

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

In Re: ESSER REALTY

Bankruptcy No. 14-11052-TPA

**FOURTH AMENDED DISCLOSURE STATEMENT  
TO ACCOMPANY PLAN DATED SEPTEMBER 6, 2016**

Chapter 11 Small Business (Check box only if debtor has elected to be considered a small business under 11 U.S.C. §1121(e))

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.

Address for return of ballots: Guy C. Fustine, Esquire  
Knox McLaughlin Gornall & Sennett, P.C.  
120 West Tenth Street  
Erie, PA 16501

I. Background

1. Name of Debtor

Esser Realty

2. Type of Debtor (individual, partnership, corporation)

Partnership

3. Debtor's Business or Employment

Real estate

4. Date of Chapter 11 Petition

September 29, 2014

5. Events that Caused the Filing:

Esser Family Dental, the only tenant of Esser Realty, is one of only 2 dental practices in northwestern Pennsylvania that could provide treatment for children with Medicaid in an outpatient surgery center from 1997 through 2012.

Esser Family Dental had two lines of business, a traditional family dental practice that was started from scratch in 1993, and a surgery center that treated children with a state funded dental plan via United Healthcare at an outpatient surgery center for extensive dental caries. Each accounted for 50% of Esser Family Dental's revenue.

Prior to October 2012, Medicaid benefits were administered in the region via the PA ACCESS Program, or the voluntary MCO providers: United Healthcare and Gateway.

In Oct 2012, the Commonwealth of Pennsylvania restructured the administration of Medicaid Benefits in northwestern Pennsylvania. The PA ACCESS program was discontinued for the patient population served and Pennsylvania declined to renew United Healthcare's contract. Coventry Cares, UPMC for You, and AmeriHealth Mercy joined Gateway as the mandated MCO choices for the New West Region created by the Department of Public Welfare. The four new companies would only offer a provider contract to Esser Family Dental if a new fee schedule was agreed to, and the new fee schedule was only 40% of the usual dental fees and 50% of previous contracts.

The Dept. of Public Welfare and the Governor's office was notified that Esser Family Dental could not continue to provide critical dental services under the terms offered by the MCOs. They were informed of the impact this would have on the community. Jobs would be lost and Access To Care for children with dental caries would worsen.

Esser Family Dental was operating at 75-80% overhead after debt service in 2012. The proposed MCO contracts would not allow Esser

6. Anticipated Future of the Company & Source of this Information and Opinion

Source of Information – Debtor

Esser Family Dental does not anticipate any major increase or decreases in revenue over the foreseeable future.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

**Payments to Creditors will be made as follows:**

Secured creditor PNC – The secured claim of PNC will be paid with interest at 7.25% over 15 years for a monthly payment of \$4,016.

Secured creditor Zuck Road Office Park Condominium Association – This secured claim will be paid in full within 6 months of the effective date at the contract rate of 15%.

Secured Tax Claims of the Erie County Tax Claim Bureau will be paid in quarterly payments to be paid in full within 5 years of the Effective Date.

Unsecured Creditors will be paid 5% on the Effective Date. All payments to Unsecured Creditors will be made by contributions from the Esser Realty Partnership members.

8. Are All Monthly Operating Statements Current and on File With The Clerk of Court?

Yes     X     No                     

If Not, Explain:

9. Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release.

**No.**

10. Identify all executory contracts that are to be assumed or assumed and assigned.

Esser Family Dental	Lease of Real Property
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11. Has a bar date been set?

Yes     X     No                     

(If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

12. Has an election under 11 U.S.C. §1121(e) has been filed with the Court to be treated as a small business?

Yes                      No     X    

13. Specify property that will be transferred subject to 11 U.S.C. §1146(c).

II. Creditors

A. Secured Claims

SECURED CLAIMS

<b>Creditor</b>	<b>Total Amount Owed</b>	<b>Arrearages</b>	<b>Type of Collateral Priority of Lien (1, 2, 3)</b>	<b>Disputed (D) Liquidated (L) Unliquidated (U)</b>	<b>Will Liens Be Retained Under the Plan? (Y) or (N)</b>
PNC Bank	\$507,501.14		Office building located at 5127 Zuck Road, Erie, Pennsylvania	D	Y
Erie County Tax Claim Bureau	\$17,089.96		Office building located at 5127 Zuck Road, Erie, Pennsylvania		Y
Erie County Tax Claim Bureau	\$12,409.10		Office building located at 5127 Zuck Road, Erie, Pennsylvania		Y
Zuck Road Office Park Condominium Association	\$1,250		Office building located at 5127 Zuck Road, Erie, Pennsylvania		Y
<b>TOTAL</b>	\$538,250.20	\$			

B. Priority Claims

PRIORITY CLAIMS

<b>Creditor</b>	<b>Total Amount Owed</b>	<b>Type of Collateral</b>	<b>(D) (L) (U) *</b>
<b>TOTAL</b>	\$		

\*Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ 2.00
2.	Amount of Unscheduled Unsecured Claims <sup>1</sup>	\$65,440.02
3.	Total Claims Scheduled or Filed	\$64,440.02
4.	Amount Debtor Disputes	\$ 64,440.02
5.	Estimated Allowable Unsecured Claims	\$ 2.00

D. Other Classes of Creditors

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims <sup>1</sup>	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

E. Other Classes of Interest Holders

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims <sup>1</sup>	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

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<sup>1</sup> Includes (a.) unsecured claims filed by unscheduled creditors; (b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and (c.) any unsecured portion of any secured debt not previously scheduled.

III. Assets

ASSETS

<b>Assets</b>	<b>Value</b>	<b>Basis for Value Priority of Lien</b>	<b>Name of Lien Holder (if any) (Fair Market Value/ Book Value)</b>	<b>Amount of Debtor's Equity (Value Minus Liens)</b>
Office building located at 5127 Zuck Road, Erie, Pennsylvania	\$525,000.00		PNC Bank	(\$12,000.20)
PNC Bank checking account no. xxxxxx8524	\$6,981.89			
	\$ 531,981.89			\$ (\$12,000.20)
	<b>TOTAL</b>			<b>TOTAL</b>

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?

If so, identify asset and explain why asset is not in estate:

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

IV. SUMMARY OF PLAN

1. Effective Date of Plan: When the Plan Confirmation Order is a Final Order

2. Will cramdown be sought?  Yes  No

If Yes, state bar date: \_\_\_\_\_

3. Treatment of Secured **Non-Tax** Claims

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
PNC Bank	3	\$440,000	Paid \$4,016 per month at 7.25% over 15 years
Zuck Road Office Park Condominium Association	4	\$1,250	Paid within 6 months of the effective date; Contract interest at 15% shall apply
<b>TOTAL</b>		\$446,250	

4. Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Erie County Tax Claim Bureau	5	\$17,089.96	Paid in quarterly payments, to be paid in full within 5 years from the Effective Date
Erie County Tax Claim Bureau	5	\$12,409.10	Paid in quarterly payments, to be paid in full within 5 years from the Effective Date
<b>TOTAL</b>		\$ 29,499.06	



5. Treatment of Administrative **Non-Tax** Claims<sup>2</sup>

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
Knox McLaughlin Gornall & Sennett P.C.	\$19,000 (est)	P	Class 1 – Paid in full on Effective Date unless agreement regarding other payment terms
United States Trustee Fees	\$325 (est)	A	Class 1 – Paid in full on Effective Date
Trish Shoulders	\$2,000 (est)	A	Class 1 – Paid in full on Effective Date unless agreement regarding other payment terms

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment

\*Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

\*\*Type of Debt (P=Professional, TD=Trade, TX=TaxeS)

<sup>2</sup> Include all §503(b) administrative claims.

7. Treatment of Priority Non-Tax

PRIORITY NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment

8. Treatment of Priority Tax Claims<sup>3</sup>

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment

<sup>3</sup> Include dates when any §507(a)(7) taxes were assessed.

9. Treatment of General Unsecured Non-Tax Claims

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
PNC Bank, N.A.	6	Disputed - \$65,440.02	5% on the Effective Date (5%=\$3,272)
<b>TOTAL</b>		\$ 65,6440.02	

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
<b>TOTAL</b>		\$	

11. Will periodic payments be made to unsecured creditors?

Yes \_\_\_\_\_ No X \_\_\_\_\_ First payment to begin \_\_\_\_\_

If so:

Amount of each payment (aggregate to all unsecured claimants)	
Estimated date of first payment:	
Time period between payments:	
Estimated date of last payment:	
Contingencies, if any:	

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

1. Profits from business operations
2. New equity from contributions
3. Confirmation Deposit Fund

Other significant features of the plan:

Include any other information necessary to explain this plan:

V. Comparison of Plan with Chapter 7 Liquidation

If debtor's proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Total value of Chapter 7 estate (See Section III)	\$531,981.89
1. Less secured claims (See Section IV-2)	\$538,250.20
2. Less administrative expenses (See Section IV-3 and include approximate Chapter 7 expenses)	\$ 0
3. Less other priority claims (See Section IV-4)	\$ 0
Total Amount Available for Distribution to Unsecured Creditors	\$ 0
Divided by total allowable unsecured claims of (See Section II C)	\$ 2
Percentage of Dividend to Unsecured Creditors:	0%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes   X   No           

Explain: The Debtor in the current case proposes to pay the unsecured credits 10%. Under liquidation all unsecured creditors would receive 0%.

VI. Feasibility

- A. Attach Income Statement for Prior 12 Months.
- B. Attach Cash Flow Statement for Prior 12 Months.
- C. Attach Cash Flow Projections for Next 12 Months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$   325  

Show how this amount was calculated.

\$ <u>  0  </u>	Administrative Class
<u>          </u>	Taxes
<u>          </u>	Unsecured Creditors
<u>  325  </u>	UST Fees
\$ <u>  325  </u>	TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan?

Will funds be available in the full amount for administrative expenses on the effective date of the plan? From what source? If not available, why not and when will payments be made?

Yes, from the Debtor

Cash on hand \$   0   (Current). Attach current bank statement.

Cash on hand \$   325   (Estimated amount available on date of confirmation)

If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?

VII. Management Salaries

MANAGEMENT SALARIES

<b>Position/Name of Person Holding Position</b>	<b>Salary at Time of Filing</b>	<b>Proposed Salary (Post-Confirmation)</b>

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, litigation is pending?
  
2. What, if any, litigation is proposed or contemplated?

IX. Additional Information and Comments

X. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

If Debtor is a corporation, attach a copy of corporate resolution authorizing the filing of this Disclosure Statement and Plan.

If Debtor is a general partnership, attach a copy of the consent agreement of all general partners to the filing of the bankruptcy.

/s/ Robert P. Esser  
Signature of Debtor  
or Authorized Representative

September 6, 2016  
Date

/s/ Guy C. Fustine, Esq.  
Debtor's Counsel

September 6, 2016  
Date

/s/ John F. Kroto, Esq.  
Debtor's Counsel

September 6, 2016  
Date

**OPTIONAL TABLE**

6. Treatment of Other Claims

N/A

OTHER CLASSES OF CREDITORS

Creditor	Class	Total Amount Owed	Percent of Dividend

A. Will periodic payments be made?

Yes \_\_\_\_\_ No \_\_\_\_\_

If so:

Amount of each payment (aggregate to all claimants) \$ \_\_\_\_\_  
 Estimated date of first payment \_\_\_\_\_  
 Time period between payments \_\_\_\_\_  
 Estimated date of last payment \_\_\_\_\_  
 Contingencies, if any: \_\_\_\_\_



**OPTIONAL TABLE**

7. Treatment of Interest Holders (Other Than Equity Holders)

OTHER CLASSES OF INTEREST HOLDERS

<b>Creditor</b>	<b>Class</b>	<b>Total Amount Owed</b>	<b>Percent of Dividend</b>

8. Treatment of Equity Holders (Specify how the market test of *Bank of America National Trust and Savings Association v. 203 North LaSalle Street Partnership*, 526 U.S. 434, 110 S.Ct. 1411 (1999), is met)

OTHER CLASSES OF INTEREST HOLDERS

<b>Creditor</b>	<b>Class</b>	<b>Total Amount Owed</b>	<b>Percent of Dividend</b>
Robert P. Esser	7	unknown	50%
Susan Esser	7	unknown	50%

- The members of the Partnership will contribute to the Plan funding \$5,000 within one year of the Effective Date.

A. Will periodic payments be made?

Yes \_\_\_\_\_ No \_\_\_\_\_

If so:

Amount of each payment (aggregate to all claimants)

\$ \_\_\_\_\_

Estimated date of first payment

\_\_\_\_\_

Time period between payments

\_\_\_\_\_

Estimated date of last payment

\_\_\_\_\_

Contingencies, if any:

\_\_\_\_\_

**2015-2016**

**HISTORIC SUMMARY\***

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TENTH	MONTH ELEVEN	MONTH TWELVE
1. TOTAL CASH FLOW FROM OPERATIONS:	\$1,000	\$6,000	\$0	\$0	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
2. LESS TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:	\$325	\$0	\$325	\$0	\$0	\$325	\$0	\$9,000	\$325	\$0	\$325	\$0
3. TOTAL NET CASH FLOW:	\$675	\$6,000	-\$325	\$0	\$6,000	\$5,675	\$6,000	\$3,000	\$5,675	\$6,000	\$5,675	\$6,000

**DEFINITIONS**

TOTAL CASH FLOW FROM OPERATIONS:

THE TOTAL AMOUNT OF FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCOUNTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOANS PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED.

TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:

THE TOTAL DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF

**PROJECTED SUMMARY**

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TENTH	MONTH ELEVEN	MONTH TWELVE
4. TOTAL PROJECTED CASH FLOW FROM OPERATIONS:	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
5. LESS TOTAL PROJECTED DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002	\$1,002
6. ANTICIPATED CASH FLOW AVAILABLE FOR PLAN:	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998

**DEFINITIONS**

TOTAL PROJECTED CASH FLOW FROM OPERATIONS:	TOTAL AMOUNT OF PROJECTED FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCOUNTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOANS PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED.
TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN:	TOTAL PROJECTED DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF THE PROPOSED PLAN.

- Income is average of most recent 6 months MOR.

1.

**PLAN FEASIBILITY**

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TENTH	MONTH ELEVEN	MONTH TWELVE
ANTICIPATED RECEIPTS AVAILABLE FOR PLAN (SEE LINE 6, ABOVE):	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998	\$4,998
LESS PROPOSED PLAN PAYMENTS (SEE SECTION IV):	4016	4016	5489	4016	4016	5489	4016	4016	5489	4016	4016	6579
OVERAGE/(SHORTAGE) OF CASH FLOW AVAILABLE TO FUND PLAN:	982	982	-491	982	982	-491	982	982	-491	982	982	-1581

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