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**IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
POUGHKEEPSIE DIVISION**

In re:

NEW YORK MILITARY ACADEMY,

Debtor.

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Chapter 11

Case No. 15-35379 (CGM)

**ORDER AUTHORIZING AND APPROVING THE SALE OF
SUBSTANTIALLY ALL OF THE DEBTOR'S ASSETS TO
RESEARCH CENTER ON NATURAL CONSERVATION, INC.
FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS**

Upon the emergent motion (the "Motion")¹ filed by New York Military Academy as debtor and debtor in possession (the "Debtor") by and through its undersigned counsel, pursuant to Sections 105(a), 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code"),

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the *Emergent Motion for an Order Authorizing and Approving the Sale of Substantially All of the Debtor's Assets to Research Center on Natural Conservation, Inc. Free and Clear of Liens, Claims, Encumbrances and Interests* and the Sale Agreement by and between the Debtor and Research Center on Natural Conservation, Inc.

Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedures (the “Bankruptcy Rules”), for entry of an Order (i) authorizing and approving the Debtor’s entry into an Asset Sale Agreement by and between the Debtor and Research Center on Natural Conservation, Inc. and its designees and/or nominees (the “Purchaser”) (the “Sale Agreement”), a true and complete copy of which is annexed to the Motion and also hereto as **Exhibit A**, providing for the sale of substantially all of the Debtor’s Assets for the Purchase Price of \$15,825,000.00; and the Court having reviewed and considered the Motion, all arguments made and all evidence presented at the hearing on the Motion (the “Sale Hearing”); and upon the record of the Sale Hearing, any and all declarations, materials and representations made by or submitted by the Debtor in connection with the Motion; and it further appearing that the relief provided in this Order is in the best interest of the Debtor’s estate and all other parties in interest; and after due deliberation thereon, and for other good and sufficient cause appearing therefor:

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334. Consideration of the Motion and the relief requested therein constitutes a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue of the Motion and the Debtor’s case is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The basis for the relief sought in the Motion are Sections 105(a) and 363(b), (f), (k), (m) and (n) and 365 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006 and 9014, and the applicable Local Rules of the United States Bankruptcy Court for the Southern District of New York.

C. As evidenced by the Certificate of Service previously filed with the Court, (i) due, proper, timely, adequate and sufficient notice of the Motion and the Sale Hearing have been

provided, (ii) such notice was good, sufficient and appropriate under the circumstances, and reasonably calculated to reach and appraise all parties in interest about the sale of the Assets, the Sale Hearing, and related relief, and (iii) no other or further notice of the Motion, the Sale Hearing and the sale of the Assets need be provided.

D. The Debtor has demonstrated a compelling and sound business justification for entering into the Sale Agreement with the Purchaser, and the consummation of the sale of the Assets to the Purchaser is in the best interests of the Debtor's bankruptcy estate, and all other parties in interest.

E. The Debtor has the requisite power and authority to execute, deliver and perform its obligations under the Sale Agreement, and the Sale Agreement constitutes the legal, valid and binding obligation of the Debtor.

F. The sale of the Assets to the Purchaser was negotiated and proposed, and has been entered into by the parties in good faith from arms-length bargaining positions and without collusion. The Purchaser is a good faith purchaser within the meaning of Section 363(m) of the Bankruptcy Code and is entitled to the protections thereof. Neither the Purchaser nor the Debtor engaged in any conduct that would cause or permit the sale of the Assets by the Debtor to the Purchaser to be avoided under Section 363(n) of the Bankruptcy Code. Accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale to the Purchaser pursuant to the terms of the Sale Agreement, shall not affect the validity of the Asset Purchase Sale Agreement, or the rights of the Purchaser in and to the Assets, unless such authorization is duly stayed pending appeal.

G. The consideration provided by the Purchaser to the Seller for the Assets and for the releases contemplated by the Sale Agreement is fair and reasonable and constitutes reasonably

equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

H. The Debtor is authorized to sell the Assets free and clear of all liens, claims, security interests, pledges, and interests of any kind whatsoever (other than permitted encumbrances and easements) (collectively, the “Liens”) because one or more of the standards set forth in subsections (f)(1)-(f)(5) of Section 363 of the Bankruptcy Code have been satisfied with respect to each of the Liens. Those holders of Liens, if any, who did not object to the Motion and the relief requested therein are deemed to have consented to the sale of the Assets pursuant to Section 363(f)(2) of the Bankruptcy Code.

I. The sale of the Assets to the Purchaser will be a legal, valid and effective transfer of the Assets, and will vest the Purchaser with all right, title and interest of the Debtor to the Assets free and clear of all Liens.

J. Notwithstanding the payment and satisfaction of any Liens against the Assets, the Debtor reserves the right to challenge the extent, validity and priority of such Liens and to demand the return of any monies paid or disbursed to such holders of Liens from the proceeds of sale under applicable law.

NOW THEREFORE, THE COURT HEREBY ORDERS THAT:

1. The relief requested in the Motion shall be, and hereby is, granted. All objections to the Motion or the relief provided herein that have not been withdrawn, waived or settled, shall be, and hereby are, overruled and denied on the merits with prejudice.

2. Pursuant to Sections 105(a), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006, the Debtor shall be, and hereby is, authorized to sell, transfer and convey the Assets to the Purchaser in accordance with and subject to the terms set forth in the Sale

Agreement. In the event non-material modifications are required to the Sale Agreement prior to the Closing, the Purchaser and Seller are authorized, upon notice to the counsel for the Official Committee of Unsecured Creditors, to make such mutually acceptable non-material modifications.

3. Other than as specifically set forth herein, the Sale Agreement shall be, and hereby is, approved in all respects and shall apply to the sale of the Assets to the Purchaser.

4. Pursuant to Section 363(b) of the Bankruptcy Code, the Debtor shall be, and hereby is, authorized and directed to take any and all actions necessary or appropriate to implement and effectuate the terms of the sale of the Assets, including all expenditures of monies necessary to implement and effectuate the terms of the Sale Agreement.

5. The Debtor is authorized and shall, at the Closing pay the secured lien and any Court approved DIP financing provided by Cornwall Improvement, LLC, outstanding real estate taxes, water, sewer, and other customary closing costs and the specific amounts set forth on **Exhibit B** annexed hereto representing payment for services rendered for employees of the Debtor from July 19, 2015 through October 17, 2015. No other mortgages, liens, judgments, encumbrances, or claims of any nature shall be paid at the Closing, and any such mortgages, liens, judgments, encumbrances or claims shall attach to the proceeds of sale pursuant to the following decretal paragraph 6. Any such mortgage, liens, judgments, encumbrances, and claims of any nature, to the extent they attach to the proceeds of sale, shall be paid only upon further Order of this Court.

6. Pursuant to Sections 363(b) and 363(f) of the Bankruptcy Code, upon the consummation of the sale of the Assets to the Purchaser, the Assets shall be (which include but are not limited to each parcel of real property conveyed in the Sale Agreement) and hereby are,

transferred to the Purchaser, free and clear of all Liens, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, whether arising prior to the commencement of the Debtor's bankruptcy case, and whether imposed by agreement, understanding, law, equity or otherwise, with all such Liens to attach to the cash proceeds of the sale of the Assets in order of their priority, with the same validity, force and effect which they now have as against the Assets, subject to any claims and defenses that the Debtor may possess with respect thereto. Following the consummation of the sale of the Assets to the Purchaser, other than as set forth in this Order, any and all creditors of the Debtor are hereby forever barred and permanently enjoined and restrained from seeking to obtain payment or satisfaction of their claims against the Debtor from the Purchaser. Furthermore, no holder of any Lien shall interfere with the Purchaser's ownership, use and enjoyment of the Assets based on or related to such Liens, and no person or entity shall take any action to interfere with or otherwise enjoin consummation of the transactions contemplated in or by the Sale Agreement or this Order.

7. Nothing in this Order or the Sale Agreement releases, nullifies, precludes or enjoins the enforcement of any liability to a governmental unit under police and regulatory statutes or regulations (including but not limited to environmental laws or regulations), and any associated liabilities for penalties, damages, cost recovery, or injunctive relief that any entity would be subject to as the owner, lessor, lessee, or operator of the property after the date of entry of this Order. Nothing contained in this Order or in the Sale Agreement shall in any way diminish the obligation of any entity, including the Debtor, to comply with environmental laws.

Nothing in this Order or the Sale Agreement authorizes the transfer to the Purchaser of any licenses, permits, registrations, or governmental authorizations and approvals without the Purchaser's compliance with all applicable legal requirements under non bankruptcy law governing such transfers.

8. This Order and the Sale Agreement shall be binding upon the Debtor, all creditors of the Debtor, and any trustee appointed in any subsequent proceeding under chapter 7 or chapter 11 of the Bankruptcy Code relating to the Debtor.

9. The Purchaser, its designees and the Seller will continue to be bound by the *Order Granting Pension Benefit Guaranty Corporation's Motion to Show Cause and Granting PBGC Access to Documents and Information Needed to Guarantee Pension Plan Benefits Pursuant to ERISA* [Docket No. 176] entered by this Court on 10/13/15.

10. Each and every federal, state and local governmental agency, unit, or department is hereby instructed to and authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by this Order, the Sale Agreement, and any ancillary documents.

11. The Sale of the Assets and the consideration provided by the Purchaser under the Sale Agreement is fair and reasonable and shall be deemed for all purposes to constitute a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and any other applicable law.

12. Except for the Assumed Liabilities or as otherwise provided in the Sale Agreement or this Order, Purchaser and its designees and/or nominees and their respective successors, assigns, shareholders and principals shall not have any liability or other obligation of

the Debtor, or the Debtor's estate arising under or related to any of the Assets, including but not limited to any Transfer Taxes.

13. As set forth in the Motion, the sale transaction set forth herein is an integral part of the Plan of Reorganization previously filed by the Debtor and therefore the Debtor may seek to have the Assets deemed exempt from any Transfer Tax pursuant to 11 U.S.C. § 1146(a) at the Plan Confirmation Hearing. The Parties and the Purchaser's Title Company shall immediately close the sale transaction and may escrow the Transfer Tax until a Plan Confirmation order is entered determining that the Assets are exempt from the Transfer Taxes.

14. Notwithstanding Bankruptcy Rules 6004 or 6006 (and as provided by Bankruptcy Rule 7062, to the extent applicable), this Order shall be deemed final and non-appealable and not be stayed for fourteen (14) days after the entry hereof and shall be effective and enforceable immediately upon entry and its provisions shall be self-executing.

15. In the event the Purchaser fails to close the transactions set forth in the Sale Agreement by the Closing Date, the Debtor is authorized to immediately close the transactions contemplated in the Sale Agreement with the next highest bidder Global Preparatory Academies LLC.

16. To the extent this Order is inconsistent with the Motion, the terms of this Order shall control.

17. This Court shall retain jurisdiction to resolve any dispute arising from or relating to the Sale or this Order.

Dated: October 21, 2015
Poughkeepsie, New York



/s/ Cecelia G. Morris

Hon. Cecelia G. Morris
Chief U.S. Bankruptcy Judge