

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

IN RE:	:	Case No: 17-10818-TPA
Conneaut Lake Volunteer Fire	:	Chapter 11
Of Conneaut Lake Borough and	:	
Sadsbury Township	:	Document No. 81
Debtor,	:	
_____	:	JUDGE AGRETI

FIRST AMENDED PLAN OF REORGANIZATION DATED NOVEMBER 20, 2017

AND NOW comes the Debtor, Conneaut Lake Volunteer Fire Department of Conneaut Lake Borough and Sadsbury Township, by and through its attorney, Daniel P. Foster, Esquire, of Foster Law Offices, LLC and proposes this Plan of Reorganization, of which the following is a statement:

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I. DEFINITIONS

The following terms when used in this Plan shall, unless the context otherwise requires, have the following meanings respectively:

Administrative Claim: Allowed claims entitled to priority under Section 507(a)(2) of the Code.

Allowed Claim: A Claim, proof of which was or is timely filed with the Bankruptcy Clerk or which was scheduled by the Debtor as liquidated, undisputed and non-contingent and as to which no objection has been made within the period of time fixed by the Bankruptcy Code, Bankruptcy Rules or Order of Court, or as to which Claim an objection is filed and resolved by Final Order of the Bankruptcy Court to the extent determined in favor of the holder of such Claim.

Amendments to Schedules: Amendments to the Debtor's Schedules of Assets and Liabilities.

Bankruptcy Rules: The Federal and Local Rules of Bankruptcy Procedure, as amended.

Bar Date: January 4, 2018, the deadline to file Proofs of Claim by non-governmental agencies, and February 4, 2018, for governmental agencies, as fixed by Order of Court.

Case: The case for the reorganization of Conneaut Lake Volunteer Fire Department of Conneaut Lake Borough and Sadsbury Township commenced by the filing of a voluntary Petition under Chapter 11 of the Bankruptcy Code on August 8, 2017

Chapter 11: Chapter 11 of the United States Bankruptcy Code.

Claim: A duly listed and timely filed claim which is allowed and ordered paid by the Court.

Code: The Bankruptcy Code as codified at 11 U.S.C. § 101 et. seq.

Code Created Causes of Action: Collectively, (a) causes of action, claims, rights and remedies created by or arising under the Code, including, but not limited to, transfers avoidable and/or recoverable under Sections 542, 544, 547, 548, 549 and 550 of the Code; (b) causes of action, claims, rights and remedies in favor of the Debtor, the estate and creditors, against any third party; and (c) all of the recoveries and proceeds from (a) and (b).

Confirmation Date: The date on which the Confirmation Order is docketed by the Clerk of the Bankruptcy Court.

Confirmation of the Plan: The entry by this Court of an Order confirming the Plan.

Consummation of the Plan: Entry of an Order of Final Decree by this Court finally closing the case.

Confirmation Order: An Order of the Bankruptcy Court confirming the Plan.

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

Creditor: Any person or entity having a claim against the Debtor.

Debtor: Conneaut Lake Volunteer Fire Department of Conneaut Lake Borough and Sadsbury Township, 11877 Conneaut Lake Road, Conneaut Lake, PA 16316.

Disclosure Statement: The Disclosure Statement dated November 13, 2017.

Effective Date: The date on which the Order confirming the Plan becomes final and non-appealable.

Estate: The above-captioned Chapter 11 estate.

General Unsecured Claims: Allowed, pre-Petition, general unsecured claims, not including Secured Claims, Administrative Claims or Priority Claims.

General Unsecured Creditor: A creditor holding a general unsecured claim.

Petition: The voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code filed by the Debtor on the Petition Date.

Petition Date: August 8, 2017.

Plan: The Plan of Reorganization in its present form or as it may be amended or supplemented.

Priority Taxes: Any allowed tax claim entitled to priority treatment under Section 507(a)(8) of the Code (not including taxes which are Administrative Claims).

Proceeding: The above-captioned reorganization proceeding.

Rejection Claim: Any allowed claim arising from the Debtor's rejection of executory contracts and/or leases pursuant to Section 1123(b)(2).

Secured Creditor: Creditors of the Debtor who hold a valid and perfected security interest as required by the law of the Commonwealth of Pennsylvania with respect to real property and personal property owned by the Debtor.

Unclaimed Funds: Distributions made pursuant to the Plan which are unclaimed after four (4) months. Unclaimed funds shall include checks which have been returned as undeliverable and funds for checks which have not been presented for payment.

Unsecured Creditor: All creditors of the Debtor, excluding Secured Creditors, who have claims for unsecured debts, liabilities, demands or claims of any character whatsoever.

II. GENERAL TERMS AND CONDITIONS

The following general terms and conditions apply to the Plan:

Claims: Various types of claims are defined in the Plan. The Plan is intended to deal with all claims against the Debtor of whatever character, and whether or not disputed, contingent or liquidated. However, only allowed claims under the Code will receive the treatment afforded by the Plan.

Effective Date: The Effective Date of the Plan, as that term is used in the Code, is the date of confirmation.

Final Confirmation Order: The Confirmation Order becomes final when it is no longer subject to any possible or further appeal.

Modifications to Plan: This Plan may be modified by the Debtor or corrected prior to Confirmation without notice and hearing and without additional disclosure provided that, the Court finds that such modification does not materially or adversely affect any Creditor or Class of Creditors who has not accepted the modification.

No Liens: The transfers and conveyances contemplated by the Plan shall be free and clear of any and all liens, encumbrances and claims against the Debtor (except as specifically provided for in the Plan).

Notices Under Plan: Notice to the Debtor under this Plan shall be given in writing by certified mail at the following address: Ronald E. Cook, Esq., Foster Law Offices, PO Box 966, Meadville, PA 16335.

Rules of Construction: A definition in Article I that refers to the singular includes the plural and a definition that refers to the plural includes the singular.

Securities Laws: Any satisfaction provided to any creditor which may be deemed to be a security is exempt from registration under federal and state securities laws by virtue of the Code.

Severability: Should the Court determine that any provision in the Plan is either illegal on its face or illegal as applied to the facts of the case, subject to Section 1127 of the Code and Bankruptcy Rule 3019, such provision shall be unenforceable as to all interested parties or as to the interested party or parties with respect to whom the provision is held to be illegal. Such a determination by the Court shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

Time for Filing Claims (other than Administrative Claims): All Creditors that are non-governmental entities are required to file their Proofs of Claim by January 4, 2018. Governmental entities are required to file their Proofs of Claim by February 4, 2018.

III. CLASSIFICATION OF CLAIMS AND INTERESTS

The claims and interests involved in this case shall be divided into the following classes:

Class (a): Administrative Claims.

Class 1(a): Secured claim of Mercer County State Bank

Class 1(b): Secured claim of First National Bank of Pennsylvania

Class 1(c): Secured claim of PNC Bank, N.A.

Class 1(d): Secured claim of Michael and Amy Gregg

Class 1(e): Secured claim of the Internal Revenue Service

Class 1(f): Secured claim of the Commonwealth of Pennsylvania, Department of Labor and Industry

Class 2(a): Priority claim of the Internal Revenue Service

Class 2(b): Priority claim of the Commonwealth of Pennsylvania, Department of Labor and Industry.

Class 2(c): Priority claim of the Commonwealth of Pennsylvania, Department of Revenue

Class 2(d): Priority claim of Nick Jovonovich

Class 3: General Unsecured claims

IV. TREATMENT OF CLAIMS

ADMINISTRATIVE CLAIMS

(a) Administrative Claims: The administrative claims shall be paid in cash, in full, within thirty (30) days of Confirmation of the Plan, or as otherwise agreed by the creditor.

SECURED CLAIMS

(b) Class 1a: The secured claim of Mercer County State Bank in substantially all assets of the Debtor shall be paid in accordance with the terms of the *SETTLEMENT AGREEMENT* between Mercer County State Bank and the Debtor which is attached hereto as Exhibit A.

(c) Class 1b: The secured claim of First National Bank of Pennsylvania which holds a lien on a 1990 Pierce Rescue Truck with a principal balance of \$20,477.85 shall be paid in full with an interest rate of 5% over 48 months with a payment of \$453.00 per month per agreement. First National Bank of Pennsylvania will release its lien upon conclusion of all payments required by the Plan.

(d) Class 1c: The secured claim of PNC Bank, N.A. which holds a first mortgage lien in the property located at 10877 State Highway 18, Conneaut Lake, PA will be satisfied by the payment of \$25,000 payable over 10 years at an interest rate of 5% with a monthly payment of \$265.16 per month per agreement. PNC Bank, N.A. will satisfy its mortgage lien upon conclusion of all payments required by the Plan.

(e) Class 1d: The secured claim of Michael and Amy Gregg who hold a lien on a 1998 Pierce Fire Truck with a principal balance of approximately \$120,121 will be satisfied by payment of the value of the collateral which is \$75,000 over 10 years at an interest rate of 5% with monthly payment of \$795. The remainder of the claim of Michael and Amy shall be treated as a general unsecured claim. Michael and Amy Gregg will satisfy their lien upon the conclusion of all payments required under the Plan.

(f) Class 1e: The Internal Revenue service holds a secured claim in the amount of \$233,618.70 which will be satisfied in full together with interest at the rate of 4% over 8 years with a payment of \$2848.00 per month per agreement. The Internal Revenue Service will satisfy its liens upon the conclusion of payments required under the Plan.

(g) Class 1f: The Commonwealth of Pennsylvania, Department of Labor and Industry holds a secured claim in the approximate amount of \$20,483.19 which will be satisfied in full together with interest at the rate of 9% over 5 years with a payment of \$425.00 per month. The Commonwealth of Pennsylvania, Department of Labor and Industry will satisfy its liens upon conclusion of all payments required under the Plan.

PRIORITY CLAIMS

(i) Class 2a: The Internal Revenue service holds a priority claim in the amount of \$25,017.45 which will be satisfied in full together with interest at the rate of 4% over 8 years with a payment of \$305.00 per month per agreement

(j) Class 2b: The Commonwealth of Pennsylvania, Department of Labor and Industry holds a priority claim in the approximate amount of \$10,739.00 which will be satisfied in full together with interest at the rate of 9% over 5 years with a payment of \$223 per month.

(k) Class 2c: The Commonwealth of Pennsylvania, Department of Revenue holds a priority claim in the amount of \$325.90 which will be satisfied in full with interest within 30 days of confirmation of the Plan.

(l) Class 2d: Nick Jovonovich holds a priority claim in the amount of \$7,948.00 which will be paid in full without interest at the rate of \$500 per month until paid in full.

GENERAL UNSECURED CLAIMS

(m) Class 3: General unsecured creditors shall be paid a dividend on allowed claims of 5% payable as follows: One percent (1%) thirty (30) days after confirmation of the Plan; One percent (1%) on or before March 31, 2019; One percent (1%) on or before March 31, 2020; One percent (1%) on or before March 31, 2021; and a final one percent (1%) on or before March 31, 2022. For convenience purposes, the Debtor may elect to make a one-time distribution of five percent (5%) thirty (30) days after confirmation of the Plan where the claimant holds a total claim of \$5,000 or less.

V. **CLAIMS NOT IMPAIRED UNDER THE PLAN**

The Administrative Claims and the secured claims of Class 1(a), 1(b), 1(c), 1(e), and 1(f), and the Priority claims are not impaired under the Plan.

VI.. **CLAIMS IMPAIRED UNDER THE PLAN**

Class 1(d): The Secured claim of Michael and Amy Gregg is impaired under the Plan to the extent that a portion of the claim is unsecured.

Class 2: Unsecured Creditors: Unsecured creditors are impaired under the Plan.

VII. **MEANS FOR EXECUTION OF THE PLAN**

Distributions under the terms of the Plan will be made from the proceeds of the continuing operation of the Fire Department and the provision of Food and Beverage Service. Debtor has sufficient funds to make the initial distributions under the Plan.

After the Confirmation Date, the Court will issue a Post-Confirmation Order in accordance with the Bankruptcy Rules. The Post-Confirmation Order, amongst other things, will establish a deadline for interested parties to file objections to claims. Any claim which is not subject to a

timely filed objection shall be allowed. The Debtor does not anticipate filing any objections to claims at this time.

The Post-Confirmation Order, amongst other things, will also establish a deadline to file Code Created Causes of Action and any other claims the Debtor may have. The Debtor does not anticipate filing any Code Created Causes of Action or any other claims at this time.

The professionals in this case, including but not limited to the Attorneys for Debtor, shall not have, nor shall they incur any liability to the holder of any Claim against, or interest in, the Debtor, or any involved party for an act or omission in connection with or arising out of any aspect of the Case or Plan, or any property to be disbursed under the Plan, except for gross negligence or willful misconduct.

Any unclaimed funds shall be retained by the Debtor.

The Debtor reserves the right under Section 1123(b)(3)(B) of the Code to pursue any and all claims and causes of action it may have including, but not limited to, Code Created Causes of Action. The Debtor also reserves the right to object to any and all claims. The listing of a claim in a particular class in the Disclosure Statement and Plan does not constitute an admission by the Debtor that such claim is properly in that class and does not constitute a waiver of the Debtor's right to object to such claim for any reason. Moreover, the listing of a claim in a particular amount does not mean that such claim will ultimately be allowed in that amount.

VIII. CRAM-DOWN PROVISIONS

If the Impaired Voting Classes fail to accept this Plan by the requisite majorities in number and amount as required by Section 1126 of the Code, the provisions of Section 1129(b) of the Code may be invoked by the Debtor, and the Debtor may move the Court to enter an Order confirming the Plan notwithstanding any such non-acceptance.

IX. PROVISION FOR ACCEPTANCE AND REJECTION OF EXECUTORY CONTRACTS

The Debtor will assume NO executory contracts or leases.

Any executory contract or lease not specifically assumed under this Plan or pursuant to Section 365 of the Code will be deemed rejected.

Rejection claims must be filed by within forty-five (45) days after the Confirmation Date.

To the extent that any creditors have Rejection Claims arising from the Debtor's rejection of their executory contracts and/or leases pursuant to Section 1123(b)(2) of the Code, those unsecured claims shall be treated under Class 2 of this Plan as general unsecured creditors.

All other executory contracts which exist between the Debtor and any individual or entity whether said contract shall be in writing or oral which have not heretofore been rejected or heretofore been approved by Order of this Court are specifically rejected.

X. VOTE REQUIRED FOR APPROVAL OF PLAN

AS A CREDITOR OF THE DEBTOR, YOUR VOTE ON THE PLAN IS MOST IMPORTANT. IN ORDER FOR THE PLAN TO BE ACCEPTED AND THEREAFTER CONFIRMED BY THE BANKRUPTCY COURT, VOTES REPRESENTING TWO-THIRDS (2/3) IN AMOUNT AND MORE THAN ONE-HALF (1/2) IN NUMBER OF CLAIMS ALLOWED FOR VOTING PURPOSES OF ANY VOTING CLASS MUST BE CAST FOR ACCEPTANCE OF THE PLAN. ONLY THOSE WHO ACTUALLY VOTE TO ACCEPT OR REJECT THE PLAN WILL BE COUNTED FOR THIS PURPOSE.

XI. DISCHARGE

The Debtor will be discharged and released of all debts and claims dischargeable under the Code, upon Confirmation of the Plan. The case shall be closed effective six (6) calendar months from the entry of an Order of Confirmation of the Plan or upon entry of a final decree.

XII. RETENTION OF JURISDICTION

The Court shall retain jurisdiction until this Plan has been fully consummated, including, but not limited to, the following purposes:

1. The classification of the claim of any creditor and the reexamination of claims that have been allowed for purposes of voting, and the determination of such objections as may be filed to creditors' claims. The failure by the Debtor to object to, or to examine any claim for purposes of voting, shall not be deemed to be a waiver of the Debtor's right to object to, or reexamine the claim in whole or in part.

2. Determination of all questions and disputes regarding title to the assets of the estate, and the determination of all causes of action, controversies, disputes or conflicts, whether or not subject to action pending as of the date of confirmation, between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets pursuant to the provisions of Title 11 of the United States Code.

3. The correction of any defects, the curing of any omission, or the reconciliation of any inconsistency in this Plan or the order of confirmation as may be necessary to carry out the purposes and intent of this Plan.

4. The modification of this Plan after confirmation pursuant to the Bankruptcy Rules and Title 11 of the United States Code.

5. To enforce and interpret the terms and conditions of the Plan.

6. Entry of any order, including injunctions, necessary to enforce the title, rights and powers of the Debtor and to impose such limitations, restrictions, terms and conditions of such title, right and powers as this Court may deem necessary.

7. Entry of any order, concluding and terminating this Case.
8. To hear and determine causes of action by or against the Debtor arising prior to commencement of, or during the pendency of, these proceedings, including, but not limited to causes of action by the Debtor under Sections 544, 547, 548 and/or 550 of the Code.
9. To hear and determine any dispute arising under the Plan, including but not limited to any dispute regarding legal fees, and to consider any modification or amendment to the Plan.
10. To enforce the discharge provisions of this Plan.
11. At any time, the Court may issue Orders and give directives to the Debtor or other parties to implement the Plan pursuant to Section 1142 of the Code.
12. For all other purposes to the extent that subject matter jurisdiction exists for this Court under the Code as currently enacted or subsequently amended.

Respectfully submitted,

Conneaut Lake Volunteer Fire
Department of Conneaut Lake
Borough and Sadsbury Township

Dated: November 20, 2017

/s/ Timothy Latta
By: Timothy Latta, President

Dated: November 20, 2017

/s/ Daniel P. Foster, Esquire
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