAALC	3-1	300.00	$ 300.00	$ 300.00
National Retirement Fund	PAALC	7-1	4,098,642.00	4,098,642.00	$ -
Total			**$ 4,105,942.00**	**$ 4,105,942.00**	**$ 300.00**

Pittsburgh Athletic Association
Analysis of Claims for Plan Feasibility

Creditor	Entity	Docket Reference	Secured as Reflected on POC	Secured as Reflected on Bankruptcy Schedules	Secured (Greater of POC or Bankruptcy Schedules Adjusted for Interest, Late Fees, and Rent Payments through April 30, 2018) or Other Adjustments as Deemed Necessary
Pittsburgh Athletic Association					
Secured Claims					
A.J. Demor & Sons, Inc.	PAA	1-1	$ -	$ 8,812.00	$ -
Allegheny County Health Department	PAA	9-2	-	7,000.00	-
American Geosciences, Inc.	PAA	N/A	-	3,186.35	-
City and School District of Pittsburgh	PAA	21-1	85,137.14	85,137.14	-
Commonwealth of PA - UCTS	PAA	12-1	322,388.49	322,388.49	316,391.48
Department of Treasury - IRS	PAA	17-2	345,348.00	345,348.07	345,348.00
Duquesne Light Company	PAA	N/A	-	159,045.75	-
Francis J. Nowalk Artwork	PAA	N/A	-	1,747.00	-
Pennsylvania Department of Revenue	PAA	2-1	150,904.03	150,904.03	134,606.28
Pitt AA, LLC (AVB/JDI)	PAA	40-1	2,165,849.10	2,124,416.14	-
Pittsburgh Water and Sewer Authority	PAA	20-1	198,475.58	198,475.58	-
The Blanche Trust	PAA	47-1	335,388.36	390,000.00	399,914.06
TRIB Total Media	PAA	N/A	-	3,502.82	-
Unite Here Health Local 57	PAA	N/A	-	203,460.43	-
Unite Here Health	PAA	32-1	30,246.75	-	-
Total			**$ 3,633,737.45**	**$ 4,003,423.80**	**$ 1,196,259.82**
Priority Unsecured Claims					
Allegheny County Tax Collection	PAA	19-1	$ 94,893.88	$ 94,893.88	$ 94,893.88
American Geosciences, Inc.	PAA	N/A	-	3,186.35	3,186.35
B&R Pools Management (Dream Pools)	PAA	13-1	2,773.04	-	2,773.04
Central Pension Fund of the International Union of Operating Engineers	PAA	45-1	8,279.57	Unknown	8,279.57
City of Pittsburgh	PAA	58-1	2,112.67	-	2,112.67
City of Pittsburgh	PAA	59-1	8,278.05	-	8,278.05
Commonwealth of PA - UCTS	PAA	12-1	37,251.13	37,251.13	36,503.06
County of Allegheny	PAA	43-1	10,396.21	-	10,396.21
Department of Treasury - IRS	PAA	17-2	136,955.91	136,955.91	136,955.91
Mary Helen and David Zimmick	PAA	29-2	2,850.00	-	-
National Retirement Fund	PAA	25-1	228,090.70	228,090.70	100,000.00
PBOWF	PAA	41-1	34,003.00	-	34,003.00
Pennsylvania Department of Revenue	PAA	2-1	35,938.30	35,938.30	52,236.05
USDLWage and Hour Division	PAA	54-1	1,092.50	-	1,092.50
Total			**$ 602,914.96**	**$ 536,316.27**	**$ 490,710.29**
Unsecured					
Ace Cash Express	PAA	N/A	$ -	$ 957.78	$ 957.78
Albert Zangrilli, Jr.	PAA	53-1	2,500.00	2,500.00	2,500.00
Alex Richter	PAA	N/A	-	460.00	460.00
Allegheny County Sheriff's Office	PAA	N/A	-	1,389.00	1,389.00
Allegheny County Health Department	PAA	9-2	7,000.00	-	7,000.00
Allegheny Refrigeration Service Co.	PAA	N/A	-	5,356.00	5,356.00
American Arbitration Association	PAA	N/A	-	250.00	250.00
Amy Dugan	PAA	N/A	-	6,413.26	6,413.26
Anthony Pyle	PAA	N/A	-	2,500.00	-

Pittsburgh Athletic Association
Analysis of Claims for Plan Feasibility

Creditor	Entity	Docket Reference	Secured as Reflected on POC	Secured as Reflected on Bankruptcy Schedules	Secured (Greater of POC or Bankruptcy Schedules Adjusted for Interest, Late Fees, and Rent Payments through April 30, 2018) or Other Adjustments as Deemed Necessary
A.J. Demor & Sons, Inc.	PAA	1-1	8,812.00	-	-
ASCAP	PAA	N/A	-	121.02	121.02
Balfurd	PAA	61-1	182,929.62	-	182,929.62
Brentwood Distributing Co.	PAA	N/A	-	999.00	999.00
Carl/Frank Industries, Inc.	PAA	55-1	4,300.00	-	4,300.00
Central Pension Fund of the International Union of Operating Engineers	PAA	45-1	323,174.77	Unknown	323,174.77
Charles Felix	PAA	N/A	-	40,631.12	40,631.12
Christian Griffin	PAA	N/A	-	460.00	460.00
Clare S. Donahue	PAA	8-1	2,500.00	2,500.00	2,500.00
Coca-Cola Refreshments USA, Inc.	PAA	7-1	6,655.10	6,655.10	6,655.10
Comcast	PAA	N/A	-	11,538.27	11,538.27
Connor Van Pevenage	PAA	N/A	-	460.00	460.00
CTR Systems	PAA	N/A	-	1,142.46	1,142.46
CyberSource Corporation	PAA	N/A		172.88	172.88
Department of Treasury - IRS	PAA	17-2	15,430.89	15,430.89	15,430.89
Davevic Benefit Consultants, Inc.	PAA	N/A	-	1,120.00	1,120.00
David Wandrisco	PAA	5-1	2,500.00	2,500.00	2,500.00
Dernar & Associates, LLC	PAA	N/A	-	4,000.00	4,000.00
Direct Energy Business Marketing, LLC	PAA	44-1	106,154.59	106,648.17	106,154.59
Duquesne Light Company	PAA	42-1	7,977.49	15,379.75	7,977.49
Eckert Seamans	PAA	4-1	4,095.00	4,095.00	4,095.00
Eckman & Danovitz Attorneys at Law	PAA	N/A	-	25,510.00	25,510.00
Ecomm Networks, LLC	PAA	N/A		355.78	355.78
Emmanuel Kambouroglos	PAA	N/A	-	460.00	460.00
Fidelity & Guaranty Life	PAA	N/A	-	145.62	145.62
G&G Fitness	PAA	N/A		1,408.95	1,408.95
Goehing Rutter & Boehm	PAA	N/A		661.50	661.50
Gordon Food Service	PAA	27-1	5,336.99	5,409.34	5,336.99
Gray Group, Inc.	PAA	57-1	5,000.00	5,024.10	5,000.00
HD Supply Maintenance	PAA	N/A	-	2,343.09	2,343.09
Industrial Pump & Motor Repair, LTD.	PAA	N/A	-	3,675.98	3,675.98
Jackson Welding Supply Co.	PAA	N/A	-	754.25	754.25
James Huber	PAA	N/A	-	460.00	460.00
Janice Miller	PAA	36-1	14,401.53	9,651.75	14,401.53
Jeffrey E. Borello	PAA	38-1	11,031.97	11,032.00	11,032.00
Jennifer Stoner	PAA	N/A	-	3,000.00	3,000.00
Joe Marshall	PAA	N/A	-	460.00	460.00
Jo-Mar Provisions, Inc.	PAA	31-1	63,120.56	63,120.56	63,120.56
John K. Weinstein, Treasurer	PAA	N/A	-	7,838.96	7,838.96
Johnstone Supply	PAA	N/A	-	107.00	107.00
John V. Heineman Company	PAA	N/A	-	8,524.69	8,524.69
Joyce McCoy	PAA	N/A	-	630.00	630.00
Koonse Food Equipment Service, Inc.	PAA	N/A	-	2,417.80	2,417.80
Kristy Buczynski and Michael Weaver	PAA	N/A	-	3,000.00	3,000.00
Leo Dornan	PAA	N/A	-	460.00	460.00
Logan Frey	PAA	N/A	-	460.00	460.00
Louis Cherry	PAA	N/A	-	460.00	460.00
Mancini's Bakery	PAA	N/A	-	3,825.05	3,825.05
Matthews International Corporation	PAA	N/A	-	267.50	267.50
Marie Gray	PAA	N/A	-	1,000.00	1,000.00
Mark Littlefield	PAA	N/A	-	460.00	460.00

Pittsburgh Athletic Association
Analysis of Claims for Plan Feasibility

Creditor	Entity	Docket Reference	Secured as Reflected on POC	Secured as Reflected on Bankruptcy Schedules	Secured (Greater of POC or Bankruptcy Schedules Adjusted for Interest, Late Fees, and Rent Payments through April 30, 2018) or Other Adjustments as Deemed Necessary
Martin S Samuels and Johanna S Samuels	PAA	24-1	3,000.00	3,000.00	3,000.00
Mary Helen and David Zimmick	PAA	29-2	150.00	3,000.00	3,000.00
Mitel	PAA	N/A	-	3,040.01	3,040.01
Monteverde's Inc.	PAA	28-1	20,788.27	20,788.27	20,788.27
Montour Heights Country Club	PAA	N/A	-	22.50	22.50
Movin' On Up Laundry Services, LLC d/b/a Affordable Linens	PAA	50-1	7,353.77	7,354.00	7,354.00
National Labor Relations Board	PAA	34-1	4,975.87	4,975.87	4,975.87
National Labor Relations Board	PAA	35-1	6,184.20	6,184.20	6,184.20
National Retirement Fund	PAA	25-1	4,098,642.00	4,098,642.00	1,359,000.00
Nicholas Keddie	PAA	N/A	-	460.00	460.00
Nick Logan	PAA	N/A	-	460.00	460.00
Nick Taglianetti	PAA	N/A	-	460.00	460.00
Noah Dornan	PAA	N/A	-	460.00	460.00
Northstar Technologies, Inc.	PAA	N/A	-	615.25	615.25
Ogletree, Deakins, Nash, Smoak & Stewart, P.C	PAA	26-1	80,487.75	80,487.75	80,487.75
Overall Supply Inc.	PAA	N/A	-	182.35	182.35
USDOL - PAA Group Health Plan	PAA	14-1	3,016.52		3,016.52
USDOL - PAA Group Health Plan	PAA	15-1	74,632.95		74,632.95
Patrick McDunn	PAA	N/A	-	460.00	460.00
PBOWF	PAA	41-1	722,276.33	380,276.95	722,276.33
Pennsylvania Department of Revenue	PAA	2-1	7,865.34	7,865.34	7,865.34
Peoples Natural Gas Company	PAA	3-1	76,474.69	76,474.69	76,474.69
Phoenix Funding Group	PAA	N/A	-	17,802.40	-
Pittsburgh Field Club	PAA	N/A	-	462.11	462.11
Pittsburgh Laundry Systems	PAA	N/A	-	633.64	633.64
Pitney Bowes	PAA	22-1	11,928.00	11,298.00	11,928.00
Pitney Bowes	PAA	23-1	5,148.56	5,148.56	5,148.56
PSF Acquisition Company, LLC	PAA	51-1	20,817.87	-	20,817.87
Pure Force	PAA	N/A	-	1,173.47	1,173.47
R.D. Hoag and Associates, P.C.	PAA	18-1	9,139.94	9,139.94	9,139.94
Rennaissance 3 Architects, P.C.	PAA	N/A	-	3,817.64	3,817.64
RH Management Resources	PAA	11-1	3,712.96	3,712.96	3,712.96
Richard S. Hamilton	PAA	37-1	2,500.00	2,500.00	2,500.00
Road Runner	PAA	N/A	-	4,995.70	4,995.70
Robert J. Battiston	PAA	30-1	2,500.00	-	2,500.00
Robbins, Salomon & Pratt, LTD.	PAA	N/A	-	9,181.50	9,181.50
Ryan Le Grand	PAA	N/A	-	460.00	460.00
Ryan Salisbury	PAA	N/A	-	460.00	460.00
Schindler Elevator Corporation	PAA	39-1	26,027.77	23,399.25	26,027.77
Shannopin Country Club	PAA	N/A	-	151.45	151.45
SimplexGrinnell	PAA	46-1	794.70	794.70	794.70
St. Clair Country Club	PAA	N/A	-	2,888.81	2,888.81
Stephen and Amy Dunn	PAA	N/A	-	3,000.00	3,000.00
Sysco Pittsburgh, LLC	PAA	6-1	6,781.01	6,781.01	6,781.01
The Bagel Company	PAA	N/A	-	544.74	544.74
The Blanche Trust	PAA	N/A	-	30,000.00	30,000.00
The Club at Nevillewood	PAA	N/A	-	189.84	189.84
The Engineers' Society of Western PA	PAA	N/A	-	464.89	464.89
The Gray Group, Inc.	PAA	56-1	1,000.00	1,000.00	1,000.00
The Guardian Life Insurance Co. of America	PAA	60-1	242.90	2,028.14	242.90
Thomas A. Trimbur	PAA	33-1	20,655.89		20,655.89

Pittsburgh Athletic Association
Analysis of Claims for Plan Feasibility

Creditor	Entity	Docket Reference	Secured as Reflected on POC	Secured as Reflected on Bankruptcy Schedules	Secured (Greater of POC or Bankruptcy Schedules Adjusted for Interest, Late Fees, and Rent Payments through April 30, 2018) or Other Adjustments as Deemed Necessary
Thomas P. Trimbur	PAA	N/A	-	16,871.14	16,871.14
Trimbur Insurance Agency	PAA	N/A	-	1,081.00	1,081.00
Under Armour, Inc.	PAA	N/A	-	2,081.78	2,081.78
US Bank Equipment Finance	PAA	10-1	10,864.78	10,864.78	10,864.78
US Foods, Inc.	PAA	52-1	44,847.02	59,374.48	44,847.02
Walmart Stores c/o FMS	PAA	N/A	-	343.56	343.56
Waugaman Awning Co, Inc.	PAA	N/A	-	450.00	450.00
Westfield Insurance	PAA	48-1	11,948.00	7,560.00	11,948.00
Witt Pest Control	PAA	N/A	-	1,340.33	1,340.33
Yvonne Rose	PAA	49-1	35,000.00	-	-
Total			**$ 6,092,677.60**	**$ 5,333,808.62**	**$ 3,542,982.53**

Exhibit "C"

(Purchase and Sale Agreement)

AMENDED AND RESTATED

AGREEMENT OF PURCHASE AND SALE

THIS AMENDED AND RESTATED **AGREEMENT OF PURCHASE AND SALE** ("**Agreement**") is made and entered into this _____ day of _____, 2018 (the "**Execution Date**") by and between Pittsburgh Athletic Association Land Company (the "**PAALC**"), a Pennsylvania corporation, and Pittsburgh Athletic Association (the "**PAA**"), a Pennsylvania non-profit corporation (collectively referred to as "**Seller**"), having an address of 4215 Fifth Avenue, Pittsburgh, PA 15213, and WALNUT PAA, LP, a Pennsylvania limited partnership and WALNUT CAPITAL ACQUISITIONS, INC., a Pennsylvania corporation (collectively, the "**Purchaser**"), having an address of 5500 Walnut Street, Suite 300, Pittsburgh, PA 15232.

RECITALS:

WHEREAS, PAALC owns those certain parcels of real estate located in 4th Ward of the City of Pittsburgh, Allegheny County, Commonwealth of Pennsylvania, more particularly described on Exhibit A, known as the "Hotel Parcel" (Allegheny County Block and Lot No. 27-R-110) better known as 5126 Bigelow Boulevard, Pittsburgh, Pennsylvania 15213 and the "Club Parcel" (Allegheny County Block and Lot No. 27-R-138) better known as 4215 Fifth Avenue, Pittsburgh, Pennsylvania 15213 (the Hotel Parcel and the Club Parcel together with all rights, easements, and appurtenances thereto are collectively referred to as the "**Real Property Assets**"); and

WHEREAS, Seller and Purchaser previously entered into an Agreement of Sale dated on or about November 27, 2017 (the "Prior Agreement"); and

WHEREAS, Seller and Purchaser wish to amend and restate the Prior Agreement, in its entirety, with this Agreement; and

WHEREAS, the Parties agree that the terms of this Agreement shall serve as the complete understanding of the Parties.

Subject to the terms and provisions hereof, and for the considerations set forth in this Agreement, Seller has agreed to sell the Assets (as hereinafter defined) to Purchaser, and Purchaser has agreed to buy the Assets from Seller.

NOW, THEREFORE, the parties hereto, with the intent to be legally bound, hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms have the following meanings:

Assets. The Real Property Assets, the Ground Lease and any personal property assets of the Debtors incidental to the Real Property Assets which are not part of the Excluded Assets.

Bankruptcy Case. The proceedings before the Bankruptcy Court at Case Nos. 17-22222-JAD and 17-22223-JAD as Jointly Administered.

Bankruptcy Court. The United States Bankruptcy Court for the Western District of Pennsylvania.

Closing. The closing of the transaction contemplated herein.

Closing Date. The Closing Date shall occur within thirty (30) days after the entry of an Order Confirming the Plan (as hereinafter defined) has become final and non-appealable.

Escrow Company. The Title Company as defined below.

Excluded Assets. The following assets which are being retained by the Seller: (a) all of the art, china, dishware, furniture, linens, silver, and/or any other equipment, furnishings, memorabilia, and/or tangible assets located in the Real Property Assets; (b) all intellectual property owned by the Seller including, branded materials, copyrights, trademarks, and service marks; (c) Pennsylvania liquor license known as Liquor License CC-1/LID No. 2815; (d) all claims and actions arising under the United States Bankruptcy Code Chapter 5; (e) any contracts, including employment and/or labor agreements, entered into by the Seller; and (f) all legal claims or causes of action accrued prior to the Seller filing the Bankruptcy Case including, but not limited to, any professional malpractice claims. Notwithstanding the foregoing, the Seller shall grant the Purchaser an irrevocable license at Closing to utilize the "PAA" name associated with the Building, and an irrevocable license to utilize the "PAA" logo associated with the Building as well as the decorative engravings and claddings on the exterior façade.

Ground Lease. The Lease between the Seller and Oakland Fifth Avenue Hotel Associates, L.P. dated January 30, 2015, as amended.

Plan. The Disclosure Statement and Bankruptcy Plan of Reorganization prepared jointly by the Seller and Purchaser for Confirmation by the Bankruptcy Court inclusive of any amendments filed in connection therewith.

Title Company. Chicago Title Insurance Company.

2. Sale; Purchase Price.

2.1 Subject to (a) the terms and provisions hereof and (b) the entry of a final and non-appealable Order Confirming the Plan by the Bankruptcy Court, Seller agrees to sell and convey the Assets to Purchaser, and Purchaser agrees to purchase the Assets from Seller.

2.2 Purchaser shall pay the sum of Twelve Million Six-Hundred and Thirteen Thousand and 00/100 Dollars ($12,613,000.00) (hereinafter called the "**Purchase Price**") to Seller for the Assets. The Parties agree that the Purchase Price has been allocated as follows: (a) Two-Million and 00/100 Dollars ($2,000,000.00) has been allocated to the Hotel Parcel; and (b) Nine-Million Nine-Hundred Thirteen Thousand and 00/100 Dollars ($9,913,000.00) has been allocated to the Club Parcel. The Purchase Price shall be payable in the following manner:

(a) Purchaser has previously deposited with the Escrow Company the amount of One- Million and 00/100 Dollars ($1,000,000.00) (together with all interest earned thereon, the "**Earnest Money Deposit"** in the form of a wire transfer of immediately available funds. The Earnest Money Deposit shall remain with the Escrow Company until the entry of a final non-appealable Order Confirming the Plan. Subject to the Seller's fulfillment and satisfaction of the Conditions Precedent To Closing as set forth in Section 4 below, the Earnest Money Deposit shall be nonrefundable to Purchaser. In the event that Seller has not satisfied the Conditions Precedent To Closing as set forth in Section 4 below, and Purchaser has not waived the same, Purchaser shall be entitled to a refund of its Earnest Money Deposit. Specifically, in the event that the Plan is not confirmed by the Bankruptcy Court for any reason, the Earnest Money Deposit shall be refunded to the Purchaser and, upon such return, this Agreement and all rights and obligations of the respective parties hereunder shall be null and void except for such matters which are stated to specifically survive (i) the termination of this Agreement, or (ii) the Closing and delivery of the Deed (the "Surviving Obligations"). At the Closing, the Earnest Money Deposit shall be applied to the Purchase Price to be paid by Purchaser at the Closing. In the event of a default hereunder by Purchaser or Seller, the Earnest Money Deposit shall be tendered as provided herein.

(b) Purchaser shall pay the balance of the Purchase Price at the Closing, subject to the prorations described in Section 5 below, in cash (the "**Cash Balance**") by wire transfer of immediately available funds to the Title Company in accordance with the terms and conditions of this Agreement.

3. Seller Deliverables, Inspections, and Diligence.

3.1 Seller Deliverables. Within seven (7) days following the Execution Date, Seller shall deliver, or make electronically available, to Purchaser complete copies of the following items pertaining to the Assets (collectively the "**Seller Deliverables**"), to the extent in Seller's actual possession: (a) all leases, occupancy agreements, and amendments, modifications, and supplements thereto related to the Assets; (b) all service contracts, equipment leases, and other agreements related to the operation of the Assets; (c) all architectural plans, building files, building plans, CAD drawings, environmental studies, surveys, and/or reports pertaining to the Assets, and (d) list of any pending or threatened litigation except for the Bankruptcy Case.

3.2 Inspections. From the Execution Date, Purchaser shall have the right to conduct various investigations, studies and reviews of the Assets, including architectural, environmental, engineering, and feasibility studies of the property, at such reasonable times and on terms and conditions to be mutually acceptable to Purchaser and Seller. Purchaser agrees to indemnify, defend and hold the Seller harmless from any and all liability and/or damages arising from such access and studies of the Assets and activities associated therewith. Prior to commencement of

any and all activities on the Real Property Assets, Purchaser shall obtain, or cause its consultants to obtain, at Purchaser's sole cost and expense, a policy of commercial general liability insurance covering any and all liability of the parties with respect to or arising out of any investigative activities upon the Real Property Assets. Such policy of insurance shall (x) be kept and maintained in force during the term of this Agreement and so long thereafter as necessary to cover any claims of damages suffered by persons or property resulting from any acts or omissions of Purchaser, Purchaser's employees, agents, contractors, suppliers, consultants or other related parties, (y) have liability limits of not less than Two Million Dollars ($2,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage liability, and (z) designate the Seller as an "Additional Insured". In the event that Purchaser damages the Real Property Assets in any manner, Purchaser shall promptly repair the same to its previous condition at Purchaser's sole expense. The indemnification and repair obligations of Purchaser herein shall survive Closing.

3.3 Title and Survey. Purchaser shall, at Purchaser's sole cost and expense, obtain a commitment for an ALTA owner's policy of title insurance, along with a copy of each instrument listed as an exception thereon (the "**Title Commitment**"), on the Real Property Assets issued by the Title Company. Purchaser shall have the right to obtain, at its sole cost and expense, any desired endorsements to the Title Commitment that are available. Purchaser may obtain, at Purchaser's sole cost and expense, a current survey of the Real Property Assets (the "**Survey**") and shall deliver the same to Seller as soon as reasonably practicable after the same has been completed. The Purchaser shall, within thirty (30) days of the Execution Date (the "**Title Review Period**"), make an examination of the Title Commitment and Survey and the make any objections thereto (the "**Title Objections**"), said objections to be made in writing (the "**Title Objection Notice**") and delivered to Seller, along with copies of appropriate exception documents, on or before the expiration of the Title Review Period. If Purchaser fails to timely deliver the Title Objection Notice on or before the expiration of the Title Review Period, Purchaser shall be deemed to have accepted all exceptions to the Title Commitment and the form and substance of the Survey and all matters shown thereon. The Ground Lease and any exceptions and matters on the Title Commitment and/or the Survey not objected to by Purchaser pursuant to the Title Objection Notice and any exceptions or matters caused by or through Purchaser shall be included in the term "**Permitted Exceptions**" as used herein. Seller shall, within five (5) days of receipt by Seller of the Title Objection Notice, give notice to Purchaser as to which, if any, of the Title Objections set forth in the Title Objection Notice, that Seller will not commit to cure at or before the Closing (the "**Seller's Statement**") subject to the Bankruptcy Court's approval of the Plan. Failure to timely deliver the Seller's Statement shall conclusively be deemed to mean that Seller will not cure at or before the Closing all Title Objections set forth in the Title Objection Notice. If Seller timely delivers a Seller's Statement advising that it will not cure all of the Title Objections listed in the Title Objection Notice, then Purchaser's sole right shall be to either (i) waive such Title Objections and proceed to Closing without reduction of the Purchase Price, or (ii) terminate this Agreement by giving notice thereof to Seller within three (3) days of Purchaser's receipt of the Seller's Statement. If Purchaser elects to terminate this Agreement, the Earnest Money Deposit shall be returned to Purchaser, and upon such return, except for the Surviving Obligations, this Agreement and all rights and obligations of the respective parties hereunder shall be null and void. If Purchaser does not notify Seller of its election to terminate this Agreement, Purchaser shall conclusively be deemed to have waived its

right of termination on account of such Title Objections and will proceed to Closing without adjustment to the Purchase Price. Notwithstanding anything set forth to the contrary herein, subject to the approval of the Bankruptcy Court, Seller shall, as a condition to settlement, be required to satisfy, discharge and/or remove as title exceptions all mortgages, liens, and judgments not caused by or through Purchaser and encumbering the Real Property Assets that can be removed solely upon payment of a sum certain and such items shall in no event be deemed Permitted Exceptions. The parties agree that, subject to the approval of the Bankruptcy Court, the result of the Plan will be that the PAALC will acquire marketable title to the Real Property Assets free and clear of any encumbrances except Permitted Exceptions.

4. Closing; Conditions; Deliveries.

4.1 Place of Closing. The Closing shall be held on the Closing Date in the offices of the Title Company or at any other location mutually acceptable to the parties.

4.2 Condition to Parties' Obligation to Close.

(a) The obligation of the Purchaser to close on the sale of the Assets shall be expressly subject to the satisfaction of the following conditions:

(i) The Bankruptcy Court shall have entered a final and non-appealable Order Confirming the Plan.

(ii) The Title Company shall have provided a Title Commitment to the Purchaser which confirms, after the payment of the creditors and allowed claims as part of the Plan, that the title to the Real Property Assets shall be marketable (other than the Ground Lease), and that the title to the Real Property Assets will be insured at standard market rates subject only to the Permitted Exceptions.

(iii) The Seller, and anyone claiming occupancy rights through the Seller (with the exception of the Ground Lease), shall have vacated the Real Property Assets.

(iv) Intentionally Omitted.

(v) The Seller shall have terminated all service contracts, equipment leases, and other agreements related to the operation of the Real Property Assets. It is the express intent of the parties that the Purchaser shall not be obligated to assume any contracts of Seller.

(vi) The Seller shall have terminated, or shall have expressly assumed responsibility of any employment agreements or union contracts related to the Seller's operations of the Hotel Parcel and/or the Club Parcel. It is the express intent of the parties that the Purchaser shall not be obligated to assume any of the employment agreements or union contracts entered into by the Seller, and that such agreements remain solely the obligation of the Seller.

(vii) The Seller shall have provided an Estoppel Certificate from Oakland Fifth Avenue Hotel Associates, L.P., dated no more than twenty (20) days prior to the Closing Date, which confirms that the Ground Lease is in full force and effect, that there are no

defaults, and further certifying such other commercially reasonable terms as may be required by the Purchaser or its lender.

(viii) The Parties shall have agreed upon the final form of the Lease (as both are defined below).

The Purchaser may waive, in its sole and absolute discretion, any of the conditions set forth in Paragraph 4.2(a)(ii)-(viii) above.

(b) The obligation of the Seller to close on the Assets shall be expressly subject to the satisfaction of the following conditions:

(i) The Bankruptcy Court shall have entered a final and non-appealable Order Confirming the Plan.

(ii) The Parties shall have agreed upon the final form of the Lease (as defined below).

4.3 Deliveries. At Closing each party shall execute and deliver to the other and/or the Escrow Company the following documents:

(a) Seller shall deliver to Purchaser and/or the Title Company: (i) a special warranty deed to the Real Property Assets (the "**Deed**") conveying title to the Hotel Parcel and the Club Parcel, subject only to the Permitted Exceptions; (ii) a Bill of Sale conveying title to the Purchaser to any personal property or intangible property specifically included pursuant to this Agreement; (iii) an assignment and assumption of the Ground Lease; (iv) a fully executed original Lease as more particularly described in Section 6 below; (v)(Intentionally Deleted); (vi) a non-foreign transferor certification pursuant to Section 1445 of the Internal Revenue Code and any similar provisions of applicable state law; (vii) a certified resolution of Seller certifying that Seller has the legal power, right and authority to consummate the sale of the Property; (viii) the original Ground Lease, if in possession of Seller; (ix) keys to the Club Parcel; (x), possession of the Club Parcel and free and clear of the Excluded Assets (which shall be removed at the sole cost and expense of the Seller), and (xi) such other documents as may be reasonably and customarily required by the Title Company to consummate the Closing. All documents required to be delivered by Seller shall be in form and substance as satisfactory to Seller in its commercially reasonable discretion.

(b) Purchaser shall deliver to Seller or the Title Company: (i) the Cash Balance, (ii) Purchaser's counterparty signature, as may be required, to the documents set forth in Section 4.3(a) above; and (iii) a certified resolution of Purchaser certifying that Purchaser has the legal power, right and authority to consummate the purchase of the Assets.

(c) Seller and Purchaser shall jointly deliver to the Title Company: (i) a closing statement; (ii) all transfer declarations or similar documentation as required by law; and (iii) such other documents as may be reasonably and customarily required by the Title Company to consummate the Closing.

5. Closing Costs and Prorations.

5.1 Closing Costs. The parties agree to the following with regard to Closing Costs:

(a) Seller shall pay Seller's legal fees and expenses, including costs associated with the Bankruptcy Case, preparation of the conveyance documents and Deed; the cost of recording any instruments required to discharge any liens or encumbrances against the Assets that Seller is obligated hereunder to discharge; the cost of municipal lien and zoning letters; and fifty percent (50%) of all reasonable settlement fees not to exceed $300.00.

(b) Purchaser shall pay the costs of the Survey (if any); the costs for any endorsements to the title policy; the cost of the title policy and related searches; fifty percent (50%) of all reasonable closing escrow fees; the fee for the recording of the Deed; all costs and expenses incurred in connection with the transfer of any transferable permits, warranties or licenses in connection with the ownership or operation of the Assets; all costs and expenses associated with Purchaser's financing, if any; Purchaser's legal fees and expenses; fifty percent (50%) of all reasonable closing escrow fees; and fifty percent (50%) of all reasonable settlement fees.

(c) The parties agree to equally split the real estate transfer taxes and stamps associated with the conveyance of Real Property Assets via recording of the Deeds. However, the parties expressly agree that they will expressly provide in the Plan that such conveyance of Real Property Assets, including the Lease contemplated hereby, shall be exempt from the imposition and assessment of real estate transfer taxes pursuant to 11 U.S.C. §1146(a) for the real estate transfers contemplated herein. In addition, to the extent that the Pennsylvania Department of Revenue seeks to impose real estate transfer taxes on the Lease transaction between Seller and Purchaser, Purchaser will be responsible for defending the same, and Purchaser shall be solely responsible for paying the real estate transfer taxes should they be ultimately adjudicated to be due on the Lease.

5.2 Prorations. All real estate taxes for the applicable tax year shall be prorated as of the Closing Date based on the applicable fiscal year of each taxing body. It is the express intent of the parties that the Seller shall be responsible for all real estate taxes accrued for taxes years prior to the applicable tax year of the Closing, and that the Purchaser be responsible for all real estate taxes accrued for tax years after the applicable tax year of the Closing.

6. Operating Covenants.

6.1 The Parties agree to the following operational covenants prior to the Closing:

(a) Building Operations. The Seller will (i) maintain insurance on the Real Property Assets; (ii) maintain temporary heat in the Club Parcel; and (iii) keep the Real Property Assets secured.

(b) Creation of a Lease. The parties will jointly work in good faith and with best efforts to develop a Lease which, subject to the provisions of Section 16, will create the following:

(i) Dedicated Fitness Facilities. The parties will design a space within the Club Parcel to develop a first class fitness facility (the "**Fitness Facility**"). The Fitness Facility will comprise approximately 12,000 square feet of space on the lower levels and will include fitness machines, weights, yoga studios, showers, locker rooms (male and female) and similar amenities for the exclusive use if the PAA's members (the "**Leased Area**"). The PAA's members shall have the exclusive right to use the Fitness Facility, provided however that the PAA shall make either discounted memberships and/or special memberships available to the other tenants of the Club Parcel and/or their employees with such fees being jointly established by the Seller and Purchaser. The Seller shall not be required to contribute any capital dollars for the initial construction of the Fitness Facility or the initial amenities located therein. Purchaser also intends to install a lap pool as part of the fitness facilities which may be used by the PAA's members. The Seller and/or PAA shall not be required to contribute any capital dollars for the construction of the lap pool.

(ii) Squash Courts. The parties shall leave in place the existing doubles squash court, and Purchaser shall construct a regulation singles squash court for the use of the PAA's Members. The existing doubles court shall be delivered "as is", and shall be maintained, repaired and/or replaced by the Seller after redevelopment by Purchaser is complete. If Purchaser relocates the doubles squash court, the relocated doubles squash court shall be regulation size and shall not be included in the square footage of the fitness facility as set forth in Section 6.1(b)(i) above. The squash courts wherever located shall be part of the Leased Area.

(iii) Social Facilities. The parties will design the Building so that the PAA's Members shall have the exclusive right to use the "Grille Room" for their membership's activities and gatherings which shall be part of the Leased Area. The Purchaser shall provide the Grille Room with access to the Building's updated mechanical and utility systems at Purchaser's exclusive cost. If Purchaser replaces the Building's exterior windows, Purchaser will also replace any exterior windows in the Grille Room, so long as the same is structurally feasible, with the same exterior replacement windows at Purchaser's exclusive cost. The Seller shall be responsible for the cleaning, janitorial, maintenance, and operational costs of the Grille Room after completion of the redevelopment by Purchaser and delivery of possession of the Leased Area to PAA. The Seller will also be responsible for providing furniture, fixtures, and equipment for the same.

(c) In the event that the parties are unable to agree on the form of the Lease, then the Purchaser shall provide the Seller with a written "Notice of Intent to Terminate". The Parties shall have thirty (30) days from the delivery of the Notice of Intent to Terminate to work cooperatively to resolve any issues between them. If the Parties cannot resolve their issues within such thirty (30) day period, then the Purchaser shall have the right to either (1) delay the Closing until such time as the parties can agree on the form of such Lease, or (b) to terminate this Agreement and receive a refund of its Earnest Money Deposit, and upon the issuance of such refund, neither party shall have any further obligation to the other, except for the Surviving Obligations, if any.

6.2 The Parties agree to the following operational covenants post Closing:

(a) Building Operations. The Purchaser shall be responsible to (i) maintain insurance on the Real Property Assets; (ii) maintain utilities to the Club Parcel; and (iii) keep the Real Property Assets secured.

(b) Temporary Facilities. Purchaser agrees to use good faith and commercially reasonable efforts to work with the Seller to find temporary fitness and social facilitates for the PAA's members during the construction and renovation of the Building. PAA's members shall be responsible for any fees assessed by such facilities for the usage. Purchaser agrees to use good faith and commercially reasonable efforts to locate these temporary facilities as close to the Building as possible.

(c) Office Space. Upon the completion of the Purchaser's renovations of the Building, the PAA shall have the right pursuant to the Lease, at no cost to the Seller, to occupy a dedicated office space in the Building of approximately 800 square feet, which is to be used for membership services and operations. The Seller shall be responsible for the costs of the furniture, fixtures and equipment for the same. The Seller shall also be responsible for any janitorial service for the same after Purchaser's redevelopment and delivery of possession of the Office Space to the PAA. The Parties acknowledge that the Purchaser shall have the right to relocate the Office Space from time to time, at Purchaser's expense, in order to accommodate the Purchaser's space needs or needs of other tenants so long as the Seller maintains the same size and character of Office Space. The Seller reserves the right to configure its office space as it sees fit in cooperation with the Purchaser during the Redevelopment.

(d) Parking. Purchaser shall use good faith, but commercially reasonable efforts, to provide parking for the PAA's members in the adjacent hotel garage for use by the PAA's Members while they are located in the Building. Such parking will be available at market rates established by the garage from time to time.

(e) Excluded Assets. The Seller, at its sole cost and expense, shall be responsible for the removal of any Excluded Assets which it desires to keep. The Purchaser will not be liable for any damages to any Excluded Assets, property, and/or valuables left by the Seller and/or PAA on or in the Property after the Closing Date.

6.3 Capital Contribution. The parties agree that the Seller shall not be required to contribute any capital to the renovation and/or operation of the Club Parcel except as provided in this Section 6 of this Agreement, and/or as further set forth in the Lease.

6.4 Survival. The terms, conditions and obligations set forth in this Section 6 shall survive Closing.

7. "AS IS" "WHERE IS" PURCHASE. By Closing the transaction contemplated by this Agreement, Purchaser acknowledges that it had the opportunity to investigate all physical and economic aspects of the Assets and to make all inspections and investigations which Purchaser deemed necessary or desirable to protect its interests in acquiring the Assets including a review of the Seller Deliverables; the condition of title; engineering and structural tests, soils reports, and other tests or investigations which Purchaser may choose to make. Furthermore, Buyer acknowledges that, except as otherwise expressly set forth in this Agreement, (i) neither Seller,

PAA, nor anyone acting for or on behalf of Seller or PAA, has made any representation, warranty, promise or statement, express or implied, to Purchaser, or to anyone acting for or on behalf of Purchaser, concerning the Assets, (ii) in entering into and Closing this Agreement, Buyer has not relied on any representation, warranty, promise or statement, express or implied, of Seller, PAA or anyone acting for or on behalf of Seller or PAA and (iii) **AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY SELLER, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, PURCHASER IS PURCHASING THE ASSETS IN AN "AS IS" PHYSICAL CONDITION AND IN AN "AS IS" STATE OF REPAIR, WITH ALL FAULTS.**

8. Commissions. Purchaser agrees to be responsible to pay a brokerage \ advisory fee of $325,000.00 to HFF, LP at the Closing. Seller and Purchaser each warrant and represent to the other that other than HFF, neither has had any dealings with any broker, agent, or finder relating to the sale of the Assets or the transactions contemplated hereby. Each party agrees to indemnify and hold the other harmless against any claim for brokerage commissions, compensation or fees by any broker, agent, or finder in connection the sale of the Assets or the transactions contemplated hereby resulting from the acts of the indemnifying party. The provisions of this Section shall survive Closing or any termination of this Agreement.

9. New York Style Closing. It is contemplated that the transaction shall be closed by means of a so-called New York Style Closing, with the concurrent delivery of the documents of title, transfer of interest, delivery of the pro forma title policy or marked-up title commitment and the payment of the Purchase Price. Seller and Purchaser also agree that disbursement of the Purchase Price, as adjusted by the prorations, shall not be conditioned upon the recording of the Deed, but rather, upon the agreement by the Title Company to issue the title policy. Seller and Purchaser shall each provide any undertaking to the Title Company reasonably necessary to accommodate the New York Style Closing.

10. Attorneys' Fees and Costs. In the event suit or action is instituted to interpret or enforce the terms of this Agreement, or related to the transaction described herein or any documents pertaining thereto, or in connection with any arbitration or mediation of any dispute, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as such party's costs and attorney's fees, including such costs and fees as are incurred in any trial, on any appeal, in any bankruptcy proceeding (including the adjudication of issues peculiar to bankruptcy law) and in any petition for review. The provisions of this Section shall survive Closing or any termination of this Agreement.

11. Notice. All notices, demands, deliveries and communications (a "**Notice**") under this Agreement shall be delivered or sent by: (a) registered or certified mail, postage prepaid, return receipt requested, (b) nationally recognized overnight carrier, or (c) facsimile or email with original Notice sent via overnight delivery addressed to the address of the party in question set forth in the first paragraph of this Agreement and copies to the parties designated below or to such other address as either party may designate by Notice pursuant to this Section 11.

Notices to Seller:	Pittsburgh Athletic Association Land Company c/o of the Pittsburgh Athletic Association 4215 Fifth Avenue Pittsburgh, Pennsylvania 15213 Attn: James A. Sheehan, President
With copy to:	Pittsburgh Athletic Association Land Company 4215 Fifth Avenue Pittsburgh, Pennsylvania 15213 Attn: James A. Sheehan, President AND Jordan S. Blask, Esquire Tucker Arensberg, P.C. 1500 One PPG Place Pittsburgh, Pennsylvania 15222
Notices to Purchaser:	Todd E. Reidbord, President PAA Walnut, LP C/O Walnut Capital Acquisitions, Inc. 5500 Walnut Street, Suite 300 Pittsburgh, PA 15232.
With copy to:	Jonathan M. Kamin, Esquire Goldberg, Kamin & Garvin, LLP 1806 Frick Building, 437 Grant Street Pittsburgh, PA 15219 David K. Rudov, Esquire Rudovlaw 1806 Frick Building, 437 Grant Street Pittsburgh, PA 15219

12. Fire or Other Casualty; Condemnation.

12.1 If the Assets are damaged by fire or other casualty prior to the Closing Date and such damage would cost in excess of $250,000.00 to repair (as determined by an insurance adjuster selected by the insurance carriers), Purchaser may terminate this Agreement by written notice to Seller given on or before the earlier of (a) twenty (20) days following such casualty or (b) the Closing Date. In the event of such termination, this Agreement shall be of no further force and effect and, except for the Surviving Obligations, neither party shall thereafter have any further obligation under this Agreement, and Seller shall direct the Escrow Company to promptly return all Earnest Money to Purchaser. If Purchaser does not elect to terminate this Agreement or the cost of repair is determined by said adjuster to be less than $100,000.00, then

the Closing shall take place as herein provided without abatement of the Purchase Price, and Seller shall assign and transfer to Purchaser on the Closing Date, without warranty or recourse, all of Seller's right, title and interest to the balance of insurance proceeds paid or payable to Seller on account of such fire or casualty remaining after reimbursement to Seller for the total amount of all costs and expenses incurred by Seller in connection therewith, including, but not limited to, making emergency repairs, securing the Assets and complying with applicable governmental requirements. Seller shall credit to Purchaser at Closing the amount of the deductible of any of Seller's applicable insurance policies.

12.2 If any portion of the Real Property Assets which makes the Building unusable is taken in eminent domain proceedings prior to Closing, Purchaser may terminate this Agreement by notice to Seller given on or before the earlier of (a) twenty (20) days after such taking or (b) the Closing Date, and, in the event of such termination, this Agreement shall be of no further force and effect and, except for the Surviving Obligations, neither party shall thereafter have any further obligation under this Agreement, and Seller shall direct the Escrow Company to promptly return all Earnest Money to Purchaser. If Purchaser does not so elect to terminate or if the taking is not material, then the Closing shall take place as herein provided without abatement of the Purchase Price, and Seller shall deliver or assign to Purchaser on the Closing Date, without warranty or recourse, all of Seller's right, title and interest in and to all condemnation awards paid or payable to Seller.

13. Sewage Facility. The Pennsylvania Sewage Facilities Act of January 24, 1966, No. 537 P.L. 1535, as amended, requires that there be a statement regarding the availability of a community sewage system. Seller represents that the Club Parcel is serviced by a community sewage system.

14. Assignment. Purchaser may assign this Agreement to an affiliate of Purchaser without Seller's consent so long as Purchaser remains fully liable for the performance of all of the obligations set forth herein. Any other assignment shall require the Seller's consent which Seller may withhold in Seller's sole discretion. Purchaser shall be solely responsible for and indemnify and hold harmless Seller from and against any and all realty transfer taxes assessed due to any such assignment or transfer of interest in this Agreement. Notwithstanding anything to the contrary, upon any assignment by Purchaser, Purchaser shall not be relieved of any obligations hereunder.

15. Default and Remedies.

15.1 Seller Default. Subject to the approval of the Bankruptcy Court, in the event that Seller shall fail to consummate any of its obligations under this Agreement and fails to cure the same within thirty (30) days of written notice, then Purchaser may elect (a) to bring an action against Seller for specific performance under this Agreement, or (b) terminate this agreement and receive a refund of the Earnest Money Deposit paid by Purchaser plus Purchaser's out of pocket expenses not to exceed One Hundred Thousand and 00/100 Dollars ($100,000.00).

15.2 Purchaser's Default. In the event of a default by Purchaser, which remains uncured after thirty (30) days written notice, Seller, as its sole and exclusive remedy, may

terminate this agreement and receive the Earnest Money Deposit, and upon the payment of such Earnest Money Deposit, neither party shall have any further obligation to the other except for the Surviving Obligations.

16. Tax Claim Escrow – Tenant Improvement Allowance Escrow. Notwithstanding anything to the contrary contained herein, including without limitation Section 6.1 above, at Closing, the Purchaser shall establish a Tax Claim Escrow – Tenant Improvement Allowance Escrow (the "TCE – TIA Escrow") in the amount of Three-Million Five-Hundred Thousand Dollars ($3,500,000.00) that shall be administered in accordance with a signed Escrow Agreement between the Parties which shall provide, inter alia, the following:

(a) The TCE – TIA Escrow shall be be held by Chicago Title Insurance Company;

(b) The monies deposited in the TCE – TIA Escrow shall be held in the TCE – TIA Escrow until such time as there is a final resolution of the Seller's tax liabilities from the Internal Revenue Service (the "IRS") and the Pennsylvania Department of Revenue (the "DOR") related to the sale of the Assets;

(c) In the event that the final resolution of the Seller's tax liabilities results in all of the monies being held in the TCE – TIA Escrow being due to the taxing bodies, then such funds shall be paid to the taxing bodies by the Escrow Agent, and the Lease shall immediately, and without further action on the part of any party, become null and void and of no further force or effect.;

(d) In the event that the final resolution of the Seller's tax liabilities results in less than all of the monies being held in the TCE – TIA Escrow being due to the taxing bodies, then the first $500,000.00 of said monies shall be distributed by the Escrow Agent back to the Purchaser. The next $1,000,000.00 of said monies shall be distributed to the Seller for the purpose of paying creditors, claims and /or operating expenses of the Seller. The remaining funds, if any, thereafter shall be utilized by the Purchaser, for the benefit of the Seller, to construct the amenities, or portions thereof, that are consistent with the remaining funds left in the TCE – TIA Escrow. The scope and nature of such work shall be mutually agreed upon by the Parties based upon the funds remaining in the Escrow Account. Notwithstanding anything to the contrary contained herein, including without limitation Section 6 above, in no event shall Purchaser be required to expend any funds other than what is remaining in the Escrow Account, in connection with the Section 6 above and/or the Lease. If, in the reasonable opinion of the Parties, there are not sufficient funds remaining in the TCE – TIA Escrow account to build a "first class" fitness center, and the Seller is unwilling or unable to contribute additional funds to the TCE – TIA Escrow account for the construction of a "first class fitness center", then the Parties shall notify Escrow Agent to disburse the remaining funds to Seller, whereon the Lease shall immediately, and without further action on the part of either Seller or Purchaser, become null and void and of no further effect.

17. Miscellaneous.

17.1 Entire Agreement. This Agreement, including the attached exhibit, constitutes the entire understanding of the parties. All prior agreements, understandings, representations and statements, oral or written, are hereby merged herein. In the event of a conflict between the terms of this Agreement and any prior written agreements, the terms of this Agreement shall prevail. This Agreement may only be amended or modified by an instrument in writing, signed by the parties.

17.2 Time. If the time for performance of any obligation hereunder shall fall on a Saturday, Sunday or holiday (National or in the Commonwealth of Pennsylvania) such that the obligation cannot be performed, the time for performance shall be extended to the next such succeeding day where performance is possible.

17.3 Counterpart Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. The Parties agree to recognize electronic (ie PDF) signatures as being binding upon them

17.4 Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER, GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA. AFTER THE ENTRY OF AN ORDER BY THE BANKRUPTCY COURT CLOSING THE BANKRUPTCY CASE, AND FOR ANY MATTERS NOT DEALING WITH THE BANKRUPTCY CASE OR RELATED THERETO, THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY SUCH DISPUTES.

17.5 Recordation. Purchaser shall not record this Agreement or a memorandum or other notice thereof in any public office without the express written consent of Seller. A breach by Purchaser of this covenant shall constitute a material default by Purchaser under this Agreement.

17.6 Section Headings. The Section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several Sections hereof.

17.7 Further Assurances. Purchaser and Seller agree to execute all documents and instruments reasonably required in order to consummate the purchase and sale herein contemplated.

17.8 Severability. If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the court shall replace such unenforceable provision with a new provision which shall be as close to the original unenforceable provision as possible. Nevertheless, the remainder of this Agreement shall remain in full force and effect.

17.9 Waiver of Trial by Jury. Seller and Purchaser, to the extent they may legally do so, hereby expressly waive any right to trial by jury of any claim, demand, action, cause of

action, or proceeding arising under or with respect to this Agreement, or in any way connected with, or related to, or incidental to, the dealings of the parties hereto with respect to this Agreement or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and irrespective of whether sounding in contract, tort, or otherwise. To the extent they may legally do so, Seller and Purchaser hereby agree that any such claim, demand, action, cause of action, or proceeding shall be decided by a court trial without a jury and that any party hereto may file an original counterpart or a copy of this Section with any court as written evidence of the consent of the other party or parties hereto to waiver of its or their right to trial by jury.

17.10 Independent Counsel. Purchaser and Seller each acknowledge that: (a) they have been represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel.

17.11 Governmental Approvals. Subject to the approval of the Bankruptcy Court, Purchaser shall have the right to make such applications as Purchaser deems necessary to the applicable governmental bodies for approvals consistent with the provisions of this Agreement.

17.12 No Waiver. No covenant, term or condition of this Agreement other than as expressly set forth herein shall be deemed to have been waived by Seller or Purchaser unless such waiver is in writing and executed by Seller or Purchaser, as the case may be.

17.13 Mutual Cooperation. The parties acknowledge that the Seller has filed the Bankruptcy Case and that the various actions to be taken by the Seller herein are ultimately subject to the approval of the Bankruptcy Court. The parties agree to jointly cooperate in the preparation of the Plan and other matters in the Bankruptcy Case in order to facilitate the transactions as contemplated by this Agreement.

17.14 **COAL NOTICE.** THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL SUCH COAL AND IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984.).

17.15 OFAC Compliance. Purchaser hereby represents and warrants that Purchaser is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 23, 2001) (the **"Order"**) and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (**"OFAC"**), and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the **"Orders"**). Further, Purchaser covenants and agrees to make its policies, procedures and practices regarding compliance with the Orders, if any, available to Seller for its review and inspection during normal business hours and upon reasonable prior notice.

17.16 Confidentiality. The terms contained in this Agreement shall be kept strictly confidential by the parties, except (i) for consultation with either party's respective legal counsel, accountants and/or consultants, or (ii) as required by applicable law or any governmental authority in connection with the transaction referenced herein. Any disclosure to permitted third parties as listed in subparagraph (i) hereinabove shall indicate that the information is confidential and should be so treated by the third party.

17.17 Publicity and Public Statements. No press release or other public communications may be made by either party unless and until both parties have consented in writing to the same.

17.18 Fully Integrated Document \ Amendment and Restatement of Prior Agreement. This Agreement, and the Exhibits attached hereto, represent a fully integrated document, and amends and restates, in its entirety, the Prior Agreement between the Parties. This Agreement may not be modified orally, but may only be modified by a writing signed by both the Seller and the Purchaser.

17.19 Not a Successor. Purchaser is not, and shall not be deemed to be, a successor to Seller and shall not have any "successor liability" under any federal, state or common law or any other theory, and the Seller shall request that the Court so find in the Order Confirming the Plan for the following: (i) any liability arising out of or relating to any employee benefit plan for which Seller is liable, if any, or otherwise relating to the employment or engagement of any past or present employee or consultant of Seller; (ii) any liability arising out of or relating to any proceeding (including, without limitation, all proceedings relating to tax liabilities) involving Seller or the Assets (whether or not such proceeding is pending, threatened or asserted before, on or after the Closing Date); (iii) any liability of Seller or related to the Assets, for any debt secured by a lien or any other interest in the Assets, whether accrued now or hereafter, whether fixed or contingent, whether known or unknown; or (iv) any liability arising under or relating to any contract, agreement, commitment or any other obligation of Seller to any third party, whether oral or in writing upon which a third party asserts a claim against Purchaser under a theory of successor liability (the "Excluded Liabilities"). Seller shall indemnify, defend and hold Purchaser, its affiliates, successors and assigns harmless from and against any loss, cost, expense liability or damages arising out of or related to the Excluded Liabilities. The terms, conditions and obligations set forth in this Section 16.19 shall survive Closing. Anything to the contrary notwithstanding, the terms of this Section 16.19 shall not and shall not be interpreted to in any way modify, limit, reduce or waive the provisions of Section 7 above.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be made as of the Execution Date.

SELLER:
PITTSBURGH ATHLETIC ASSOCIATION, a Pennsylvania non-profit corporation.

By:_____
Name:_____
Its: _____

PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY, a Pennsylvania corporation.

By:_____
Name:_____
Its: _____

PURCHASER:

WALNUT PAA, LP, a Pennsylvania limited partnership.

By:_____
Name:_____
Its: _____

Case 17-22222-JAD Doc 753-2 Filed 05/24/18 Entered 05/24/18 17:39:06 Desc
Exhibit C - Purchase and Sale Agreement Page 18 of 19

EXHIBIT A

LEGAL DESCRIPTION

ALL THAT CERTAIN property located in the 4th Ward of the City of Pittsburgh, designated in the Allegheny County Office of Deed Registry as Block and Lot. 27-R-110, also known as 5126 – 5130 Bigelow Boulevard, Pittsburgh, PA 15213.

ALL THAT CERTAIN property located in the 4th Ward of the City of Pittsburgh, designated in the Allegheny County Office of Deed Registry as Block and Lot. 27-R-138, also known as 4215 Fifth Avenue, Pittsburgh, PA 15213.

Exhibit "D"

(IRS Form 1024 Application for Reinstatement)

PITTSBURGH ATHLETIC ASSOCIATION
DEBTOR IN POSSESSION-CASE NO. 2:17-bk-22222
4215 5TH AVENUE
PITTSBURGH, PA 15213

693/434

1164

DATE 2/26/18

PAY TO THE ORDER OF United States Treasury $ 400.00

four hundred dollars and xx/100 DOLLARS

WesBanco

FOR User fee for Exempt Status - PAALC

AUTHORIZED SIGNATURE

"001164" :043400036: 154200518 8"

THIS FACE OF THIS DOCUMENT CONTAINS HEAT-SENSITIVE INK. TOUCH OR RUB HERE IMAGE IT WILL DISAPPEAR WITH HEAT

Form **8718**
(Rev. September 2015)
Department of the Treasury
Internal Revenue Service

User Fee for Exempt Organization Determination Letter Request

▶ **Attach this form to determination letter application.**
(Form 8718 is NOT a determination letter application.)

For IRS Use Only — OMB No. 1545-1798 — Control number — Amount paid — User fee screener

1 Name of organization: PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY

2 Employer identification Number: 25-6067676

Caution. Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request — **Fee**

a ☑ Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging not more than $10,000 during the preceding 4 years or
- A new organization that anticipates gross receipts averaging not more than $10,000 during its first 4 years ▶ $400

Note. If you checked box 3a, you must complete the *Certification* below.

Certification

I certify that the annual gross receipts of PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY (name of organization) have averaged (or are expected to average) not more than $10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶ [signature] Title ▶ PRESIDENT

b ☐ Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging more than $10,000 during the preceding 4 years or
- A new organization that anticipates gross receipts averaging more than $10,000 during its first 4 years . ▶ $850

c ☐ Group exemption letters . . . . . ▶ $3,000

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2015-8, 2015-1 I.R.B. 235, or latest annual update.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the "United States Treasury" for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Generally, the user fee will be refunded only if the Internal Revenue Service declines to issue a determination.

Where To File

Send the determination letter application and Form 8718 to:

Internal Revenue Service
P.O. Box 12192
Covington, KY 41012-0192

Who Should File

Organizations applying for federal income tax exemption, other than filers of Form 1023, Application for Recognition of Exemption Under Section 501(c)(3), or Form 1023-EZ (filed only electronically), should file Form 8718.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 8718 are covered in section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 5 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from *www.irs.gov/formspubs*. Click on "More Information" and then on "Give us feedback." Or you can send your comments to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File*, above.

Form **1024** (Rev. January 2018)
Department of the Treasury
Internal Revenue Service

Application for Recognition of Exemption Under Section 501(a)

▶ Go to *www.irs.gov/Form1024* for instructions and the latest information.

OMB No. 1545-0057

If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully. **A User Fee must be attached to this application.**
If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to the organization.
Complete the Procedural Checklist that follows the form.

Part I. Identification of Applicant Must be completed by all applicants; also complete appropriate schedule. Submit only the schedule that applies to your organization. Do not submit blank schedules.

Check the appropriate box below to indicate the section under which the organization is applying:

- a ☑ Section 501(c)(2)—Title holding corporations (Schedule A)
- b ☒ Reserved for future use
- c ☐ Section 501(c)(5)—Labor, agricultural, or horticultural organizations (Schedule C)
- d ☐ Section 501(c)(6)—Business leagues, chambers of commerce, etc. (Schedule C)
- e ☐ Section 501(c)(7)—Social clubs (Schedule D)
- f ☐ Section 501(c)(8)—Fraternal beneficiary societies, etc., providing life, sick, accident, or other benefits to members (Schedule E)
- g ☐ Section 501(c)(9)—Voluntary employees' beneficiary associations (Parts I through IV and Schedule F)
- h ☐ Section 501(c)(10)—Domestic fraternal societies, orders, etc., not providing life, sick, accident, or other benefits (Schedule E)
- i ☐ Section 501(c)(12)—Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations (Schedule G)
- j ☐ Section 501(c)(13)—Cemeteries, crematoria, and like corporations (Schedule H)
- k ☐ Section 501(c)(15)—Mutual insurance companies or associations, other than life or marine (Schedule I)
- l ☐ Section 501(c)(17)—Trusts providing for the payment of supplemental unemployment compensation benefits (Parts I through IV and Schedule J)
- m ☐ Section 501(c)(19)—A post, organization, auxiliary unit, etc., of past or present members of the Armed Forces of the United States (Schedule K)
- n ☐ Section 501(c)(25)—Title holding corporations or trusts (Schedule A)

1a Full name of organization (as shown in organizing document)

PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY

2 Employer identification number (EIN) (if none, see **Specific Instructions**)

2 5 6 0 6 7 6 7 6

1b c/o Name (if applicable)

3 Name and telephone number of person to be contacted if additional information is needed

JORDAN BLASK, ESQUIRE
TUCKER ARENSBERG, P.C.
1500 ONE PPG PLACE
PITTSBURGH, PA 15222

(412) 566-1212

1c Address (number and street)

4215 5TH AVENUE

Room/Suite

1d City, town or post office, state, and ZIP + 4. If you have a foreign address, see **Specific Instructions** for Part I.

PITTSBURGH, PA 15213-3546

1e Web site address

N/A

4 Month the annual accounting period ends

DECEMBER

5 Date incorporated or formed

March 18, 1909

6 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? ☑ **Yes** ☐ **No**
If "Yes," attach an **explanation**.

7 Has the organization filed Federal income tax returns or exempt organization information returns? . . . . . ☑ **Yes** ☐ **No**
If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.

FORMS 990 AND 990-T AS PART OF THE PITTSBURGH ATHLETIC ASSOCIATION (25-0728070) - FILED AT IRS OGDEN, UTAH CENTER

8 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a ☑ Corporation— Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also attach a copy of the bylaws.
- b ☐ Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c ☐ Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see Instructions) or other evidence that the organization was formed by adoption of the document by more than one person. Also include a copy of the bylaws.

If this is a corporation or an unincorporated association that has not yet adopted bylaws, check here . . . . . ▶ ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization, and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

PLEASE SIGN HERE ▶ _____ (Signature) PRESIDENT (Type or print name and title or authority of signer) 2.27.2018 (Date)

Part II. Activities and Operational Information (Must be completed by all applicants)

1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: **(a)** a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; **(b)** when the activity was or will be initiated; and **(c)** where and by whom the activity will be conducted.

THE PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY ("PAALC") OWNS THE LAND, BUILDING AND BUILDING IMPROVEMENTS USED TO OPERATE THE PITTSBURGH ATHLETIC ASSOCIATION ("PAA"), A 501 (C)(7) EXEMPT SOCIAL CLUB. SINCE THE CONSTRUCTION OF THE BUILDING WAS COMPLETED IN 1912, THE PAALC'S SOLE PURPOSE HAS BEEN TO OPERATE THE PREMISES USED BY THE PAA FOR ITS EXEMPT ACTIVITIES, PURSUANT TO AN ORAL LEASE AGREEMENT (FROM 1912 THROUGH APRIL 11, 1962) AND A MEMORANDUM OF LEASE (DATED APRIL 12, 1962) (ATTACHED). THE PAALC HAS LEASED TO THE PAA ALL THE PREMISES OWNED BY THE PAALC, IN EXCHANGE FOR THE PAA PAYING ALL OF THE TAXES, INSURANCE , UTILITIES, AND ALL OTHER EXPENSES OF MAINTAINING AND OPERATING THE PREMISES OWNED BY THE PAALC. SEE ATTACHED MEMORANDUM OF LEASE DATED APRIL 11, 1962.

2 List the organization's present and future sources of financial support, beginning with the largest source first.

THE PAALC'S SOLE SOURCE OF FINANCIAL SUPPORT IS THE PAA, WHICH, HAS HISTORICALLY PAID ALL OF THE TAXES, INSURANCE, UTILITIES, AND OPERATING EXPENSES REQUIRED TO MAINTAIN AND OPERATE THE PAALC-OWNED PREMISES

Part II. Activities and Operational Information *(continued)*

3 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	**b** Annual compensation
SEE SCHEDULE B ATTACHED	

4 If the organization is the outgrowth or continuation of any form of predecessor, state the name of each predecessor, the period during which it was in existence, and the reasons for its termination. Submit copies of all papers by which any transfer of assets was effected.

N/A

5 If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (for example, financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees).

THE PAALC IS OWNED BY AND AFFILIATED WITH THE PAA. THE PAALC'S SOLE SOURCE OF FINANCIAL SUPPORT IS THE PAA, WHICH, HAS HISTORICALLY PAID ALL OF THE TAXES, INSURANCE, UTILITIES, AND OPERATING EXPENSES REQUIRED TO MAINTAIN AND OPERATE THE PAALC-OWNED PREMISES

6 If the organization has capital stock issued and outstanding, state: **(1)** class or classes of the stock; **(2)** number and par value of the shares; **(3)** consideration for which they were issued; and **(4)** if any dividends have been paid or whether your organization's creating instrument authorizes dividend payments on any class of capital stock.

1. THE PAALC HAS ISSUED A SINGLE CLASS OF STOCK, ALL SHARES OF WHICH ARE CURRENTLY OWNED BY THE PAA.
2. THERE ARE NINETY-SEVEN (97) SHARES ISSUED AND OUTSTANDING WITH A PAR VALUE OF $50.00 PER SHARE.
3. THE CONSIDERATION AT ISSUANCE WAS $4,850.00.
4. THERE HAVE BEEN NO DIVIDENDS PAID BY THE PAALC TO THE PAA. DIVIDENDS ARE AUTHORIZED TO THE EXTENT THAT FUNDS ARE AVAILABLE UPON LIQUIDATION OF THE PREMISES.

7 State the qualifications necessary for membership in the organization; the classes of membership (with the number of members in each class); and the voting rights and privileges received. If any group or class of persons is required to join, describe the requirement and explain the relationship between those members and members who join voluntarily. Submit copies of any membership solicitation material. Attach sample copies of all types of membership certificates issued.

SEE ATTACHED CHARTER AND LETTERS PATENT, AND BYLAWS OF THE PAALC

8 Explain how your organization's assets will be distributed on dissolution.

UPON DISSOLUTION ANY REMAINING ASSETS OF THE PAALC - AFTER PAYMENT OF PAALC OUTSTANDING DEBTS - WILL BE DISTRIBUTED TO THE PAA, A 501 (C)(7) EXEMPT SOCIAL CLUB.

Part II. Activities and Operational Information *(continued)*

9 Has the organization made or does it plan to make any distribution of its property or surplus funds to shareholders or members? . . . . . ☐ Yes ☑ No

If "Yes," state the full details, including: **(1)** amounts or value; **(2)** source of funds or property distributed or to be distributed; and **(3)** basis of, and authority for, distribution or planned distribution.

10 Does, or will, any part of your organization's receipts represent payments for services performed or to be performed? . ☐ Yes ☑ No

If "Yes," state in detail the amount received and the character of the services performed or to be performed.

11 Has the organization made, or does it plan to make, any payments to members or shareholders for services performed or to be performed? . . . . . ☐ Yes ☑ No

If "Yes," state in detail the amount paid, the character of the services, and to whom the payments have been, or will be, made.

12 Does the organization have any arrangement to provide insurance for members, their dependents, or others (including provisions for the payment of sick or death benefits, pensions, or annuities)? . . . . . ☐ Yes ☑ No

If "Yes," describe and explain the arrangement's eligibility rules and attach a sample copy of each plan document and each type of policy issued.

13 Is the organization under the supervisory jurisdiction of any public regulatory body, such as a social welfare agency, etc.? ☐ Yes ☑ No

If "Yes," submit copies of all administrative opinions or court decisions regarding this supervision, as well as copies of applications or requests for the opinions or decisions.

14 Does the organization now lease or does it plan to lease any property? . . . . . ☑ Yes ☐ No

If "Yes," explain in detail. Include the amount of rent, a description of the property, and any relationship between the applicant organization and the other party. Also, attach a copy of any rental or lease agreement. (If the organization is a party, as a lessor, to multiple leases of rental real property under similar lease agreements, please attach a single representative copy of the leases.)

THE PAALC'S SOLE PURPOSE HAS BEEN TO OPERATE THE PREMISES USED BY THE PAA FOR ITS EXEMPT ACTIVITIES, PURSUANT TO AN ORAL LEASE AGREEMENT (FROM 1912 THROUGH APRIL 11, 1962) AND A MEMORANDUM OF LEASE (DATED APRIL 12, 1962) (ATTACHED). THE PAALC HAS LEASED TO THE PAA ALL THE PREMISES OWNED BY THE PAALC, IN EXCHANGE FOR THE PAA PAYING ALL OF THE TAXES, INSURANCE, UTILITIES, AND OPERATING EXPENSES OF MAINTAINING THE PAALC'S PREMISES.

15 Has the organization spent or does it plan to spend any money attempting to influence the selection, nomination, election, or appointment of any person to any federal, state, or local public office or to an office in a political organization? . . ☐ Yes ☑ No

If "Yes," explain in detail and list the amounts spent or to be spent in each case.

16 Does the organization publish pamphlets, brochures, newsletters, journals, or similar printed material? . . . . . ☐ Yes ☑ No

If "Yes," attach a recent copy of each.

Part III. Financial Data (Must be completed by all applicants)

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. ***If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.***

A. Statement of Revenue and Expenses

	Revenue	(a) Current Tax Year From 1/1/2016 To 12/31/2016	3 Prior Tax Years or Proposed Budget for Next 2 Years (b) 2017	(c) 2018	(d) N/A	(e) Total
1	Gross dues and assessments of members	0	0	0	0	0
2	Gross contributions, gifts, etc.	0	0	0	0	0
3	Gross amounts derived from activities related to the organization's exempt purpose (attach schedule) (Include related cost of sales on line 9.)	0	0	0	0	0
4	Gross amounts from unrelated business activities (attach schedule)	0	0	0	0	0
5	Gain from sale of assets, excluding inventory items (attach schedule)	0	0	7,517,000	0	7,517,000
6	Investment income (see instructions)	0	0	0	0	0
7	Other revenue (attach schedule)	0	0	0	0	0
8	Total revenue (add lines 1 through 7)	0	0	0	0	0
	Expenses					
9	Expenses attributable to activities related to the organization's exempt purposes	0	0	1,301,000	0	1,301,975
10	Expenses attributable to unrelated business activities	0	0	0	0	0
11	Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	0	0	0	0
12	Disbursements to or for the benefit of members (attach schedule)	0	0	0	0	0
13	Compensation of officers, directors, and trustees (attach schedule)	0	0	0	0	0
14	Other salaries and wages	0	0	0	0	0
15	Interest	0	0	0	0	0
16	Occupancy	0	0	0	0	0
17	Depreciation and depletion	0	0	0	0	0
18	Other expenses (attach schedule)	0	0	0	0	0
19	Total expenses (add lines 9 through 18)	0	0	0	0	0
20	Excess of revenue over expenses (line 8 minus line 19)	0	0	3,614,000	0	3,614,000

B. Balance Sheet (at the end of the period shown)

	Assets	Current Tax Year as of 12/31/16	
1	Cash	1	0
2	Accounts receivable, net	2	0
3	Inventories	3	0
4	Bonds and notes receivable (attach schedule)	4	0
5	Corporate stocks (attach schedule)	5	0
6	Mortgage loans (attach schedule)	6	0
7	Other investments (attach schedule)	7	0
8	Depreciable and depletable assets (attach schedule)	8	
9	Land	9	464,163
10	Other assets (attach schedule)	10	3,932,305
11	**Total assets**	11	4,396,468
	Liabilities		
12	Accounts payable	12	
13	Contributions, gifts, grants, etc., payable	13	
14	Mortgages and notes payable (attach schedule)	14	3,900,204
15	Other liabilities (attach schedule)	15	0
16	**Total liabilities**	16	3,900,204
	Fund Balances or Net Assets		
17	Total fund balances or net assets	17	496,264
18	**Total liabilities and fund balances or net assets** (add line 16 and line 17)	18	4,396,468

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation ☑

Schedule A Organizations described in section 501(c)(2) or 501(c)(25) (Title-holding corporations or trusts)

1 State the complete name, address, and EIN of each organization for which title to property is held and the number and type of the applicant organization's stock held by each organization.

PITTSBURGH ATHLETIC ASSOCIATION
4215 FIFTH AVENUE
PITTSBURGH, PA 15213
EIN - 25-0728070

THE PAA HOLDS 100 PERCENT OF THE STOCK OF THE APPLICANT PAALC.

2 If the annual excess of revenue over expenses has not been or will not be turned over to the organization for which title to property is held, state the purpose for which the excess is or will be retained by the title holding organization.

N/A

3 In the case of a corporation described in section 501(c)(2), state the purpose of the organization for which title to property is held (as shown in its governing instrument) and the Code sections under which it is classified as exempt from tax. If the organization has received a determination or ruling letter recognizing it as exempt from taxation, please attach a copy of the letter.

THE EXEMPT PURPOSE OF THE PAA IS TO MEET TO AN UNUSUAL EXTENT THE SOCIAL AND PHYSICAL NEEDS OF THE MEN, WOMEN AND CHILDREN OF PITTSBURGH, PENNSYLVANIA AND THE VICINITY. THE PAA IS A SOCIAL CLUB WHICH IS EXEMPT FROM FEDERAL TAXATION PURSUANT TO SECTION 501(c)(7) OF THE INTERNAL REVENUE CODE.

4 In the case of a corporation or trust described in section 501(c)(25), state the basis whereby each shareholder is described in section 501(c)(25)(C). For each organization described that has received a determination or ruling letter recognizing that organization as exempt from taxation, please attach a copy of the letter.

N/A

5 With respect to the activities of the organization.

a Is any rent received attributable to personal property leased with real property? . . . . . ☐ **Yes** ☑ **No**

If "Yes," what percentage of the total rent, as reported on the financial statements in Part III, is attributable to personal property?

b Will the organization receive income which is incidentally derived from the holding of real property, such as income from operation of a parking lot or from vending machines? . . . . . ☐ **Yes** ☑ **No**

If "Yes," what percentage of the organization's gross income, as reported on the financial statements in Part III, is incidentally derived from the holding of real property?

c Will the organization receive income other than rent from real property or personal property leased with real property or income which is incidentally derived from the holding of real property? . . . . . ☐ **Yes** ☑ **No**

If "Yes," describe the source of the income.

Instructions

Line 1.—Provide the requested information on each organization for which the applicant organization holds title to property. Also indicate the number and types of shares of the applicant organization's stock that are held by each.

Line 2.—For purposes of this question, "excess of revenue over expenses" is all of the organization's income for a particular tax year less operating expenses.

Line 3.—Give the exempt purpose of each organization that is the basis for its exempt status and the Internal Revenue Code section that describes the organization (as shown in its IRS determination letter).

Line 4.—Indicate if the shareholder is one of the following.

1. A qualified pension, profit-sharing, or stock bonus plan that meets the requirements of the Code;

2. A government plan;

3. An organization described in section 501(c)(3); or

4. An organization described in section 501(c)(25).

Pittsburgh Athletic Association Land Company
4215 Fifth Avenue
Pittsburgh, PA 15213-3546
EIN – 25-6067676

Schedules in Support of Form 1024 – Application for Recognition of Exemption Under Section 501(a)

Schedule A

Part I – Item 6

Upon information and belief, the Pittsburgh Athletic Association Land Company ("PAALC"), applied for and received exemption from federal taxation in July 1940 as a 501(c)(2) Title Holding Corporation. Due to the condition of the PAALC's legal and accounting records, we are unable to locate the organization's exemption determination letter from the Internal Revenue Service. To the extent records are available, we have verified that the PAALC has filed consolidated Form 900 and 990-T returns together with its sponsoring organization, The Pittsburgh Athletic Association ("PAA"). Because the PAALC is unable to produce it exemption determination letter, the organization is again filing for exempt status pursuant to IRC section 501(c)(2) to document, and if necessary, reinstate its tax status as a 501(c)(2) exempt organization as of the post-mark date of this application pursuant to Revenue Procedure 2014-11, Section 7.

Schedule B

Part II – Item 3. a. – Names, addresses and titles of officers, directors, trustees, etc.

Officer Name, Address and Title	Compensation
James A. Sheehan, President 48 South 14th Street Pittsburgh, PA 15203	None
Blake Stanton, Vice President 4611 Bayard Street Pittsburgh, PA 15213	None
Jonathan Glance, Secretary 1425 Forbes Avenue Suite 400 Pittsburgh PA 15219	None
Kenneth Linamen, Treasurer 5900 Ellsworth Ave Pittsburgh, PA 15232	None

Pittsburgh Athletic Association Land Company
4215 Fifth Avenue
Pittsburgh, PA 15213-3546
EIN – 25-6067676
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Schedule C

Part III B.

The PAA and PAALC have fallen into financial hardship due to a declining membership base and declining operating revenues, resulting in increasing debt and employee-related tax obligations. The entities' financial decline ultimately led to the PAA and PAALC filing for Chapter 11 bankruptcy protection on May 30, 2017, in the U.S. Bankruptcy Court for the Western District of Pennsylvania (Cases numbered 17-22222-JAD (PAA) and 17-22223-JAD (PAALC)). It is currently anticipated that the exempt organization PAALC will sell its assets and use such proceeds to pay outstanding debt of the PAALC. The remaining funds will be distributed to the sponsoring organization (PAA) which will use the remaining proceeds to resolve its outstanding debts, including debts that the PAA incurred on behalf of the PAALC.

PAA 6/5/39

The following is a copy of the charter and letters patent of the Pittsburgh Athletic Association Land Company:

TO THE GOVERNOR OF THE COMMONWEALTH OF PENNSYLVANIA

Sir:

In compliance with the requirements of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act to provide for the incorporation and regulation of certain corporations," approved the 29th day of April, A. D. 1874 and the several supplements thereto, the undersigned, all of whom are citizens of Pennsylvania, having associated themselves together for the purpose hereinafter specified, and desiring that they may be incorporated, and that letters patent may issue to them and their successors according to law, do hereby certify:

1st. The name of the proposed corporation is PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY.

2nd. Said corporation is formed for the purpose of the purchase and sale of real estate, and for holding, leasing and selling real estate.

3rd. The business of said corporation is to be transacted in Pittsburgh, Allegheny County, Pennsylvania.

4th. Said corporation is to exist perpetually.

5th. The names and residences of the subscribers and the number of shares subscribed by each, are as follows:

NAME	RESIDENCE	NO. OF SHARES
C. W. Reamer	Edgewood, Pa.	96
Donald Thompson	Sewickley, Pa.	2
John T. Duff, Jr.	Pittsburgh, Pa.	2

6th. The number of directors of said corporation is fixed at three, and the names and residences of the directors who are chosen for the first year are as follows:

NAME	RESIDENCE
C. W. Reamer	Edgewood, Pa.
Donald Thompson	Sewickley, Pa.
John T. Duff, Jr.	Pittsburgh, Pa.

7th. The amount of the capital stock of said corporation is $5,000.00, divided into 100 shares of the par value of $50.00, and $500.00, being ten per centum of the capital stock, has been paid in cash to the Treasurer of said corporation, whose name and residence are John T. Duff, Jr. 6736 Simen Street, Pittsburgh, Pa.

C. W. Reamer, (SEAL)

Donald Thompson (SEAL)

John T. Duff, Jr. (SEAL)

State of Pennsylvania,

County of Allegheny. SS

Before me, a Notary Public, in and for the county aforesaid, personally came the above named C. W. Reamer, Donald Thompson and John T. Duff, Jr., who in due form of law acknowledged the foregoing instrument to be their act and deed for the purposes therein specified.

Witness my hand and seal of office, the 23rd day of February, A. D. 1909.

J. L. Trefaller, Jr., Notary Public.

(SEAL) My commission expires January 5, 1913.

Commonwealth of Pennsylvania,

County of Allegheny. SS

Recorded on this day of , A. D. 1909, in the Recorder's Office of said County, in Charter Book, Vol. page . Given under my hand and the seal of the said office, the day and year aforesaid.

John A. Fairman,

Recorder

(LETTERS PATENT)

In the name and by authority of the

Commonwealth of Pennsylvania

Executive Department

To all to whom these presents shall come, Greeting:

WHEREAS, In and by an act of the General Assembly of the Commonwealth of Pennsylvania, entitled, "An Act to provide for the incorporation and regulation of certain corporations," approved the 29th day of April, A. D. 1874, and the supplements thereto, the Governor of this Commonwealth is authorized and required to issue letters patent to all corporations formed under the provisions of said acts, embraced within the second class named therein.

AND WHEREAS, the stipulations and conditions in said act of the General Assembly and the supplements thereto have been fully complied with by Pittsburgh Athletic Association Land Company.

THEREFORE, KNOW YE, that under authority of the Constitution and laws of said Commonwealth in such case made and provided, I do by these presents, which I have caused to be made patent and sealed with the Great Seal of the state, create, erect and incorporate the subscribers to the stock of said corporation, their associates and successors, and also those who may thereafter become subscribers or holders of the stock of said corporation, into a body politic and corporate in deed and in law by the name chosen and hereinbefore specified, who shall have succession perpetually and shall be invested with, and have and enjoy all the powers, privileges and franchises incident to a corporation, and by subject to all the duties, requirements and restrictions specified and enjoined in an by the said acts of the General Assembly, and all other laws of this Commonwealth.

GIVEN under my hand and the great seal of the state, at the City of Harrisburg, this 18th day of March, in the year of our Lord one thousand nine hundred and nine, and of the Commonwealth the one hundred and thirty-third.

By the Governor. Edwin S. Stuart.

Robert McAfee,

Secretary of the Commonwealth.

On motion, it was unanimously

RESOLVED, that the charter granted to this company be and the same is hereby accepted and adopted as and for the charter of this Company.

On motion it was unanimously

RESOLVED, that the following be and they are hereby adopted as and for the by-laws of this Company.

B Y - L A W S

of

Pittsburgh Athletic Association Land Company

Article 1.

Meeting of Stockholders.

Section 1. The annual meeting of the stockholders of the company for the election of Directors and for general business, shall be held at the office of the company, in the City of Pittsburgh, Pennsylvania, on the Second Monday of February in each and every year.

Section 2. Stockholders shall be entitled in person or by proxy, to one vote for each share of stock held by them, but no proxy shall be voted or allowed for more than thirty days from its date, and no share of stock shall be voted on at any election which shall have been transferred on the books of the company within twenty days preceding such election.

Section 3. Special meetings of the stockholders may be called at any time by the President, or shall be called by the President upon the written request of three of the directors, or shall be called by him upon the request in writing by the stockholders representing a majority of the shares of stock of the company, provided the request specifies the object. Written or printed notices of special meetings, specifying the object thereof, shall be given by the Secretary and mailed to the last

known post office address of the stockholders. At such meetings no business shall be transacted other than that mentioned in the call.

Section 4. Notice of the annual or any special meeting of the stockholders shall be given by mailing said notice to the last known post office address of each stockholder at least five days prior to the date of such meeting, exclusive of the day of mailing.

Section 5. At all meetings of the stockholders a quorum shall consist of those representing a majority of the shares of stock of the company, and if a majority of the stock shall not be represented, no business shall be transacted, except to adjourn to a future time.

Section 6. If a majority of the stock be represented, the stockholders shall have power to adjourn a meeting to any subsequent day or days, and no notice of the adjourned meeting need be given to stockholders absent or otherwise.

Section 7. At all meetings of the stockholders the following order of business shall be substantially observed, so far as consistent with the purpose of the meeting, viz:

Roll call

A quorum being present:

Reading of minutes of preceding meeting and action thereon,

Report of the President

Report of the Treasurer

Report of the Secretary

Report of Committees

Election of Directors

Unfinished business

New business

ARTICLE II.

Officers

Section 1. The officers of the company shall be a President, a

Vice-President, a Secretary and a Treasurer. There shall be three directors. All of said officers shall serve for one year and until their successors are duly elected and qualified.

Section 2. The Board of Directors shall be elected by the stockholders at their annual meeting. The president and other officers of the company shall be elected by the Board of Directors.

ARTICLE III.

Directors

Section 1. The business and property of the company shall be managed by the Board of Directors, who shall be stockholders of the company. And on the registration on the books of the company of the sale, transfer and assignment of all of his holdings of stock by any person who has theretofore been elected a director of this company, the office of such person as a director shall, upon the election of his successor, become vacant. Such successor shall be elected by the remaining directors at the next meeting of the Board.

Section 2. The directors shall be elected annually by the stockholders of the company, as provided in Article I of these by-laws.

Section 3. Immediately after much election, if all of the Board of Directors be present, and if not, then at their first meeting when there shall be a quorum, said Board shall elect by ballot a President, a Vice-President, a Secretary and a Treasurer, who shall hold their office for one year and until their successors are duly elected and qualified.

ARTICLE IV.

Directors' Meetings.

Section 1. The Board of Directors shall hold regular meetings at the office of the company in the City of Pittsburgh, or elsewhere, by order of said Board, on the days and at the hour fixed by the Board.

Section 2. Special meetings of the Board may be called at any

time by the President, or shall be called by the President upon written request of two directors, on five days' written notice to each director stating the time and object of such meeting.

Section 3. A majority of the directors shall be necessary for a quorum to transact business at any meeting.

Section 4. The order of business of the Board shall be substantially as follows:

(a) The president shall call the Board to order.

(b) Reading of the minutes of last meeting and action thereon.

(c) Reports of officers of the company

(d) Reports of Committees

(e) Unfinished business

(f) New business

ARTICLE V.

Powers of Directors.

Section 1. The Board of Directors shall have management of the business of the company, and in addition to the powers and authorities by these by-laws conferred upon them, may exercise all such powers and do all such acts and things as are usually done by the Board of Directors of a corporation, but subject, nevertheless, to any regulations from time to time made by the stockholders.

Section 2. To appoint and at its discretion remove or suspend such officers, managers, subordinate, assistant or otherwise, and clerks, agents and servants, permanently or temporarily, as the Board may think fit, and to determine their duties and fix, and from time to time change their salaries or emoluments, and to require security in such instances and in such amount as it may deem proper.

Section 3. In case of the death, removal or resignation of the president or any of the directors or officers of the company, the remaining directors shall supply the vacancy thus created until the next election. Any such vacancy shall be filled by a vote of the majority

of the remaining members of the Board.

Section 4. In case of the absence of an officer of the company, or for any other reason which may seem sufficient to the Board of Directors, the Board may delegate his powers and duties for the time being to any other officer or to any other director.

ARTICLE VI.

Duties of Officers.

President

Section 1. The president shall be the chief executive officer and head of the company, and in the recess of the Board of Directors shall have the general control and management of its business and affairs, subject, however, to the regulations of the Board of Directors.

He shall preside at all meetings of the corporation and shall be a member ex-officio of all standing committees and shall be the custodian of the corporate seal.

The president shall call all special or other meetings of the stockholders and Board of Directors. In case the president shall at any time neglect or refuse to call a special meeting of the stockholders when requested so to do by two directors of the company, then and in such case such special meeting may be called by the two directors or the majority of the stockholders desiring such special meeting, as the case may be, upon notice as hereinbefore provided.

And in case the president shall at any time neglect or refuse to call a special meeting of the Board of Directors when requested so to do by two directors, then and in such case such special meeting may be called by the two directors desiring such special meeting upon notice as provided by these by-laws.

The president shall make annual reports showing the condition of the affairs of the company, and make such recommendations as he thinks proper, and submit the same to the Board of Directors at the meeting next

preceding the annual meeting of the stockholders, and he shall from time to time bring before the Board of Directors such information touching the business and property of the company as may be required.

Vice-President

Section 2. In case of the absence of the President, the Vice-President shall preside at the meetings of the corporation, and in the event of the absence, resignation, disability or death of the President, the Vice-President shall perform all of the duties of the president until the return of the president, or the disability shall have been removed, or until the vacancy has been otherwise supplied.

Secretary

Section 3. The Secretary shall be ex-officio clerk of the Board of Directors. He shall attend all meetings of the stockholders and of the Board of Directors, and shall record all the proceedings thereof in a book to be kept for that purpose, and shall be the custodian of the records of the corporation.

He shall see that due and proper notice is given of all meetings of the stockholders and of the Board of Directors.

He shall perform such other duties as may from time to time be fixed and required by the Board of Directors.

Treasurer

Section 4. The Treasurer shall keep full and accurate account of the receipts and expenditures, in books belonging to the company, and shall deposit all moneys and valuable effects in the name and to the credit of the company, and shall give bond with sufficient security in such amount as may be required by the Board of Directors for the faithful performance of his duties.

He shall disburse the funds of the company as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors at the regular

meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer, and of the financial condition of the company, and at the last meeting of the Board preceding the annual meeting of the stockholders, make a full report for the preceding year, and present the same to the annual meeting of stockholders.

ARTICLE VII.

Checks, Drafts, Notes, Etc.

Section 1. All checks shall be signed by the president and the Treasurer.

Section 2. Unless the Board of Directors shall otherwise direct, all notes, drafts and acceptances and other obligations of the company shall be signed by the president and by the treasurer.

ARTICLE VIII.

Certificates of Stock

Section 1. Certificates of stock shall be issued under the seal of the company and shall be signed by the president and treasurer. The certificate shall be in such form as the stockholders shall direct.

Section 2. Shares of stock of the company shall be transferable only on the books of the company by the holder thereof in person or by attorney, duly authorized thereto in writing, and upon the surrender and cancellation of the certificate thereof duly endorsed.

Section 3. The board of directors may direct the president and treasurer to issue new certificates of stock in lieu of others which have been lost or destroyed, provided that the person requesting a new certificate to be issued in place of one alleged to be lost or destroyed shall give bond to the company with good and sufficient sureties, to be approved by the Board of Directors, conditioned to indemnify the company against all loss or damage, directly or indirectly, caused by the loss of the old certificate or the issuance of the new certificate.

ARTICLE IX.

Dividends

Section 1. Dividends upon the capital stock of the company when declared, shall be payable of each year. Before payment of the dividends or making any distribution of the profits, there shall be set aside out of the net profits of the company such sum or sums as the directors, from time to time, in their absolute discretion shall think proper as a reserve fund to meet contingencies or for equalizing dividends, or for repairing or maintaining any property of the company, or for any such other purpose as the directors shall think conducive to the interests of the company.

ARTICLE X.

Seal

Section 1. The common or corporate seal of the company shall be round, with the name of the company, viz: "Pittsburgh Athletic Association Land Company" arranged in the form of a circle on the outer edge, and the words, "Incorporated March 18th, 1909," arranged across the inside of the circle.

ARTICLE XI.

Amendments

Section 1. These by-laws may be amended, altered, modified or added to by the vote of the stockholders owning the majority of the stock of the company and present in person or by proxy at any annual or special meeting of the stockholders, provided that the proposed amendment is filed with the secretary three weeks before such annual or special meeting, and a copy thereof mailed to each stockholder with the notice of such annual or special meeting.

PROXY

KNOW ALL MEN BY THESE PRESENTS, That the Pittsburgh Athletic Association, a Corporation organized and existing under and by virtue of the laws of the State of Pennsylvania, owning and holding ninety-seven (97) shares of the capital stock of the Pittsburgh Athletic Association Land Company, does hereby constitute and appoint Herbert Henderson of Pittsburgh, Pennsylvania, its true and lawful attorney to attend any special or annual meeting of the stockholders of the Pittsburgh Athletic Association Land Company which may be held between now and the second Monday of February, 1939, and any and all adjournments thereof, and then and there to vote for this Association and in its name, place and stead, as its proxy and representative, the number of votes which this Association would be entitled to cast if actually present; and full power and authority are hereby conferred upon said attorney in the name of this Association and on its behalf, and as its complete act and deed, to consent in writing, and upon the records of said meeting, to any and all votes and proceedings thereof, and to do all such other things competent to a stockholder of said Pittsburgh Athletic Association Land Company, as may in his judgment be necessary or advantageous for the interests of this Association.

IN WITNESS WHEREOF, said Association has hereunto caused its corporate name and seal to be affixed by its president and secretary thereunto duly authorized by a Resolution of its Board of Directors, duly passed and adopted on the 10th day of February, 1939.

PITTSBURGH ATHLETIC ASSOCIATION

H H
PRESIDENT

ATTEST:

Geo Shrum
SECRETARY

Case 17-22222-JAD Doc 753-2 Filed 05/24/18 Entered 05/24/18 18:39:06 Desc Exhibit D - IRS Claim 1-2 Certificate Packet Page 24 of 42

Certificate

No. 7

For 97 — Shares

Issued to

Pittsburgh Athletic Association

Dated Dec 12th 1932

From whom transferred

Pgh. Ath. Assoc

Dated Aug 29 1921

No. Original Certificate	No. Original Shares	No. of Shares Transferred
1	100	97

Received Certificate No. 7

For Ninety-seven (97) Shares

this day of Dec. 1932.

Pgh Athletic Asso

by Taylor Allderdice

Pres.

INCORPORATED UNDER THE LAWS OF PENNSYLVANIA

No. 7 Shares 97

PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY

Par Value $50.00

This Certifies That Pittsburgh Athletic Association is the owner of Ninety-seven (97) Shares of the Capital Stock of

PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY

transferable only on the books of the corporation in person or by Attorney upon surrender of this certificate properly endorsed.

In Witness whereof the said corporation has caused this certificate to be signed by its duly authorized officers and its corporate Seal to be hereunto affixed this twelfth day of December 1932.

G D Shrum
Treasurer

Taylor Allderdice
President

ARTHUR BROS. CO. INC. PITTSBURGH, PA.

Case 17-22222-JAD Doc 753-2 Filed 05/24/18 Entered 05/24/18 17:39:06 Desc
Exhibit D - IRS Form 1024 Application for Retroactive Reinstatement Page 1 of 17

Revenue Proc. 2014-11, Retroactive Reinstatement

The Pittsburgh Athletic Association Land Company

TIN: 25-6067676

Re: Rev. Proc. 2014-11 "Reasonable Cause" Statement in Support of Form 1024 Application for Retroactive Reinstatement of Tax Exempt Status under 26 U.S.C. § 501(C)

Pittsburgh Athletic Association Land Company ("PAALC") hereby submits this Reasonable Cause Statement to the Internal Revenue Service ("Service") in Support of Retroactive Reinstatement of Tax Exempt Status under Section 501(c) of Title 26 of the United States Code, 26 U.S.C. § 101 *et seq*. ("IRC"), pursuant to IRC § 6033 and Revenue Procedure 2014-11. PAALC represents as follows:

I. BACKGROUND

1. On October 15, 1908, the Pittsburgh Athletic Association ("PAA" and together with PAALC the "Debtors") was organized as a social club under the laws of the Commonwealth of Pennsylvania. The PAA is a tax exempt entity pursuant to IRC § 501(c)(7), as it operates to provide comprehensive athletic facilities, sports lessons, barber services, dining and banquet services and overnight accommodations to its members.

2. On March 8, 1909, PAALC was organized under the laws of the Commonwealth of Pennsylvania for the purposes of holding title to certain real property located at 4215 Fifth Avenue, Pittsburgh Pennsylvania, and any and all improvements thereon (the "Clubhouse"), as well as the adjacent property located between Bigelow Boulevard and Lytton Street, Pittsburgh, Pennsylvania (and together with 4215 Fifth Avenue, the "Real Property").

3. PAALC's TIN is 25-6067676 and PAA's TIN is 25-0728070

4. Since their formation, the Boards of Directors and Officers of PAA and PAALC were and continue to be comprised of volunteer members.

5. Based on PAA and PAALC books and records, on or before 1932, PAA became the 100% shareholder PAALC.

6. Based upon the books and records of the Debtors, PAA initially occupied the Clubhouse in 1912 pursuant to an oral lease between PAA as tenant and PAALC as Landlord in (the "Club Lease"). The Club Lease is "year to year" until terminated by either party thereto. The Club Lease was memorialized in writing by a Memorandum of Lease executed by the PAALC and the PAA on April 3, 1962 and remains in full force and effect.

7. The Club Lease does not call for any payments by PAA to PAALC. A true and correct copy of the Club Lease is attached as **Exhibit "A".**

8. The archived books and financial records of PAA and PAALC indicate that beginning tax year 1941 through approximately 1981, PAALC filed IRS Form 990 Tax Returns (or the applicable equivalent IRS Form for each tax year) with the Service, claiming tax exemption as a land holding entity under IRC § 501(c). The returns for these years were accepted by the Service. A collection of PAALC's Form 990s (one from each decade) are attached as **Exhibit "B"**[1].

[1] PAALC has been able to locate many of the Form 990s filed from 1940 through 1982, copies of which are available upon request. The returns PAALC has been able to locate (including but limited to the returns attached) are in direct contradiction to statements by the IRS to PAALC representatives that "There are no transcripts available for PAALC because they never filed any returns."

9. Since its formation, PAALC consistently has had no gross receipts from any source. *See* Exhibit "B".[2]

10. By a letter ruling from the Service dated July17, 1940, the PAALC was granted tax exempt status as a holding company of the title to the Real Property for the PAA. *See* Exhibit "B".

11. Based on information and belief, PAALC, relying on professional tax advice, ceased filing Form 990s beginning with the 1982 tax year. *See* **Exhibit "C"**. Such decision was likely precipitated by a change in the Internal Revenue Code, effective for tax years ending on or after December 31, 1982 that increased the minimum normal gross receipts filing requirement from $10,000 to $25,000. Based on PAALC's decision to not file Form 990s for three consecutive years (1982, 1983 and 1984), on January 27, 1986, the Service sent PAALC a Form 8184 Notice communicating that PAALC "previously informed [the Service] that [PAALC] was not required to file a Form 990 because [PAALC's] annual gross receipts were normally below the [$25,000] minimum that applied at the time of [PAALC's] notice." A true and correct copy of the Form 8184 Notice is attached as **Exhibit "D"**. Furthermore, the Service indicated that "Our records indicate that [PAALC] has not filed Form 990 for any of the past 3 years." PAALC responded to the Form 8184 Notice by attesting that the organization's gross receipts were normally $25,000 or less for each tax year ending December 31, 1982 or later and therefore the organization was not required to file Form 990 Returns.

12. Thereafter, PAALC ceased filing Form 990 Returns.

[2] The PAALC has leased the parcel located on Bigelow Boulevard and Lytton Avenue, Pittsburgh PA is leased to Oakland Fifth Avenue Hospitality Associates, for development of a hotel by way of a 99 year ground lease ("Ground Lease"). However, to date, no payments have been made to the PAALC or the PAA by way of the Ground Lease.

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13. Beginning no later than the tax year ending December 31, 1989, again in reliance on professional tax advice, PAA began including the assets of PAALC in its Form 990 Returns (as evidenced by the inclusion of Real Property as an asset on Line 57 of the PAA Form 990 Balance Sheet disclosure. Examples of true and correct copies of PAA's Form 990s (one per decade from 1989 through 2016) are attached as **Exhibit "E"**.

14. During the years of 1988 through the present, PAALC has not had any income above the minimum threshold amount to necessitate a filing of a Form 990 Return. The only rental income listed on the PAA Form 990s for these years stemmed from a sublease between the PAA and the College Club for space on the second floor of the Clubhouse.

15. Notwithstanding PAALC's failure to file its 990-N Cards, no taxable events occurred in the years of non-compliance that would jeopardize PAALC's tax exempt status. Therefore, from an equitable standpoint, the non-compliance did not result in any financial detriment to the IRS.

16. In the years 2005 through 2017, PAA suffered a significant decline in membership and revenues rendering PAA and PAALC unable to meet debt obligations as they became due.

17. These financial difficulties and liquidity problems prompted PAA and PAALC to obtain secured debt from Allegheny Valley Bank ("AVB Loans") in 2008 for the following amounts:

(1) Business Loan in the amount of $2,626,000 secured by a first mortgage on the Real Property; and

(2) Revolving Line of Credit in the amount of $200,000 secured by a second mortgage on the Real Property.

18. Notwithstanding the AVB Loans, the financial condition of PAA and PAALC continued to decline prompting them to acquire additional financing from Oakland Fifth Avenue Hospitality Associates, LP ("OFAHA") between 2014 and 2015 (the "OFAHA Loans") as follows:

(1) Promissory Note dated June 3, 2014 in the amount of $575,000; and

(2) Term Note dated March 12, 2015 in the amount of $1,372,744.

19. The proceeds from both the AVB Loans and the OFAHA Loans were used to support PAA's ongoing operations.

20. Ultimately, in May 2017, PAA and PAALC sought the protection of Chapter 11 bankruptcy in the face of unsustainable debt obligations, upkeep on a "century-old" 123,814 square foot club house, a continually declining membership base, declining revenue, and severe liquidity problems.

II. REASONABLE CAUSE EXISTS FOR RETROACTIVE REINSTATEMENT OF PAALC's § 501(c) TAX EXEMPT STATUS

21. In 2006, IRC § 6033 was amended to require tax exempt entities such as PAALC, with gross income normally below $25,000, to file a Form 990-N post card, *in lieu* of a Form 990 Return.

22. IRC § 6033 provides in relevant part that "if an organization [such as the PAALC], fails to file an annual return or notice required under either subsection for 3 consecutive years, such organization's status as an organization exempt from tax under section

501(a) shall be considered revoked on and after the date set by the Secretary for the filing of the third annual return or notice." 26 U.S.C. § 6033(j)(1).

23. The PAALC did not file Form 990-N Cards for tax years 2007 and 2009, and in 2010 the PAALC's § 501(c) Tax Exempt Status was revoked by the Service.

24. Due to the lack of institutional knowledge amongst PAALC's directors, it is unclear if in 2010, the Service provided direct notice to PAALC that its exempt status was revoked; however, a comprehensive review of the books and records of PAALC failed to uncover any direct notice of revocation having been sent to PAALC. Upon information and belief, the Service publishes notice of revoked entity status on its website.

25. At the time these notices were being published, PAA's and PAALC's volunteer Board of Directors and Officers continued to rely on their paid professional tax preparers (Zelenkofske Axelrod, LLC PTIN: P00671750) to: (1) inform PAA and PAALC of changes in the tax law and the Service's filing requirements; (2) review, research and take action on direct and published tax notices that may affect PAA and PAALC; (3) ensure both entities' technical compliance with the Internal Revenue Code, and (4) prepare complete and accurate tax return.

26. During this time and continuing through 2016, professional tax preparers erroneously continued to include the Real Property on the PAA's Form 990s of PAA. Having little experience in the nuances of the changing IRC, it was reasonable for the Boards of Directors and Officers, as volunteers and not tax professionals, to rely on tax advice provided by its paid professionals that PAA's and PAALC's respective tax exempt statuses remained in place and were being preserved through the entities' annual tax filings with the Service.

27. The volunteer Boards of Directors and Officers of PAA and PAALC only became aware of the issues associated with the loss of PAALC's tax exempt status after the instant bankruptcy cases were filed. Only through an extensive search of the archived books and records of PAA and PAALC from the past nine decades have the facts surrounding PAALC's prior tax filing history and the entity's loss of tax exempt status come to light.

28. IRC § 6033, in summary, 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 failure to timely file the requisite notices that lead to revocation of its tax exempt status. *See* 26 U.S.C. §§ 6033(j)(2) and (3).

29. Revenue Procedure 2014-11 sets procedural requirements for obtaining a retroactive reinstatement of tax exempt status when the application is filed more than fifteen (15) months after revocation. Rev. Proc. 2014-11, 2014-3 I.R.B. 411 at § 6 (2014). The requirements of Rev. Proc. 2014-11 § 6 include: (a) compliance with the provisions in Rev. Proc. 2014-11 § 5 and (b) the filing of a statement of reasonable cause as set forth in Rec. Proc. 2014-11 § 8.02.

(1) ***PAALC has substantially complied with Rev. Proc. 2014-11 § 5***

30. PAALC has substantially complied with the provisions in Rev. Proc. 2014-11 § 5 as follows: (1) the applicable Form 990-N Returns for years 2007 through 2009 are submitted to the Service contemporaneously herewith as **Exhibit "F"**. Due to electronic limitations of the Service's filing system, PAALC was unable to directly "E-file" Form 990-N for years prior to

2017.[3] Accordingly, the information for the Form 900-N Postcards have been submitted with the Form 1024; (2) the Form 1024 Application is filed with this Statement; (3) the applicable fee has been paid; and (4) the statement confirming the filing of the necessary returns is also filed herewith.

b. ***"Reasonable Cause" exists for the non-compliance under Rev. Proc. 2014-11 §§ 6 and 8***

31. PAALC files this Statement to demonstrate "reasonable cause" for failing to file the requisite Form 990-N Cards necessary to maintain its tax exempt status under IRC § 501(c).

32. "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.

33. Here, the reliance by volunteer Board Members and Officers on the advice of the entities' tax professionals, just as their predecessors had done for over a century, does not fall outside the realm of "ordinary business care and prudence."

34. Indeed, 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 Supreme Court noted:

[3] PAALC was unable to file Form 990-N for years prior to 2017 on the Service's online 990-N filing system, but that the data to be included in the Form 990-Ns for 2007 through 2016 has been provided in the spread sheet attached as Exhibit "E". PAALC, using the services of its paid tax preparer, William G. Krieger, CPA (PTIN P01973546), is prepared to file this tax information in any format that the Service deems appropriate. Note that PAALC has already filed its Form 990-N for 2017 (copy included herewith).

> Courts have frequently held that "reasonable cause" is established when a taxpayer shows that he reasonably relied on the advice of an accountant or attorney that it was unnecessary to file a return, even when such advice turned out to have been mistaken. This Court also has implied that, in such a situation, reliance on the opinion of a tax adviser may constitute reasonable cause for failure to file a return.

Id. at 250 (collecting cases and citing *Commissioner v. Lane-Wells Co.*, 321 U.S. 219, 64 S.Ct. 511, 88 L.Ed. 684 (1944)).

35. The Court stated further that:

> When an accountant or attorney advises a taxpayer on a matter of tax law, such as whether a liability exists, it is reasonable for the taxpayer to rely on that advice. Most taxpayers are not competent to discern error in the substantive advice of an accountant or attorney. To require the taxpayer to challenge the attorney, to seek a "second opinion," or to try to monitor counsel on the provisions of the Code himself would nullify the very purpose of seeking the advice of a presumed expert in the first place. "Ordinary business care and prudence" do not demand such actions.

36. *Id.* at 251. 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).

37. Typically, to qualify for relief based on relying on advice from a tax professional, a taxpayer must demonstrate that (1) the adviser was a competent professional who had sufficient expertise to justify reliance, (2) the taxpayer provided necessary and accurate information to the adviser, and (3) the taxpayer actually relied in good faith on the adviser's judgment. *Neonatology Associates, P.A. v. C.I.R.*, 115 T.C. 43, 99 (2000), *aff'd*, 299 F.3d 221 (3d Cir. 2002).

38. Here, during the years of non-compliance, PAA and PAALC satisfied each of these requirements:

2007

(1) PAA and PAALC retained the services of Thomas Gaitens & Co., P.C. ("Gaitens"), to prepare their consolidated financial statements ("2007 Consolidated F/S") and tax returns for tax year 2007. Gaitens is a firm of Certified Public Accountants ("CPA") founded in 1979 located in Pittsburgh, Pennsylvania. The team of accountants at Gaitens holds the following certifications: Certified Public Accountants, Accredited in Business Valuation (ABV), Certified in Financial Forensics (CFF), Certified Valuation Analyst (CVA), and Certified Forensic Accountant (Cr.FA). Gaitens has offered tax planning and preparation services to tax exempt organizations since 1979. Indeed, Gaitens also prepared the consolidated financial statements for PAA and PAALC for tax years 2003 through 2007. A true and correct copy of the 2007 Consolidated F/S as well as a faxed Form 990-T Extension[4] prepared by Gaitens and sent to PAALC controller is attached as **Exhibit "G"**.

(2) PAA and PAALC provided Gaitens access to all their books and records so that it could accurately conduct an audit and prepare the necessary tax returns. Furthermore, because Gaitens also provided tax services to PAA and PAALC for tax years 2004 through 2006, it had familiarity with PAA's and PAALC's books and records and accounting practices.

[4] Indeed the Faxed Extension form demonstrates that Gaitens was preparing tax returns and other documents for PAALC.

(3) PAALC relied in good faith on Gaitens's advice and services in not filing the Form 990-N. For example, the notes to the 2007 Consolidated Financial Statement indicates that the PAA is a 501(c) tax exempt entity to which no taxable income is attributable and makes no reference to PAALC. Accordingly, consistent with the reporting practices since approximately 1988, the Real Property was reported as an asset on the PAA's Form 990 Return.

2008

(1) PAA and PAALC retained the services of Zelenkofske Axelrod, LLC ("ZAL"), to prepare their consolidated financial statements and tax returns for tax year 2008 ("2008 Consolidated F/S"). Copies of the engagement letters for ZAL are attached as **Exhibit "H"**. ZAL is a firm of CPAs with offices throughout Pennsylvania including Harrisburg, Allentown, Philadelphia and Pittsburgh as well as an office in Dover, Delaware. The team of accountants at ZAL consists of sixteen CPAs who offer services including tax planning and tax return preparation for non-profit organizations. A true and correct copy of the 2008 Consolidated F/S is attached as **Exhibit "I"**.

(2) PAA and PAALC provided ZAL with full access to all books and records so that ZAL could accurately conduct an accurately audit and prepare the necessary tax returns.

(3) The ZAL engagement letter specifically details they were engaged to prepare tax returns, that they would use judgment in resolving questions where the tax law is unclear. *See* Exhibit "H". The ZAL engagement letter states further that "we

may provide limited accounting and analysis but only for such purpose of preparing complete and accurate income tax returns". Indeed, the PAALC relied in good faith on ZAL's representation that it would be preparing "complete and accurate income tax" returns, and accordingly, did not file a Form 990-N based on ZAL's advice and services. For example, the notes to the 2007 Consolidated Financial Statement indicates that the PAA is a 501(c) tax exempt entity to which no taxable income is attributable and makes no reference to PAALC. Accordingly, consistent with the reporting practices since approximately 1988, the Real Property was reported as an asset on the PAA's Form 990 Return.

2009

(1) PAA and PAALC again retained the services of Zelenkofske Axelrod, LLC ("ZAL"), to prepare their consolidated financial statements and tax returns for tax year 2009 ("2009 Consolidated F/S"). Copies of the engagement letter for ZAL are attached as **Exhibit "J"**[5]. Indeed, ZAL also prepared the consolidated financial statements for PAA and PAALC for tax years 2008. A true and correct copy of the 2009 Consolidated Financial Statement is attached **Exhibit "L"**.

(2) PAA and PAALC provided ZAL with full access to all books and records so that ZAL could conduct an audit and prepare the necessary tax returns. Furthermore, because ZAL also provided tax services to PAA and PAALC for tax year 2008 ZAL had a familiarity with the accounting practices of PAALC.

[5] Although the ZAL 2009 Form 990 and 990-T Engagement letter was not available in the Debtor's Books and Records, the form of the ZAL 2009 Financial Audit Engagement Letter is consistent with that of 2008. Furthermore, subsequent communication from R.D. Hoag & Associates, the tax professional for tax year 2010, indicates that ZAL was the preparer for the Form 990s. *See* **Exhibit "K"**.

(3) ZAL was engaged for the purposes of preparing complete and accurate income tax returns. Indeed, the PAALC relied in good faith on ZAL's representation that it would be preparing complete and accurate income tax returns, and accordingly, did not file a Form 990-N based on ZAL's advice and services. For example, the notes to the 2007 Consolidated Financial Statement indicate that the PAA is a 501(c) tax exempt entity to which no taxable income is attributable and makes no reference to PAALC. Accordingly, consistent with the reporting practices since approximately 1988, the Real Property was reported as an asset on the PAA's Form 990 Return.

39. As further evidence of PAALC's reliance on the advice and services of tax professionals, in 2010, R.D. Hoag & Associates, was retained as the tax professional to prepare the tax returns. *See* Exhibit "K". R.D. Hoag did not prepare a Form 990-N Postcard or advise PAALC to prepare and file a Form 990-N. In Note "A" of the 2010 Consolidated Financial Statement, R.D. Hoag notes that PAA and PAALC are a tax exempt organizations under 501(c) which no taxable income is attributable and specifically advises PAA and PAALC that the income tax filing positions with the Service "will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows." A true and correct copy of the 2010 Consolidated F/S is attached as **Exhibit "M"**. Instead, consistent with the reporting practices in place since approximately 1988, the Real Property was reported as an asset on the PAA's Form 990 Return. And PAALC, relying on its tax professionals, had no reason to suspect that it lost its tax exempt status.

40. Based on the foregoing, PAALC satisfied the standard set forth for a reinstatement of its tax exempt status for "reasonable cause" based on its good faith reliance on advice from its tax professionals in not filing Form 990-Ns for the years 2007 through 2009.

41. Furthermore, it was not until the after PAA and PAALC commenced the Chapter 11 bankruptcy cases that the PAALC's volunteer Board of Directors and Officers learned of the filing deficiencies.

42. In addition to PAALC's good faith reliance on the advice of its tax professionals, Rev. Proc. 2014-11 § 8.05 sets forth a non-exclusive list of additional factors weighing in favor of finding "reasonable cause" for the failure to file required returns. Several of those factors are present in this case and justify retroactive reinstatement.

43. "The failure to file was due to reasonable, good faith reliance on erroneous written information form the IRS, stating the organization was not required to file a return or notice under section 6033 . . .." *See* Rev. Proc. 2014-11 § 8.05(1). Although the Service did not provide any erroneous written information to the PAALC, the PAALC relying in good faith on the January 1986 Form 8184 Notice, coupled with the advice from its tax professionals, continued its practice of not filing a Form 990 Return and began including the Real Property as an asset on the PAA Form 990 Returns. *See* Exhibit "E". Prior to this, PAALC consistently filed Form 990 Returns from 1940 until approximately 1982. On or around 1982, PAALC ceased filing a Form 990 Return based on advice of its tax professionals, because its income fell below the minimum threshold of $25,000. This practice was confirmed and accepted by the Service by way of the January 1986 Form 8184 Notice and the PAALC's response thereto. It

was not until the change in applicable law in 2006 which caused PAALC to fall out of compliance with the Service's filing requirements.

44. "The failure to file the return or notice arose from events beyond the organization's control ("impediment") that made it impossible for the organization to file a return or notice for the year." Rev. Proc. 2014-11 § 8.05(2). Here, at the time of the non-compliance, PAALC and PAA were in financial distress crippled by declining membership and revenue and the extreme costs of upkeep and maintenance on a "century-old" Clubhouse. This financial decline put stress on PAA and PAALC which was struggling to keeps its lights on and doors open. Although this financial decline did not make it "impossible" for PAALC to comply with the Service's filing requirements, it did open the door for a mistake to be made by a group of volunteer Board and Officers. In view of all facts and circumstances, such a mistake was not unfathomable especially in light of PAALC's four decade history of not filing a Form 990 due to its lack of gross receipts of any kind, and its reliance on erroneous tax advice that PAALC was in compliance with its filing requirements by including its assets on the PAA's Form 990.

45. "The organization acted in a responsible manner by undertaking significant steps to avoid or mitigate the failure to file the required return or notice and to prevent similar failures in the future." Rev. Proc. 2014-11 § 8.05(3). Here, PAALC, operating with a Board of Directors comprised entirely of volunteers, has been acting responsibly not only to "right the ship" with regard to destitute financial conditions and to procure a financial rebirth for this hallmark Pittsburgh organization, but the PAALC Board has also acted responsibly in attempting to mitigate any and all failures to comply with the Service's filing requirements. While the current PAALC Board cannot go back and "unscramble the egg," it has acted responsibly in retaining the services of a financial advisor, Gleason Experts, to investigate and reconstruct PAALC's

filing history over the past eight decades, and as necessary and permitted by the Service, to prepare any past due Form 990-Ns needed to bring PAALC into compliance, and prevent any future non-compliance with the Service's requirements.

46. "The organization has an established history of complying with its reporting requirements (if any) under section 6033 and/or any other applicable reporting or other requirements under the Code." Rev. Proc. 2014-11 § 8.05(4). Notwithstanding the revocation of PAALC's tax exempt status in 2010, due its failure to file its Form 990-N Cards, PAA and PAALC have an established history of complying with the Service's filing requirements since PAA's formation in 1908 — PAA and PAALC have complied with the Service's filing requirements through several revisions of U.S. tax laws and regulations over the past century. Indeed, the instant non-compliance occurred relatively recently compared to these entities' history. Furthermore, PAALC's failure to file the Form 990-N Card occurred when PAA and PAALC fell into a period of serious financial decline that ultimately lead to Chapter 11 bankruptcy filings.

47. Finally, PAALC had no income above the minimum threshold that would prompt the need to file a Form 990 and PAALC had no taxable events during the years of non-compliance. Therefore, the non-compliance has not resulted in a financial detriment to the Service.

III. CONCLUSION

48. The foregoing facts and circumstances demonstrate that "reasonable cause exists" for PAALC's failure to timely file Form 990-N Cards during tax years 2006 to present and meets the standards set forth in Rev. Proc. 2014-11. Accordingly, PAALC respectfully submits this Statement in support of retroactive reinstatement of its tax exempt status under IRC § 501(c) as a real estate holding company of the Real Property for the benefit of PAA.

Respectfully Submitted,

Dated: 3/8/2018

William G. Krieger

GLEASON EXPERTS

Chief Restructuring Officer to the Pittsburgh Athletic Association and the Pittsburgh Athletic Association Land

REV. PROC. 2014-11 § 8.06 DECLARATION IN SUPPORT OF APPLICATION OF THE PITTSBURGH ATHLETIC ASSOCIATION LAND COMPANY FOR RETROACTIVE REINSTATMENT OF TAX EXEMPT STATUS UNDER 26 U.C.C. § 501(c)

I, James A. Sheehan, President of the Board of Directors, declare, under penalties of perjury, that I am authorized to sign this request for retroactive reinstatement on behalf of Pittsburgh Athletic Association Land Company, and I further declare that I have examined this request for retroactive reinstatement, including the written explanation of all the facts of the claim for reasonable cause, and to the best of my knowledge and belief, this request is true, correct, and complete.

Dated: 3.7.2018

James A. Sheehan, President

Pittsburgh Athletic Association Land Company

Exhibit "E"

(Plan Feasibility Analysis)

Revised March 12, 2018

Assumes April 30, 2018 Effective Date

	PAALC	PAA	Notes:
Proceeds from Land/Building Sale	$ 12,938,000		a)
Less: Transaction Costs	(325,000)		b)
Total Proceeds Remaining for Distribution	$ 12,613,000		
Less DIP Loan and Secured Payments to PAALC Creditors:			
Repayment of DIP Loan	$ (1,529,253)		c)
Secured - PAALC	(4,628,378)		d)
Subtotal - DIP Loan and Secured Payments to PAALC Creditors:	$ (6,157,630)		
Less Administrative Claims:			
Unpaid Professional Fees	$ (1,500,000)		e)
Unpaid US Trustee Fees	(975)		
Subtotal - Administrative and Tax Claims:	$ (1,500,975)		
Less: Payments to Priority Unsecured PAALC Creditors	$ (300)		f)
Less: Payments to Unsecured PAALC Creditors	$ (300)		f)
Funds Available after Payment of PAALC Creditors	**$ 4,953,795**		
Equity Distribution to PAA	**$ (4,953,795)**	**$ 4,953,795**	
Less Payments to PAA Creditors:			
Secured - PAA		$ (796,346)	g)
Priority Unsecured - PAA		(490,710)	g)
Unsecured - PAA		(3,542,983)	g)
Subtotal - Payments to PAALC Creditors (including Disputed Claims)		$ (4,830,039)	
Funds Available from Sales Proceeds after Payments to Creditors and Disputed Claims		**$ 123,756**	
Funds Available from Other PAA Assets:			
PAA Artwork		$ 800,000	h)
Blanche Trust Secured Claims - Secured by PAA Artwork		(399,914)	j)
Remaining Proceeds from PAA Personal Property Auction		70,000	i)
Additional Utility Deposits to be Returned		9,000	
Collection of Outstanding Accounts Receivable		100,000	k)
Cash Proceeds from Avoidance Actions Retained by Reorganized Debtor		TBD	
Total Funds from Other PAA Assets		$ 579,086	
Funds Available to Reorganized Debtor for Future Reinvestment in PAA	**$ -**	**$ 702,842**	

Notes:

a) Letter of Intent ("LOI") from Walnut Capital dated September 18, 2017, as amended on March 12, 2018.

b) Includes $325,000 fee for HFF.

c) This amount includes approximately $30,000 that will be due for interest, as the interest reserve held by the lender will not be adequate to cover outstanding balances.

d) See PAALC Creditor Summary.

e) Professional fees include actual billings through January 2018 and estimated billings through April 2018. It also includes any unpaid portion of professional fees from October through January that were not paid due to unavailability of funds.

f) See PAALC Creditor Summary. Note that the amount does not include the secured claim for the Blanche Trust, as that is separately listed in k).

g) See PAA Creditor Summary.

h) Based upon Christies/Sotheby's appraisal of artwork.

i) Estimated based on auction proceeds net of sale expenses ($90,000) less estimated use of funds to fund PAA operating expenses ($20,000)

j) This amount is Blanche Trust debt and accrued but unpaid interest as of April 30, 2018 for the loans which are secured by the artwork.

k) Based on net accounts receivable balance currently recorded in the PAA MOR.

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
PITTSBURGH ATHLETIC ASSOCIATION, et al, *Movants,* v. NO RESPONDENTS.	Chapter 11 Doc. No. _____

[THIRD REVISED] AMENDED JOINT PLAN OF REORGANIZATION DATED MARCH 16, 2018

(as revised April 22, 2018)

TUCKER ARENSBERG, P.C.

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

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INTRODUCTION

Pittsburgh Athletic Association ("PAA") and Pittsburgh Athletic Association Land Company ("PAALC" and together with PAA collectively, the "Debtors") propose the following Amended Joint Plan of Reorganization (the "Amended Plan") pursuant to section 1121(a) of the Bankruptcy Code. Reference is made to the Impaired Class Amended Joint Disclosure Statement to Accompany the Amended Joint Plan of Reorganization dated March 13, 2018 (the "Amended Disclosure Statement"), for (i) a discussion of the Debtors' history, business and post-bankruptcy reorganization efforts, and (ii) a summary and analysis of this Amended Plan. TO THE EXTENT THAT THIS AMENDED PLAN IS INCONSISTENT WITH THE AMENDED DISCLOSURE STATEMENT, THIS AMENDED PLAN WILL GOVERN. Debtors file this Amended Plan as a joint plan because (i) PAA is the sole shareholder of PAALC's capital stock and therefore 100% owner of PAALC; (ii) the Debtors' Assets and liabilities are substantially intertwined; (iii) the Debtors have maintained their books and records on a combined basis; (iv) the Debtors prepare consolidated financial statements, which have been reviewed on a consolidated basis throughout their existence; and (v) have operated as a single entity since the Clubhouse opened. The Amended Plan is predicated upon the closing of the sale of the Sale Assets, as that term is defined below, and to the extent necessary the sale of the Artwork and other personal property, which will provide the Debtors with funding to pay their creditors in accordance with the priorities established by the Bankruptcy Code and the terms of this Amended Plan.

ARTICLE I.
DEFINITIONS AND INTERPRETATION

Definitions. As used in the Amended Plan, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

1.1 "**Administrative Expense Claim**" means a Claim for the costs and expenses of administration arising during the period commencing on the Petition Date and ending on the Effective Date under Sections 503(b), 503(c), 507(a) or 507(b) of the Bankruptcy Code, including, but not limited to, (i) any actual and necessary costs or expenses of preserving the Estates or conducting the business of the Debtors, (ii) administrative expenses previously allowed by the Bankruptcy Court, (iii) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under Sections 330(a) or 331 of the Bankruptcy Code, including Professional Fee Claims, (iv) Claims, pursuant to Section 503(b)(9) of the Bankruptcy Code, for the value of goods received by the Debtors in the 20 days immediately prior to the Petition Date and sold to the Debtors in the ordinary course of the Debtor's businesses, and (v) all fees and charges assessed against the Debtors pursuant to 28 U.S.C. § 1930.

1.2 "**Allowed**" means, with respect to a Claim, any Claim, proof of which was timely and properly filed or, if no proof of Claim or proof of interest was filed, which has been or hereafter is listed by the Debtors on their Schedules as liquidated in amount and not disputed or contingent and, in either case, as to which no objection to allowance has been interposed on or before the expiration of the time within which to object to such Claim as set forth in the Amended Plan or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder. Unless otherwise specified in the Amended Plan or by order of the Bankruptcy Court, "Allowed Claim" shall not, for purposes of computation of distributions under the Amended Plan, include interest on such Claim from and after the Effective Date.

1.3 "**Amended Disclosure Statement**" means the Impaired Class Amended Disclosure Statement relating to the Amended Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.4 "**Plan**" means this Amended Chapter 11 plan of reorganization, including all exhibits and schedules annexed hereto, either in its present form or as it may be altered, amended or modified from time to time.

1.5 "**Artwork**" means all of the artwork, paintings, sculptures and memorabilia owned by PAA.

1.6 "**Assets**" means all real and personal property assets of the Debtors.

1.7 "**AVB**" means Allegheny Valley Bank.

1.8 "**Avoidance Actions**" means any and all actions arising under or actionable by the Estate pursuant to Sections 544, 545, 547, 548, 549, 550, and/or 551 of the Bankruptcy Code, and expressly includes such actions against any and all persons and entities listed on the Debtor's Statement of Financial Affairs, Number 3, filed in the Bankruptcy Case.

1.9 "**Bankruptcy Code**" means title 11 of the United States Code, as amended from time to time.

1.10 "**Bankruptcy Court**" means the United States Bankruptcy Court for the Western District of Pennsylvania or, if such court ceases to have jurisdiction over the Chapter 11 Cases, the court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

1.11 "**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, including the Local Rules of the Bankruptcy Court.

1.12 **"Bar Date"** means, as applicable: (i) November 20, 2017, for the filing of any prepetition Claim against the Debtors, and (ii) November 27, 2017 for the filing of any prepetition Claim against the Debtors by Governmental Units. The Amended Plan does not extend any Bar Date established by the Bankruptcy Court, the Bankruptcy Code, the Bankruptcy Rules, and the earliest date applicable to the filing of a Claim shall govern.

1.13 "**Board"** means collectively the Board of Directors for the Debtors, Pittsburgh Athletic Association and the Board of Directors for Pittsburgh Athletic Association Land Company.

1.14 **"BT Loan**" means certain pre-petition notes executed by PAA and delivered to the Blanche Trust.

1.15 "**Business Day**" means any day other than a Saturday, a Sunday, and any other day on which commercial banks in Pittsburgh, Pennsylvania are required or authorized to close by law or executive order.

1.16 **"Causes of Action"** shall means any and all claims, actions, adversary proceedings (other than Avoidance Actions), causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments and demands whatsoever, whether pending or not pending, known or unknown, whether or not scheduled as an asset of the Debtors, disputed or undisputed, legal or equitable, absolute or contingent, that are already pending or that have accrued or are accruing to the Debtors or their respective successors and/or assignees, or that may be pursued derivatively by or on behalf of the Debtors or the Estates.

1.17 "**Chapter 11 Case(s)**" means the case under Chapter 11 of the Bankruptcy Code commenced by Pittsburgh Athletic Association under the caption *In re Pittsburgh Athletic Association*, Chapter 11 Case No. 17-22222-JAD and the case commenced by Pittsburgh Athletic Association Land Company under the caption *In re Pittsburgh Athletic Association Land Company*, Chapter 11 Case No. 17-22223-JAD, and jointly administered under Case No. 17-22222-JAD which cases are currently pending in the Bankruptcy Court.

1.18 "**Claim**" means any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, known or unknown; or any right to

an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, known or unknown.

1.19 "**Class**" means any group of substantially similar Claims classified by the Amended Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

1.20 **"Closing"** means the final step in transferring the Sale Assets to Walnut PAA, LP and the Purchase Price to the Debtors.

1.21 "**Closing Date**" means the day that the Sale Assets are sold to Walnut PAA which shall occur no earlier than April 15, 2018.

1.22 "**Club Lease**" means the oral lease from 1912 between PAA and PAALC as memorialized in writing by a Memorandum of Lease executed by PAALC and PAA on April 3, 1962.

1.23 "**Club Parcel**" means the real property owned by PAALC located at 4215 Fifth Avenue, Pittsburgh, Pennsylvania 15213, bearing tax parcel identification number 27-R-138 and containing approximately 33,136 square feet of land.

1.24 "**Collateral**" means any property or interest in property of the Estates of the Debtors subject to a lien to secure the payment or performance of a Claim, which lien is valid, perfected and enforceable under applicable law, and is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.25 "**Committee**" means the Official Committee of Unsecured Creditors of the Pittsburgh Athletic Association as appointed by the United States Trustee.

1.26 "**Confirmation Date**" means the first date after which the Bankruptcy Court enters an order confirming the Amended Plan pursuant to section 1129 of the Bankruptcy Code and upon which all of the condition set forth in section 11.1 are satisfied.

1.27 "**Confirmation Hearing**" means the hearing held by the Bankruptcy Court to consider confirmation of the Amended Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.28 "**Confirmation Order**" means the order of the Bankruptcy Court confirming the Amended Plan pursuant to section 1129 of the Bankruptcy Code.

1.29 "**Confirmation Scheduling Order**" means the order of the Bankruptcy Court (i) approving the Disclosure Statement and fixing the date for the hearing on confirmation of the Amended Plan; and (ii) fixing the date for filing and serving objections to confirmation of the Amended Plan.

1.30 "**Debtors**" means Pittsburgh Athletic Association and Pittsburgh Athletic Association Land Company as debtors and debtors in possession under Chapter 11 of the Bankruptcy Code.

1.31 "**DIP Lender**" means JDI Loan, LLC/Rollover Fund, LLC.

1.32 "**DIP Loan**" means the post-petition Note executed by PAA and given to JDI for debtor-in-possession financing, consisting of a Loan in the original principal amount of $750,000.00, which was subsequently increased to $1,500,000.

1.33 "**Disbursing Agent**" means Gleason and Associates, P.C., the Debtors' financial advisors with a principal place of business at 420 Fort Duquesne Blvd., Suite 525, Pittsburgh, Pennsylvania 15522.

1.34 "**Disputed Claim**" means any Claim, proof of which was timely and properly filed, and (a) which has been or hereafter is listed on the Schedules as unliquidated, disputed, or contingent, and which has not been resolved by written agreement of the parties or by an order of the Bankruptcy Court, or (b) as to which the Debtor or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by a Final Order. Prior to (i) the filing of an objection to a Claim or (ii) the expiration of the time within which to object to such Claim set forth in the Amended Plan or otherwise established by order of the Bankruptcy Court, for purposes of the Amended Plan, a Claim shall be considered a Disputed Claim if (i) the amount of the Claim specified in the proof of Claim exceeds the amount of the Claim scheduled by the Debtor as other than disputed, contingent or unliquidated, or (ii) the Claim is not listed on the Schedules.

1.35 "**Disputed Claims Reserve**" means, in the event there exists any Disputed Claims on the Effective Date, the reserve established in accordance with Article VIII of the Amended Plan, to hold cash that would be distributable to the holders of such Claims if such Claims are subsequently Allowed, as set forth more fully in Article VIII of the Amended Plan.

1.36 "**DOR**" means the Commonwealth of Pennsylvania, Department of Revenue.

1.37 "**Effective Date**" means the date on which the Amended Plan shall become effective, which date shall be as soon as reasonably practicable after the date on which the conditions specified in Article 11.1 of the Amended Plan have been satisfied or waived.

1.38 "**Equity Interest**" means the ownership interest of PAA in PAALC.

1.39 "**Estates**" means the estates of the Debtors created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

1.40 **"Excluded Assets"** means the assets which are being retained by the Reorganized Debtor: (a) the Reorganized Debtor's Artwork, all china, dishware, furniture, linens, silver, and/or any other equipment, furnishings, memorabilia, and/or tangible assets located at the Club

Parcel; (b) all intellectual property owned by the Debtors including, branded materials, copyrights, trademarks, and service marks; (c) Pennsylvania liquor license known as Liquor License CC-1/LID No. 2815; (d) all claims and actions arising under the United States Bankruptcy Code Chapter 5; (e) any contracts, including employment and/or labor agreements, entered into by the Debtors; and (f) all legal claims or causes of action accrued prior to the Debtors' filing the Bankruptcy Case including, but not limited to, any professional malpractice claims.

1.41 "**Final Order**" means an order of the Bankruptcy Court as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or motion for reargument or rehearing is then pending or as to which any right to appeal, petition for certiorari, or move to reargue or rehear shall have been waived in writing in form and substance satisfactory to the Debtor or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been upheld by the highest court to which such order was appealed, or from which certiorari, reargument or rehearing was sought and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

1.42 "**Gleason**" means Gleason and Associates, P.C., the Debtors' financial advisors.

1.43 "**Ground Lease**" means the 99-year ground lease between PAALC and OFAHA for the development of the Marriott Autograph hotel dated January 30, 2015, as amended.

1.44 "**HFF**" means Holiday Fenoglio Fowler, L.P., the Debtors' real estate and capital advisors.

1.45 "**Hotel Parcel**" means the real property owned by PAALC located adjacent to the Club Parcel between Bigelow Boulevard and Lytton Avenue, Pittsburgh, Pennsylvania, bearing tax parcel identification number 27-R-ll0, and containing approximately 23,685 square feet of land

1.46 "**Impaired**" means any holder of a Claim or Interest for which its legal, contractual or equitable rights are altered, modified or changed by the proposed treatment under the Amended Plan.

1.47 "**Interest**" means the PAA Membership Interests and/or PAA's Equity Interest as defined herein.

1.48 "**IRS**" means the Internal Revenue Service.

1.49 "**JDI**" means JDI Loans, LLC/Rollover Fund, LLC.

1.50 "**Membership Interests**" means the membership interests held by the individual PAA Members.

1.51 **"NRF"** means the National Retirement Fund

1.52 **"NRF Claim"** means the allowed claim of the National Retirement Fund.

1.53 "**OFAHA**" means Oakland Fifth Avenue Hotel Associated, L.P.

1.54 "**OFAHA Loans**" means certain loan agreements including a Promissory Note dated June 3, 2014, in the original principal amount of $575,000.00, 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.

1.55 "**PAA**" means the Debtor, Pittsburgh Athletic Association.

1.56 "**PAA Board**" means the Board of Directors for the Debtor, Pittsburgh Athletic Association.

1.57 "**PAA Lease**" means that certain lease between the Reorganized Debtor, the PAA, and Walnut PAA, LP as more particularly described in the018 PSA.

1.58 "**PAALC**" means the Debtor, Pittsburgh Athletic Association Land Company.

1.59 "**PAALC Board**" means the Board of Directors for the Debtor, Pittsburgh Athletic Association Land Company.

1.60 "**PAA Members**" means members of PAA who have not submitted letters of resignation.

1.61 "**Person**" means an individual, partnership, corporation, Limited Liability Company, business trust, joint stock company trust, unincorporated association, joint venture, governmental authority, governmental unit or other entity of whatever nature.

1.62 "**Petition Date**" means May 30, 2017, the date on which the Debtors filed voluntary petitions for relief under Chapter 11.

1.63 "**Plan Documents**" means the forms of documents effectuating the transactions contemplated by this Amended Plan, which documents shall be in form and content reasonably acceptable to the Debtors.

1.64 "**Personal Property Assets**" means all of the personal property of the PAA and any proceeds resulting for the sale of any personal property.

1.65 "**PITT AA, LLC**" means the successor in interest to AVB.

1.66 "**Prepetition Lenders**" means PITT AA LLC, as assignee of AVB, OFAHA, and the Blanche Trust.

1.67 "**Prepetition Loans**" means collectively the BT Loan, the OFAHA Loans and the PIT AA LLC Loans.

1.68 "**Priority Claim**" means a Priority Tax Claim or Priority Non-Tax Claim.

1.69 "**Priority Non-Tax Claim**" means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment under section 507(a) of the Bankruptcy Code.

1.70 "**Priority Tax Claim**" means any Claim of a governmental unit of the kind entitled to priority in payment as specified in section 507(a)(8) of the Bankruptcy Code.

1.71 **"Professional"** means any Person employed by the Debtors or any Committee pursuant to a Final Order in accordance with § 327 and/or § 1103 of the Bankruptcy Code.

1.72 **"Professional Fee Claim"** means any Claims against the Debtors for fees and expenses incurred from the Petition Date through the Effective Date by any Professional that is filed on or before any applicable Bar Date for such Claims under Sections 328, 330(a), 331, 503 or 1103 of the Bankruptcy Code.

1.73 **"Professionals' Lien"** means the lien granted to the Professionals in Reorganized Debtor's Artwork pursuant to the terms and conditions of the Plan.

1.74 "**PSA**" means that certain Agreement of Purchase and Sale dated November 27, 2017 by and between the Debtors and Walnut as amended as of March 2018, and as the same may be amended from time to time.

1.75 "**Purchase Price**" means the agreed amount of $12,613,000.00 plus the $325,000 success fee owed to HFF as set forth in the PSA.

1.76 "**Real Property Assets**" means collectively the Club Parcel and Hotel Parcel.

1.77 "**Reorganized Debtor**" means the PAA on and after the Effective Date.

1.78 "**Reorganized Debtor's Artwork**" means (i) the Artwork not sold at auction, and (ii) the excess proceeds of the Artwork sold at auction that is not used to the pay the Blanche Trust and Allowed Claims other than Professional Fees.

1.79 **"Sale Assets"** means the Real Property Assets and any personal property assets of the PAALC incidental to the Real Property Assets which are not part of the Excluded Assets and the Ground Lease which is are being sold pursuant to the terms of the PSA.

1.80 **"Sale Proceeds"** the amount of funds that the Debtors will receive from the sale of the Sale Assets.

1.81 "**Schedules**" means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors as required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any supplements or amendments thereto through the Confirmation Date.

1.82 "**Secured Claim**" means a Claim held by any Person against the Debtors secured by Collateral, but only to the extent of the value, as set forth in the Amended Plan, as agreed to by the holder of such Claim and the Debtors, or as determined by a Final Order of the Bankruptcy Court pursuant to section 506(a) of the Bankruptcy Code, of such Person's interest in the Estate's interest in such Collateral; provided, however, that a Secured Claim shall not include any portion of the Claim to the extent that the value of such Person's interest in the Collateral is less than the amount of such Claim.

1.83 "**Secured Tax Claims**" means the Allowed Secured Claims of the Internal Revenue Service and the Commonwealth of Pennsylvania.

1.84 "**Setoff Claim**" means any Secured Claim secured by a right to offset a mutual debt owing by such creditor to the Debtors that arose before the Commencement Date against the claim of such creditor against the Debtors that arose before the Commencement Date.

1.85 "**TAPC**" means Tucker Arensberg, P.C., counsel for the Debtors and Reorganized Debtor.

1.86 "**TCE-TIA Escrow**" means that certain Tax Claim Escrow – Tenant Improvement Allowance Escrow to be funded by Walnut PAA, LP at the Closing in the amount of $3,500,000 for the payment of any potential capital gains taxes that may accrue to the sale of the Sale Assets and/or improvement to the Real Estate Assets post purchase by Walnut PAA, LP.

1.87 "**Title Company**" means Chicago Title Insurance Company.

1.88 "**Unimpaired**" means any holder of a claim or interest whose legal contractual or equitable rights are not altered, modified or damaged by the proposed treatment under the Amended Plan.

1.89 "**Unsecured Claim**" means any Claim other than a Secured Claim, an Administrative Expense Claim or a Priority Claim.

1.90 "**Walnut**" means Walnut Capital Acquisitions, LLC.

1.91 **"Walnut PAA"** means Walnut PAA, LP, or any successors and or assignees thereof.

Other Terms. A term used in the Amended Plan that is not defined shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

Construction of Certain Terms. The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Amended Plan as a whole and not to any particular section, subsection, or clause contained in the Amended Plan. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter.

ARTICLE II.
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL FEE CLAIMS AND PRIORITY TAX CLAIMS

2.1 Administrative Expense Claims.

Holders of Allowed Administrative Expense Claims of the Debtors will receive in full satisfaction thereof an amount in cash equal to the Allowed amount of such 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.

The IRS and DOR are not holders of Allowed Administrative Expense Claims.

The DIP Loan is an Allowed Administrative Expense Claim and will be paid in full at the Closing.

Claims under this Section 2.1 shall not include Professional Fee Claims. Treatment of Professional Fee Claims is set forth in Section 2.2 below.

2.2 Professional Fee Claims.

(a) Holders of Professional Fee Claims will receive in full satisfaction of their 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; except that, 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.

(b) Professionals are hereby 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.

(c) 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 in full or the appropriate reserves have been funded to pay said Claims in full pending their allowance.

(d) An Administrative Expense Claim that is a Professional Fee Claim, and for which a fee application has been properly filed pursuant to Section 2.2 of the Amended Plan, shall become an Allowed Professional Fee Claim only to the extent allowed by a Final Order.

(e) Unless the holder of a Professional Fee Claim agrees to a different treatment of such Claim in writing, any unpaid Professional Fee Claim shall be paid the full amount thereof thirty (30) days after such Professional Fee Claim becomes an Allowed Claim pursuant to entry of an order of the Bankruptcy Court. Allowed unpaid Professional Fee claims will be paid at closing in full.

2.3 Priority Tax Claims. Holders of Allowed Priority Tax Claims of the Debtors shall receive in full satisfaction thereof an amount in cash equal to the Allowed amount of such Claim on or before the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Allowed Priority Tax Claim can be determined and, if necessary, allowed by the Court together with interest thereon (if and only to the extent required) at the applicable statutory rate required for such Claims. Holders of Allowed Priority Tax Claims will not be entitled to receive any payment on account of any penalty arising with respect to, or in connection with, such Claims. Any Claim for any such penalty, or demand for any such penalty, will be deemed disallowed by confirmation of this Amended Plan. Priority Tax Claims do not include Administrative Expense Claims.

ARTICLE III.
CLASSIFICATION OF CLAIMS AND INTERESTS AND GENERAL PROVISIONS

3.1 In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Fee Claims, and Priority Tax Claims, as described in Article II, have not been classified and, thus, are excluded from the Classes that follow. Claims are classified for all purposes, including voting, confirmation, and distribution pursuant to the Amended Plan, as follows:

CLASS	TREATMENT	ENTITLED TO VOTE	ESTIMATED AMOUNTS	ESTIMATED RECOVERY
Class 1 - Allowed Secured Claims of PITT AA LLC	Not impaired	No	$2,088,171.35	100%
Class 2 - Allowed Secured Claim of OFAHA	Impaired	Yes	$2,223,832.10 (or as reduced by settlement)	100% of the reduced Secured Claim.

Class 3 - Allowed Secured Claim of the Blanche Trust	Impaired	Yes	$399,914.06	100% payable 30 days after the closing of the Sale of the Artwork
Class 4 – Allowed Secured Claim of the Internal Revenue Service	Not impaired	No	$345,348.00	100%
Class 5 – Allowed Secured Claim of the Commonwealth of Pennsylvania	Not impaired	No	$450,997.76	100%
Class 6 - Allowed Secured Real Estate Tax Claims	Not impaired	No	$0.00	100%
Class 7 - Allowed Unsecured Priority Tax Claims	Not impaired	No	$342,768.37	100%
Class 8 - Allowed Unsecured Priority Non-Tax Claims	Not impaired	No	$176,394.86	100%
Class 9 - Allowed General Unsecured Claims	Not Impaired	No.	$3,498,435.51	100%
Class 10 - Equity Interest of PAA in PAALC	Not Impaired	No	Not Applicable	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.
Class 11 - PAA Membership Interests	Impaired	Yes	N/A - Each PAA Member is entitled to cast one vote to accept or reject the Amended Plan	N/A

3.2 General Rules of Classification. Generally, a Claim or Interest is classified in a particular Class for voting and distribution purposes only to the extent the Claim or Interest qualifies within the description of that Class, and is classified in another Class or Classes to the extent the Claim or Interest qualifies within the description of such other Class or Classes.

3.3 Membership Interests. PAA is an uncertificated Pennsylvania not-profit corporation and in accordance with 15 Pa.C.S.A. § 5753 there are no owners or equity holders. Membership in PAA provides PAA Members with access to the social and athletic services offered in compliance with PAA's tax exempt purpose. PAA Membership is not an "equity type" membership. The value of any alleged economic interests of each PAA Member is not readily ascertainable and such value may only come to fruition through a formal dissolution of PAA in accordance with 15 Pa. C.S. § 5975. At no time during these bankruptcy cases have the Debtors ever contemplated formal dissolution proceedings as these Debtors have only pursued a reorganization. The PAA Members' rights and benefits may be effected by the Amended Plan upon reopening of the Club and based upon the resolution of the TCE-TIA Escrow and related tax issues. Out of the abundance of caution, the PAA Members are being solicited to vote on the Amended Plan. Each PAA Member is entitled to cast a ballot representing one vote.

3.4 Administrative Expense Claims. Administrative Expense Claims have not been classified and are excluded from the Classes of Claims in accordance with section 1123(a)(1) of the Bankruptcy Code.

3.5 Satisfaction of Claims. The treatment to be provided for Allowed Claims pursuant to this Amended Plan and the consideration provided for herein shall be in full satisfaction, settlement, release and discharge of such respective Claims, pursuant to the Amended Plan.

3.6 Bar Dates for Administrative Expense Claims. **PROOFS OF ADMINISTRATIVE EXPENSE CLAIMS AND APPLICATIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS WHICH HAVE ARISEN ON OR AFTER THE COMMENCEMENT DATE MUST BE FILED AND SERVED PURSUANT TO THE PROCEDURES SET FORTH IN THE CONFIRMATION ORDER.** The bar date for Administrative Expense Claims and Professional Fee Claims does not apply to Administrative Expense Claims incurred in the ordinary course of the Debtor's business which will be paid in the ordinary course of the Debtor's business.

ARTICLE IV.
TREATMENT OF CLAIMS AND INTERESTS

4.1 Class 1 - Secured Claims of PITT AA LLC

(a) Impairment and Voting. Class 1 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 1 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) the Closing Date or (ii) fifteen (15) days after the Class 1 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 1 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.2 Class 2 - Secured Claims of OFAHA

(a) Impairment and Voting. Class 2 Claims are impaired by the Amended Plan. Holders of Allowed Claims in Class 2 are entitled to vote to accept or reject the Amended Plan.

(b) Distributions. On the later of (i) the Closing Date or (ii) fifteen (15) days after the Class 2 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 2 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.3 Class 3 - Secured Claims of the Blanche Trust

(a) Impairment and Voting. Class 3 Claims are impaired by the Amended Plan. Holders of Allowed Claims in Class 3 are entitled to vote to accept or reject the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the closing of the sale of the Artwork (ii) fifteen (15) days after the Class 3 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 3 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.4 Class 4 - Secured Claims of the Internal Revenue Service

(a) Impairment and Voting. Class 4 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 4 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 4 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 4 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.5 Class 5 - Secured Claims of the Commonwealth of Pennsylvania

(a) Impairment and Voting. Class 5 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 5 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 5 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 5 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with

interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.6 Class 6 - Secured Real Estate Claims

(a) Impairment and Voting. Class 6 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 6 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) the Closing Date or (ii) fifteen (15) days after the Class 6 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 6 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim with interest, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.7 Class 7 - Unsecured Priority Tax Claims

(a) Impairment and Voting. Class 7 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 7 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 7 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 7 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.8 Class 8 - Unsecured Priority Non-Tax Claims

(a) Impairment and Voting. Class 8 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 8 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 8 Claim can be determined and, if necessary, allowed by order of the Bankruptcy Court, each holder of an Allowed Class 8 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.9 Class 9 - General Unsecured Claims

(a) Impairment and Voting. Class 9 Claims are not impaired by the Amended Plan. Holders of Allowed Claims in Class 9 are not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. On the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Class 9 Claim can be determined and, if necessary, allowed by order of the Court, each holder of an Allowed Class 9 Claim shall receive in full satisfaction of its claim in an amount in cash equal to the Allowed amount of its Claim, or such holder may be treated on such less favorable terms as may be agreed to by such holder.

4.10 Class 10 - Equity Interest of PAA in PAALC

(a) Impairment and Voting. The Class 10 Claim is not impaired by the Amended Plan. PAA is not entitled to vote to accept or reject the Amended Plan and shall conclusively be deemed to have accepted the Amended Plan.

(b) Distributions. PAA is the holder of an unimpaired Interest. Under the Amended Plan the Sale Assets of the Debtors will be sold to Walnut PAA and PAALC will no longer possess any assets of value. Once all Allowed Claims have been paid, all excess cash will be returned to PAA for future use in its ongoing operations as the Reorganized Debtor. 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. The Reorganized Debtor will also retain the Excluded Assets.

4.11 Class 11 - PAA Members

(a) Impairment and Voting. The PAA Members who comprise Class 11 have Interests that may be impaired by the Amended Plan. Out of the abundance of caution, the PAA Members are entitled to vote to accept or reject the Amended Plan.

(b) Distributions. PAA Members have no readily ascertainable economic interest in the Debtors and are not entitled to a distribution under the Amended Plan.

ARTICLE V.
ACCEPTANCE OR REJECTION OF THE AMENDED PLAN

5.1 Voting of Claims or Interests. Only holders of an Allowed Claim or Interest in an Impaired Class of Claims or Interests are entitled to vote to accept or reject the Amended Plan. Classes 2 and 3 are impaired under the Amended Plan and are entitled to vote on the Amended Plan. Furthermore, PAA Members in Class 11, may also have their rights and benefits altered under the Amended Plan upon reopening of the Clubhouse and/or the resolution of the TCE-TIA Escrow and related tax matters, and therefore, out of the abundance of caution, PAA Members are being balloted. .

5.2 Acceptance by a Class of Creditors or Interest Holders.

(a) Acceptance by a Class of Creditors. Consistent with section 1126(c) of the Bankruptcy Code and except as provided for in section 1126(e) of the Bankruptcy Code, a Class of creditors shall have accepted the Amended Plan if it is accepted by at least two-thirds in dollar amount and more than one-half in number of the holders of Allowed Claims of such Class that have timely and properly voted to accept or reject the Amended Plan.

(b) Acceptance by a Class of Interests. Consistent with section 1126(d) of the Bankruptcy Code and except as provided for in section 1126(e) of the Bankruptcy Code, a Class of interests shall have accepted the Amended Plan if it is accepted by at least two-thirds in number of the holders of Allowed Interests of such Class that have timely and properly voted to accept or reject the Amended Plan.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions Under the Amended Plan.

(a) Effective Date Payments. Within thirty (30) days of the Effective Date the Disbursing Agent will (i) remit to holders of Allowed Administrative Expense Claims and Allowed Priority Claims an amount in cash equal to the Allowed amount of such Claims, or such lesser amounts as agreed to by such holders; (ii) pay to Allowed Unsecured Claims the Allowed amount of such Claim; and (iii) remit to the Disputed Claims Reserve in respect of Disputed Unsecured Claims cash equal to the amount of such Disputed Unsecured Claims. All distributions made to holders of Claims under the Plan shall be in full and final satisfaction of all Claims.

(b) Subsequent Distributions. After the Effective Date, to the extent cash is available from (i) the Disputed Claims Reserve following the disallowance or reduction of Disputed Claims, or (ii) undeliverable, time barred or unclaimed distributions to holders of Allowed Claims, such cash shall be returned to the Reorganized Debtor for the ultimate benefit of its Members. After the Effective Date, the Disbursing Agent shall distribute to the holders of Claims Allowed by a Final Order of the Bankruptcy Court after the Effective Date cash equal to the Allowed portion of such holder's Allowed Claim and shall distribute to the Disbursing Agent for subsequent distribution cash equal to that portion of such holder's Claim that is disallowed by a Final Order of the Bankruptcy Court. ***Once all Allowed Claims have been paid, all excess cash will be returned to PAA for use in its ongoing operations as the Reorganized Debtor.***

(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. 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 Amended 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 will be made to such holder.

6.2 Unclaimed Distributions. 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 120 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 forever barred from asserting such Claim against the Debtors and/or the Reorganized Debtor.

6.3 Compliance with Tax Requirements. To the extent applicable, the Disbursing Agent in making distributions under the Amended Plan shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Amended Plan shall be subject to such withholding and reporting requirements. The Disbursing Agent may withhold the entire distribution due to any holder of an Allowed Claim or interest 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 or interest 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 shall be treated as an undeliverable distribution in accordance with this Article.

6.4 Setoffs. After notice and hearing, the Debtors may, in accordance with section 553 of the Bankruptcy 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 shall be placed into the Disputed Claim Reserve pursuant to the Amended Plan.

6.5 Professional Fees and Expenses. Each Professional retained by order of the Bankruptcy Court requesting compensation in these Chapter 11 Cases pursuant to sections 330 or 503(b) of the Bankruptcy Code will be required to file a final application for an allowance and payment of final compensation and reimbursement of expenses in these Chapter 11 Cases 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.

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

ARTICLE VII.
MEANS FOR IMPLEMENTATION AND EXECUTION OF THE AMENDED PLAN

7.1 Sale of the Sale 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.

7.2 Tax Consequences of the Sale of Sale Assets. 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). PAA is a tax-exempt 501(c)(7) entity. 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) title holding company since obtaining that tax exempt 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 whom 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 application for retroactive reinstatement of its 501(c)(2) tax-exempt status (the "Reinstatement Process").

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, to 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 the 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). Indeed, 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 because there was 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.

Upon the termination of the Reinstatement Process and after confirmation of the Amended Plan, the Debtors will evaluate the necessity of further administrative proceedings and/or will immediately 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 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).

However, all holders of Claims and Interests should note that event the sale of the Sale Assets is determined to be a taxable event, the Debtors will use all reasonable tax planning measures to account for basis in the Sale Assets, deductions, depreciation, operating losses, and tax credits to reduce the amount of any capital gains tax imposed by the DOR and IRS.

With respect to PAA, the Internal Revenue Code excludes gains arising from sale transactions under § 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, these provisions in the Internal Revenue Code would exempt any gain on the sale from taxation. Alternatively, assuming that the property is deemed to be owned by PAALC and the tax-exempt status of PAALC is restored retroactively as discussed above, so that the gain on sale by PAALC is not taxable to PAALC, any actual or deemed distribution by PAALC to PAA would be exempt under Section 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, the Debtors, the IRS and the DOR have agreed 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 1024 application for reinstatement of tax exempt status for the 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"). Upon determination by the Bankruptcy Court under Section 505 that a payment is required; funds from the tax Claims/Tenant Improvement Reserve 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; and (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 $1,000,000 to be remitted to the Reorganized Debtor on account of the Equity Contribution.

Conversely, in the event the sale of the Sale Assets is determined to be a taxable event, and despite the Debtors' best efforts as set forth herein to reduce any such tax liability there is a risk that the tax liability will consume the entire amount of the TCE-TIA Escrow. **Exhaustion of the TCE-TIA Escrow will result in the PAA Lease becoming null and void and will absolve Walnut PAA from delivering any of the contemplated space under the PAA Lease thereby making it highly unlikely that PAA will reopen within the Club Parcel.**

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 to Walnut PAA and any subsequent lease back to PAA will be exempt from realty transfer taxes. To the extent that any realty transfer taxes shall be assessed upon the sale of the Sale Assets, Walnut PAA shall be exclusively responsible for the realty transfer taxes pursuant to the PSA.

7.3 Sale of Artwork. PAA shall sell so much of its Artwork as is necessary to pay all Allowed General Unsecured Claims. To the extent taxes are owed on the sale of the Artwork, PAA will pay those taxes out of the sale proceeds.

7.4 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 and all Administrative Expense Claims and Professional Fee Claims in cash on or before the later of (i) thirty (30) days after the Effective Date or (ii) fifteen (15) days after the Claim or Administrative Expense can be determined and, if necessary, allowed by the Court.

7.5 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.

7.6 Corporate Action. As of the Effective Date, (i) 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; and (ii) the Reorganized Debtor shall perform each of the actions required by the terms of the Amended Plan, in the time period set forth in the Amended Plan.

7.7 Documents and Further Transactions. Each of the officers or directors of the Debtors are authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, including without limitation, the 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.

7.8 Causes of Action.

(a) 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. 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. The Debtors and OFAHA have reached agreed upon terms of settlement and a Motion to Approve Settlement will be filed.

(b) Before the later of the Effective Date or the expiration of any applicable statutes of limitations, the Debtors 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 reserves the right to commence any Cause of Action or Avoidance Action and to defend any Cause of Action. No distribution will be made to the holder of any Claim, including by way of setoff or recoupment by such Claimant, if the Debtors or the Reorganized Debtor has commenced any such action until it is resolved by final order or settlement or given notice to the applicable party of intent to commence such action. Notwithstanding anything to the contrary, on a Cause of Action or Avoidance Action against the holder of such Claim (or the direct or indirect transferor to, or transferee of, such holder), until such Cause of Action is resolved by Final Order or otherwise in accordance with the Amended Plan. Prosecution and settlement of such claims, rights, defenses, and Causes of Action will be the responsibility of the Reorganized Debtor exclusively, pursuant to the provisions of the Amended 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.

(c) 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

(d) 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 Real Property Assets.

(d) 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.

ARTICLE VIII.
PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

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

8.2 Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and the Reorganized Debtor shall have the right to the

exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall 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 (the "Objections Bar Date") or any extension thereto. From and after the Effective Date, all objections shall be litigated to a Final Order except to the extent the Debtors elects to withdraw any such objection or the 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. A Disputed Claim as to which no objection is filed by the Objections Bar Date shall become an Allowed Claim.

8.3 Reserve Account 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.

8.4 Investment of Disputed Claims Reserve. The Disbursing Agent shall be permitted, from time to time, in its sole discretion, to invest all or a portion of the cash 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 Bankruptcy 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.

8.5 Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Unsecured Claim becomes an Allowed Claim, the Disbursing Agent will, within fourteen (14) 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.

8.6 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 the Debtors or the Reorganized Debtor; provided, however, that the Disbursing Agent shall retain at all times until closing of the Disputed Claims Reserve at least $25,000 cash from which the Disbursing Agent shall pay the costs and fees, if any, of administering the Disputed Claims Reserve.

8.7 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 Debtors or the Reorganized Debtor and the holder of such Disputed Claim, the Disbursing Agent shall (i) distribute to the holder of Claims cash as provided for in Article 8.5 hereof, (ii) pay all remaining

costs and fees of the Disputed Claims Reserve (iii) distribute all remaining cash to the Reorganized Debtor and (iv) close the Disputed Claims Reserve.

ARTICLE IX.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 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.

9.2 Collective Bargaining Agreements. On or about the Petition Date, PAA shut its doors and has no union employees other than a single engineer who was responsible for boiler system maintenance, and who will leave PAA's employment when the Clubhouse has been winterized. Thereafter, the Clubhouse 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 terminates on January 31, 2018.

9.3 Ground Lease. PAALC has filed an adversary complaint challenging, *inter alia*, the validity and extent of the Ground Lease. As of the date of this Amended Plan, PAALC and OFAHA have reached an agreement resolving the OFAHA Complaint and will file a Motion for Approval of Settlement. The terms of the settlement of the OFAHA Complaint are conditioned upon *inter alia* the sale of the Sale Assets to Walnut PAA. The settlement between the Debtors and OFAHA provides that the Debtors shall assume the Ground Lease and assign it to Walnut PAA on the Closing Date.

9.4 All Remaining Executory Contracts and Unexpired Leases. On the Confirmation Date, all 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 its 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.

9.5 Approval of Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Amended Plan.

ARTICLE X.
EFFECT OF THE AMENDED PLAN ON CLAIMS AND INTERESTS

10.1 Exculpation and Related Injunction

(a) **Satisfaction of Claims against 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. Except as otherwise expressly provided for herein, any claims of the Debtors or the Estates against the Holders of any Allowed Claims shall not be deemed compromised and are expressly preserved upon confirmation of the Amended Plan.

(b) **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 Amended 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 Amended 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.

(c) **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.

(d) **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 Amended Plan (including soliciting acceptances or rejections thereof); (v) the submission of and statements made in, the Amended 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.

ARTICLE XI.
EFFECTIVENESS OF THE AMENDED PLAN

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

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

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

(c) The Closing on sale of the Sale Assets (and if necessary the sale of the Artwork) shall have occurred and the Debtors shall have sufficient cash to pay all Allowed Claims as provided under the Amended Plan;

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

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

11.2 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.

11.3 Effect of Non-Occurrence of the Conditions Precedent. After entry of the Confirmation Order, if one or more of the conditions to consummation has not been satisfied and the Debtors and the Committee jointly determine that it is not possible or not likely that such condition(s) will be satisfied, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is vacated, the Amended Plan shall be null and void in all respects, and nothing contained in the Amended Plan shall constitute a waiver or release of any Claims by or against the Debtors.

ARTICLE XII.
EFFECTS OF CONFIRMATION

12.1 Vesting of Assets in Reorganized Debtor. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, all property, Assets and claims owned by the Debtors shall vest in the Reorganized Debtor for purposes of Distribution under the Amended Plan, free and clear of all Claims, except as otherwise expressly provided and subject to the provisions of the Amended Plan, the Confirmation Order or the Bankruptcy Code.

12.2 Binding Effect. On and after the Confirmation Date, the provisions of the Amended Plan shall bind any holder of a Claim against PAA or Interests in PAA and their successors and assigns, whether or not the Claim or Interest is impaired under the Amended Plan and whether or not such holder has accepted the Amended Plan.

12.3 Term of Injunctions or Stays. All injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Case.

12.4 Rights of Action. 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 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.

12.5 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. PAA intends that the Amended Plan will operate as a discharge of all debts of PAA to the fullest extent permitted by 11 U.S.C. §1141(d).

ARTICLE XIII.
RETENTION OF JURISDICTION

13.1 Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising in, or related to, the Chapter 11 Case and the Amended Plan for, among other things, the following purposes:

(a) 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;

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

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

(d) 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;

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

(f) 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;

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

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

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

(j) To hear and determine matters concerning state, local, and federal taxes in matters filed or to be filed accordance with *inter alia* sections 105, 346, 505, and 1146 of the Bankruptcy Code;

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

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

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

ARTICLE XIV.
MISCELLANEOUS PROVISIONS

14.1 Payment of Statutory Fees. All fees payable pursuant to Chapter 123 of Title 28, United States Code, as determined by the Bankruptcy Court on the Confirmation Date, shall be paid on the Effective Date. Any statutory fees accruing after the Confirmation Date shall

constitute Administrative Expense Claims and be paid by the Debtor in accordance with section 2.1 of the Amended Plan.

14.2 Modification of Amended Plan. The Debtors reserve the right, in accordance with the Bankruptcy 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 Debtors may, upon order of the Bankruptcy Court, amend or modify the Amended Plan, in accordance with section 1127(b) of the Bankruptcy 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.

14.3 Withdrawal or Revocation. The Debtors may withdraw or revoke the Amended Plan at any time prior to the Effective Date. If the Debtors revoke or withdraw the Amended Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Amended Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

14.4 Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Amended Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

14.5 Notices. Any notices to or requests of the Debtors or the Reorganized Debtor by parties in interest under or in connection with the Amended Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) national overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

Pittsburgh Athletic Association
c/o James Sheehan, President
4215 5th Avenue
Pittsburgh, PA 15213

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

Gleason & Associates, P.C.
c/o William Krieger
420 Fort Duquesne Blvd # 525
Pittsburgh, PA 15222

14.6 Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of the Amended Plan is invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or

interpretation, the remainder of the terms and provisions of the Amended Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Amended Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.7 Governing Law. Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Amended Plan shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law thereof.

14.8 Headings. Headings are used in the Amended Plan for convenience and reference only, and shall not constitute a part of the Amended Plan for any other purpose.

14.9 Final Decree. Once the Estate has been fully administered pursuant to Bankruptcy Rule 3022, the Debtors shall file a motion with the Bankruptcy Court to obtain a Final Decree to close the case.

14.10 No Admissions. Notwithstanding anything herein to the contrary, nothing contained in the Amended Plan shall be deemed an admission by the Debtor with respect to any matter set forth herein, including but not limited to liability on any Claim or the propriety of a Claim's classification.

14.11 Confirmation Order and Amended Plan Control. To the extent the Confirmation Order and/or this Amended Plan is inconsistent with the Amended Disclosure Statement and any other agreement entered into between or among the Debtor and any third party, the Amended Plan controls the Amended Disclosure Statement and any such agreements, and the Confirmation Order (and any later order of the Bankruptcy Court) controls the Amended Plan.

Dated: March 16, 2018
Revised April 22, 2018

Respectfully Submitted,

TUCKER ARENSBERG, P.C.

/s/*Jordan S. Blask*

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Counsel for the Debtors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al*[1] *Debtors*,	Jointly Administered at: Case No. 17-22222-JAD Bankruptcy Case Nos: 17-22222-JAD, and 17-22223-JAD
PITTSBURGH ATHLETIC ASSOCIATION *et al*, *Movant*, v. IRWIN KOTOVSKY, FRANK W. GUSTINE, JR., RICHARD J. VELAN, YVONNE L. ROSE, KAY MERGE, CHARLES PRINGLE, LOVEY KREITZER, GERALD KRUPP, RICK EVANS, ROBERT SEMETHY, JR., DR. PETER BOWER, DR. LILA PENCHANSKY, PITTSBURGH ATHLETIC ASSOCIATION PRESERVATION ASSOCIATION,	Chapter 11 Related to Doc. No. Hearing: May ___, 2018 at _____ am Response Deadline: TBA

ORDER

AND NOW, upon consideration of Debtors' Expedited Motion for Contempt for Violation of the Automatic Stay Pursuant to 11 U.S.C. § 362 and for Violation of Plan Exclusivity pursuant to 11 U.S.C. § 1121 and § 1125 (the "**Motion**") and after notice and hearing, it is hereby:

ORDERED, ADJUDGED and ***DECREED*** that the Respondents are in violation of the Automatic Stay pursuant to 11 U.S.C. § 362(a)(3); and it is further

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

ORDERED, ADJUDGED and ***DECREED*** that the Respondents are in violation of the exclusivity period as provided under to 11 U.S.C. § 1121 and 1125; and it is further

ORDERED, ADJUDGED and ***DECREED*** that the Respondents are hereby enjoined from participating in any further solicitation activities, including solicitation activities with any other Pittsburgh Athletic Association members; and it is further

ORDERED, ADJUDGED and ***DECREED*** that any Ballot cast by a PAA Member on or after May 3, 2018 that rejects the Amended Plan shall be disqualified from tabulation and considered stricken from the report of Balloting; and it is further

ORDERED, ADJUDGED and ***DECREED*** that the Debtors are awarded monetary sanctions from the Respondents in the amount of $15,000.00, plus attorneys' fees and costs in the amount of _____.

Dated:

JEFFERY A. DELLER
Chief Judge U.S. Bankruptcy Court

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re: PITTSBURGH ATHLETIC ASSOCIATION, *et al*[1] *Debtors*,	Jointly Administered at: Case No. 17-22222-JAD Bankruptcy Case Nos: 17-22222-JAD, and 17-22223-JAD
PITTSBURGH ATHLETIC ASSOCIATION *et al*, *Movant*, v. IRWIN KOTOVSKY, FRANK W. GUSTINE, JR., RICHARD J. VELAN, YVONNE L. ROSE, KAY MERGE, CHARLES PRINGLE, LOVEY KREITZER, GERALD KRUPP, RICK EVANS, ROBERT SEMETHY, JR., DR. PETER BOWER, DR. LILA PENCHANSKY, AND PITTSBURGH ATHLETIC ASSOCIATION PRESERVATION ASSOCIATION.	Chapter 11 Related to Doc. No. Hearing: May ___, 2018 at _____ am Response Deadline: TBA

NOTICE AND ORDER SETTING HEARING ON AN EXPEDITED BASIS

AND NOW, this _____ day of ***May, 2018 ,*** **NOTICE IS HEREBY GIVEN THAT** a ***Request for an Expedited Hearing on Debtors' Expedited Motion for Violation of the Automatic Stay Pursuant to 11 U.S.C. § 362 and for Violation of Plan Exclusivity Pursuant to 11 U.S.C. § 1121 and § 1125*** ("Motion") has been filed in the above-referenced case by Tucker Arensberg, P.C., Counsel for Debtors.

On _____, 20___ at _____ M. a hearing has been scheduled in _____.

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.

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

United States Bankruptcy Judge