

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

In re:

BOUNDLESS BROADBAND, LLC, *et al.*

Debtors.<sup>1</sup>

Chapter 11

Case No. 25-10948 (BLS)

(Joint Administration Requested)

**DECLARATION OF RICHARD ARROWSMITH,  
CHIEF RESTRUCTURING OFFICER OF THE DEBTORS  
IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS**

I, Richard Arrowsmith, pursuant to 28 U.S.C. § 1746, hereby declare as follows:

1. I am a partner at Alastar Partners (“**Alastar**”), and I am the chief restructuring officer (“**CRO**”) of Boundless Broadband, LLC (“**Boundless**”), Tilson Technology Management, Inc. (“**TTMI**”) and Tilson Middle Street Holding, LLC (“**TMSH**,” and together with Boundless and TTMI, the “**Debtors**”). I was appointed CRO of the Debtors by their Board of Directors on May 16, 2025. Prior to that time, I have been working with others at Alastar as financial advisor to the Debtors.

2. I joined Alastar in March 2025. I am a partner in Alastar’s capital solutions business, which is focused on helping clients create solutions for complex financing challenges. I have over 35 years of advisory, investing, and asset management experience. Prior to joining Alastar I was a Senior Managing Director at FTI Consulting, Inc. for five years in its Healthcare Restructuring Group, and prior thereto, served as a Managing Director of Alvarez and Marsal Holdings, LLC in its Healthcare Industries Group for approximately six years. I received my B.S.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Boundless Broadband, LLC (9851), Tilson Technology Management, Inc. (9537), and Tilson Middle Street Holding LLC (9323). The Debtors’ mailing address is 16 Middle Street, Fourth Floor, Portland, Maine 04101.

in Finance from University of Maryland, and an M.S. from American University. Attached hereto as **Exhibit A** is a copy of my *curriculum vitae*.

3. Except as otherwise noted, I have personal knowledge of the matters set forth herein. All facts set forth in the Declaration are based on my personal knowledge, my discussions with members of the Debtors' senior management and their other outside advisors, my review of relevant documents, and/or my opinion based on my experience and knowledge of the Debtors' operations and financial condition. In making the Declaration, I have relied in part on information and materials that the Debtors' personnel and advisors have gathered, prepared, verified, and provided to me, in each case under my ultimate supervision, at my direction, and/or for my benefit in preparing the Declaration. If I were called to testify as a witness in this matter, I could and would testify competently to the facts set forth herein.

4. Contemporaneously hereto (the "**Petition Date**"), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") to commence the above-captioned chapter 11 cases. To familiarize the Bankruptcy Court with the Debtors, their businesses, the circumstances leading to these chapter 11 cases, and the relief the Debtors are seeking in the First Day Motions, I have organized this Declaration as follows:

**Part I** provides a general overview of the Debtors' history and operations, and the circumstances leading to these chapter 11 cases;

**Part II** provides an overview of the Debtors' prepetition debt structure;

**Part III** provides a description of the Debtors' DIP financing efforts; and

**Part IV** provides a list of the First Day Motions filed contemporaneously hereto.

**I. General Overview of the Debtors' History and Operations**

5. TTMI is an industry-leading, digital infrastructure consulting, design-build, and maintenance firm that specializes in fiber and wireless networks. TMSH is a wholly-owned subsidiary of TTMI formed in June 2017 and owns TTMI's Portland, Maine headquarters. Boundless is a wholly owned subsidiary of TTMI formed in 2024 to facilitate the potential sale of the company's small retail broadband operations in Vermont.

**A. The Origins of TTMI**

6. TTMI was founded in 1996 as a technology training company and grew to provide business information system selection, implementation, and IT leadership consulting services nationally. In 2007, TTMI's founder, Mike Dow, hired Joshua Broder as TTMI's third employee, on his return from service in Afghanistan in the US Army. Mr. Broder used his experience building networks with the Army to expand TTMI's work into telecommunications just as TTMI's core consulting customers pulled back work in the 2008 recession. The American Recovery and Reinvestment Act ("ARRA") helped TTMI recover and grow by undertaking infrastructure projects in Maine. TTMI deployed a federally funded state-wide fiber optic backbone network and played a key role in the deployment of a grid modernization network for Northeastern power utilities. TTMI used this experience to expand nationally. Mr. Broder became the chief executive officer of TTMI in 2010, serving in that role through 2023, and acquired a controlling interest in the company from Mr. Dow in 2012.

**B. Expansion and Strong Workplace Culture**

7. As TTMI grew, it built its workforce by hiring veterans. TTMI systematically recruited military veterans throughout the organization and then supported them in their roles, providing military leave to facilitate veterans continuing to serve in the guard and reserve

component. TTMI was a leading participant in the Department of Defense's Skillbridge program, which allows active-duty service members in the last months of their service work as interns in civilian businesses to ease the transition. This focus on veterans meant TTMI never struggled to hire employees even when competition for employees with technical experience was the fiercest.

8. This core of veterans also helped build TTMI's unique, mission-based culture, anchored by its corporate values of Safety, Composure, Respect, Accountability, Professionalism, and Integrity (or in the internal company shorthand, "SCRAPI"). TTMI's culture and commitment to its workforce made the company more successful and more profitable, with an engaged and committed workforce and the ability to quickly scale on large programs as an employer of choice.

### **C. Growth and Resilience**

9. TTMI has placed on the Inc. 5000 list of fastest growing private companies for fourteen consecutive years, something less than 0.2% of listed companies achieve. This growth persisted across multiple shocks to its client base and revenue, including the Great Recession in 2007-2009, the end of federal stimulus in 2012 and the COVID-19 pandemic in 2019-20.

10. TTMI's first business was helping construction companies select and implement core business systems, and TTMI's Construction Information Technology division remains a leading provider of consulting and implementation services, particularly around Viewpoint Vista, Spectrum, and CMiC ERP software packages.

11. The majority of TTMI's growth has come from its telecommunications work, starting with consulting for community and state broadband planning, then for investors and telecom carriers planning and executing fiber and other digital infrastructure deployments. When the federal government invested \$8 billion of ARRA funds in telecommunications infrastructure

after the 2008 financial crisis, TTMI quickly grew this practice to advise and manage these programs for public agencies and private carriers. From 2009 to 2012, TTMI grew from three employees to 40 employees to service this growing consultancy practice.

12. As ARRA funds ran out in 2012, TTMI transitioned to privately funded projects, starting several new divisions to support wireless carriers' deployment of 4G and new fiber optic projects, including real-estate acquisition and entitlement, cellular tower construction, professional engineering, and network engineering, particularly for grid modernization. TTMI grew quickly in 2012 and 2013 as it took on deployments of 4G wireless technology with an increasingly self-performing workforce. By the end of this period, TTMI had a comprehensive suite of design build services with a national footprint.

13. TTMI began working with Verizon as a Veteran-owned small business through Verizon's diverse supplier program, and the company's prior experience made it uniquely suited to support Verizon's new program to increase capacity by placing antennas on utility poles or other street furniture. TTMI quickly become Verizon's leading vendor for this work in the Northeast, and by 2017, TTMI had hundreds of employees deploying thousands of sites nationally for Verizon. On the strength of this national relationship, in 2018 Verizon invited TTMI to participate in its OneFiber program, a large national program to deploy dense fiber networks major American cities. Under this program, TTMI designed and/or built complex fiber projects for Verizon in a dozen communities around the country where much larger peer companies failed.

14. In 2019, TTMI identified the need for a long-term capital partner to provide the capital needed to support the OneFiber projects and continued rapid growth at scale. After an extensive search for a capital partner, TTMI took investment in the spring of 2019.

15. During the 2020 COVID-19 pandemic, TTMI continued to grow with long term, sustainable customers, including:

- Fiber to the home deployments across the country for a diverse array of clients, including broadband internet service providers (“**ISPs**”) and network operators connecting data centers to service growing demand for cloud computing and Artificial Intelligence.
- Building a unique and robust specialty in operations and maintenance for intelligent transportation systems and long-haul fiber under long-term (25+ year) public private partnerships with state transportation agencies.
- Growing market share and maintaining revenue in wireless design build during a market trough.
- Continued growth in consulting, both advising public and private sector clients’ broadband subsidy programs, and advising private capital on tech and commercial diligence for M&A.

16. Overall, the business was well diversified by client, service line, and geography, and profitable and growing. The notable exception was TTMI’s new, largest client—Gigapower, LLC (“**Gigapower**”).

**D. The Gigapower Projects and Negative Impact on the Debtors’ Businesses**

17. In 2022, Gigapower contracted with TTMI to design and build its fiber networks in Las Vegas, Nevada, and Gilbert and Chandler, Arizona. Gigapower is a joint venture between Blackrock and AT&T formed to build and own the fiber networks that it leases to retail operators, including AT&T, to sell services to customers. The Gigapower work was similar to what TTMI had performed for other customers nationally, but at a larger scale. At inception, this work represented approximately \$600M of contractual backlog, which made Gigapower TTMI’s largest customer. These were TTMI’s largest projects ever, and among the largest fiber optic deployment projects ever undertaken in such a short period.

18. Gigapower encouraged TTMI to ramp up immediately but delayed the start of the Las Vegas project for eight months while it negotiated its franchise with the city. TTMI moved

aggressively to secure sufficient equipment amidst lingering COVID supply chain constraints, and leveraged its strong recruiting, training and safety capability to quickly staff, train, safeguard and lead more than 600 new employees across both markets. TTMI senior management collectively spent months on the ground in Las Vegas and Arizona providing direct supervision as the project scaled.

19. TTMI anticipated the capital uses that the project would present and negotiated a contract with Gigapower that provided for adequate project cashflows and unambiguous parameters around project assumptions and responsibility for changes and delays. Ultimately, Gigapower failed to deliver on nearly all of the terms TTMI negotiated to address the cashflow risks, failed to devote sufficient resources to community communication and management of jurisdiction-imposed costs, and delayed, withheld and reduced payments without contractual basis.

20. As just one example, when the City of Las Vegas ordered Gigapower to partially repave the streets after installation of its fiber, Gigapower failed to engage the city to change its approach. TTMI paid millions to paving subcontractors and even recruited and deployed its own paving crews to meet the city's demands, despite explicit allocation of the costs of this excess paving to Gigapower in TTMI's contract. The parties negotiated for eight months, with Gigapower withholding payment to gain negotiating leverage, before Gigapower ultimately agreed to pay these costs on a go-forward basis while strong-arming TTMI into agreeing to additional concessions on costs already incurred.

21. The result of this and other challenges meant that on a cash basis, three years into the project, TTMI had invested all of its anticipated project margin and approximately \$109 million of net cash in the Gigapower project. This cash investment is shown in this chart:

| Market    | Cost Incurred | Cash Receipts | Net           |
|-----------|---------------|---------------|---------------|
| Las Vegas | 183,826,547   | 106,844,764   | (76,981,784)  |
| Chandler  | 34,989,371    | 15,772,346    | (19,217,026)  |
| Gilbert   | 48,720,937    | 36,613,197    | (12,107,740)  |
| Total     | 267,536,855   | 159,230,306   | (108,306,549) |

22. The net effect of this was devastating to TTMI. The Gigapower project consumed all of the free cash flow that was coming from TTMI's otherwise healthy adjacent business lines and customer projects, as well as the financed cash from debt and equity sources. The project also impaired the enterprise value of TTMI's combined businesses and destroyed TTMI's ability to raise new equity as planned. TTMI was forced to slow payments to its vendors, which impacted its ability to deliver timely for other customers. The impact on employee morale was profound, and TTMI lost valued, long-tenured employees due to both the uncertainty and necessary cost reductions.

#### E. New Equity and Debt Raises

23. In the second half of 2023, TTMI began the process of raising equity to support its continued growth, understanding that the Gigapower projects had been more cash absorptive than contemplated by their contracts, and seeking to ensure that it had sufficient resources to protect against shocks in the normal course of business while so heavily invested in the Gigapower projects. To give the company the time and space needed for an orderly equity raise, TTMI raised two rounds of subordinated debt, which facilitated the senior lenders' increasing the amount of the senior debt. From there, TTMI undertook a process to secure equity financing, selecting Bank of America Securities ("**BoA Securities**") to serve as its investment banker, with the objective of raising approximately \$50 million of primary capital to fund growth, and secondary transactions for legacy shareholders and lenders. Prior to the contractual disputes with Gigapower, in May of 2023, BofA Securities estimated TTMI's total enterprise value to be between \$375 and \$425

million and was bullish on the likelihood completing a transaction. The process launched in early 2024.

**F. Market Feedback on Gigapower**

24. Market participation in the equity raise process was robust, with half a dozen parties engaged in management meetings and deep diligence. Recurring feedback from investors focused on concerns about the net working capital absorption by the Gigapower projects and customer concentration with Gigapower, and potential paths for TTMI to diversify its service offerings when the fiber investment cycle was complete. Ultimately, none of the investors submitted acceptable offers, and the process was paused in mid-2024.

25. TTMI then launched a process in the second half of 2024 to raise a smaller tranche of structured equity, with updated projections showing a slower growth profile and the effect of sharp reductions in SG&A (selling, general and administrative expense) undertaken over that same period. That process was also unsuccessful, with similar investor feedback from the prior effort.

26. Without a path to raise equity, TTMI looked to address liquidity through a new senior credit facility with a higher leverage level, launching a process to secure private credit. After a broad process, TTMI selected Citizens Bank as lead arranger for a syndicate of private debt providers and agreed on a draft term sheet that would provide up to 1.5x more EBITDA leverage than its existing facility. Citizens was bullish on the likelihood of success, having successfully placed similar deals recently. The private debt syndication process launched on March 31, 2025, two days before President Trump's announcement of sweeping tariffs. The subsequent market turmoil delayed the syndication effort, and then Gigapower's decisions to again arbitrarily withhold payment and then terminate for convenience substantially all of the Las Vegas and

Arizona projects, described below, was the event that precipitated TTMI's current liquidity crunch.

**G. Gigapower Terminations and the Aftermath**

27. Despite the challenges of the Gigapower projects at the end of Q1 2025, there was reason for optimism at TTMI. The Gigapower contract was about to turn free cash flow positive in TTMI's favor, with \$57 million of projected net cash from Gigapower projects in 2025 (assuming that Gigapower lived up to its contractual payment obligations under the contract) as Arizona ramped and Las Vegas returned to production. Work for Gigapower had resumed in Las Vegas after an extended pause, and relations between the city and TTMI were strong because of TTMI's dogged follow-through on several months of hard surface restoration after the earlier delays occasioned by Gigapower's previous refusal to pay for such restoration. The Citizens Bank-led private capital raise would offer expanded liquidity, and TTMI had an executed term sheet for new Series G equity investment to provide an equity backstop to the debt raise.

28. In late Q1 2025, Mr. Broder personally provided an additional \$10 million of cash funding to TTMI through a subordinated note to provide a bridge to closing a private debt transaction or the next equity raise. This additional investment would allow management to work through outstanding change orders with Gigapower and resume construction in Las Vegas, unlocking additional cash.

29. Gigapower then unilaterally took a series of actions that ultimately led to the filing of these chapter 11 cases.

- (a) First, beginning on March 2025, Gigapower began withholding all payments for amounts due to TTMI, without reasoned explanation. When, six weeks later, Gigapower did resume releasing some payments to TTMI, it unilaterally imposed a 35% offset, which it later explained was to recover extra-contractual offsets, which TTMI believed were Gigapower's responsibility under the contract.

- (b) Next, despite obtaining approval in March of 2025 from the City of Las Vegas to resume construction, Gigapower withheld consent to resume for one month before scheduling the necessary meetings with the city to begin that construction.
- (c) Then on March 28, 2025, Gigapower purported to, among other things, terminate “for convenience” all construction in Gilbert, Arizona, that was not currently in progress, and suspended engineering work.
- (d) A month later, on April 29, 2025, Gigapower terminated for convenience nearly all of the remaining construction work in Chandler, Arizona, and Las Vegas, Nevada.

30. Gigapower’s termination for convenience triggered TTMI’s right to a significant claim against Gigapower under the terms of the Gigapower Agreement, including a termination charge for specific enumerated categories of costs, including, *inter alia*, partially completed services and unrecoverable capital expenses. However, the right to payment did not deliver any immediate cash, and the termination of what would have been a free cash-flowing contract effectively eliminated TTMI’s ability to obtain additional liquidity through a new senior credit facility or new equity.

31. TTMI made the difficult decision to notify Gigapower on May 5, 2025, that it was suspending work on the project due to Gigapower’s material breach for nearly \$20 million in unpaid invoices and unresolved change orders. TTMI simultaneously furloughed and subsequently laid off its workforce in Arizona and Las Vegas and laid off employees providing SG&A support. By that time, due to the significant cash absorption of TTMI’s performance under the Gigapower Agreement and Gigapower’s refusal to pay for services rendered, TTMI found itself unable to pay its vendors and in dire need of additional liquidity to bridge to its future operational state without Gigapower as a customer.

32. With the Gigapower project suspension, TTMI required access to liquidity on an emergency basis to avoid a “free fall” filing and to continue the orderly operation of its business

as it prepared for this chapter 11 filing, including amounts in excess of its maximum revolving facilities. The agent for TTMI's senior credit facility provided certain "Protective Advances" that were used by TTMI to fund payroll, payroll taxes, the fees and expenses of the Debtors' professionals, and other critical payments and costs while TTMI prepared for bankruptcy thereby preserving the Debtors' estates as a going concern.

33. TTMI is actively analyzing its claims against Gigapower, including for unpaid invoices, the termination charge, and related contractual and other rights. TTMI's initial estimate of the termination charge alone across the three markets exceeds \$115 million.

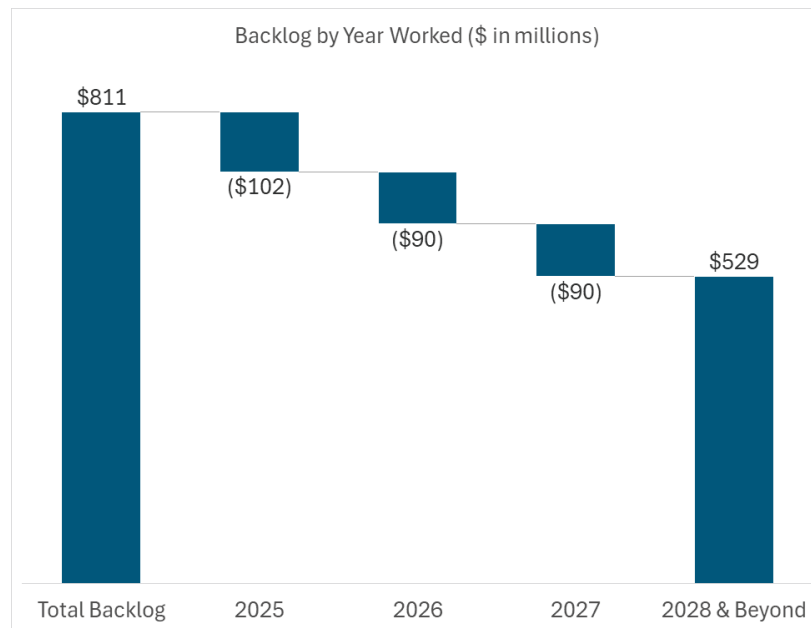
#### **H. TTMI's Future and Objectives in these Chapter 11 Cases**

34. TTMI operates through two key segments: (1) Consulting and Engineering, known as "Tilson Consulting"; and (2) Design Build.

35. Tilson Consulting is a high growth advisory business that provides consulting and planning services for digital, infrastructure and related software projects for public and private clients. The business has had 30%+ topline growth since 2021 with high free cash flow margins. Currently, Tilson Consulting has over 80 employee consultants operating as a stand-alone business. Management's ability to recruit talented employees with expertise is a key competitive advantage. The business sells its hourly, fixed fee and units-based services of consultants through 1- to 2-year contracts. Job sales are driven primarily by the relationships of management and the business development activity of the consultants themselves. The Tilson Consulting business also serves as a sourcing channel for the Design Build business through early identification of future project opportunities.

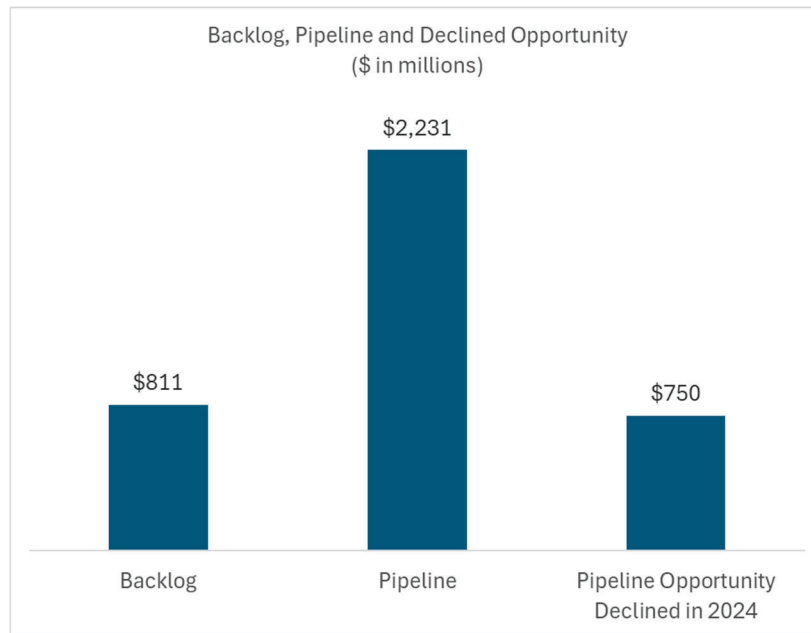
36. On its Design Build business, TTMI has a robust contract backlog of diverse clients across a wide geography and range of TTMI's service lines. Giving no credit to terminated

volumes from Gigapower, TTMI has approximately \$811 million of contractual backlog and approximately \$2.23 billion of sales pipeline. Historically, TTMI has had a high (approximately 40%) rate of conversion from pipeline to backlog. In this context, backlog has the same meaning as public company competitors use in their financial statements—it includes fully contracted customer work with a defined quantity, as well as amounts that are awarded under indefinite quantity customer contracts that are fully executed, and an estimated volume provided, but not contractually assigned. The supermajority of TTMI’s backlog is the former and a minority is the latter. The below chart shows total backlog waterfall by year (with significant amounts of revenue also being sold and executed in the same year, and not coming from today’s backlog):



37. Historically, TTMI has had more sales opportunities in its pipeline and more work on actual offer from its customers and prospective customers than it can take on. The volumes TTMI agrees to perform are governed by available working capital, and not the ability to find, propose, and win work. The graph below shows total contractual backlog, total pipeline, and total

pipeline opportunities declined by TTMI because of working capital availability caused by the Gigapower project:



38. In recent months, TTMI has had strong pipeline conversion to new backlog. For example, on May 21, 2025, TTMI and a long-time national customer executed a contract for fiber to the home design build for an estimated \$125 million in services over a three-year period. This contract has a unit rate structure that allows for low net working capital deployment because small volumes are completed, invoiced, and paid throughout the life of the project. Consulting project pipeline growth and conversion to backlog remains strong, with half a dozen new consulting projects entering the pipeline, and late-stage sales process and contract negotiation for a \$7.5 million new award from an existing public sector consulting customer.

39. TTMI has approximately \$500 million of long-dated backlog (about 25 years) for operations and maintenance of intelligent transportation systems and long-haul fiber networks on interstate systems across three states. TTMI was recently notified that it has been selected for an

additional significant award for maintenance by a large state department of transportation directly valued at approximately \$30 million.

40. Several of TTMI's existing and new customers provided new fiber engineering work volumes in the past three months, including a recent new contract with a large national tier-one telecom provider, where TTMI provides the client with engineering services as ordered by local offices. Several existing and new customers have already asked for the available fiber engineering capacity rolling off the Gigapower work. TTMI received its first such assignment in March 2024 and has heard from local offices that they have meaningful new volumes of work to assign to TTMI. This work completes quickly and does not require capital investment, leveraging TTMI's existing system toolset.

41. In late 2024, TTMI executed a national contract with a national fiber-based broadband provider to perform high-level and low-level fiber design work for their "fiber to the home" ("**FTTH**") expansion. This contract provides for a serial of work orders for specific geographies, and TTMI received its most recent assignment on April 9, 2025.

42. Wireless design build work demand is building in the market as a whole, and the pipeline at TTMI is growing, particularly in small- and mid-cell deployment projects in densely populated areas. In the past 90 days, TTMI has bid tens of millions worth of new work in that area and expects to convert approximately 50% of that work from backlog to pipeline.

43. In this context, TTMI intends to use the chapter 11 process to create a breathing spell to reset its business model post-separation from Gigapower while it continues to service its significant customer opportunities and re-establishes its strong relationships with vendors and customers.

## II. Overview of Debtors' Prepetition Debt Structure

44. **First Lien Term Loan.** The Debtors are parties to that certain *Second Amended and Restated Credit Agreement*, dated as of May 17, 2022, as amended, restated, supplemented or otherwise modified from time to time and in effect (the "**Prepetition Credit Agreement**," and collectively with any other agreements and documents executed or delivered in connection therewith, the "**Prepetition Loan Documents**"), by and among TTMI (as borrower), TMSH and Boundless (as guarantors), the lenders party thereto (the "**Prepetition Lenders**"), and Bank of America as administrative agent (the "**Prepetition Agent**"), swingline lender and letter of credit issuer, which provides for, among other things, a revolving credit facility in an aggregate principal amount of up to \$110,000,000, a delayed draw term loan facility in an aggregate principal amount of up to \$30,000,000, and a term loan facility in an aggregate principal amount equal to \$37,500,000.

45. **Unsecured Debt.** Over the course of 2022 to 2025, the Debtors issued approximately \$74 million in subordinated, unsecured notes to various investors (collectively, the "**Subordinated Notes**"), the holders of which are parties to certain subordination agreements with the Prepetition Agent. In addition, the Debtors have significant outstanding trade debt totaling approximately \$58 million, much of which is past due.

## III. DIP Financing Efforts

46. The proposed DIP Credit Facility<sup>2</sup> was thoroughly evaluated by the Debtors and their advisors and was the subject of arm's-length and good faith negotiations before the Petition Date. Further, as a result of the Debtors' debt structure and the challenges facing the Debtors'

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<sup>2</sup> Capitalized terms used in this Section but not defined shall have the meanings ascribed to them in the DIP Motion (defined below).

businesses, as described above, the Debtors faced significant challenges leading to the commencement of these chapter 11 cases. The Debtors, with their advisors, ultimately determined to obtain the DIP Credit Facility from the DIP Lender as the best available credit under the circumstances.

47. Understanding that the Debtors' situation presented certain difficulties to obtaining such financing—namely that: (a) all or substantially all of the Debtors' assets are encumbered and subject to senior prepetition liens, and (b) seeking debtor-in-possession financing could invoke costly and time consuming legal challenges, particularly if priming liens were required by a lender—the Debtors and their advisors began discussions with the DIP Agent and others regarding the possibility of obtaining debtor-in-possession financing. On a parallel path, the Debtors corresponded with a number of parties aside from the DIP Secured Parties, including four regulated banks, three credit funds, and two business development companies. No party that the Debtors approached was willing to offer the Debtors sufficient postpetition financing on terms more favorable than those offered by the DIP Secured Parties under the DIP Loan Documents. The Revolving DIP Facility, therefore, is the best source of debtor-in-possession financing available to the Debtors.

48. Given their current financial condition, financing arrangements, and capital structure, the Debtors have been and continue to be unable to obtain financing from sources other than the DIP Lenders on terms more favorable than the DIP Facilities. The Debtors are unable to obtain unsecured credit allowable under Bankruptcy Code section 503(b)(1) as an administrative expense. The Debtors have also been unable to obtain: (a) unsecured credit having priority over that of administrative expenses of the kind specified in sections 503(b), 507(a), and 507(b) of the Bankruptcy Code; (b) credit secured solely by a lien on property of the Debtors and their estates

that is not otherwise subject to a lien; or (c) credit secured solely by a junior lien on property of the Debtors and their estates that is subject to a lien. Moreover, the Debtors were unable to obtain financing that would replace their prepetition credit facility at all, let alone while providing additional necessary liquidity and on the timetable the Debtors required. Financing on a postpetition basis on better terms is not otherwise available without granting (1) perfected security interests in and liens on (each as provided herein) all of the Debtors' existing and after-acquired assets with the priorities set forth herein; (2) superpriority claims and liens as provided herein; and (3) the other protections set forth in the Interim Order.

49. The requested financing and use of cash collateral is also necessary. As noted above, the Debtors require immediate access to liquidity to ensure that they are able to continue operating their businesses during these chapter 11 cases, preserve the value of their estates for the benefit of all parties in interest, and administer a value-maximizing chapter 11 process. All or substantially all of the Debtors' cash is cash collateral, and, without prompt access to such cash collateral, the Debtors would be unable to satisfy employee compensation obligations, satisfy trade payables incurred in the ordinary course of business, preserve and maximize the value of their estates, and fund the administration of these chapter 11 cases. Put simply, without access to cash collateral and the funds to be advanced via the proposed DIP Credit Facility, the Debtors will not have sufficient funds to continue the operation of their businesses while also administering these chapter 11 cases, causing immediate and irreparable harm to the Debtors' estates and operations.

50. The Debtors have closely scrutinized the financing terms offered by the DIP Lenders, including the economic terms, the proposed roll-up of a portion of the prepetition debt, the impact on the Debtors' businesses, any restrictions on the use of proceeds and the collateral and security requested, and believe that the terms sought to be approved by the DIP Motions are

necessary and appropriate. The DIP Credit Facility offers the best and only available option for the Debtors and provides the necessary liquidity for the Debtors to conduct a robust marketing process in an orderly fashion, with minimal disruption to operations.

#### IV. First Day Motions

51. Substantially contemporaneous with the filing of their chapter 11 petitions, the Debtors have filed or expect to file a number of motions (collectively, the “First Day Motions”) seeking orders granting various forms of relief that the Debtors believe is necessary to stabilize the Debtors’ businesses, facilitate the efficient administration of the chapter 11 cases, lessen the impact of the chapter 11 cases on the Debtors’ day-to-day operations and employees, and facilitate a successful reorganization of the Debtors. I believe that the relief requested in the First Day Motions is critical to avoiding imminent and irreparable harm in the early stages of these cases to the Debtors, their estates, and critical stakeholders, including customers, creditors, and employees, and to maximize the value of their assets for the benefit of all stakeholders.

52. I have reviewed each of the First Day Motions, and the facts set forth in each First Day Motion are true and correct to the best of my knowledge, information and belief with appropriate reliance on the Debtors’ personnel and advisors. To this end, the Debtors have filed, or soon will file, the following First Day Motions:

- (a) *Motion of Debtors for Entry of an Order Directing Joint Administration of Chapter 11 Cases for Procedural Purposes Only and Related Relief (the “Joint Administration Motion”);*
- (b) *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Their Cash Management System and Existing Bank Accounts, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms; and (D) Maintain Existing Credit Cards; and (II) Granting Related Relief (the “Cash Management Motion”);*

- (c) *Debtors' Motion for Entry of an Order: (A) Authorizing (I) Payment of Employee Wages, Salaries, and Accrued Prepetition Benefits, (II) Contributions to Employee Benefit Plans, (III) Payment of Funds Deducted From Payroll, (IV) Payment to Individual Independent Contractors and (V) Reimbursement of Employee Expenses; and (B) Directing All Banks to Honor Related Checks (the "**Wages Motion**")*;
- (d) *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing, but Not Directing, Debtors to Pay Prepetition Claims of Certain Critical Vendors and Lienholders, and (II) Granting Related Relief (the "**Critical Vendor Motion**")*;
- (e) *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Financing Pursuant to § 364 of the Bankruptcy Code; (II) Authorizing Use of Cash Collateral Pursuant to § 363 of the Bankruptcy Code; (III) Granting Liens and Super-Priority Claims; (I) Granting Adequate Protection; and (V) Scheduling a Final Hearing (the "**DIP Motion**")*; and
- (f) *Debtors' Motion for Entry of Interim and Final Orders (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment, (II) Establishing Procedures for Resolving Objections by Utility Providers, (III) Prohibiting Utility Providers From Altering, Refusing, or Discontinuing Services, and (IV) Granting Related Relief (the "**Utilities Motion**")*.

53. As mentioned in the Wages Motion, the Debtors have only two Employees (the "**Backpay Employees**") that, as of the Petition Date, are owed more than \$17,150.00 for prepetition wages. These two Employees are not "insiders" of the Debtors, as I understand such term to be defined under the Bankruptcy Code. Both Employees are in the Debtors' payroll department and were classified as salaried, exempt employees under the Fair Labor Standards Act since the start of their employment. However, the Debtors determined that both Backpay Employees were misclassified and should have been classified as non-exempt, hourly employees. The Debtors re-classified both Backpay Employees and determined that they were owed backpay for hours worked including overtime. These two Backpay Employees are thus owed more than \$17,150.00 as of the Petition Date (\$19,044.17 and \$35,065.35, respectively). Through the Wage

Motion, the Debtors seek authority to pay any outstanding prepetition amounts owed to the Backpay Employees in order to maintain the Debtors' operations in the ordinary course.

54. It is my belief that the relief sought in each of the First Day Motions is necessary for a successful reorganization and to maximize creditor recoveries. It is my further belief that, with respect to those First Day Motions requesting the authority to pay specific prepetition claims or continue selected prepetition programs, *i.e.* the First Day Motions seeking relief related to the Debtors' obligations to their employees, critical vendors and senior lenders, the relief requested is essential to avoid immediate and irreparable harm to the Debtors' estates. The success of these Chapter 11 Cases depends upon the Debtors' ability to maintain their operations, maximize estate value, and successfully confirm a plan of reorganization. The relief requested in the First Day Motions is a critical component of maintaining uninterrupted business operations and the confidence of key constituencies necessary to implement a successful chapter 11 process.

55. I believe approval of the relief requested in the First Day Motions is in the best interests of all stakeholders and respectfully request that the Court grant all relief requested in the First Day Motions and such other further relief as may be just.

*[The remainder of this page is intentionally left blank]*

I declare under penalty of perjury under 28 U.S.C. § 1746 that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: 5-28-25



Richard Arrowsmith

**Exhibit A**  
**(Arrowsmith CV)**

**RICK ARROWSMITH**  
**Boys, Maryland 20841**  
**240-507-6896**  
**Rarrowsmith@alastarpartners.com**

## **EXPERIENCE**

### **ALASTAR PARTNERS, LLC** **Structured Capital Solutions**

**March 2025 - Present**

Boutique advisory firm focused on helping middle market clients create solutions for complex financing challenges. Alastar also provides CFO services, performance improvement and restructuring advisory services.

### **FTI CONSULTING, INC.** **Washington, DC** **Senior Managing Director** **Healthcare Restructuring Group**

**August 2020 to January 2025**

- Liquidating Trustee - HDL Liquidating Trust: Fiduciary role responsible for the management of a \$200MM + trust created for the benefit of the Health Diagnostics Laboratory, Inc. unsecured creditors. Primarily responsible for the pursuit and collection of preference and other claw-back claims, litigation and other claims for the benefit of the Trust. Current estimated return to Trust-holders ~40% net of expenses.
- Independent director of Avante, Inc., an independent service organization providing equipment maintenance to the medical imaging industry. Advised on the implementation of a turnaround process, extrication of protracted and expensive litigation against an OEM and ultimately sale through a 363 auction.
- Restructuring and Financial Advisor to major New York-based subsidiary of an Israeli Bank: Providing direct restructuring advisory to Special Assets team regarding troubled/exit credits resulting in \$10MM in recoveries on six credits within the first six months.
- CRO and Board member – ClearOne Advantage – 400 employee DTC debt settlement company
- Liquidating Trustee – American Surgical et al
- Senior advisor to \$20B global private equity and credit fund. Advising on the repositioning of multi-unit nursing home chain through the exercise of remedies as well as the acquisition of a multi-unit, multi-state ALF portfolio from a private equity borrower changing their investment focus and exiting the healthcare space.
- Bankruptcy advisor to multi-national healthcare software provider in a litigation dispute with a large hospital system in Washington state.

### **ALVAREZ AND MARSAL HOLDINGS, LLC** **Washington, DC** **Managing Director** **Healthcare Industries Group**

**September 2014 to August 2020**

- Restructuring advisor to LVI Intermediate Holdings, the largest LASIK provider in the US operating 130+ locations leading the Company through a full capital stack and operational restructuring resulting in a sale through a Ch11 proceeding.
- Chief Restructuring Officer for **Health Diagnostic Laboratory, Inc.**, an esoteric laboratory testing company operating under Ch11 bankruptcy protection located in Richmond, VA (E.D. Va., Case No. 15-32919-KRH).
  - Implemented performance improvement initiatives including cost reductions, improvements to working capital, and development of KPI and cash flow forecasts.
  - Assessed potential restructuring alternatives and prepared the Company for a Ch11 process and 363 asset sale.
  - Raised priming DIP financing and freed up additional working capital through asset sales.
  - Company filed for bankruptcy protection in June 2015 and was sold to a strategic buyer in September 2015 resulting in 100% recovery to secured and administrative creditors.

- Led the successful priming fight against the incumbent senior lender and managed an accelerated and robust sale process amidst declining patient volumes and severe pricing pressure.
  - Implemented \$25M of cost reductions: \$15M from rejection of burdensome contracts and \$10M from a 20+% reduction in force.
  - Successfully managed cash and created positive variance to DIP forecast.
  - Drafted a transition services agreement and led negotiations with the buyer to avoid potential disputes.
  - Managed the post-sale transition services agreement for compliance by the buyer.
- Secured creditor financial advisor in the Ch7 wind-down and sale of **Atherotech, Inc.**, an esoteric laboratory testing company based in Birmingham, AL. (16-00909-TOM7).

**HUDSON ADVISORS – a Lone Star Funds company**

**March 2012 to July 2014**

**Washington, DC and Dallas, Texas**

**Senior Vice President**

**Fitch and S&P rated Special and Master Servicer - National scope practice**

- Built, structured and managed a nine-person team responsible for litigation management and collection of the JDC portfolio resulting from a ~\$10B portfolio of non-performing and sub-performing commercial real estate secured loans. Voting member of the resolution committee.
- Direct management and oversight for all bankruptcy matters; provide strategy and guidance to outside counsel.
- Assigned to directly manage difficult, intractable litigation and bankruptcy matters. Faced with a debtor's cramdown plan of reorganization (which would have resulted in a 50% reduction in UPB if confirmed) structured a creditor's plan wherein the debtor was acquired thus preserving all equity value for Hudson.

**GENERAL ELECTRIC CAPITAL  
HEALTHCARE FINANCIAL SERVICES**

**May 2001 to March 2012**

**Bethesda, Maryland**

**Senior Vice President, Special Assets Group - National scope practice**

- Managed a ~\$1.1B portfolio of non-performing and sub-performing real estate, cashflow, accounts receivable and equipment secured healthcare loans, leases and equity investments through all aspects of loan workout including: liquidation, restructuring, credit analysis, negotiation of loan documents, litigation, bankruptcy, foreclosure and other repossession proceedings.
- Expert in the laws and procedures related to post-judgment remedies and collections. Prepare workout agreements and related loan documentation. Provide direction to different law firms for each relationship. Corporate designee for several lawsuits; analyzed settlement proposals to maximize net present value with evaluation of subjective factors such as litigation and bankruptcy risk.

Summit Awards 2004 and 2005 for contributions to profitability.

Risk Leadership Award 2005, 2006 and 2007.

Risk Awards 3QT09, 4QT09, 1QT10, 2QT10, 3QT10 for contributions to "keeping the company safe".

Growth Value Award for Expertise 1QT11.

**FIRST UNION NATIONAL BANK**

**June 1991 to November 2000**

**McLean, Virginia**

**Vice President/Senior Portfolio Manager, Commercial Real Estate Division**

**Vice President, Special Assets Division**

- Approved credit and managed a seven-person team with responsibility for a \$500MM real estate loan portfolio. Coordinated balance sheet interest rate risk management with the Capital Markets group through the sale of various derivative products. Individual credit authority of \$10MM.

**SOVRAN BANK**

**October 1989 to June 1991**

**Washington, D.C.**

**Assistant Vice President, Real Estate Department**

**AMERICAN SECURITY BANK**  
**Washington, D.C.**  
**Assistant Treasurer, Real Estate Division**

**April 1988 to October 1989**

**EDUCATION**

|  |  |
|--|--|
| <b>American University, Washington, D.C.</b><br>Kogod School of Business<br>Master of Science, Real Estate and Urban Development   | May 1990   |
| <b>University of Maryland, College Park, Maryland</b><br>Bachelor of Science, Finance<br>Dean's List   | May 1987   |
| <b>General Electric - Crotonville Learning</b><br>Six Sigma Certified<br>Management Development Class, Munich, Germany   | 2004<br>2007   |
| <b>Speaker/Instructor</b><br>Credit Cycle Management – Problem Loan Identification<br>Commercial Real Estate Bankruptcy<br>Receiverships: An Effective Remedy for Distressed Commercial Real Estate<br>Bankruptcy from a Government Perspective<br>Commercial Real Estate Bankruptcy – ULI Webex<br>Avoiding Administrative Insolvency in Healthcare Cases | Irvine, CA<br>Santa Fe, NM<br>Phoenix, AZ<br>Kansas City, MO<br>2005 - 2011<br>2012 - 2014<br>2010<br>2010<br>2014<br>2018<br>2019 |
| <b>Author/ABI Journal</b><br>No Place Like Home: Treatment of SNF Leases under §365<br>Federal and State Oversight of SNFs – What Happens at the Point of Enforcement<br>For Kings and Creditors – False Claims Liability in Healthcare Bankruptcy Cases   | June 2021<br>May 2018<br>December 2017   |
| <b>Author/Journal of Corporate Renewal</b><br>Best Practices for Financial Advisors in Bankruptcy Mediation  | May 2022   |
| <b>CIVIC/SOCIAL</b>  |  |
| <b>Trustee</b><br>Forest Hills of DC   | 2019 - 2025  |
| <b>Member</b><br>Bretton Woods   | 2016 - Present   |