

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

In re:

PITTSBURGH ATHLETIC ASSOCIATION,
*et al.*¹,

Debtors.

Jointly Administered at:
Bankruptcy No. 17-22222-JAD

Bankruptcy Nos:
17-22222-JAD, and
17-22223-JAD

Chapter 11

PITTSBURGH ATHLETIC ASSOCIATION,
et al.,

Movants,

v.

No Respondents.

Doc. No.

Hearing Date: TBA

Response Deadline: TBA

**DEBTORS' EXPEDITED THIRD MOTION TO EXTEND
PLAN EXCLUSIVITY PURSUANT TO 11 U.S.C. §1121(d)**

Pittsburgh Athletic Association (“**PAA**”) and Pittsburgh Athletic Association Land Company (“**PAA-LC**”, together with PAA, the “**Debtors**”) file this Expedited Third Motion to Extend Plan Exclusivity Pursuant to 11 U.S.C. § 1121(d) (the “**Motion**”), stating as follows:

JURISDICTION AND VENUE

1. The Bankruptcy Court has jurisdiction over this Motion pursuant to the provisions of 28 U.S.C. §157 and §1334.
2. Venue is proper for this proceeding pursuant to the provisions of 28 U.S.C. §1409.
3. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2).

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.

4. The statutory predicate for relief is 11 U.S.C. §1121.

BACKGROUND

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

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

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

8. In addition to the Club Parcel, Debtor, PAA-LC, also owns property located between Bigelow Boulevard and Lytton Avenue, Pittsburgh, Pennsylvania, with a street address of Bigelow Boulevard, Pittsburgh, Pennsylvania 15213, bearing a tax parcel identification number of 27-R-110, and containing approximately 23,685 square feet of land (the “**Hotel Premises**”, collectively with the Club Parcel, the “**Property**”).

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

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

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

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

13. On December 22, 2017, the 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. Plan dated December 22, 2017 [Doc. No. 420] (the "Plan Summary" and collectively with the Plan and D/S, the "Plan Documents").

14. 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].

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

16. On February 20, 2018, this Court, after notice and a hearing, granted the Second Extension Motion and entered an Order extending the Debtors' exclusive rights to file a Plan of Reorganization and to obtain acceptances to said Plan to April 12, 2018 (the "Second Extension Order") [Doc. No. 553]. The Debtors retained the right to file an additional motion to extend the exclusivity period in the Second Extension Motion.

17. 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].

18. 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.

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

REQUESTED RELIEF

20. Pursuant to Section 1121(b) of the Bankruptcy Code, a debtor has the exclusive right to file a chapter 11 plan in the first 120 days following the commencement of a chapter 11 case. If a debtor files a plan during this exclusive filing period, Section 1121(c)(3) of the Bankruptcy Code grants an additional sixty (60) days during which the debtor may solicit and obtain acceptances of that plan and where no other party in interest is permitted to file a competing plan.

21. Section 1121(d) of the Bankruptcy Code provides that “[o]n request of a party in interest...and after notice and a hearing, the court may for cause reduce or increase the 120-day period or the 180-day period referred to in this section.” 11 U.S.C. § 1121(d)(1). Section 1121(d)(2) provides a limitation that the 120-day period “may not be extended beyond a date that is 18 months after the [petition] date” and the 180-day period “may not be extended beyond a date that is 20 months after the [petition] date.”

22. The circumstances which constitute good cause for granting an extension of plan exclusivity is not defined narrowly and the traditional factors to consider include the size of the

debtor and the viability of formulating a plan of reorganization. *In re Sharon Steel Corp.*, 78 B.R. 762, 765 (Bankr. W.D.Pa. 1987); *See also, e.g., In re Nicolet, Inc.*, 80 B.R. 733, 741 (Bankr. E.D. Pa. 1987)(internal citations omitted). Additionally, Courts have permitted extensions of the exclusivity period in cases where the debtor demonstrates progress in formulating a plan despite facing creditor recalcitrance or unusual procedural and or substantive difficulties. *See, In re Swatara Coal Co.*, 49 B.R. 898 (Bankr. E.D. Pa. 1985); and *In re Pine Trust, Inc.*, 67 B.R. 432, 434-35 (Bankr. E.D. Pa. 1986).

23. Pursuant to Section 1121 and this Court's Second Extension Order [Doc. No. 553], the exclusivity period was extended to April 12, 2017.

24. Debtors are proceeding in good faith towards reorganization.

25. This is only the Debtors' third request for an extension of the exclusivity deadlines provided for under Section 1121 of the Bankruptcy Code.

26. The Amended Plan calls for reorganization of the Debtors through the redevelopment of the Property and continuation of PAA.

27. However, the exclusivity period will expire prior to confirmation of the Plan due to the Confirmation Hearing being scheduled for April 17, 2018.

28. Debtors now request an additional extension of thirty (30) days of the exclusivity deadlines so that they may continue their exclusivity rights through the confirmation process without the intercession of other proposed plans and without interference in obtaining Plan acceptance.

29. The thirty (30) day extension will provide Debtors with time to finalize the redevelopment of the Property through a closing to occur after confirmation, as well as, to

prepare for confirmation, to obtain confirmation and implement the Amended Plan to achieve a successful reorganization of the Debtors.

30. No parties in interest will be prejudiced by the requested extension herein.

31. To further evidence cause for the extension of the Debtors' exclusivity period, the Debtors and Walnut PAA, LP have been working towards a successful Chapter 11 reorganization and conclude the post-confirmation matters addressed under the Plan. The Debtors' and Walnut PAA, LLC's extensive efforts already place Walnut PAA, LLC in a favorable position, as shown through the following:

- a) On March 20, 2018, the City of Pittsburgh Planning Commission gave unanimous approval to Walnut PAA, LP's proposed plans to change the use of the PAA to office, retail and restaurants, as well as maintaining and retro-fitting the fitness and exercise areas of the PAA. This is required since the PAA Building is within a special zoning district (EMI). This is a process that can take as long as six months to complete and places Walnut PAA, LP far in the lead to commence construction insofar as this approval is required *prior* to the application for any building or other permits. http://apps.pittsburghpa.gov/redtail/images/2017_PC_Agenda_3-20-18.pdf.
- b) Walnut PAA, LP has completed its full title search and has the requisite funding necessary to close within thirty (30) days of the Plan's confirmation.

32. The extension of exclusivity requested herein is necessary for the implementation of the Plan and the aforementioned actions already commenced by Walnut PAA, LP and the Debtors.

33. In light of the foregoing circumstances, good cause exists for Debtors' requested extension of the exclusivity period to confirm the Amended Plan.

34. While the Debtors intend to successfully comply the process of obtaining confirmation of the Amended Plan within this requested extended exclusivity period, this request

is without prejudice to request an additional extension of time should circumstances arise that make an additional extension necessary and appropriate.

REQUEST FOR EXPEDITED RELIEF

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

36. In the instant case, just cause exists for the Court to hold an expedited hearing on this matter as a obtaining a determination on the Second DIP Motion under the normal notice period would cause the Debtors to incur harm as the Debtors are close to exhausting the Initial DIP Loan proceeds due to the unforeseen litigation expenses incurred by way of, inter alia, the Motion to Appoint Trustee, and unexpected circumstances arising in the sale/redevelopment process.

37. In the instant case, just cause exists for hearing this matter on an expedited basis, as the Debtors' rights to exclusivity will expire before the Confirmation Hearing. Furthermore, an expedited determination on this matter will not harm the other parties in interest, as the Amended Plan Documents have already been filed and the Confirmation Hearing is already scheduled.

38. Accordingly, the Debtors request this Court schedule a hearing on this matter on an expedited basis prior to the exclusivity period ending on April 12, 2018.

WHEREFORE the Debtors respectfully request that this Honorable Court enter the Order attached to this Motion and grant any and such further relief that is just and proper.

TUCKER ARENSBERG, P.C.

DATED: March 29, 2018

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