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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re

RED ROSE, INC.,

Debtor.

Case No. BK-20-12814-mkn

Chapter 11

**OMNIBUS DECLARATION OF
JEFFREY PEREA IN SUPPORT OF
FIRST DAY MOTIONS**

Hearing Date: OST PENDING

Hearing Time: OST PENDING

I, Jeffrey Perea, being duly sworn, hereby depose and declare under penalty of perjury:

1. I am over the age of 18, am mentally competent, and if called upon to testify as to the statements made herein, could and would do so.

2. I am the Chief Restructuring Officer of Petersen-Dean, Inc. ("PDI"). PDI, Beachhead Roofing & Supply, Inc., California Equipment Leasing Association, Inc., Fences 4 America, Inc., James Petersen Industries, Inc., PD Solar, Inc., Petersen Roofing and Solar LLC, PetersenDean Hawaii LLC, PetersenDean Roofing and Solar Systems, Inc., PetersenDean Texas, Inc., Red Rose, Inc., Roofs 4 America, Inc., Solar 4 America, Inc., Sonoma Roofing Services, Inc., TD Venture Fund, LLC, and Tri-Valley Supply, Inc., are the debtors and debtors in possession (collectively, the "Debtors" or the "Companies"), in the above captioned chapter 11 cases (the "Chapter 11 Cases"). I am authorized to

1 submit this declaration in support of the Debtors' chapter 11 petitions and motions for "first day"
2 emergency relief (the "First Day Motions").¹

3 3. In my capacity as Chief Restructuring Officer, and in conjunction with the efforts of the
4 Companies' other respective officers, executives and senior management, I am involved in the
5 Companies' affairs, including business operations, cash flow management, strategic planning, financial
6 reporting, human resources, legal affairs and other management activities, as well as the Companies'
7 efforts to address their current financial difficulties.

8 4. As a consequence, I or members of my team review and work with the books and records
9 of the Companies, including their respective business plans, financial statements and projections,
10 business analyses and reports, contracts and other legal documents, notes and correspondence and
11 similar items.

12 5. Based on the foregoing, as well as my discussions with the Companies' management
13 team, board members, investors, and legal and financial advisors, I have developed a familiarity with:
14 (a) the Companies' books and records, as such have been maintained in the ordinary course of business
15 under the control of officers of the Companies' respective executive and senior management; (b) the
16 Companies' respective business and financial histories, and their current business and financial
17 situations; (c) the financial and operational details of the Companies' business operations; and (d) the
18 solar, roofing and renewable energy industry, generally.

19 6. I have over 20 years of experience in the restructuring field. I have significant
20 experience advising debtors, creditors, and financial buyers of distressed companies in out-of-court
21 restructuring and in bankruptcy proceedings across a wide range of industries, including real estate,
22 casinos, hospitality, technology and restaurants. I have provided crisis management services,
23 performance improvement and turnaround services for underperforming companies for over 20 years.

24 7. Prior to joining Conway MacKenzie, Inc. ("CM"), I served as a Managing Director in
25 the Corporate Finance and Corporate Restructuring practice of a national restructuring firm. My
26 experience and expertise includes evaluation of company business plan viability; in-depth analysis of

27
28 ¹ Unless other defined, capitalized terms used herein shall have the meanings ascribed to them
in the relevant First Day Motions.

1 short and long term cash flow projections; detailed 5 year financial projections; consulting and
2 recommending financing and debt restructuring strategies; developing plan of reorganization and cost-
3 cutting initiatives; litigation support services; and preparing valuations under various scenarios.

4 8. My most recent Board member engagements include Shields for Families, Inc., Natrol,
5 Inc., RGI, and Leaf 123 Inc. I also provided financial advisory services to Powerwave Technologies,
6 Jerry's Nugget, Inc., Scoobeez, Spartan Gaming LLC and American West Homes, a home builder of
7 single family homes in Las Vegas, Nevada. I have also served as a financial/restructuring advisor to
8 Black Gaming, Nellson Nutraceutical, Prediwave, and Murray, Inc.

9 9. My credentials include: Certified Turnaround Professional (CTP), Certified Public
10 Accountant (CPA, California); Certified Insolvency and Restructuring Advisor (CIRA); NASD Series
11 7 and 63 licensed. I am a member of the Association of Insolvency and Restructuring Advisors,
12 Turnaround Management Association and the American Bankruptcy Institute. I also have been a guest
13 lecturer on restructuring and finance topics at UCLA Anderson School of Management and USC
14 Marshall School of Business.

15 10. On June 10, 2020 (the "Petition Date"), the Debtors initiated their Chapter 11 Cases by
16 concurrently filing voluntary petitions for relief under chapter 11 of Title 11 of the United States Code
17 (the "Bankruptcy Code").

18 11. The Debtors intend to operate their businesses and manage their properties as debtors-
19 in-possession under section 1107(a) and 1108 of the Bankruptcy Code.

20 12. I am advised by counsel that this Court has jurisdiction over these Chapter 11 Cases
21 pursuant to 28 U.S.C. §§ 157 and 1334 and venue is proper in this United States Bankruptcy Court for
22 the District of Nevada pursuant to 28 U.S.C. §§ 1408 and 1409.

23 13. Debtors have filed their respective First Day Motions to allow them, individually and
24 collectively, to efficiently and effectively operate in their Chapter 11 Cases. The relief sought in the
25 First Day Motions is critical to the Debtors' business operations, will allow for a comprehensive and
26 smooth transition into Chapter 11, and will ensure that the Debtors are provided the opportunity to
27 reorganize successfully.
28

I.

GENERAL BACKGROUND

A. Debtors' Businesses and Corporate Structure1 Petersen-Dean, Inc.

14. Petersen-Dean, Inc. ("PDI"), a California corporation, operates nationally with over 1,000 employees in seven states and was founded in 1984 by James Petersen. During the 1980s and 1990s, PDI provided residential re-roofing and roofing for home builders and other general contractors. In the early 2000s, PDI started doing electric solar installation and eventually expanded its services to include roofing, solar, fences, battery, and HVAC (heating/ventilation/air conditioning). In addition to residential services, PDI also offers services for the commercial sectors including solar and commercial low slope roofing. PDI has approximately 11 subsidiaries/affiliates that are regionally located in California, Hawaii, Nevada, Arizona, Texas, Colorado and Florida. Within PDI (and within these regional subsidiaries), the internal structure is divided between the Builder Division, which installs roof, solar and battery systems for large subdivisions, and the Consumer Division, which installs the same products in direct consumer facing sales/installations. The Consumer Division has installed notable solar/roofing projects throughout the United States, including the United States Coast Guard Building (Roofing-Puerto Rico), the Avaya Stadium (Solar), the Orlando VA Medical Center (Roofing), the Marlins Stadium (Roofing) and many more.

2 Beachhead Roofing & Supply, Inc.

15. Beachhead Roofing & Supply, Inc. ("BRS"), a California corporation, was founded in 2017. BRS is an affiliate of PDI. BRS has no employees, nor does it currently install any roofing projects.

3 California Equipment and Leasing Association, Inc.

16. California Equipment and Leasing Association, Inc. ("CELA"), a California corporation, was founded in 1981. CELA is a wholly-owned subsidiary of PDI. CELA was acquired by PDI in 2003. CELA is the leasing and transportation entity for PDI.

4 Fences 4 America, Inc.

17. Fences 4 America, Inc. (“F4A”), a California corporation, was founded in 2016. F4A is a wholly-owned subsidiary of PDI. F4A is the marketing, sales, design and installation entity for certain consumer-facing fencing and gate projects in specified regions in the United States including California, Nevada and Arizona.

5 James Petersen Industries, Inc.

18. James Petersen Industries, Inc. (“JPI”), a California corporation, was founded in 2016. JPI is an affiliate of PDI. JPI is the marketing, sales, design and installation entity for certain consumer-facing solar, roofing and re-roofing projects in specified regions in the United States, primarily in California. JPI has several DBA’s registered in Alameda County including Solar 4 America, Roofs 4 America, Fences 4 America, HVAC 4 America and Paint 4 America.

6 PD Solar, Inc.

19. PD Solar, Inc. (the “PDS”), a California corporation, was founded in 2009. PDS is a wholly-owned subsidiary of PDI. PDS has over 500 employees and primarily serves the Consumer Division in the solar marketing, sales, design and installation, including warranty service for those consumer projects. Since March 2009, PDS has installed over 25,000 solar panels adding up to 5.5 MW.

7 PetersenDean Hawaii, LLC

20. PetersenDean Hawaii, LLC (“PDH”), a Hawaiian company, was founded in 2018. PDH is an affiliate of PDI. PDH is the marketing, sales, design and installation entity for certain consumer-facing solar, roofing, re-roofing and hot water solar projects in Hawaii.

8 Petersen Roofing and Solar, LLC.

21. Petersen Roofing and Solar, LLC (“PRS”), a California company, was founded in 2018. PRS is an affiliate of PDI. PRS has no employees, nor does it currently install any roofing/solar projects.

9 PetersenDean Roofing and Solar Systems, Inc.

22. PetersenDean Roofing and Solar Systems, Inc. (“PDFL”), a Florida corporation, was founded in 1997. PDFL is a wholly-owned subsidiary of PDI, acquired in 2006. PDFL is the

marketing, sales, design and installation entity for certain builder and consumer-facing roofing and re-roofing projects in Florida.

10 PetersenDean Texas, Inc.

23. PetersenDean Texas, Inc. (“PDTX”), a Texas corporation, was founded in 1987. PDTX is a wholly-owned subsidiary of PDI, acquired in 2007. PDTX is the marketing, sales, design and installation entity for certain builder and consumer-facing roofing and re-roofing projects in Texas.

11 Red Rose, Inc.

24. Red Rose, Inc. (“RR”), a Nevada corporation, was founded in 1973. RR is a wholly-owned subsidiary of PDI, acquired in 2004. RR is a roofing/solar installer for residential and commercial projects. Its main activities are the installation of solar and roofing systems on projects in Nevada.

12 Roofs 4 America, Inc.

25. Roofs 4 America, Inc. (“R4A”), a California corporation, was founded in 2016. R4A is a wholly-owned subsidiary of PDI. R4A is the marketing, sales, design and installation entity for certain consumer-facing roofing and re-roofing projects in specified regions in the United States including California, Nevada, Arizona, Texas and Florida. R4A has no employees, nor does it currently install any roofing projects.

13 Solar 4 America, Inc.

26. Solar 4 America, Inc. (“S4A”), a California corporation, was founded in 2014. S4A is a wholly-owned subsidiary of PDI. S4A is the marketing, sales, design and installation entity for certain consumer-facing solar projects in specified regions in the United States including California, Nevada and Arizona. S4A has no employees, nor does it currently install any solar projects.

14 Sonoma Roofing Services, Inc.

27. Sonoma Roofing Services, Inc. (“SRS”), was acquired by PDI in 2007. SRS is a wholly-owned subsidiary of PDI. SRS was incorporated in California in 1987 and installed residential roofing and solar projects in Northern California. SRS was dissolved in 2018.

15 TD Venture Fund LLC

28. TD Venture Fund, LLC (“TDVF”), a California company, was founded in 2017. TDVF is an affiliate of PDI. TDVF has been the acquisition entity for pursuing certain solar and roofing company purchases. TDVF has no employees, nor does it install any roofing/solar projects.

16 Tri-Valley Supply, Inc.

29. Tri-Valley Supply, Inc. (“TVSI”), a California corporation, was founded in 1993. TVSI is a wholly-owned subsidiary of PDI. TVSI is a wholesale purchasing entity for PDI.

B. Projects

30. The Debtors’ books and records contain a schedule demonstrating that the current under-construction (and in-backlog) portfolio consists of approximately: 8,325 residential roofing projects, 5,434 new solar construction projects, 427 commercial roof projects, 1,240 projects involving re-roof, sheet metal and/or miscellaneous roofing, 91 battery storage projects and 38 fence projects across seven (7) states. The existing portfolio consists of projects located in the states of California, Hawaii, Nevada, Texas, Florida, Colorado, Louisiana and Arizona. See Chart of Sales Backlog and Jobs in Process, attached as **Exhibit 1** hereto.

C. Financial Information

31. As of, April 30, 2019, the date of the Companies’ most recent audited financial statements for the Companies’ then-ended fiscal year, presented on a consolidated basis, the Debtors’ total book value of assets was stated at \$158 million, consisting of the following major categories: \$7.2 million unrestricted cash; \$44.4 million in net accounts receivable; \$15.7 million in inventory; \$1.5 million in net property and equipment; \$7.1 million of deferred income taxes; and \$5.8 million of stockholder notes receivable. The Debtors’ financial and accounting staff are currently in the process of preparing and finalizing financial information for periods after April 30, 2019.

32. During the fiscal year ended April 30, 2019, the Debtors’ audited financial statements reported revenues of \$344.6 million. After direct and indirect costs, selling, general & administrative expense, interest and financing and other expenses, the Debtors generated a consolidated net loss of \$18.4 million. The Debtors’ financial and accounting staff are currently in the process of preparing and finalizing financial information for periods after April 30, 2019.

33. According to the Debtors' April 30, 2019 audited financial statements, on a consolidated basis the Debtors used \$23.9 million of cash on operations and generated \$17.1 million of cash from financing activities (including \$14.9 million of net proceeds from line of credit borrowings, and \$3.2 million of contributions from members and stockholders, offset by \$1 million of other financing payments) during the fiscal year ended April 30, 2019. Supplemental information set forth in the April 30, 2019 audited financial statement notes that the Debtors generated unadjusted EBITDA losses of \$14.1 million during the fiscal year.

D. Debtors' Prepetition Capital Structure

34. On or about June 29, 2017, ACF Finco I LP (the "Lender") originated a working-line of credit for the benefit of PDI, PDS and certain other Debtors/borrowers (collectively, the "Borrowing Debtors"), allowing them to draw up to a maximum principal amount of \$33 million (the "Loan"). The Loan was generally secured by PDI property, inventory, receivables, other PDI collateral as described in that certain Loan and Security Agreement dated June 29, 2017, executed by PDI in favor of the Lender (the "LSA"). The LSA also contained a Revolving Credit Note, a Stock Pledge Agreement, a Continuing Limited Guaranty of James Petersen, two Validity and Support Agreements, a Memorandum and Notice of Security Interest in Intellectual Property, a Intercompany Subordination Agreement, and other miscellaneous documents.

35. PDI executed a guaranty dated June 29, 2017 in favor of the Lender, guaranteeing the indebtedness of the Companies owing to the Lender as described therein (the "PDI Guaranty"). James Petersen (together with PDI, the "Guarantors") also executed a guaranty on June 22, 2018 in favor of the Lender, guaranteeing the indebtedness of the Companies owing to the Lender as described therein (together with the LSA, the PDI Guaranty, and all related Loan documents are collectively, the "Loan Documents.")

36. A first amendment to the LSA was executed on June 22, 2018 that modified the revolving credit rate, permitted total liquidity to be below \$5,000,000, and waived the then-existing defaults. A second amendment to the LSA was executed on November 21, 2018 that increased the credit limit to \$35,000,000 and waived the then-existing defaults.

37. On August 13, 2019, the Lender issued a notice of Default and Reservation of Rights letter, identifying an event of default resulting from PDI's alleged failure to deliver certain financial statements and maintain required minimum liquidity. On October 3, 2019, the Lender issued a notice of Default and Reservation of Rights letter, identifying an event of default resulting from PDI's alleged failure to deliver certain financial statements

38. A third amendment to the LSA was executed on October 9, 2019 that, among other things, amended the default rate and modified permitted investments, indebtedness, and eligible receivables, permitted total liquidity to be below \$500,000 before ballooning to \$5,000,000, and waiving the then-existing defaults.

39. On November 14, 2019, the Lender issued a notice of Default and Reservation of Rights letter, identifying an event of default resulting from Borrowing Debtors' alleged failure to maintain total liquidity of not less than \$1,000,000 as of November 13, 2019. On December 3, 2019, Lender issued another Notice of Default and Reservation of Rights letter, identifying an event of default resulting from Borrower Debtors' alleged failure to maintain total liquidity of not less than \$5,000,000 as of December 2, 2019. On December 26, 2019, Lender issued another Notice of Default and Reservation of Rights letter, identifying an event of default allegedly resulting from PDI's repayment of certain loans/equity contributions.

40. A fourth amendment to the LSA was executed on January 22, 2020 providing a forbearance default period through May 22, 2020, modifying permitted indebtedness, liens, and payments, and providing for potential sale of equity interest.

41. Lender has now asserted that the Borrowing Debtors have defaulted in their obligations to the Lender under the Loan Documents. As a result of the alleged Existing Defaults, the Lender has asserted that the outstanding indebtedness under the "Loan Documents" has become immediately due and payable to the Lender.

42. As of the Petition Date, the outstanding balance of the Loan is approximately \$27.4 million, inclusive of interest, fees and other expenses.

E. Events Leading to the Commencement of the Chapter 11 Cases

1 Debtors' Prior Business Model and Delays in Receivables

43. Between late 2015 through the end of 2019, the Companies entered into a number of consumer agreements ("Consumer Agreements") pursuant to which the Companies agreed to act as the contractor for the installation of residential roofing, solar and battery systems (the "Solar Projects") for individual homeowners (the "Consumer Division"). The Companies' financial troubles stemmed largely from delays in their receipt of materials to perform these Solar Projects. This led to several cancellations of the Solar Projects. The receivables due in connection with the Solar Projects were never paid.

44. Under the Consumer Agreements, the Companies would perform the design, engineering, site surveys and material ordering for the Solar Projects, meaning that the bulk of the milestone payments and fees would be paid upon completion of the project. The Companies would also be responsible for purchasing the solar panels, inverters and other equipment, and paying for the design, engineering, and installation labor for the projects. Due to competitive pressures in the solar industry, the Companies' management felt pressured to make deals that undercut their competitors in order to win projects. As a result, management often agreed to insufficient gross margins, aggressive financing terms and unrealistic timelines to complete the work. In addition, management: submitted bids that resulted in very narrow or even negative profit margins; performed incomplete due diligence on the sites, resulting in their underestimation of the construction challenges posed by the sites; and failed to take into consideration the likelihood of weather and material delays, among other problems. Many of the Solar Projects consequently were destined to create losses for the Companies, and these losses were exacerbated by commissions that had already been paid to the PDI sales associates and managers, as well as disputes over when and whether projects were complete and moneys owed to the Companies. The Companies frequently settled these disputes by accepting a fraction of amounts owed to them, in order to collect cash receipts sooner and to avoid the costs of litigation. Thus, even on projects where there were built-in losses, the Companies did not receive payment in full. Due to these losses and the impact from the COVID-19 Shelter in Place orders, the Companies had to lay off or furlough half of their work force, which further reduced their ability to sell new work and to complete

1 existing projects. Moreover, the Companies had little backlog of new deals in order to sustain the
2 Consumer Division business.

3 45. In addition to payment delays attributable to the above, certain of the Companies' larger
4 customers withheld payments, even after completion of their projects' construction. The Companies
5 have pursued their legal rights and remedies to recover such receivables, but the cash flow delays
6 negatively impacted their operations. Although certain of the Companies' customers continue to
7 improperly withhold payment, the Companies are confident that their continuing efforts to recover such
8 payments will achieve success.

9 46. Furthermore, as a result of the various shelter in place orders issued by local
10 governments in response to COVID-19, the Companies and their workforce have been unable to operate
11 at full capacity and jobs have been closed down or work has been halted at sites throughout the United
12 States. Further, some of the Companies' workers and related trade vendors were not showing up for
13 work due to fears, increased childcare responsibilities, feeling ill (when such symptoms require workers
14 to stay home and refrain from coming to work), or other inability to perform work resulting from the
15 COVID-19 crisis. This disruption has caused a slowdown in collections which and significant
16 reductions in revenue and cash collection delays to the Companies

17 **2 The Loan Default.**

18 47. The financial and operational difficulties described in the previous section and the
19 resulting liquidity constraints were the primary contributing factors to the Companies' defaults under
20 the Loan Documents.

21 48. Specifically, the Loan Documents capped the Companies' maximum Loan balance
22 based on a "Borrowing Base" calculated with reference to the Companies' "current" receivables. If the
23 Loan balance exceeded the Borrowing Base, the Loan Documents required the Companies to make an
24 immediate pay down of the Loan in the amount of the difference. Moreover, the Loan Documents
25 provided that once receivables aged past 90 days (and became "stale" receivables), they were
26 automatically deleted from and caused a decrease in the Borrowing Base; this, in turn, necessitated the
27 Companies' immediate pay down of the Loan balance in an amount proportional to the decrease.
28 Hence, each of the delays described in the previous section contributed to incremental reductions to the

1 Loan Borrowing Base, ultimately requiring pay downs of the Loan.

2 49. The Companies' current executive management spent several months attempting to
3 negotiate a forbearance agreement with the Lender before the most recent forbearance termination date
4 of May 22, 2020.²

5 50. Ultimately, as a result of the parties' inability to agree on terms for extending the
6 forbearance beyond May 2020 sufficient to sustain operations, the Companies decided to file for
7 bankruptcy protection on the Petition Date.

8 **3 Trade Creditors, Vendors and Other Debts.**

9 51. In connection with most of the construction projects, the Companies are, generally, to
10 be paid by certain builders at milestone completion rates (i.e., the builders pay per contract based on
11 when the roofs/solar installations were partially completed). In other words, payment to the Companies
12 by its builder customers would not be received until months after the commencement of the projects'
13 construction. Moreover, certain contracts could not be repaid in full to the Companies.

14 52. As a result of the timing delay in collecting accounts receivable, the Companies are
15 currently indebted to a multitude of trade creditors and vendors for services and goods provided in
16 connection with projects. In the ordinary course of business, the Companies procure equipment and
17 supplies for the construction of certain projects. Likewise, the Companies enter into subcontracting
18 service agreements with various parties for their provision of particular work related to the projects. To
19 that end, the Companies' historical reliance on their line of credit to sustain operations in the face of
20 delayed receivables collection has left the Companies unable to pay a substantial amount of their trade
21 creditors and vendors.

22 53. In addition, PDI and PDS store certain of their assets (in the form of inventory),
23 generally intended for use in project construction, in various warehouses across the U.S. The
24 Companies' pre-petition cash flow situation unfortunately also resulted in an inability to timely remit
25 lease payments to such warehouse claimants. These warehouse claimants may have the ability to file

26 ² It is worth noting that the Debtors' former President and certain other executives of the
27 Companies' Consumer Division no longer remain employed by the Debtors. As more fully addressed
28 subsequently herein, the Debtors' current management team has been working to reorganize the
Debtors' operations.

1 statutory liens against the products stored in order to ensure payment of amounts outstanding to them.

2 **4 Pending Litigation**

3 54. The following comprise summaries of existing key litigation supplied by counsel to the
4 Companies:

5 (a) Joseph Dean, an individual and derivatively on behalf of Petersen-Dean, Inc.,
6 Plaintiffs v. James Petersen, an individual, and Petersen-Dean Inc, a California Corporation, as
7 Defendants, and Petersen-Dean, Inc. as a nominal Defendant, Superior Court of California, County of
8 Alameda, Case No. HG17868054; Cross-Complaint: Petersen-Dean, Inc., Cross-Complainant v.
9 Joseph Dean, Cross-Defendant. Joseph Dean (“Dean”) is a founder and shareholder of contractor PDI,
10 along with James Petersen (“Petersen”). Dean commenced a shareholder derivative action against
11 Petersen for an accounting, breach of fiduciary duty, declaratory judgment as to ownership of PDI’s
12 stock, and for constructive trust; as well as bringing claims for a declaratory judgment as to PDI to
13 provide corporate records, as to directorship and shareholder status, and a claim for involuntary
14 dissolution. PDI cross-claimed against Dean for breach of fiduciary duty, conversion, fraud, breach of
15 contract, constructive fraud, unauthorized use of business name, and unfair business practices. There
16 is a pending motion relating to the appraisal value to be heard on August 6, 2020. The Register of
17 Action shows that trial is presently set for July 13, 2020, but has been rescheduled due to the COVID-
18 19 pandemic (date not yet known). Discovery is ongoing.

19 (b) The Arbitration Matter between National Union Fire Insurance Company of
20 Pittsburgh, PA, Claimant v. Petersen-Dean, Inc., a California Corporation, Respondent. Related
21 Action National Union Fire Insurance Company of Pittsburgh, PA, Plaintiff v. Petersen-Dean, Inc., a
22 California Corporation, Defendant, United States District Court Southern District of New York, Case
23 No. 19 CIV 11299, United States Court of Appeals for the Second Circuit, Case No 20-893. National
24 Union Fire Insurance Company of Pittsburgh, PA (“NUFIC”) and its affiliates AIG Claims, Inc.
25 (“AIG”) issued commercial general liability policies to roofing contractor Vaca Valley Roofing, Inc.
26 (“VVR”), a wholly owned subsidiary of PDI, with a variety of endorsements. Premiums would vary
27 but would not exceed \$2 million, and no coverage provided until VVR paid a self-insured retention
28 (allowing VVR to defend claims itself). VVR purchased excess coverage from another AIG entity for

1 catastrophic coverage. VVR was subsequently purchased by PDI. For five years, AIG denied claims
 2 where VVR did not pay the retention. Then, AIG purported certain endorsements were unenforceable
 3 and began accepting all tenders, despite no payment of the retention, yet never triggering the excess
 4 policy. NUFIC filed for arbitration bringing claims of breach of contract and unjust enrichment. PDI
 5 cross-claimed for breach of contract and breach of covenant of good faith and fair dealing. The
 6 arbitration panel issued a pre-security award of \$2,000,000 in NUFIC's favor. PDI petitioned the Court
 7 to vacate this award, which was denied and PDI has filed an appeal. The Appellate Court ordered
 8 mediation to take place on April 22, 2020. A second mediation is scheduled for June 3, 2020.

9 (c) The Arbitration Matter between Solarworld Americas, Inc., an Oregon
 10 Corporation, Claimant v. Petersen-Dean, Inc., a California Corporation, and PD Solar, Inc., a
 11 California Corporation, Respondents. FedArb, Inc., Case No. F17-A-VW-DF-0828. PDI and PDS
 12 (collectively "PD") contracted to procure "made in USA" solar photovoltaic panels from Solarworld
 13 Americas, Inc. ("SWA"). SWA alleged PD failure to pay invoices, bringing claims for breach of
 14 contract, account stated, breach of guaranty, fraud, conspiracy to defraud, alter-ego. PD alleged the
 15 materials SWA delivered were defective and brought claims for breach of contract, breach of warranty,
 16 fraud, and declaratory relief that the materials did not meet the "made in USA" standard. Dual Motions
 17 for Summary Judgment were filed, and on August 30, 2019 both were granted and denied in part. PD
 18 prevailed against all of SWA's claims except breach of contract; SWA prevailed against a number of
 19 PD's affirmative defenses. On May 4, 2020 the arbitrator issued an award in SWA's favor as to breach
 20 of contract, subject to offset to PD, as well as interest, fees, and costs, for a total award of
 21 \$11,764,747.48. The arbitrator also found in PD's favor that the products did not meet the FTC "made
 22 in USA" standard, entitling PD to recover any damages paid should PD later be found to have violated
 23 this standard.

24 (d) The Arbitration matter of Petersen-Dean, Inc. Plaintiff v. Pacific Coast Roofers
 25 Pension Plan, AAA Arbitration Case No 01-18-0001-8670. Related Federal Case Board of Trustees
 26 of the Pacific Coast Roofers Pension Plan, and Pacific Coast Roofers Pension Plan, Plaintiffs v.
 27 Petersen-Dean, Inc., a California Corporation, Tri-Valley Supply, Inc., a California Corporation,
 28 Petersen-Dean Commercial, Inc., a California Corporation, Pacific Coast Roofing & Construction,

Inc., a California Corporation, PetersenDean Roofing and Solar Systems, Inc., a Florida Corporation, PetersenDean Texas, Inc., a Texas Corporation, Sonoma Roofing Services, Inc., a dissolved California Corporation, Red Rose, Inc., a Nevada Corporation, MDF Holdings Corp, a suspended California Corporation, OCR Solar & Roofing, Inc., a suspended California Corporation, OCR Services, Inc., a suspended California Corporation, Defendants; United States District Court, Northern District of California, Case No. 5:18-cv-06284. PDI and certain of its subsidiaries/affiliates (collectively “PD”) were a participating multiemployer in the Pacific Coast Roofers Pension Plan (“Plan”). The Plan alleges that PD withdrew completely from the Plan in 2017, thus triggering withdrawal liability based upon the 70% withdrawal rule under ERISA; that PD is in default and thus entitling the Plan to accelerate payment obligations. PD disputes that any complete withdrawal occurred, as under ERISA there is an exemption and specific statutory rules applying to the building and construction industry exempting them from the 70% rule. Further PD disputes the Plan’s assessment of withdrawal liability sums, and their right to collect interim payments while the dispute is being litigated/arbitrated. A number of actions arose from this dispute, but at present only two are active. First, in 2018 PD initiated Arbitration which is ongoing. The Plan alleges that while the dispute is ongoing, payments are nevertheless owed despite arbitration being ongoing. The Arbitration hearing has been set for September 2020, and the next scheduled status conference is June 15, 2020. Second, the Plan filed the related Federal Action and brought causes of action for payment of withdrawal amounts, and failure to provide information under ERISA. The Plan filed a Motion for Summary Judgment in the Federal Action which was granted on May 12, 2020. As a result of the Summary Judgment, the Plan received a judgment of \$7,463,499.

55. A Chart of Other Pending Litigation is attached hereto as **Exhibit 2**.

F. Restructuring Efforts

56. Based in part on the events and financial conditions described above, I determined that the Companies’ operations would need to be scaled down until the Loan was properly restructured and an alternative adequate working capital line could be secured to support growth associated with new construction projects.

1 Reductions in Force and Organizational Restructuring

57. During the course of late 2019 and early 2020, the Companies let go of 44% of their staff, reducing the number of their employees from over 1,800 to a current total of about 1,000. Shortly thereafter, the Companies implemented a new sales, budgeting and project execution process platform in an effort to better track and manage the companies' sales and project execution platform, finances and risk management tools.

58. By mid-May of 2020, the restructuring of the Companies' operations (including (a) hiring new teams to focus on sales, sales estimation, and construction management/operations, and (b) streamlining the finance and risk management department) and other operational improvements had been initiated. In summary, the restructuring efforts included (but were not limited to):

- Initiating a comprehensive financial analysis, evaluating current strategy, the legacy project portfolio, and finances/capital required to fund operations.
- Identifying key risks and deficiencies; reporting to the board; assessing merits of either liquidating versus pursuing a turnaround as a going concern.
- Developing a cost reduction plan to improve efficiency, productivity and closing unproductive facilities and operations.

59. The Companies continue to be called on for the construction of large-scale roofing projects across the United States. Most recently, PDI has been in discussions to execute a master service contract with SunPower to proceed with new home solar installations with a contract value of approximately \$25 million. The Companies are further planning to pursue new home solar installation on approximately 20,000 homes as part of the California Solar Mandate requiring solar panel installations on all new home construction in California. Although these projects require development capital (which has yet to be provided), they could earn a substantial development margin (in addition to the industry typical margin) if properly executed and could support a significant improvement in the Companies' financial and operating performance.

2 Closure of Regional Offices

60. The Companies previously had additional regional offices in Gold River, CA; Hayward, CA; smaller office locations in Fremont, CA, and Dallas, TX; and several locations in Florida. These offices were closed from January 2020 to May 2020.

3 Retention of Restructuring Consultant

61. In November 2019, the Companies retained CM and Imperial Capital to provide financial advisement, restructuring and investment banking services. I was hired as a financial advisor in November 2019 to assist the Companies in numerous restructuring matters designed to preserve and maximize the value of the Companies and their assets, including, but not limited to, acting as a liaison with the Lender in negotiations regarding the Loan, developing financial projections, variance analysis or other reports, cash flow analysis, and evaluating and identifying the Companies' cost structure for potential expense savings.

62. Although each of the actions mentioned above produced significant positive results, the instant filing could not be avoided in the face of the Lender's increasing demands for loan repayment which constrained already thin liquidity. As a result, the Companies were required to seek the protection of this Court to obtain time to complete its reorganization strategy that will allow them to continue as going concerns for the benefit of all parties in interest.

II.

CHAPTER 11 GOALS AND INDUSTRY OUTLOOK

63. Debtors intend to use the Chapter 11 process to evaluate all of their restructuring options and to maximize value for the stakeholders. The overall goal is to seek new financing or the sale of the Companies.

64. Debtors are cognizant that, while the solar energy industry is still in its nascent stage, many participants have closed or otherwise failed. A vast majority of these companies were manufacturers of solar cells or panels, investing heavily in research and development, and attempting to develop technological advances in increasing the efficiencies of solar energy conversion into electricity. One example is Solyndra, a Fremont, California based company, which ceased operations and filed for bankruptcy years ago. Solyndra manufactured unique tubular solar panels designed to increase sunlight concentration, and thus, increase energy conversion. However, global solar panel pricing has plummeted in recent years, due primarily to increased foreign capacity, thus making it economically unviable for manufacturers with high cost structures to compete in this dynamic industry.

65. Debtors are not a manufacturer at all, but rather a contractor engaged in the design and installation of commercial and residential installations, such as on rooftops of large subdivisions, as part of the California Solar Mandate requiring solar panel installations on all new home construction in California, as well as battery installations and traditional roof installations. As installers, Debtors are primarily engaged in the oversight of installing solar panel systems, which include the necessary racking systems, inverters, panels and wiring, and, thus, do not have any inherent financial risk in the manufacturing or research and development of the solar cells. All solar panels are purchased based on the specific project requirements. Debtors' risk is similar to that of a general contractor in any construction project, managing its costs, coupled with minimal change orders and down-time, to ensure sufficient profit margin in each project.

66. Debtors believe that the US solar industry has significant growth potential, particularly with state and federal level incentives. As established participants with an excellent reputation as installation contractors, Debtors believe that they have a tremendous opportunity to continue their growth.

67. The U.S. Energy Information Administration (EIA) found that solar, including small-scale PV systems, grew 13.7% in 2019 compared to the first eight months of 2018. Small-scale solar provided nearly one third of total solar generation and distributed solar as a whole grew more than any other energy source.

68. Residential solar grew 3% quarter-over-quarter and 8% year-over-year in 2019 as it continued its rebound from 2018. Debtors believe that solar installation combined with storage has a crucial role to play in the next decade as climate change effects worsen and energy independence becomes more and more necessary for homeowners and business owners.

69. Whereas residential and commercial solar markets have historically been limited by the availability of state- and utility-level incentives, solar has now become cost-effective in some markets with only the federal investment tax credit (ITC), accelerated depreciation and net metering. This shift occurred first in California, followed by other states, where a meaningful number of installations have been completed without California Solar Initiative incentives. Consequently, Debtors believe that PDI's primarily focus on the consumer and builder segments of solar will position the Companies to

grow significantly over the near term.

III.

FIRST DAY MOTIONS

A. Motions for Orders Directing Joint Administration of Related Cases Pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015.

70. Debtors request joint administration of their Chapter 11 Cases.

71. I am informed by counsel that Debtors are affiliates as that term is defined in Section 101(2) of the Bankruptcy Code:

- Petersen-Dean, Inc. holds 100% of the equity interests in: California Equipment Leasing Association, Inc.; Fences 4 America, Inc.; PD Solar, Inc.; PetersenDean Roofing and Solar Systems, Inc.; PetersenDean Texas, Inc.; Red Rose, Inc.; Roofs 4 America, Inc.; Solar 4 America, Inc.; Sonoma Roofing Services, Inc.; and Tri-Valley Supply, Inc.
- Mr. James Petersen holds 83.75% of the equity interests of Petersen-Dean, Inc.
- Mr. James Petersen owns 100% of the equity interests in James Petersen Industries, Inc.
- Mr. James Petersen and his wife, Mrs. Tricia Petersen, each hold 50% of the equity interests in Petersen Roofing and Solar LLC, PetersenDean Hawaii LLC, and TD Venture Fund, LLC.
- Mrs. Tricia Petersen holds 100% of the equity interests in Beachhead Roofing & Supply, Inc.

b. Under Local Rule 1015(b)(4), most of the Debtors' cases are deemed related because "the debtor in one (1) case [Petersen-Dean, Inc.] is a majority shareholder of the debtor in the other cases [California Equipment Leasing Association, Inc.; Fences 4 America, Inc.; PD Solar, Inc.; PetersenDean Roofing and Solar Systems, Inc.; PetersenDean Texas, Inc.; Red Rose, Inc.; Roofs 4 America,

1 Inc.; Solar 4 America, Inc.; Sonoma Roofing Services, Inc.; and Tri-Valley Supply,
2 Inc.]”;

3 c. Under Local Rule 1015(b)(5), (i) Petersen-Dean, Inc., James Petersen
4 Industries, Inc., Petersen Roofing and Solar LLC, PetersenDean Hawaii LLC, and
5 TD Venture Fund, LLC are deemed related, and (ii) Petersen Roofing and Solar LLC,
6 PetersenDean Hawaii LLC, TD Venture Fund, LLC, and Beachhead Roofing &
7 Supply, Inc. are deemed related, because “the debtors have the same partners or
8 substantially the same shareholders”;

9 d. Debtors share the same management;

10 e. There is overlap in the creditor bodies of Debtors. Joint administration
11 will avoid otherwise unnecessary and expensive duplication of effort and papers
12 caused by preparing and serving the same creditors with sets of differently captioned
13 but otherwise identical papers; and

14 f. It is likely that numerous motions filed in Debtors’ cases will concern
15 one or more of the Debtors. Again, joint administration will avoid unnecessary and
16 expensive duplication of effort and papers caused by preparing the same motion with
17 different captions.

18 72. As noted above, joint administration would greatly reduce the costs in administering
19 Debtors’ cases and eliminate the substantial waste, unnecessary paperwork, duplication, and confusion
20 that would otherwise be created by maintaining separate pleadings dockets for these related cases. Most
21 motions and other pleadings filed in these cases will concern one or more of the Debtors. If such
22 motions (and related responses and other pleadings) were required to be filed separately in each affected
23 Debtors’ cases, it is likely that the only material differences among each set of pleadings would be the
24 caption. Thus, requiring each Debtor to file separate pleadings in each matter would entail considerable
25 duplication and additional paperwork at substantial cost, without generating any additional benefit to
26 creditors.

27 73. The burden of not having joint administration will be similarly felt by Debtors’ secured
28 and unsecured creditors, the persons whom the Court is obligated to protect in determining whether to

1 authorize joint administration, according to Debtors' counsel. As with Debtors, creditors will also be
 2 required to file multiple copies of pleadings in each of the cases for no reason other than to maintain
 3 separate dockets and files. Moreover, by maintaining separate cases, some creditors may be confused
 4 unnecessarily as to when their rights are being affected. By jointly administering the estates, creditors
 5 will receive notice of all matters involving all Debtors, thereby insuring that they are fully informed of
 6 all matters potentially affecting their claims.

7 74. There would be no material prejudice to creditors were Debtors' estates to be jointly
 8 administered. Indeed, as discussed above, joint administration would benefit all creditors by
 9 substantially reducing costs and administrative burdens in general.

10 75. Based on advice of Debtors' counsel, I do not believe that an actual conflict will arise
 11 between the Debtors' estates.

12 **B. Motions Pursuant to 11 U.S.C. § 521, Fed. R. Bankr. P. 1007 and Local Rule 1007 for**
 13 **Orders Extending Time to File Schedules and Statement of Financial Affairs**

14 76. Debtors request an extension of the 14-day period to file their Schedules and Statement
 15 of Financial Affairs ("SOFA") to a 30-day period, without prejudice to Debtors' ability to request
 16 additional time should it become necessary.

17 77. On the Petition Date, in partial satisfaction of the requirements of Bankruptcy Rule
 18 1007, Debtors filed with this Court lists of creditors holding the 20 largest unsecured claims against
 19 Debtors' respective estates. Due to the large number of pressing matters present in the early stages of
 20 these Chapter 11 Cases, Debtors do not anticipate being able to complete the Schedules and SOFA in
 21 the 14-day time period established under Bankruptcy Rule 1007(c).

22 78. To prepare their Schedules and SOFA, Debtors must compile financial information from
 23 books, records, and documents relating to their assets, contracts and claims of creditors. This
 24 information is voluminous and assembling the necessary information requires a significant expenditure
 25 of time and effort on the part of Debtors and their employees. While Debtors, with the help of
 26 professional advisors, are working diligently and expeditiously on the preparation of the Schedules and
 27 SOFA, resources are limited.

79. In view of the amount of work entailed in completing the Schedules and SOFA and the competing demands upon Debtors' employees and professionals during the initial postpetition period, Debtors will not be able to properly and accurately complete the Schedules and SOFA within the 14-day time period established under Bankruptcy Rule 1007(c).

80. Creditors and other parties in interest will not be harmed by the proposed extension of the filing deadline because, even under the extended deadline, the Schedules and SOFA would be filed in advance of any bar date or other significant event in these Chapter 11 Cases.

C. Applications for Orders Authorizing Retention and Employment of Fox Rothschild LLP as Debtor's Counsel, Effective as of the Petition Date ("Fox Employment Applications")

81. Debtors require competent bankruptcy counsel to render essential bankruptcy legal services during the prosecution of the Chapter 11 Cases. Debtors selected Fox Rothschild LLP as their proposed bankruptcy counsel because of its extensive experience and knowledge in the field of debtors' and creditors' rights and business reorganizations under Chapter 11 of the Bankruptcy Code. Without bankruptcy counsel representation, Debtors will not be able to successfully navigate the intricacies of their Chapter 11 Cases and their rights will not be adequately protected. Accordingly, Debtors seek an order of the Court authorizing Debtors to retain and employ the law firm of Fox Rothschild as counsel for the Debtors, effective as of the Petition Date.

82. Before the Petition Date, Fox Rothschild assisted the Debtors in negotiations with creditors, evaluation of assets and restructuring alternatives, litigation defense and corporate services. Due to the myriad of pressing matters that necessitated the filing of the Chapter 11 Cases and that arose as a result thereof, Fox Rothschild's work since the commencement of the Chapter 11 Cases has been performed on an emergency basis. The complexity, intense activity and speed that have characterized these cases have necessitated that Fox Rothschild focus immediate attention on time-sensitive matters and promptly devote substantial resources to the representation of Debtors pending submission and approval of the Fox Employment Applications. Fox Rothschild has benefitted the estates by its diligence in prosecuting the Chapter 11 Cases.

83. Debtors selected Fox Rothschild as their counsel because of (a) its extensive experience and knowledge in the field of debtors' and creditors' rights and business reorganizations under chapter

11 of the Bankruptcy Code and (b) its familiarity with the facts and circumstances surrounding the Chapter 11 Cases given the Firm's prepetition representation of Debtors as described below.

84. Debtors seek Court approval to retain Fox Rothschild at the expense of Debtors' estates to provide the legal services described herein that will be required to represent Debtors in these Chapter 11 Cases.

85. The terms of Fox Rothschild's retention are set forth in the Engagement Agreement entered into on May 14, 2020, a true and correct copy of which is attached as Exhibit 1 to the *Verified Statement of Brett Axelrod* filed by each Debtor in support of the Fox Employment Applications (collectively, the "Axelrod Verified Statements").

86. Accordingly, Debtors believe that Fox Rothschild is both well qualified and able to represent their interests in the Chapter 11 Cases in an efficient and timely manner and that such representation is in the best interest of Debtors, their estates and constituents.

87. In the Chapter 11 Cases, Debtors anticipate that Fox Rothschild will render general legal services as needed, including with respect to bankruptcy, financial restructuring, corporate, labor and employment, tax and litigation matters. The professional services that Fox Rothschild will render to Debtors may include, but shall not be limited to, the following:

- a. Advising Debtors of their rights and obligations and performance of their duties during administration of the Chapter 11 Cases;
- b. Attending meetings and negotiations with other parties in interest on Debtors' behalf in the Chapter 11 Cases;
- c. Taking all necessary actions to protect and preserve Debtors' estates including: the prosecution of actions, the defense of any actions taken against Debtors, negotiations concerning all litigation in which Debtors are involved, and objecting to claims filed against the estates which are believed to be inaccurate;
- d. Seeking this Court's approval and confirmation of a plan of reorganization, the accompanying disclosure statement, and all papers and pleadings related thereto and in support thereof and attending court hearings related thereto;
- e. Representing Debtors in all proceedings before this Court or other courts of jurisdiction in connection with the Chapter 11 Cases, including preparing and/or reviewing all motions, answers and orders necessary to protect Debtors' interests;

- f. Assisting Debtors in developing legal positions and strategies with respect to all facets of these proceedings;
- g. Preparing on Debtors' behalf necessary applications, motions, answers, orders and other documents; and
- h. Performing all other legal services for Debtors in connection with the Chapter 11 Cases and other general corporate and litigation matters, as may be necessary.

88. The Debtors may, from time to time, request that Fox Rothschild undertake specific matters beyond the scope of the responsibilities set forth above. Should Fox Rothschild agree, in its sole discretion, to undertake any such specific matters, Debtors seek authority herein to employ Fox Rothschild for such matters, in addition to those set forth above, without further order of this Court.

89. The Debtors require knowledgeable counsel to render these essential professional services. As described below, Fox Rothschild has substantial expertise in each of these areas. As a result, Fox Rothschild is well-qualified to perform these services and represent Debtors' interests in the Chapter 11 Cases.

90. Prior to the Petition Date, Debtors retained Fox Rothschild to advise them on corporate and restructuring matters as well as litigation defense. Therefore, Fox Rothschild is familiar with Debtors, their business operations and their financial condition. As such, Fox Rothschild is uniquely qualified to represent Debtors' interests with respect to Debtors' businesses and financial affairs and the potential legal issues that may arise in the Chapter 11 Cases.

91. Fox Rothschild is also well suited for the type of representation required by Debtors. Fox Rothschild has a national practice and has experience in all aspects of the law that may arise in the Chapter 11 Cases including, among others, bankruptcy, financial restructuring, corporate, labor and employment, tax and litigation matters.

92. A summary of the qualifications and experience of those attorneys who are expected to render services to Debtors is attached as Exhibit 2 to the Axelrod Verified Statements. As set forth therein, Fox Rothschild is well qualified to represent Debtors.

93. Accordingly, Debtors believe that the appointment of Fox Rothschild as Debtors' counsel is in the best interest of Debtors and their estates.

1 94. To the best of Debtors' knowledge, information and belief, other than as may be set
2 forth herein or in the Axelrod Verified Statements and exhibits attached thereto, Fox Rothschild does
3 not hold or represent any interest adverse to Debtors or Debtors' estates, and Fox Rothschild is a
4 "disinterested person," as that term is defined in Bankruptcy Code section 101(14), as modified by
5 Bankruptcy Code section 1107(b), and used in Bankruptcy Code section 327(a), in that:

- 6 a. Fox Rothschild, its partners, of counsel and associates:
- 7 i. are not creditors or insiders of Debtors;
- 8 ii. are not and were not, within two years before the date of this
9 application, a director, officer, or employee of Debtors, as
10 specified in subparagraph (c) of 11 U.S.C. § 101(14); and
- 11 iii. do not hold an interest materially adverse to the interest of the
12 estates or of any class of creditors or equity holders except as
13 stated herein or in the Axelrod Verified Statements.
- 14 b. Fox Rothschild does not represent or otherwise have other material
15 connections with any persons or entities other than as disclosed in
16 Exhibit 3 attached to the Axelrod Verified Statements. Fox Rothschild
17 will supplement these disclosures in the event further material
18 connections are discovered regarding persons or entities that later become
19 identified as parties in interest in the Chapter 11 Cases.
- 20 c. Fox Rothschild does not have any connection with the judge of this Court,
21 the United States Trustee for Region 17 or any person employed in the
22 Office of the United States Trustee for the District of Nevada.

23 95. Debtor have been advised that Fox Rothschild has not previously represented Debtors
24 or their members or managers other than as described herein and in the Axelrod Verified Statements.

25 96. Debtors have been advised that Fox Rothschild currently represents the following
26 creditors of Debtors:

- 27 i. ABC Supply Co. Inc.: Current client; current transactional adversity; and
28 former litigation adversity, all of which are in matters unrelated to Debtors or
Debtors' Chapter 11 Cases;
- j. AFC Finco I LP: Current transactional adversity in matters unrelated to
Debtors or Debtors' Chapter 11 Cases;
- k. AIG: Current client; Debtor has been advised that Fox Rothschild will not
handle, on Debtors' behalf, any matters relating to AIG; rather, Debtors will

1 seek to employ conflicts counsel to handle any matters regarding AIG.

- 2 l. American Express: Former client; current litigation adversity; and current
3 transactional adversity, all of which are in matters unrelated to Debtors or
4 Debtors' Chapter 11 Cases;
- 5 m. Beacon Sales Acquisition: Current transactional adversity in matters
6 unrelated to Debtors or Debtors' Chapter 11 Cases;
- 7 n. Cache Valley Electric Co.: Current litigation adversity in matters unrelated to
8 Debtors or Debtors' Chapter 11 Cases;
- 9 o. County of Los Angeles: Former client; current transactional adversity; and
10 former litigation adversity, all of which are in matters unrelated to Debtors or
11 Debtors' Chapter 11 Cases;
- 12 p. County of Sonoma: Current litigation adversity in matters unrelated to
13 Debtors or Debtors' Chapter 11 Cases;
- 14 q. Edgewood Partners Insurance Center: Current litigation adversity in matters
15 unrelated to Debtors or Debtors' Chapter 11 Cases;
- 16 r. Enterprise FM Trust: Current client in matters unrelated to Debtors or
17 Debtors' Chapter 11 Cases;
- 18 s. H&E Equipment Services, Inc.: Current transactional adversity and former
19 litigation adversity in matters unrelated to Debtors or Debtors' Chapter 11
20 Cases;
- 21 t. Home Depot Credit Services: Former client; current litigation adversity; and
22 current transactional adversity, all of which are in matters unrelated to
23 Debtors or Debtors' Chapter 11 Cases;
- 24 u. KB Home Coastal, Inc.: Current client and current transactional adversity in
25 matters unrelated to Debtors or Debtors' Chapter 11 Cases;
- 26 v. KeyBank National Association: Current client; current transactional
27 adversity; and former litigation adversity, all of which are in matters unrelated
28 to Debtors or Debtors' Chapter 11 Cases;

- 1 w. Key Equipment Finance: Current transactional adversity in matters unrelated
2 to Debtors or Debtors' Chapter 11 Cases;
- 3 x. LCA Bank Corporation: Current transactional adversity in matters unrelated
4 to Debtors or Debtors' Chapter 11 Cases;
- 5 y. Littler Mendelson, P.C.: Former client; current transactional adversity; and
6 former litigation adversity, all of which are in matters unrelated to Debtors or
7 Debtors' Chapter 11 Cases;
- 8 z. Prime Revenue, Inc.: Current transactional adversity in matters unrelated to
9 Debtors or Debtors' Chapter 11 Cases;
- 10 aa. Sedgwick Claims Mgmt Services, Inc.: Current client; current transactional
11 adversity; and former litigation adversity, all of which are in matters unrelated
12 to Debtors or Debtors' Chapter 11 Cases;
- 13 bb. Sterling Bank, N.A.: Former client; current litigation adversity; and current
14 transactional adversity in matters unrelated to Debtors' Chapter 11 Cases;
- 15 cc. Telsa, Inc.: Current client and current transactional adversity in matters
16 unrelated to Debtors or Debtors' Chapter 11 Cases;
- 17 dd. United Rentals (North America), Inc.: Former client; current transactional
18 adversity; and former litigation adversity, all of which are in matters unrelated
19 to Debtors or Debtors' Chapter 11 Cases;
- 20 ee. WSP USA Buildings: Current client; current transactional adversity; and
21 former litigation adversity, all of which are in matters unrelated to Debtors or
22 Debtors' Chapter 11 Cases;
- 23 ff. Wells Fargo Bank, N.A.: Current client; current transactional adversity; and
24 former litigation adversity, all of which are in matters unrelated to Debtors or
25 Debtors' Chapter 11 Cases;
- 26 gg. Wells Fargo Financial Leasing, Inc.: Current client in matters unrelated to
27 Debtors or Debtors' Chapter 11 Cases;
- 28

1 hh. West Coast Equipment, LLC: Current transactional adversity in matters
2 unrelated to Debtors or Debtors' Chapter 11 Cases; and

3 ii. WEX: Current litigation adversity and former transactional adversity in
4 matters unrelated to Debtors or Debtors' Chapter 11 Cases.

5 97. Debtors have been advised that Fox Rothschild has conducted a thorough search using
6 its computerized conflicts check system, based on the information received to date from Debtors, and
7 that Fox Rothschild attorneys have made diligent efforts to search the Firm's records and assemble
8 pertinent information for purposes of the Axelrod Verified Statements with respect to Fox Rothschild's
9 connections with Debtors' creditors, parties in interest and their respective attorneys and accountants.
10 If Debtors obtain additional information regarding their creditors and/or parties in interest, Debtors will
11 forward such additional information to Fox Rothschild to run an updated conflict search and file a
12 supplement to the Axelrod Verified Statements.

13 98. Debtors have been advised that, from time to time, because of the nature of Fox
14 Rothschild's practice, Fox Rothschild may be engaged by one or more of Debtors' creditors in matters
15 entirely unrelated the Chapter 11 Cases, or may represent parties adverse to certain creditors in the
16 Chapter 11 Cases on matters entirely unrelated to the Chapter 11 Cases. Fox Rothschild may represent
17 clients in litigation, transactions, insolvency and other matters throughout the United States, *provided*,
18 *however*, that any such matter will not relate directly or indirectly to the representation of Debtors in
19 the Chapter 11 Cases.

20 99. Since January 13, 2020, Fox Rothschild has provided Debtors with a variety of legal
21 services relating to Debtors' restructuring efforts and preparation for the chapter 11 filing, including
22 but not limited to negotiations with creditors, evaluation of assets and restructuring alternatives,
23 litigation defense and corporate services (the "Restructuring Services"). Fox Rothschild was paid for
24 these Restructuring Services in the ordinary course of business.

25 100. Before the Petition Date, Debtors provided Fox Rothschild with payments aggregating
26 \$657,893.70 for legal services rendered or to be rendered in connection with the Restructuring Services.

27 101. Debtors have agreed to pay Fox Rothschild's professional fees on an hourly basis, plus
28 reimbursement of actual, necessary expenses and other charges incurred by the Firm.

102. Debtors have been provided with an estimated aggregate monthly budget of Two Hundred Fifty Thousand Dollars (\$250,000). The initial staffing of the Chapter 11 Cases was provided in the Engagement Agreement and Debtors' general counsel is the one who approves additional staffing as different needs develop in the Chapter 11 Cases.

103. Debtors' estates will suffer immediate and irreparable harm if they are without representation by Fox Rothschild during the critical first few weeks of their Chapter 11 Cases.

104. No previous application for the relief requested in the Fox Employment Applications has been made to this Court or any other court.

D. Applications for Orders Authorizing Retention and Employment of Epiq Corporate Restructuring, LLC as Claims and Noticing Agent Effective as of the Petition Date

105. Debtors have well over 1,000 creditors and parties in interest in their Chapter 11 Cases. It will be challenging and burdensome for the Debtors to effectively administer their Chapter 11 Cases while ensuring notice and proofs of claim requirements are met. Thus it is necessary that Debtors utilize a claims and noticing agent to assume full responsibility for the distribution of notices and the processing and docketing of proofs of claim filed in the Chapter 11 Cases, and to provide assistance in the preparation of Debtors' Schedules and SOFAs. Accordingly, Debtors seek an order of the Court appointing Epiq Corporate Restructuring, LLC as their claims and noticing agent, effective as of the Petition Date (the "156(c) Application").

106. The appointment of Epiq as the Claims and Noticing Agent in these Chapter 11 Cases will expedite the distribution of notices and the processing of claims, facilitate other administrative aspects of these Chapter 11 Cases, and relieve the Clerk of these administrative burdens. The Debtors believe that the appointment of Epiq as the Claims and Noticing Agent will thus serve to maximize the value of the Debtors' estates for all stakeholders.

107. The Section 156(c) Application pertains only to the services to be performed by Epiq under the Clerk's delegation of duties permitted by 28 U.S.C. § 156(c). Any services to be performed by Epiq that are set forth in the Retention Agreement but outside of the scope of 28 U.S.C. § 156(c) are not covered by the Section 156(c) Application or by the Order. Specifically, Epiq will perform the following tasks in its role as the Claims and Noticing Agent, as well as all quality control relating

thereto (collectively, the “Claims and Noticing Services”), to the extent requested by the Debtors:

(a) Prepare and serve required notices and documents in the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules in the form and manner directed by the Debtors and/or the Court, including, if applicable, (i) notice of the commencement of the Chapter 11 Cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code (as applicable), (ii) notice of any claims bar date (as applicable), (iii) notices of transfers of claims, (iv) notices of objections to claims and objections to transfers of claims, (v) notices of any hearings on a disclosure statement and confirmation of the a plan or plans of reorganization, including under Bankruptcy Rule 3017(d), (vi) notice of the effective date of any plan or plans, and (vii) all other notices, orders, pleadings, publications, and other documents as the Debtors or the Court may deem necessary or appropriate for an orderly administration of the Chapter 11 Cases;

(b) If applicable, maintain an official copy of the Debtors’ schedules of assets and liabilities and statement of financial affairs (collectively, the “Schedules”), listing the Debtors’ known creditors and the amounts owed thereto;

(c) Maintain (i) a list of all potential creditors, equity holders, and other parties in interest and (ii) a “core” mailing list consisting of all parties described in Bankruptcy Rules 2002(i), (j), and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010; update said lists and make said lists available upon request by a party in interest or the Clerk;

(d) Furnish a notice to all potential creditors of the last date for the filing of proofs of claim and a form for the filing of a proof of claim;

(e) Maintain a post office box or address for the purpose of receiving claims and returned mail, and process all mail received;

(f) For *all* notices, motions, orders or other pleadings or documents served, prepare and file or caused to be filed with the Clerk an affidavit or certificate of service within seven (7) business days of service which includes (i) either a copy of the notice served or the docket number(s) and title(s) of the pleading(s) served, (ii) a list of persons to whom it was mailed (in

1 alphabetical order) with their addresses, (iii) the manner of service, and (iv) the date served;

2 (g) Process all proofs of claim received, including those received by the Clerk, check
3 said processing for accuracy, and maintain the original proofs of claim in a secure area;

4 (h) Maintain an electronic platform for purposes of filing proofs of claim;

5 (i) Maintain the official claims register for the Debtor (the "Claims Register") on
6 behalf of the Clerk; upon the Clerk's request, provide the Clerk with a certified, duplicate
7 unofficial Claims Register; and specify in the Claims Register the following information for
8 each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and
9 address of the claimant and agent, if applicable, who filed the claim, (iv) the amount asserted,
10 (v) the asserted classification(s) of the claim (e.g., secured, unsecured, priority, etc.), and (vi)
11 any disposition of the claim;

12 (j) Provide public access to the Claims Register, including complete proofs of claim
13 with attachments, if any, without charge;

14 (k) Implement necessary security measures to ensure the completeness and integrity
15 of the Claims Register and the safekeeping of the original proofs of claim;

16 (l) Record all transfers of claims and provide any notices of such transfers as
17 required by Bankruptcy Rule 3001(e);

18 (m) Relocate, by messenger or overnight delivery, all of the court-filed proofs of
19 claim to Epiq's offices, not less than weekly;

20 (n) Upon completion of the docketing process for all claims received to date for each
21 case, turn over to the Clerk copies of the Claims Register for the Clerk's review (upon the
22 Clerk's request);

23 (o) Monitor the Court's docket for all notices of appearance, address changes, and
24 claims-related pleadings and orders filed and make necessary notations on and/or changes to
25 the Claims Register and any service or mailing lists, including to identify and eliminate
26 duplicate names and addresses from such lists;

27 (p) Identify and correct any incomplete or incorrect addresses in any mailing or
28 service lists;

(q) Assist in the dissemination of information to the public and respond to requests for administrative information regarding the Chapter 11 Cases as directed by the Debtors or the Court, including through the use of a case website and/or call center;

(r) Monitor the Court's docket in the Chapter 11 Cases and, when filings are made in error or containing errors, alert the filing party of such error and work with them to correct any such error;

(s) If the Chapter 11 Cases are converted to chapter 7 of the Bankruptcy Code, contact the Clerk's office within three (3) days of the notice to Epiq of entry of the order converting the Chapter 11 Cases;

(t) Thirty (30) days prior to the close of the Chapter 11 Cases, to the extent practicable, request that the Debtor submits to the Court a proposed order dismissing Epiq as Claims and Noticing Agent and terminating its services in such capacity upon completion of its duties and responsibilities and upon the closing of the Chapter 11 Cases;

(u) Within seven (7) days of notice to Epiq of entry of an order closing the Chapter 11 Cases, provide to the Court the final version of the Claims Register as of the date immediately before the close of the Chapter 11 Cases; and

(v) At the close of the Chapter 11 Cases, (i) box and transport all original documents, in proper format, as provided by the Clerk's office, to (A) the Philadelphia Federal Records Center, 14700 Townsend Road, Philadelphia, PA 19154-1096 or (B) any other location requested by the Clerk's office; and (ii) docket a completed SF-135 Form indicating the accession and location numbers of the archived claims.

108. The Claims Register shall be open to the public for examination without charge during regular business hours and on a case-specific website maintained by Epiq.

109. The Debtors are proposing to compensate Epiq for the Claims and Noticing Services set forth above in accordance with the pricing schedule attached to the Retention Agreement. The Debtors respectfully request that the undisputed fees and expenses incurred by Epiq in the performance of the Claims and Noticing Services be treated as administrative expenses of the Debtors' Chapter 11 Estates pursuant to 28 U.S.C. § 156(c) and 11 U.S.C. § 503(b)(1)(A) and be paid in the ordinary course of

1 business without further application to or order of the Court.

2 110. Epiq agrees to maintain records of all Claims and Noticing Services, including dates,
3 categories of Claims and Noticing Services, fees charged, and expenses incurred, and to serve monthly
4 invoices on the Debtors, the Office of the United States Trustee for the District of Nevada (the “U.S.
5 Trustee”), counsel for the Debtors, counsel for any statutory committee, and any party in interest that
6 specifically requests service of the monthly invoices. If any dispute arises relating to the Retention
7 Agreement or monthly invoices, the parties shall meet and confer in an attempt to resolve the dispute.
8 If resolution is not achieved, the parties may seek resolution of the matter from the Court.

9 111. Before the Petition Date, the Debtors provided Epiq a retainer in the amount of
10 \$20,000.00.

11 112. Additionally, under the terms of the Retention Agreement, the Debtors have agreed,
12 subject to certain exceptions, to indemnify, defend, and hold harmless Epiq and its affiliates, parent,
13 officers, members, directors, agents, representatives, managers, consultants, and employees, under
14 certain circumstances specified in the Retention Agreement, except in circumstances resulting from
15 Epiq’s gross negligence or willful misconduct or as otherwise provided in the Retention Agreement or
16 the Order. The Debtors believe that such an indemnification obligation is customary, reasonable, and
17 necessary to retain the services of a Claims and Noticing Agent in the Chapter 11 Cases.

18 113. Although the Debtors do not propose to employ Epiq under section 327 of the
19 Bankruptcy Code pursuant to the Section 156(c) Application (such retention will be sought by separate
20 application), Epiq has nonetheless reviewed its electronic database to determine whether it has any
21 relationships with the creditors and parties in interest provided by the Debtors, and, to the best of the
22 Debtors’ knowledge, information, and belief, and except as disclosed in the Declaration of Sidney
23 Garabato filed in support of the 156(c) Application, Epiq has represented that it neither holds nor
24 represents any interest materially adverse to the Debtors’ estates in connection with any matter on
25 which it would be employed.

26 114. The appointment of Epiq as Claims and Noticing Agent will help to expedite and more
27 efficiently facilitate the administration of the Chapter 11 Cases, and will relieve the Clerk’s office of
28 administrative burdens. For these reasons, Debtors respectfully submit that Epiq’s appointment as

1 Claims and Noticing Agent is necessary and in the best interests of the Debtors and their estates and
2 will serve to maximize the value of the Debtors' estates for all stakeholders.

3 115. Debtors' selection of Epiq to act as the Claims and Noticing Agent has satisfied the
4 Claims Agent Protocol, in that the Debtors have obtained and reviewed engagement proposals from at
5 least two other court-approved claims and noticing agents to ensure selection through a competitive
6 process. Moreover, the Debtors submit, based on all engagement proposals obtained and reviewed,
7 that Epiq's rates are competitive and reasonable given Epiq's quality of services and expertise.

8 116. In accordance with the Debtors' requests, Epiq has agreed to serve as Claims and
9 Noticing Agent on and after the Petition Date, so that Epiq can be compensated for services rendered
10 before approval of the Section 156(c) Application. The Debtors believe that no party in interest will
11 be prejudiced by the granting relief as of the Petition Date as proposed in this Section 156(c)
12 Application, because Epiq has provided and continues to provide valuable services to the Debtors'
13 estates during the interim period.

14 117. Accordingly, Debtors respectfully request entry of the Order authorizing Debtors to
15 retain and employ Epiq as Claims and Noticing Agent effective as of the Petition Date.

16 **E. Motions for Interim and Final Orders Pursuant to 11 U.S.C. §§ 361, 362, 363 and 552 and**
17 **Fed. R. Bankr. P. 4001(b) and 4001 (d): (I) Determining Extent of Cash Collateral;**
18 **(II) Authorizing Borrowing Debtors to use Cash Collateral and Provide Adequate**
19 **Protection; (III) Granting Related Relief; and (IV) Scheduling Final Hearing ("Cash**
20 **Collateral Motion")**

21 118. ACF Finco I LP (the "Pre-Petition Lender"), the secured lender to California Equipment
22 Leasing Association, Inc.; Fences4America, Inc.; PD Solar, Inc.; Petersen-Dean, Inc.; PetersenDean
23 Roofing and Solar Systems, Inc.; PetersenDean Texas, Inc.; Red Rose, Inc.; Roofs4America, Inc.;
24 Solar4America, Inc.; Sonoma Roofing Services, Inc.; and Tri-Valley Supply, Inc. (collectively,
25 "Borrowing Debtors") asserts that it holds a lien on all of Borrowing Debtors' personal property and
26 the proceeds thereof, which secures Borrowing Debtors' obligations to the Prepetition Lender under
27 the Revolving Credit Note. As a result, the Pre-Petition Lender asserts an interest in all cash held by
28 Borrowing Debtors as of the Petition Date. Accordingly, Borrowing Debtors seek entry of the Interim

Order, substantially in the form attached to the Cash Collateral Motion as Exhibit 1: (1) determining the extent of cash collateral; (2) approving Borrowing Debtors' use of cash collateral on an interim basis pending a final hearing on the Cash Collateral Motion; (3) authorizing the Adequate Protection Payments, granting the Pre-Petition Lender the Replacement Liens, Pre-Petition Lender's Superpriority Claim and other forms of adequate protection as provided in the Interim Order; and (4) scheduling a final hearing on the Cash Collateral Motion.

119. On June 29, 2017, Borrowing Debtors and the Pre-Petition Lender entered into that certain Loan and Security Agreement (the "Loan Agreement"), pursuant to which the Pre-Petition Lender extended loans (the "Loan") to Borrowing Debtors under a revolving credit facility at an aggregate principal sum of no greater than \$30 million which, by subsequent amendment, was increased to \$35,000,000 (the "Revolving Credit Note"). Borrowing Debtors were to use all proceeds of the Revolving Credit Note for working capital purposes, to refinance outstanding indebtedness owed to ZB, N.A., dba California Bank & Trust (the "Bank"), and to pay expenses relating to the consummation of the Loan Agreement.

120. The Loan Agreement, among other things, granted the Pre-Petition Lender a security interest in all of Borrowing Debtors' personal property in order to secure Borrowing Debtors' obligations under the Loan Agreement (the "Pre-Petition Collateral"), including, but not limited to: all cash, Money (as defined in Section 1-201(24) of the UCC), Accessions, Accounts (including without limitation all Receivables and unearned premiums with respect to insurance policies insuring any of the Collateral and claims against any Person for loss of, damage to, or destruction of any or all of the Collateral), Certificates of Title, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, General Intangibles, Goods, Health-Care-Insurance Receivables, Instruments, Inventory, Investment Property, Letter-Of-Credit Rights, Proceeds, Records, Software and Supporting Obligations, and all rights to payment for money or funds advanced or sold.

121. Upon information and belief, the Pre-Petition Lender, as secured party, asserts that its security interests in the Borrowing Debtors' property are properly perfected.

122. The Borrowing Debtors' obligations to the Pre-Petition Lender are further secured by that certain Collection Account Agreement, dated June 16, 2017, entered into between Borrowing

Debtors, the Pre-Petition Lender and Wells Fargo Bank, National Association (the “Bank”), pursuant to which Borrowing Debtors granted the Pre-Petition Lender control over all of Borrowing Debtors’ deposit accounts held at the Bank.

123. In addition, Borrowing Debtors’ obligations under the Revolving Credit Note are secured by among the following:

- a. That certain Stock Pledge Agreement, dated June 29, 2017 (the “Stock Pledge Agreement”), pursuant to which James Petersen (“Mr. Petersen”) granted the Pre-Petition Lender a security interest in 100% of the capital stock owned by Petersen and issued by Petersen-Dean, Inc., Tri-Valley Supply, Inc., and California Equipment Leasing Association, Inc., as well as all dividends, distributions, and other proceeds distributed in respect of the same (the “Stock”);
- b. That certain Collateral Pledge & Security Agreement, dated June 22, 2018 (the “Collateral Pledge Agreement”), pursuant to which Mr. Petersen granted the Pre-Petition Lender a security interest in and to assets held in the bank account ending in xxxxxxxx8637 at First Republic Bank (the “FR Bank Account”);
- c. That certain Amended and Restated Continuing Guaranty, dated June 22, 2018, pursuant to which Mr. Petersen guaranteed the repayment of Borrowing Debtors’ obligations under the Loan Agreement (the “Petersen Guaranty”);
- d. That certain Continuing Guaranty, dated November 15, 2018, pursuant to which TD Venture Fund LLC (“TDVF”) guaranteed the repayment of Borrowing Debtors’ obligations under the Loan Agreement (the “TDVF Guaranty,” and together with the Petersen Guaranty, the “Guarantees”);
- e. That certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated November 15, 2018, executed by James P. Petersen and Tricia Y. Petersen, Husband and Wife as Joint Tenants, as trustor, pursuant to which the rights and title to the real property located at 5001 Northstar Drive, #202 Truckee, CA 96161 (the “Truckee Property”) was granted to Pre-Petition Lender as security for the Revolving Credit Note;
- f. That certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated November 15, 2018, executed by James P. Petersen and Tricia Y. Petersen, Husband and Wife as Joint Tenants, as trustor, pursuant to which the rights and title to the real property located at 319 Via Concha, Aptos, CA 95003 (the “Aptos Property”) was granted to Pre-Petition Lender as security for the Revolving Credit Note; and
- g. That certain Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated November 15, 2018, pursuant to which TDVF granted to the Pre-Petition Lender its right, title and interest to the real property located at 55 N Lauhoe

Place, Lahaina, HI 96761 (the "Lahaina Property," and together with the Truckee Property and the Aptos Property, the "Real Properties").

124. As of the Petition Date, the Pre-Petition Lender asserts that the Borrowers owe the Pre-Petition Lender the approximate amount of \$27.4 million (the "Pre-Petition Obligation"), which sum the Pre-Petition Lender alleges is properly secured by a valid, perfected and enforceable first priority security interest in the Pre-Petition Collateral.

125. Borrowing Debtors seek authorization for the use of cash collateral in order to provide funding and liquidity for the ongoing operation of Borrowing Debtors' businesses and to fund the expenses of their Chapter 11 Cases. Borrowing Debtors are seeking to use cash collateral pursuant to a Cash Budget, a copy of which (pertaining to the first 5-week period following the Petition Date) is attached hereto as **Exhibit 3** (the "Initial Cash Budget").

126. Due to the nature of Borrowing Debtors' businesses, the primary source of value is the collection of various receivables, which depends on completing installation projects. Borrowing Debtors have over 1,000 employees nationwide, currently working on approximately 8,325 residential roofing projects, 5,434 new solar construction projects, 427 commercial roof/solar projects, 1,240 projects involving re-roof, sheet metal and/or miscellaneous roofing, 91 battery storage projects and 38 fence projects located in California, Hawaii, Nevada, Texas, Florida, Colorado and Arizona (collectively, the "Projects"). See Chart of Sales Backlog and Jobs in Process, attached as **Exhibit 1** hereto.

127. Realizing the value of Borrowing Debtors' receivables depends on completion of the Projects. If Borrowing Debtors are unable to use the Pre-Petition Lender's cash collateral to continue operations and complete these Projects, they will be required to shut down and dismiss their employees. If this happens, the Borrowing Debtors' vendors may assert mechanics' and other such liens on the Projects and destroy any value for the Pre-Petition Lender. The ensuing liquidation could virtually obliterate recoveries for all other stakeholders too. Therefore, the best way to preserve value for the benefit of the Pre-Petition Lender (and all other creditors and parties-in-interest of the Borrowing Debtors' estates) is for Borrowing Debtors to continue to operate, which they cannot do without the use of the Pre-Petition Lender's cash collateral.

1 128. In addition to the protection provided by Borrowing Debtors' continued operations, the
2 proposed Interim Order provides for the Pre-Petition Lender to be protected by monthly Adequate
3 Protection Payments in the amount of \$159,833.00 (which Borrowing Debtors calculate to be the
4 maximum amount of monthly interest owing, applying the non-default contractual rate of interest, on
5 amounts outstanding under the Revolving Credit Note),³ Replacement Liens, and the Pre-Petition
6 Lender's Superpriority Claim. Moreover, the Pre-Petition Lender's Loan is further protected by the
7 Real Properties, the Guaranties, the Stock and the FR Bank Account.

8 129. As set forth in the Initial Cash Budget, Borrowing Debtors project that they will need to
9 disburse approximately \$43,500,000, or \$1,100,000 on a net cash flow basis, during the first thirteen
10 (13) weeks following the Petition Date in order to meet their operating expenses, make adequate
11 protection payments to the Pre-Petition Lender and pay expenses incurred in the administration of the
12 Chapter 11 Cases, including payment of compensation of professional fees and expenses. The Initial
13 Cash Budget is based on cash flow projections prepared by the Debtor's management team and
14 reviewed by my team at CM and me. The Companies' management team is working to accomplish
15 payroll and other expense reductions necessary to stabilize the Companies, on a week-to-week basis.
16 Actual results might not match projections and Borrowing Debtors' actual use of cash collateral may
17 need to accommodate normal variances from the amounts set forth in the Initial Cash Budget.

18 130. Borrowing Debtors' request to use cash collateral pursuant to the proposed Interim
19 Order represents a reasonable exercise of business judgment. As demonstrated by the Initial Cash
20 Budget, Borrowing Debtors have an immediate need for the use of the Pre-Petition Lender's Cash
21 Collateral in order to fund their operations and the expenses of the chapter 11 cases. Without the use
22 of the Pre-Petition Lender's Cash Collateral, Borrowing Debtors would not be able to complete the
23 Projects and preserve value for all stakeholders in their Chapter 11 Cases. Instead, Borrowing Debtors
24 would be faced with the potential for administrative insolvency followed by a liquidation, which will
25 virtually obliterate recoveries for their creditors. See the A/R Recovery Analysis annexed hereto as
26 **Exhibit 5.**

27
28 ³ See the Adequate Protection Calculation annexed hereto as **Exhibit 4.**

131. As indicated by the Initial Cash Budget, Borrowing Debtors project that they will need to disburse approximately \$16,500,000 or \$350,000 on a net cash flow basis during the first five (5) weeks after the Petition Date in order to fund their ongoing operational expenses and make the first Adequate Protection Payment to the Pre-Petition Lender. Accordingly, timely approval of the proposed use of the Pre-Petition Lender's Cash Collateral is critical to preserving the going concern value of Borrowing Debtors' estates from the outset of the Chapter 11 Cases.

F. Motions for an Orders: (1) Prohibiting Utilities from Altering, Refusing or Discontinuing Service; (2) Authorizing Ordinary Course Payments to Utilities; (3) Deeming Utilities Adequately Assured of Future Performance; and (4) Establishing Procedures for Determining Requests for Additional Adequate Assurance ("Utilities Motions")

132. Petersen-Dean, Inc., PD Solar, Inc., PetersenDean Hawaii LLC, PetersenDean Roofing and Solar Systems, Inc., PetersenDean Texas, Inc., and Red Rose, Inc. (collectively, "Utility Debtors") cannot continue to operate without continued utility services ("Utility Services"). If Utility Debtors' utility providers (collectively, "Utility Providers") alter, refuse or discontinue Utilities Services, even for a brief period, Utility Debtors' business operations would be severely disrupted, jeopardizing the value of their assets and harming their revenues and profits. Accordingly, Utility Debtors seek an order of the Court (a) prohibiting the Utility Providers from altering, refusing or discontinuing service relationships or terms to Utility Debtors; (b) authorizing payment of ordinary course payments due to Utility Providers for Utility Services provided to Utility Debtors prepetition; (c) deeming Utility Providers adequately assured of future performance; and (d) establishing procedures for determining requests for additional adequate assurance.

133. In connection with the operation of their businesses, Utilities Debtors receive vital Utilities Services, such as waste disposal, electricity, gas, water, and communication services, from various Utility Providers, as listed on the Exhibits A attached to the Utilities Motions (collectively, the "Utilities Exhibits").

134. Utilities Debtors intend to continue to use the Utility Providers set forth on the Utilities Exhibits. Utilities Debtors owe approximately the amounts listed on the Utilities Exhibits for prepetition Utility Services provided by the Utility Providers which they seek authority to pay through

the Utilities Motions. Utilities Debtors estimate that their aggregate average monthly postpetition payments to the Utility Providers are approximately the amounts listed on the Utilities Exhibits.

135. Utilities Debtors believe that they have and will have adequate cash to meet all of their necessary postpetition operating expenses on a current basis, including payments to the Utility Providers. Utilities Debtors have specifically included in their budget amounts for payments to the Utility Providers, including the payment of a deposit consisting of a sum equal to one hundred percent (100%) of Utilities Debtors' estimated monthly costs for Utility Services for the Utility Providers (a "Utility Deposit"), based upon an average of Utilities Debtors monthly costs for the six (6) months immediately preceding the Petition Date.

G. Motion For Order Authorizing Debtor To Pay Prepetition Trust Fund Taxes Pursuant To 11 U.S.C. §§ 105(a), 363, 507(a)(8), And 541(d) ("Trust Fund Tax Motion")

136. In the ordinary course of business, Red Rose, Inc. ("TFT Debtor") collects certain trust fund type taxes, including employee withholding, sales and use taxes (however denominated, the "Trust Fund Taxes") from its employees, customers and other parties, and subsequently remits such taxes to the appropriate federal, state and local taxing authorities (each, a "Taxing Authority").

137. TFT Debtor seeks an order authorizing, but not directing, TFT Debtor to remit prepetition Trust Fund Taxes owed to the appropriate Taxing Authorities in the ordinary course of business, as such payments become due and payable and to the extent adequate funds are available to make such payments. Moreover, to the extent that a check issued or an electronic funds transfer requested prior to the Petition Date for payment of Trust Fund Taxes has not cleared TFT Debtor's banks or other financial institutions (collectively, the "Banks") as of the Petition Date, TFT Debtor requests that the Court (a) authorize the Banks to receive, process, honor, and pay such checks and/or fund transfer requests, and/or (b) authorize TFT Debtor to issue replacement checks, submit replacement fund transfer requests, or provide other means of payment to the appropriate Taxing Authorities to the extent necessary to pay all outstanding prepetition Trust Fund Taxes.

138. The Trust Fund Taxes include:

(a) Employee Withholding Taxes. In the ordinary course of business, TFT Debtor, as required by law, withholds from its employees' paychecks (as applicable) amounts related to

1 federal, state and local income taxes, the employees' portion of FICA and unemployment taxes
2 and social security and Medicare taxes (collectively, the "Employee Withholding Taxes"). TFT
3 Debtor forwards amounts equal to the Employee Withholding Taxes to the appropriate third-
4 party recipients. To the extent TFT Debtor has withheld amounts pertaining to said taxes which
5 are due, but not yet paid to any governmental entity, TFT Debtor seeks authorization to pay
6 them to such governmental entities in the ordinary course of business.

7 (b) Sales and Use Taxes. TFT Debtor collects from customers an assortment of state
8 and local sales and use taxes (collectively, the "Sales and Use Taxes"), in connection with the
9 services TFT Debtor provides to its customers. Sales and Use Taxes are charged at the point of
10 purchase for certain goods and services and set by the applicable taxing authority as a
11 percentage of the total purchase price.

12 139. The process by which TFT Debtor remits the Trust Fund Taxes varies, depending on the
13 nature of the tax at issue and the Taxing Authority to which the relevant tax is to be paid. There is
14 often a lag-time between the time when TFT Debtor incurs an obligation to pay the Trust Fund Taxes
15 and the date when payment of such taxes is due. Various governmental units may therefore have claims
16 against TFT Debtor for Trust Fund Taxes that have accrued, but are unpaid and not yet due, as of the
17 Petition Date. The relevant Taxing Authority may also make retrospective adjustments to determine
18 any payment deficiency or surplus for a particular period resulting in a demand for further payment
19 from or refund to the taxpayer.

20 140. TFT Debtor estimates that the total amount of prepetition Trust Fund Taxes owing to
21 the various Taxing Authorities as of the Petition Date will not exceed \$600.

22 141. TFT Debtor collects the Trust Fund Taxes for Taxing Authorities. Any failure by TFT
23 Debtor to pay the Trust Fund Taxes could thus have a material adverse impact on its ability to
24 operate. Payment of the Trust Fund Taxes will benefit TFT Debtor and its creditors by allowing Debtor
25 to continue operations without interruption and by reducing the amount and priority of claims to be
26 asserted against TFT Debtor's estate.

27 142. Moreover, any and all checks or electronic fund transfers drawn on TFT Debtor's
28 accounts relating to the payment of prepetition Trust Fund Taxes owed to Taxing Authorities can be

1 readily identified as relating to authorized payments of Trust Fund Taxes to Taxing Authorities.
2 Therefore, TFT Debtor believes that checks and electronic transfers other than those for authorized
3 Trust Fund Taxes will not be honored inadvertently.

4 143. The requested relief is integral to the continuing operation of TFT Debtor's business and
5 its successful reorganization. Accordingly, payment of prepetition Trust Fund Taxes by TFT Debtor,
6 and honoring and payment of related checks and fund transfer requests by the Banks, is in the best
7 interest of TFT Debtor's estate and all parties in interest.

8 I verify under penalty of perjury that the foregoing statement is true and correct to the best of
9 my information, knowledge and belief.

10 Executed this 12th day of June 2020.

11
12 /s/Jeffery Perea

13 JEFF PEREA
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EXHIBIT 1

PetersenDean Roofing & Solar

Sales Backlog and Jobs in Progress at 04/21/20

Sales Category	Total Count	Total Contract Values	Sales Backlog Count	Sales Backlog Contract Values	Jobs in Progress Count	Jobs in Progress Contract Values	Jobs in Progress % Complete	Remaining Jobs in Progress % Compl Count	Remaining Jobs in Progress % Compl Values	Net Count at 4/21/20	Net Contract Values at 4/21/20
Commercial Recover	32	270,027	13	99,527	19	170,500	56	8	74,491	21	174,019
Commercial Solar	29	2,311,711	12	1,304,105	17	1,007,606	58	7	418,358	19	1,722,463
Commercial New	361	17,360,749	163	7,146,570	198	10,214,178	71	58	3,006,033	221	10,152,603
Customer Service	253	5,898,631	76	3,874,543	177	2,024,088	57	75	861,654	151	4,736,197
Fences	38	788,872	14	397,625	24	391,247	46	13	211,508	27	609,134
Gutters	299	2,189,651	215	1,031,898	84	1,157,753	77	19	262,463	234	1,294,361
Residential New	8,325	98,758,357	4,112	96,921,676	4,213	1,836,681	73	1,151	501,965	5,263	97,423,641
Residential Other	848	23,430,818	603	17,059,789	245	6,371,029	69	76	1,975,656	679	19,035,445
Residential Reroof	262	7,513,058	114	3,133,834	148	4,379,224	43	85	2,505,354	199	5,639,188
Sheet Metal	1,013	8,275,272	533	3,958,207	480	4,317,065	65	166	1,491,978	699	5,450,185
Solar Retrofit	1,780	53,945,547	487	11,771,771	1,293	42,173,776	45	707	23,047,969	1,194	34,819,740
Solar New Construction	5,434	27,024,299	3,801	15,566,375	1,633	11,457,923	45	901	6,319,045	4,702	21,885,420
Storage Retro	91	2,754,890	29	641,195	62	2,113,695	46	34	1,145,411	63	1,786,607
Totals	18,765	250,521,883	10,172	162,907,118	8,593	87,614,766	58	3,300	41,821,885	13,472	204,729,002

EXHIBIT 2

Case name	Case Number	CA County Non-CA
Aasen v. Pulte Home Corporation	RIC1816319	Riverside
Abarca v. Centex Homes, LLC	VCU268791	Tulare
Abarca v. Pulte Home Company LLC	MSC19-01247	Contra Costa
Aguilar v. Greystone Nevada LLC	A-15-727916-D	NV/Clark
Allen v. Kiper Development, Inc.	MSC18-00375	Contra Costa
Almendarez v. Centex Homes	S-1500-CV-281306 SPC	Kern
Altea v. Centex Homes	30-2018-01031819-CU-CD-CXC	Orange
Alvizo v. Beazer v. PD	CV2017-008234	AZ/Maricopa
Andrus v. Pulte	RG18901406	Alameda
Arcas v. Beazer	CV201900582	AZ/Pinal
Arrendondo v. KB Home Sacramento, Inc.	CVCS14-0000891	Sutter
Bacon v. KB Homes Sacramento, Inc.	CV14-1692	Yolo
Ballesteros v. U.S. Home Corp.	A-15-714219-D	NV/Clark
Barton v. Taylor Morrison TM Homes v. DOES	01-19-0000-8372 CV2018-053970	AZ/Maricopa
Bashford v. Pulte Home Corporation	STC-CV-UCD-2017-9280	San Joaquin
Basulto v. Centex Homes	18CECG02001	Fresno
Beebe v. JMC	S-CV-0041943	Placer
Bernal v. Pulte Home Corporation	RG18916573	Alameda
Blardony v. Discovery Builders, Inc.	MSC17-02166	Contra Costa
Boffman v. Beazer	19AVCV00238	Lancaster
Bolden v. John Mourier Construction, Inc.	CVCV19-00363	Yuba
Booker v. Centex Homes	VCU 261784	Tulare
Bosco v. Meritage Homes of California	FCS050494	Solano
Boyle v. Pulte	MSC19-00082	Contra-Costa
Bragg v. Woodside 05N, LP and WDS GP, Inc.	34-2017-00216866	Sacramento
Brisco v. Meritage Homes of California, Inc.	SCV0041420	Placer
Brooks v. Far West	RIC1905217	Riverside
Camberos v. Centex	16CECG03457	Fresno
Carter v. Centex Homes	S-1500-CV-281398	Kern
Chavez v. Beazer	CV2017-008233	AZ/Maricopa
Chiotti v. K. Hovnanian Homes of Northern California, Inc.	18CV328410	Santa Clara

Clampitt v. Taylor Morrison	STK-CV-UCD-2019-5340	San Joaquin
Clark v. PDI	RG17856125/A158120	Alameda
Coleman v. Greystone	A-15-728076-D	NV/Clark
Continuing Life v. Hensel Phelps	30-2016-00885267	Orange
Corbilla v. KB Home North Bay	34-2015-00174851	Sacramento
Craven v. Centex Homes	30-2012-00540941	Orange
Creekridge Townhome OA v. PD Roofing and Solar Systems	34-2017-00210701	Sacramento
Cross v. San Miguel	HG19012143	Alameda
Darrenkamp v. Harmony 19	A-19-802955-D	NV/Clark
Davila v. PDI	STK-CV-VPI201911347	San Joaquin
Davis v. PDI	18CV337266	Santa Clara
Davis-Butorac v. PD	34-2019-00267076	Sacramento
Debicki v. Pulte Home Corporation	RIC1802669	Riverside
Deloa v. Centex Homes	17CECG04203	Fresno
Dickman v. Pulte Home Corporation	MSC16-01712	Contra Costa
Dill v. Centex	VCU264464	Visalia
Dinnis v. Beazer	A-17-755298-D	NV/Clark
Duenas v. Centex Homes	BCV-15-100852	Kern
Durwin v S&S Homes	BCV-19-101186	Kern
Enders v. Centex	VCU279292	Visalia
Fautt v. Meriolle	MSC16-00342	Contra-Costa
Fulford v. Centex Homes	18CECG01451	Fresno
Gardner v. Fruitvale LLC	FCS046422	Solano
Gentry v. Pulte Homes	RIC1901411	Riverside
George v. PDI/PDS	RG19047985	Alameda
Gonzales v. PDI	RG19026831	Alameda
Goodrich v. Bright	CV-18-004626	Stanislaus
Gowland v. NUWI Vistamonte, Inc.	37-2018-00061678-CU-CD-CTL	San Diego
Greenberg v. S & S Homes of the Central Coast, Inc.	BCV-18-101364	Kern
Griffin et al v. PD Builder Group	19CV344750	Santa Clara
Gross v. KB Home	STK-CV-UCD-2013-1679	San Joaquin
Heck v. D.R. Horton	A-16-732295-D	NV/Clark
Holley v. John Moureir Construction, Inc.	SCV00039824	Placer
Holman v. KB Home North Bay, Inc.	STK-CV-UCD-2013-0010392	San Joaquin

Hoopingarner v. Pulte Home Corporation	39-2015-00329497-CU-CD-STK	San Joaquin
Hoyt v. PD Solar, Inc.	34-2020-00273115	Sacramento
Huggard v. JMC	34-2015-00180570	Sacramento
Hull v. PDI	CV20-00328	NV/Washoe
Humphreys v. Centex Homes	CIVDS 1302259	San Bernardino
Jauregui v. K. Hovnanian Forecast Homes, Inc.	BC705670	Los Angeles
Jewell v. Centex Homes	CV128345	San Luis Obispo
Juan v. Woodside	STK-CV-UBC-2019-3194	San Joaquin
Kachnik v. Centex	A-15-726385-D	NV/Clark
Kaur v. Centex	18CECG0279	Fresno
Khan v. Taylor Morrison of California	34-2017-00214300	Sacramento
Kirk v. Centex Homes	VCU265921	Tulare
Kitchen v. 5984 Enterprises, LP and Wilson Homes, Inc.	18 CE CG 00908	Fresno
Knight v. Pulte Home Corporation	RIC1817638	Riverside
Kung v. Shapell Industries, Inc.	C18-01011	Contra Costa
Lach v. PDI	CV2017-096883	AZ/Maricopa
Lagrimas v. Meritage Homes of California, Inc.	STK-CV-UCD-2017-11737	San Joaquin
Laguna, et al. v. Civic Rancho Meadows LLC	17CV312388	Santa Clara
Lara v. Centex Homes	2006946	Stanislaus
Lee v. KB Home Coastal, Inc.	34-2014-00158579	Sacramento
Legacy MCS v. PetersenDean Texas, Inc.	??	TX/Travis
Lemus v. Woodside	19CECG00687	Fresno
Mann v. Beazer	CV2018-005068	AZ/Maricopa
Marina Riverbend v. Strategic Construction	18-CV-1775	TX/Galveston
Martinez v. Old River Road, LLC	BCV-17-102868, DRL	Kern
McCoy v. Greystone	A-15-713587-D	NV/Clark
McKelvey & Nulud v. R&B Custom Builders Corporation	SCV-263849	Sonoma
Mora v. Beazer Homes Holding Corporation	MC027336	Los Angeles
Morrison Homes v. Aggie	CV2017-07946	AZ/Maricopa
Mutter v. Meritage	CIVMSC16-01102	Contra-Costa
Painter v. John Mourier Construction, Inc., JMC Homes	SCV0040903	Placer
PDI v. Brown	STK-CV-UBC-2019-4380	San Joaquin
PDI v. Cheifetz	MSC18-02466	Contra Costa
PDI v. Fureigh	RG18928291	Alameda

PDI v. JLM Energy	HG11896943	Alameda
PDI v. Johnson	RG18906515	Alameda
PDI v. Lechleitner	19-CLJ-02971	San Mateo
PDI v. Maldonado	BCL-17-015321	Kern
PDI v. Ortiz	18CV001658	Napa
PDI v. Poole	GN LC19-00075	Plumas
PDI v. Serrato, Valerie	RG18896255	Alameda
PDRSS v. G.L. Building Corp.	CACE-18-008549	FL/Broward
Pearson v. Meritage Homes of California, Inc.	BCV-18-102617	Kern
Phelps v. Pulte Home Company	STK-CV-UCD-2017-0006546	San Joaquin
Pinkowski v. PDI	30-2019-01088895	Orange
Pittman v. Pulte Home Corporation	RG14753180	Alameda
Polis v. Taylor Morison of California, LLC	9000434	Stanislaus
Price-Davis v. Centex Homes	VCU269321	Tulare
Pulte v. Bell Concrete	CV2019-015023	AZ/Maricopa
Pulte v. Canyon State Drywall	CV2019-014039	AZ/Maricopa
Ramirez v. Kaufman & Broad Monterey Bay Inc.	18CV002564	Monterey
Reynolds v. Centex	9000550	Stanislaus
Rhodes v. West Coast Home Builders, Inc.	FC049728	Solano
Richard & Richard Construction v. PDI	37-2019-00001583-CU-BC-CTL	San Diego
Rivera v. Old River Road/S&S Homes	BCV-19-100104	Kern County
Ross v. Woodside	17CECG04293	Fresno
Sanchez v. S&S Homes	BCV-19-101040	Kern
Saucedo v. Stonefield Home, Inc.	19CV-04303	Merced
Schwartz & Kashuk v. Reka	2019-CA-8294-0	FL/Orange
Seares v. Taylor Morrison	34-2018-00243268-CU	Sacramento
Serrato, Pete v. PDI, PDS & Jim Petersen	RG18932489	Alameda
Shea-Connelly v. PDI	CV2018-053730	AZ/Maricopa
Signature Properties v. PDI	RG20050916	Alameda
Slagle v. Pulte	01-19-0001-7412	AZ/Maricopa
Smith v. PDI	RG19016296	Alameda
Somerset Chase v. CalAtlantic Group	48-2017CA0055460	FL/Orange
Souza v. PDI & PDS	34-2019-00268627	Sacramento
St. Paul Mercury Insurance Company v. Del Webb	34-2017-957458-CU-IC-CXC	Orange

Stark v. Centex Homes	VCU255719	Tulare
Stout v. John Mourier Construction, Inc.	S-CV-0035975	Placer
Swank v. John Mourier Construction, Inc.	SCV0038168	Placer
TaFoya v. Meritage	CV201501223	AZ/Pinal
Talega Village Center Community Assoc. v. Standard Pacific	30-2013-00671155-CU-CD-CXC	Orange
Tartoni v. Shapell Industries of Northern California	C18-00428	Contra Costa
Teague v. Centex	900083	Stanislaus
Tovar v. S&S Homes	BCV-19-102358	Kern
Velasco v. Heller Development Company	BCV-16-102438	Kern
Waterman v. Pulte Home Corporation	RIC 1701091	Riverside
Weatherbie v. Woodside Homes of Cental California, Inc.	STK-CV-UCD-2017-0004248	San Joaquin
Wells v. Meritage	MSC18-00453	Contra Costa
White Construction v. PDI	?	TX/McLellan
Woo v. John Mourier Construction, Inc.	SCV0036021	Placer
Woodward v. Pulte Home Corporation	STK-CV-UCD-2018-11540	San Joaquin
Yi v. PetersenDean Texas, Inc.	01-19-0003-3772	TX/Harris

EXHIBIT 3

PetersenDean, Inc. & Affiliates

13 Week Cash Flow Forecast

All \$ in ,000s

PRIVILEGED & CONFIDENTIAL
PRELIMINARY DRAFT – SUBJECT TO CHANGE

CF Week	Actual 0	Forecast 1	Forecast 2	Forecast 3	Forecast 4	Forecast 5	5
Week Ending	6/5/2020	6/12/2020	6/19/2020	6/26/2020	7/3/2020	7/10/2020	Weeks
Receipts							
Current A/R Receipts	4,707	1,346	1,737	2,367	3,346	2,670	11,466
Less: Joint checks	(469)						-
Past Due Receipts		1,431	1,907	477	-	795	4,610
Receipts on future billings							-
Total Customer Collections	4,238	2,777	3,645	2,844	3,346	3,464	16,075
Other Inflows	(5)	-	-	-	-	-	-
Total Receipts	4,233	2,777	3,645	2,844	3,346	3,464	16,075
Payroll							
Payroll	1,295	1,327	1,327	1,200	1,150	950	5,954
Operational Disbursements							
Material Vendors, Other Suppliers	606	1,200	1,450	1,400	1,600	1,600	7,250
Fuel	-	46	46	46	46	46	230
Transportation & Equipment Rentals	15	50	-	-	-	-	50
Insurance/Benefits	136	193	193	193	193	193	965
Utilities / Rent / Leases	-	75	-	-	-	-	75
Subscriptions	6	10	-	-	-	-	10
Legal (Ordinary Course)	-	65	10	10	23	10	118
Employee Reimbursement	1	2	2	2	2	2	8
Tax (Local)	0	2	-	-	-	-	2
Petty Cash Transfers	10	30	30	30	30	30	150
Staffing & Employee Related	105	125	125	125	125	125	625
Credit Card Fees	0	2	-	-	-	-	2
Service Finance	-	-	-	-	-	-	-
Debt (Principal, Interest, Fees)	0	25	-	-	-	-	25
Refunds and Credits	22	25	25	25	25	25	125
Other Payables	113	100	100	100	100	100	500
Operational Disbursements	1,016	1,949	1,981	1,931	2,143	2,131	10,133
Net Operational Cash Flow	1,922	(499)	337	(287)	53	384	(11)
Restructuring Disbursements							
Fox Rothschild	393	38	-	-	-	-	38
Conway MacKenzie/Riveron	160	305	-	-	-	-	305
Imperial Capital	-	-	-	-	-	-	-
EPIQ (Noticing Agent)	40	-	-	-	-	-	-
Lender Counsel (L.W)	-	-	-	-	-	-	-
UCC Counsel	-	-	-	-	-	-	-
UCC FA	-	-	-	-	-	-	-
US Trustee	-	-	-	-	-	-	-
Total Restructuring Disbursements	593	343	-	-	-	-	343
Net Cash Flow before Financing	1,328	(841)	337	(287)	53	384	(354)
Net Credit Facility Draws/(Repayments)	2,916	-	-	-	-	-	-
Sweeps	(4,036)	-	-	-	-	-	-
Debt Service - Ares	-	-	-	-	-	-	-
Adequate Protection	-	-	-	-	-	-	-
Transfer of PPP Funds	512	-	-	-	-	-	-
Total Net Cash Flow	720	(841)	337	(287)	53	384	(354)
Beginning Book Cash Balance ⁽¹⁾	(2,867)	3,111	2,270	2,607	2,320	2,373	3,111
Adjustment to beginning book cash	5,258						-
Total Net Cash Flow	720	(841)	337	(287)	53	384	(354)
Ending Book Cash Balance⁽¹⁾	3,111	2,270	2,607	2,320	2,373	2,757	2,757

(1) Includes balance of PPP funds beginning W/E 6.5.2020

Petersen Dean, Inc. & Affiliates

13 Week Cash Flow Forecast

All \$ in ,000s

PRIVILEGED & CONFIDENTIAL
PRELIMINARY DRAFT – SUBJECT TO CHANGE

	Actual 0 6/5/2020	Forecast 1 6/12/2020	Forecast 2 6/19/2020	Forecast 3 6/26/2020	Forecast 4 7/3/2020	Forecast 5 7/10/2020	5 Weeks
CF Week							
Week Ending							
Supplemental Schedule:							
Revolving Loan Roll Forward							
Beginning Balance	28,510	27,401	27,453	27,453	27,453	27,453	27,401
+Draws	2,916	-	-	-	-	-	-
-Payments/Sweeps	(4,036)	-	-	-	-	-	-
+Fees	11	53	-	-	-	-	53
Outstanding Loan Amount	27,401	27,453	27,453	27,453	27,453	27,453	27,453
<i>Availability/ (Over Advance)</i>	<i>(11,172)</i>	<i>(10,753)</i>	<i>(11,062)</i>	<i>(10,651)</i>	<i>(10,691)</i>	<i>(10,934)</i>	<i>(10,934)</i>
A/R Roll							
Beginning A/R Balance	50,157	48,718	49,242	48,899	49,356	49,311	48,718
+Net Billings	3,268	3,301	3,301	3,301	3,301	3,194	16,398
-Collections	(4,707)	(2,777)	(3,645)	(2,844)	(3,346)	(3,464)	(16,075)
Ending A/R Balance	48,718	49,242	48,899	49,356	49,311	49,041	49,041
Credits/Discounts/Other	-	-	-	-	-	-	-
Ineligible A/R	(25,317)	(25,317)	(25,317)	(25,317)	(25,317)	(25,317)	(25,317)
Eligible A/R	23,401	23,925	23,581	24,039	23,994	23,724	23,724
Borrowing Base Roll Forward							
Outstanding Balance							
Eligible AR @ 90%	21,061	21,533	21,223	21,635	21,594	21,351	21,351
Eligible Inventory @ 10%	500	500	500	500	500	500	500
Borrowing Base	21,561	22,033	21,723	22,135	22,094	21,851	21,851
Availability Blockers & Reserves	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Rent Reserve	332	332	332	332	332	332	332
Allowable Availability	16,229	16,701	16,391	16,803	16,762	16,519	16,519
Revolving Loan Limit	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Bank Cash Reconciliation							
Ending Bank Cash Balance	6,057	2,813	3,150	2,863	2,916	3,300	3,300
-Check Float	(2,712)	(543)	(543)	(543)	(543)	(543)	(543)
-Receipts not posted to A/R	(233)	-	-	-	-	-	-
Ending Book Cash Balance⁽¹⁾	3,111	2,270	2,607	2,320	2,373	2,757	2,757
A/P Roll							
Beginning A/P Balance	59,212	60,692	60,996	61,602	62,248	62,672	60,692
+Invoices	2,602	2,596	2,586	2,577	2,567	2,557	12,883
-Payments	(1,609)	(2,291)	(1,981)	(1,931)	(2,143)	(2,131)	(10,476)
Ending A/P Balance	60,692	60,996	61,602	62,248	62,672	63,099	63,099
Cash Receipts Reconciliation							
Bank Receipts							
WF	3,530						
Other Accounts	202						
Total Bank Deposits	3,732						
- Current wk receipts not yet posted	(233)						
+ Prior wk receipts posted in current wk	739						
Total Book Deposits	4,238						
- Non-AR Deposits	5						
+ Joint Checks	469						
Total A/R Receipts	4,713						

EXHIBIT 4

Peteresen Dean Inc. & Affiliates**Cash Collateral - Adequate Protection Estimate****Updated June 12, 2020****All figures in \$ USD**

	Baseline	Scenario (Low)	Scenario (High)
(a) Outstanding ACF Loan Balance at Filing Date	\$ 27,400,000	\$ 27,400,000	\$ 27,400,000
(b) Non-Default Rate Premium to LIBOR	5.50%	5.50%	5.50%
Current 3-Month Libor	0.31%	0.31%	0.31%
(c) Minimum of: 3-Month LIBOR or 1%	1.00%	0.50%	1.50%
Non-Default Rate	6.50%	6.00%	7.00%
Annual Interest	1,781,000	1,644,000	1,918,000
Monthly Interest/Adequate Protection Payment	\$ 148,417	\$ 137,000	\$ 159,833

Notes:

- (a) Outstanding balance per 6/7/20 Borrowing Base Certificate
- (b) Per original loan agreement
- (c) Baseline rate as of 6/12/2020