

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

TOWN SPORTS INTERNATIONAL, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 20-12168 (CSS)

(Jointly Administered)

Related Docket Nos. 710, 713, 714

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' JOINDER TO
DEBTORS' OBJECTION TO THE EMERGENCY MOTION OF THE
AD HOC TERM LENDER GROUP FOR (A) INJUNCTIVE RELIEF
PENDING INTERPRETATION OR (B) AMENDMENT OR ALTERATION
OF THE ORDER (I) AUTHORIZING THE SALE OF SUBSTANTIALLY
ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS,
ENCUMBRANCES, AND INTERESTS, (II) AUTHORIZING THE DEBTORS TO
ENTER INTO THE ASSET PURCHASE AGREEMENT, (III) AUTHORIZING
THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF**

The Official Committee of Unsecured Creditors (the "Committee")² of the debtors and debtors in possession in the above-captioned cases (the "Debtors"), by and through its undersigned counsel, respectfully submits this joinder (this "Joinder") in support of the Debtors' objection [Docket No. 714] (the "Objection")³ to the *Emergency Motion of the Ad Hoc Term Lender Group for (A) Injunctive Relief Pending Interpretation or (B) Amendment or Alteration of the Order (I) Authorizing the Sale of Substantially all of the Debtors' Assets Free and Clear of Liens, Claims,*

¹ The last four digits of Town Sports International, LLC's federal tax identification number are 7365. The mailing address for Town Sports International, LLC is 399 Executive Boulevard, Elmsford, New York 10523. Due to the large number of debtors in these cases, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <http://dm.epiq11.com/TownSports>.

² The Committee consists of the following five members: (1) 575 Lex Property Owner, LLC; (2) Philips International Holding Corporation; (3) BDG 99QB, LLC; (4) Mykola Kolomiichuk; and (5) Nancy Radford.

³ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Objection.

Encumbrances and Interests, (II) Authorizing the Debtors to Enter into the Asset Purchase Agreement, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief [Docket No. 710] (the “Motion”). In support of this Joinder, the Committee respectfully states as follows:

JOINDER

1. The Committee joins in the Debtors’ Objection to the Ad Hoc Term Lender Group’s (the “Lenders”) Motion to temporarily enjoin the Sale because, among other reasons stated in the Objection, an injunction would irreparably harm all of the Debtors’ stakeholders, including unsecured creditors. Enjoining the Sale will saddle the Debtors with additional administrative expenses (including approximately \$5 million in December rent obligations) that they have no ability to pay⁴ and threatens the ultimate closing of the Sale. In turn, this jeopardizes confirmation of the Debtors’ chapter 11 plan and the settlement among the Debtors, the Committee, and the Lenders incorporated therein, and risks liquidation of the Debtors (a worst case scenario for creditors). Thus, the relief sought in the Motion will inflict irreparable harm on the Debtors’ estates with no corresponding benefit to any party, except perhaps the Lenders.

2. Based on the *Declaration of Kyle Cleeton* [Docket No. 713] (the “Cleeton Declaration”), the Committee believes that the ultimate owners of Newco (which include Peak Credit LLC) are committed to sufficiently capitalizing that entity. While the Committee would have preferred see Newco initially funded with \$47.5 million, Peak Credit LLC’s now stated commitment to provide at least \$5 million of fresh capital to support Newco’s business post-closing⁵ strongly outweighs the downside risk of liquidation if the Motion is granted. For these

⁴ See Docket No. 653 (Amended Final DIP Order providing \$2.8 million in weekly supplemental financing, which the Committee believes does not contemplate payment of occupancy costs).

⁵ See Cleeton Declaration at ¶ 5.

reasons, the Committee supports the Debtors' Objection and respectfully requests that the Motion be denied.

WHEREFORE, the Committee submits this Joinder to the Debtors' Objection to the Lenders' Motion and respectfully requests that this Court deny the Lenders' Motion.

Dated: November 29, 2020

COLE SCHOTZ P.C.

/s/ Justin R. Alberto

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*Counsel for the Official Committee of Unsecured
Creditors*

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of November, 2020, a true and correct copy of the above and foregoing has been served by electronic transmission to all registered CM/ECF users appearing in these cases.

/s/ Justin R. Alberto
Justin R. Alberto