

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

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In re:

ALACHUA GOVERNMENT SERVICES, INC.,

Debtor.<sup>1</sup>

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) Chapter 11  
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) Case No. 25-11289 (JKS)  
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**DECLARATION OF JANET R. NAIFEH,  
CHIEF RESTRUCTURING OFFICER OF THE DEBTOR, IN SUPPORT  
OF CHAPTER 11 PETITION AND FIRST DAY AND OTHER PLEADINGS**

I, Janet R. Naifeh, pursuant to 28 U.S.C. § 1764, hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the chief restructuring officer (the “**CRO**”) of Alachua Government Services, Inc. (“**AGS**” or the “**Debtor**”), which is the debtor and debtor in possession in the above-captioned chapter 11 case (the “**Chapter 11 Case**”).

2. I am currently a Senior Managing Director of the Corporate Finance and Restructuring practice at FTI Consulting, Inc. (together with its wholly owned subsidiaries, agents, independent contractors and employees, “**FTI**”), a leading global business advisory firm with approximately 8,100 professionals in thirty-three (33) countries. I have over thirty years of experience in restructuring matters and have been involved in numerous large and complex restructurings. I have extensive experience working with debtors and creditors in bankruptcy and out-of-court restructurings, providing pre-lending due diligence on behalf of parties in interest, negotiating new and existing financing agreements, and performing estate wind-down services. Prior to joining FTI, I was a Senior Vice President of the Corporate and Investment Banking

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<sup>1</sup> The Debtor in this chapter 11 case, along with the last four digits of its federal tax identification number, is: Alachua Government Services, Inc. (5370). The Debtor’s mailing address is 13200 NW Nano Court, Alachua, Florida 32615.

Special Assets Division at SunTrust Bank. While at SunTrust Bank, I also served as the Executive Vice President of Credit Risk Management for the Nashville region. I earned a Bachelor of Science in finance from the University of Tennessee.

3. FTI has advised management, senior lenders, and unsecured creditors in several significant restructurings and turnarounds in recent years, including *In re Adeptus Health Inc.*, *In re Borden Dairy Company*, *In re Promise Healthcare Group, LLC*, *In re Monitronics International, Inc.*, *In re McDermott International, Inc.*, *In re General Motors Corporation*, *In re Orion HealthCorp, Inc.*, *In re Calpine Corporation*, *In re Quorum Health Corporation*, , *In re Tower Automotive Inc.*, *In re Southeastern Grocers, LLC*, *In re Refco Inc.*, *In re Envision Healthcare Corporation*, *In re Bally Total Fitness of Greater New York, Inc.*, *In re Circuit City Stores Inc.*, *In re Delphi Corporation*, *In re Flying J Inc.*, *In re Lehman Brothers Holdings Inc.*, *In re Joerns WoundCo Holdings, Inc.*, *In re Townsends, Inc.*, *In re Tribune Company*, *In re Nortel Networks Inc.*, *In re Washington Mutual, Inc.*, *In re WCI Communities, Inc.*, *In re Wellpath Holdings, Inc.*, *In re National CineMedia, LLC*, *Boxed Inc.*, and *In re Endologix, Inc.*, among others.

4. I was appointed as the CRO of the Debtor effective June 28, 2025. In addition to my role as CRO, FTI will also provide certain other restructuring advisory services to the Debtor in connection with the Chapter 11 Case. In my capacity as CRO, I undertook certain diligence and discussed with the current and former officers, directors, and advisors to the Debtor the current status of its business operations and the impetus for this chapter 11 filing. In addition, I reviewed certain business records of the Debtor and its affiliates. As such, I have knowledge of the Debtor's financial affairs and operations. In addition, I have been involved in the Debtor's preparation for this Chapter 11 Case. Except as otherwise noted, I have personal knowledge of the matters set

forth herein or have gained knowledge of such matters from the diligence I conducted and documents I reviewed. If called upon to testify, I would testify competently to the facts set forth in this First Day Declaration.

5. On July 6, 2025 (the “**Petition Date**”), the Debtor filed a voluntary petition in the United States Bankruptcy Court for the District of Delaware (the “**Court**”) for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the “**Bankruptcy Code**”).

6. I submit this First Day Declaration on behalf of the Debtor in support of the Debtor’s “first day” pleadings (collectively, the “**First Day Pleadings**”) and certain other pleadings (as discussed herein) (together with the First Day Pleadings, the “**First Day and Other Pleadings**”), which were filed on the Petition Date or are being filed concurrently herewith. I have executed the Debtor’s petition and reviewed the First Day and Other Pleadings, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to wind down the Debtor’s operations and successfully maximize the value of the Debtor’s estate and that the interim relief sought therein is necessary to avoid immediate and irreparable harm.

7. Part I of this First Day Declaration provides an overview of the Debtor’s corporate structure and history, as well as the circumstances leading to the commencement of the Chapter 11 Case. Part II outlines the objectives of the Chapter 11 Case and the means for implementing those objections. Part III describes the First Day and Other Pleadings.

## **I. GENERAL BACKGROUND**

### **A. The Debtor’s Organizational and Capital Structure**

8. The Debtor is a Delaware corporation. The Debtor is wholly owned by AGS Holdco, LLC, and is an indirect wholly-owned subsidiary of National Resilience Holdco, Inc. (the

**“Parent”**), both of which are not debtors in this (or any other) Chapter 11 Case.<sup>2</sup> The Debtor is controlled by and acts through a board of directors comprised solely of its Independent Director. The Debtor does not have any subsidiaries. An overview of the Debtor’s organizational structure as of the Petition Date is attached hereto as **Exhibit A**.

9. On June 30, 2025, David J. Mack was appointed as the independent director of the Debtor (the **“Independent Director”**) to oversee the Debtor’s winddown and Chapter 11 Case. Since then, I have worked closely with the Independent Director to further develop the chapter 11 case strategy and facilitate the Debtor’s entry into chapter 11.

## **B. The Debtor’s Business Operations**

10. The Debtor’s corporate predecessor was founded in 1999 to research and utilize applications of nanometer-scale particle technology to develop new drug delivery technologies and increase the efficacy of existing drugs. Notwithstanding the initial focus of the Debtor’s business, in 2013, the Debtor was awarded a greenfield contract with the U.S. Department of Defense (the **“DoD”**) to build and outfit an Advanced Development Manufacturing Facility (the **“ADM Facility”**), which was later built in Alachua, Florida. This precipitated the Debtor’s pivot from a product development company to a biologics contract development and manufacturing company (**“CDMO”**) specializing in the manufacturing of vaccines, monoclonal antibodies, recombinant proteins, and nucleic acids.

11. In October 2017, the ADM Facility opened in Alachua, Florida (such campus, the **“Alachua Site”**). The Alachua Site was designed as a state-of-the art development, testing, and manufacturing facility.

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<sup>2</sup> The Debtor’s affiliate, Bedmar, LLC, is a debtor in a separately administered chapter 11 case before Judge Stickles (Case No. 25-11027) (the **“Bedmar Chapter 11 Case”**). For the avoidance of doubt, the Debtor does not intend to seek the joint administration of this Chapter 11 Case and the Bedmar Chapter 11 Case.

12. In February 2020, the Debtor was awarded a contract from the United States government to develop an advanced monoclonal antibody therapy against COVID-19. This contract is one of several through which the Debtor partnered with the United States government to develop and produce drugs, vaccines, and other treatments essential to maintaining the nation's health and, in turn, national security.

13. In April 2021, the Debtor was acquired by a subsidiary of the Parent, but, it is my understanding that, it operated largely autonomously in light of its status as a United States government contractor.

### **C. The Debtor's Prepetition Assets**

#### ***1. Cash and Other Liquid Assets***

14. As of the Petition Date, the Debtor held approximately \$2.3 million in cash and cash equivalents as well as approximately \$0.6 million of trade receivables.

#### ***2. Real Estate***

15. As set forth above, in 2017, the Debtor opened the ADM Facility at the Alachua Site. The Debtor owns the Alachua Site and leases two other sites in Alameda, California (the "Alameda Site") and Frederick, Maryland (the "Frederick Site").

16. ***Alachua, Florida.*** The Alachua Site is comprised of two owned buildings: (a) a 183,000-square foot ADM Facility, and (b) a 92,000-square foot state-of-the art manufacturing facility ("Building G"). In June 2025, AGS assigned a lease to a third building in Alachua, Florida (the "Alachua Lease") to its affiliate Bedmar, LLC.<sup>3</sup>

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<sup>3</sup> In the context of the Bedmar Chapter 11 Case, the lessor to the Alachua Lease has challenged whether the assignment was consistent with the terms of the Alachua Lease.

17. ***Alameda, California.*** The Alameda Site is leased. The Alameda Site historically served as a platform for research and development laboratory space with adjacent office space. The Debtor concluded all active laboratory work at the Alameda Site by May 2025 and vacated the property around that time. Subject to Court approval of the Debtor's Lease Rejection Motion (as defined below), the Debtor intends to reject the lease for the Alameda Site effective as of July 6, 2025.

18. ***Frederick, Maryland.*** The Frederick Site is leased. Historically, the Frederick Site was used for certain of the Debtor's United States government-focused business operations and certain regulatory work for private sector customers. The Debtor has fully wound down its operations at the Frederick Site and vacated the premises. Subject to Court approval of the Lease Rejection Motion, the Debtor intends to reject the lease for the Frederick Site effective as of July 6, 2025.

### 3. ***Other Assets***

19. The Debtor has certain intangible assets that include royalty revenue derived from the Debtor's ownership of certain cell lines used in the development of vaccines by third parties (the "**Royalty Assets**") and various intellectual property. Specifically, the Debtor owns approximately 328 pending or registered patents for processes and state-of-the-art equipment used as part of the Debtor's GMP-certified, multimodality, scalable biomanufacturing infrastructure, supporting the full lifecycle of biopharmaceuticals in the course of its business operations, as well as certain proprietary drug delivery technologies and certain tradenames and other trademarks representative of the Debtor and its business.

## **D. The Debtor's Prepetition Liabilities**

### ***1. Affiliate Liabilities***

20. The Debtor's books and records contain unsecured intercompany claims totaling \$113 million (the "**Affiliate Claims**"). In addition, in June 2025, Resilience US, LLC made a loan to the Debtor in the amount of \$5,889,542 (the "**Loan**"), secured by the Debtor's real property and intellectual property assets. The proceeds of the Loan were used to pay the Debtor's affiliate, Bedmar, LLC, as consideration for Bedmar, LLC's acceptance of an assignment of the Alachua Lease.

### ***2. Subsidiary Guaranty***

21. On March 22, 2023, certain parent companies (the "**DoD Borrowers**") entered into that certain finance agreement (the "**DoD Finance Agreement**") with the DoD and the United States International Development Finance Corporation (together, the "**DoD Lenders**"). Under the DoD Finance Agreement, the DoD Lenders committed to lending a principal amount not exceeding \$410 million (subject to the limits and conditions of the DoD Finance Agreement), of which \$246 million was advanced to the DoD Borrowers (the "**DoD Loan**"). In connection with the DoD Loan, the Debtor entered into that certain unsecured subsidiary guaranty agreement, dated as of August 18, 2023, with the DoD Lenders (the "**Subsidiary Guaranty**"). Under the Subsidiary Guaranty, the Debtor is jointly and severally liable as a primary obligor for all obligations of the DoD Borrowers under the DoD Finance Agreement.<sup>4</sup> The DoD Borrowers are current in all payments under the DoD Finance Agreement and have informed the Debtor that they intend to continue to comply with all payment obligations thereunder.

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<sup>4</sup> The Debtor reserves all rights with respect to the Subsidiary Guaranty.

### 3. *The DCMA Claim*

22. In addition to the Affiliate Claims and the Subsidiary Guaranty, the Defense Contract Management Agency (the “**DCMA**”), a division of the DoD, alleges an aggregate claim against the Debtor of approximately \$24.3 million (plus interest) (the “**DCMA Claim**”), which amount is disputed by the Debtor. The DCMA Claim is based on certain cost reimbursement contracts that the Debtor entered into with certain divisions of the DoD whereby the Debtor was reimbursed for its costs incurred, subject to later audit by the DoD. After the DoD’s auditors completed a series of annual audits (spanning from fiscal years 2014 – 2018), the DCMA then filed annual claims for overpayment based principally on costs that it contends were unallowable under the Federal Acquisition Regulation. The Debtor has filed timely appeals challenging the government’s overpayment claims to the Armed Services Board of Contract Appeals.

23. The Debtor also has customary unsecured debt, including amounts owed to trade vendors and landlords. AGS routinely incurs fixed, liquidated, and undisputed payment obligations in the ordinary course of business to various third-party providers of goods and services. These include obligations owed to providers of manufacturing and related inputs, equipment, and related goods and services. In addition, prior to the Petition Date, the Debtor was responsible for rent and certain other obligations under the terms of its various leases.

#### **E. *Circumstances Leading to the Chapter 11 Filing***

24. In late 2023, the demand for certain services provided by the Debtor began to lag. In addition, over the last few years, certain key government contracts have wound down or been scaled back. The Debtor worked diligently to find other sources of revenue via commercial programs, but industry demand never materialized. Further, as discussed above, the Debtor has no funded debt other than the Affiliate Claims and the \$5.8 million secured Loan. The Debtor’s



funding was dependent on the intercompany transactions with its non-Debtor affiliates. With the uncertainty regarding the revenue from existing governmental contracts and inability to find sufficient alternative commercial programs, the Debtor's non-Debtor affiliates were no longer willing to fund the continued operations of the Debtor. As a result, the Debtor began to scale down its production and ultimately determined to idle the ADM Facility.

25. In an effort to reduce its overhead expenses as demand decreased, the Debtor laid off approximately 125 employees in early 2025 (January – April). However, this reduction in force was insufficient to counter the financial headwinds facing the Debtor, particularly given the cancellation of the governmental contracts and the consistent (and costly) nature of the Debtor's overhead expense for its underutilized facilities. Further, in anticipation of having very limited operations and the idling the ADM facility, the Debtor implemented additional reductions in force on June 20, 2025, and on July 1, 2025, which affected approximately sixty-seven (67) of its employees (*i.e.*, more than 80% of its workforce as of such date) and left only a core group of employees to complete the Debtor's remaining commercial obligations. Currently, the Debtor continues to employ approximately thirteen (13) full-time employees and three (3) temporary employees, who are, for the most part, focused on managing and winding down certain minimal business operations.

26. As a result of the economic pressures facing the Debtor, in February 2025, Jefferies LLC and Jefferies International Limited (collectively, "**Jefferies**") was engaged to, among other things, pursue a potential sale or other strategic transactions involving the Debtor's business and assets, including sales of the Debtor's operating business and Alachua Site. Despite targeted outreach to no fewer than seventy-five (75) parties, the Debtor was unable to consummate a going concern sale prior to the Petition Date. Additionally, in late-May 2025, the Debtor, with the

assistance of Jefferies, began to explore monetization alternatives for its Royalty Assets including (i) pre-petition financing secured by the Royalty Assets and (ii) a sale of the Royalty Assets. Due to funding and liquidity constraints, the Debtor was unable to effectuate a monetization prior to the Petition Date.

27. With the drop off in business from the government and limited commercial alternatives, lack of additional funding, no ability to consummate any transaction, and no corresponding decline in overhead expense, the Debtor determined that filing for chapter 11 protection and winding down the business was the only viable path forward.

## **II. The Objectives of the Chapter 11 Case**

28. The Debtor intends to use the protections provided by chapter 11 to wind down its operations and sell its remaining assets for the benefit of its stakeholders.

### ***1. Sale of the Debtor's Assets***

29. During the Chapter 11 Case, the Debtor intends to seek to sell the Alachua Site and any related equipment and its Royalty Assets through one or more 363 sales. As discussed further above, when the going concern sale process failed to result in any actionable bids, the Debtor, with the assistance of Jefferies, began seeking alternative sale proposals from interested parties for the Debtor's assets, including the Alachua Site and the Royalty Assets. The Debtor, with the assistance of Jefferies, intends to continue to market the assets postpetition and to propose bid procedures in the first few weeks of the Chapter 11 Case. At the conclusion of such sales, the Debtor intends to propose a liquidating plan for the benefit of its stakeholders.

### ***2. Winddown of the Debtor's Operations***

30. As noted above, the Debtor has largely idled the ADM Facility and shifted its focus to winding down its operations. Certain of the equipment and materials at the Alachua Site are owned by government and commercial counterparties who, pre-petition, were either in active

clinical trials or otherwise maintained periodic testing of samples/other products previously manufactured by the Debtor. The Debtor's initial goal of this Chapter 11 Case is to stabilize the remaining assets and use reasonable efforts to provide for the orderly transition of any remaining programs and property to the appropriate parties. In furtherance of this goal, the Debtor is working with its remaining employees to develop a plan to allow customers and contract counterparties to transfer certain programs and retrieve property located at the Alachua Site. Both prior to and following the Petition Date, the Debtor has been contacting certain parties regarding the return of their equipment. The Debtor intends to work both proactively and productively these parties, including the DoD and other governmental agencies, and, to the extent practicable, transition the programs and the property to the appropriate party. The Debtor hopes to complete this process on or about the end of July.

### ***3. Obligations under the Services Agreement***

31. While historically the Debtor has operated separately from its affiliates, certain services were provided to the Debtor by its Parent and non-Debtor affiliates. Specifically, certain expenses were contracted for on a group basis and allocated to the Debtor (in this capacity, the "**Service Recipient**") and certain specific services were provided (collectively, the "**Allocated Expenses and Services**") by certain affiliate entities (the "**Service Provider**") and allocated to the Debtor. Notably, the Service Provider (i) maintains property, liability and director and officer insurance on a group basis and the Service Recipient is a named insured under such policies, and (ii) obtains all employment benefits on a group basis for the employees of Service Recipient and its non-Debtor affiliates, (iii) provides corporate accounting, tax and finance services and (iv) provides information technology services and system access.

32. To ensure access to the Allocated Expenses and Services during the Chapter 11 Case, prior to the Petition Date, the Debtor and the Service Provider entered into a shared services agreement (as may be amended or supplemented, the “**Services Agreement**”), whereunder the Service Provider will provide the Services to the Debtor on an at-cost basis, including as allocated by the Service Provider (in its reasonable discretion) for Services provided to multiple affiliates and as actually incurred by the Service Provider for all direct costs and reimbursable expenses (collectively, the “**Service Fees**”).

33. Specifically, the following Allocated Expenses and Services<sup>5</sup> are covered by the Services Agreement:

Expenses and Services	Brief Description
Corporate Accounting, Tax, and Finance Services	The Service Provider provides accounting services regarding financial statements. The Service Provider provides certain transition support services to the Debtor.
Insurance and Insurance Services	The Service Provider procures, implements, and maintains all of Debtor’s insurance programs, as well as other insurance that is commercially advisable or required pursuant to any lease of the Debtor, including, without limitation, commercial general liability insurance. Service Provider will be responsible for administering all claims and making collections on behalf of the Debtor under insurance policies covering the Debtor or its facilities.
Information Technology Services	The Service Provider provides information technology services in several principal areas: (i) networks, including providing wide-area data networks or cloud services, and associated technical support; (ii) help desk support and software licenses, including global support services for locally-based personnel and coordinating licenses or sublicenses or right to use arrangements for third party software; (iii) applications and systems; including developing applications and integrating certain third-party applications; and (iv) management of domain names.
Human Resources & Employee Benefits	The Service Provider obtains all employment benefits on a group basis for the employees of the Debtor and its non-Debtor affiliates (including employees who have been terminated but continue to receive benefits as required by applicable statutory authority). These benefits include, but are not limited to, medical, vision, dental, short- and long-term disability, life insurance, accidental death and dismemberment insurance, commuter benefits, and health savings accounts. For the month of July only, such

<sup>5</sup> A copy of the Services Agreement is attached to the Cash Management Motion (as defined below). The summary contained herein is qualified in its entirety by the provisions of the Services Agreement. To the extent that anything in this First Day Declaration is inconsistent with the terms of the Services Agreement, the Services Agreement will control.

Expenses and Services	Brief Description
	expenditures also include the remittance of the July 15th payroll amounts for the employees of the Debtor (which amounts were prefunded by the Debtor and paid to the Service Provider expressly for the July 15th payroll).

34. The Debtor and the Service Provider have agreed to projected monthly Service Fees that are expected to total approximately \$650,000 for July 2025, \$530,000 for August 2025, and \$320,000 per month for September 2025 and thereafter.<sup>6</sup> Prior to the Petition Date, the Debtor paid the Service Provider the Monthly Service Fee for July other than the \$50,000 related to the Additional Corporate Accounting Fee and the Additional Transition Costs. Further, as set forth in the Services Agreement, the Service Provider shall not incur any separable expense above \$50,000 on behalf of the Debtor without the written consent of the Debtor or its counsel.

35. I have evaluated the Service Fees, and I believe such costs are reasonable in light of the scope of critical Services provided by the Service Provider to the Debtor under the Services Agreement. In particular, due to the nature of the Debtor's operations, I believe that it would be unable to receive the Services at a similarly competitive cost in the marketplace. Further, due to the Debtor's relationship to the Service Provider, the Service Provider can provide the Services efficiently and at a lower cost. Further, to the extent the Services provided are no longer necessary to the Debtor's wind down, the Debtor has the ability to reduce the Services each month as appropriate. Accordingly, I believe maintaining the Services and the Services Agreement are in the best interest of the Debtor and its estate.

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<sup>6</sup> The aforementioned figures include (a) \$363,801 for payroll and employee benefits, \$112,447 for insurance, \$92,188 for information technology, and \$28,644 for corporate accounting, tax and finance services for July 2025, (b) \$263,801 for employee benefits, \$112,447 for insurance, \$92,188 for information technology, and \$28,644 for corporate accounting, tax and finance service for August 2025, and (c) \$51,801 for employee benefits, \$112,447 for insurance, \$92,188 for information technology, and \$28,644 for corporate accounting, tax and finance service for September 2025 and thereafter. In addition, the figures include an additional \$30,000 per month for certain additional corporate account needs requested by the Debtor (the "Additional Corporate Accounting Fee") and, for the month of July \$20,000 related to certain transition costs (the "Additional Transition Costs").

36. As set forth above, the Debtor has retained FTI to, among other things, provide a CRO and certain related support services, including to negotiate with creditors, investors, and any government agencies/entities (as necessary), and to make recommendations to the Independent Director. I do not believe that the services to be provided by FTI will be duplicative of the Services to be provided under the Services Agreement.

#### **4. *The Debtor-in-Possession Financing***

37. As the Debtor began further reducing its headcount and operations, Jefferies began seeking third party financing in anticipation of a chapter 11 filing. As set forth above, on the Petition Date, the Debtor's cash was limited to approximately \$2.3 million. As a result, the Debtor requires additional financing to maintain sufficient liquidity during the Chapter 11 Case, and accordingly, intends to seek authorization to enter into a debtor-in-possession financing facility, subject to Court approval. To that end, prior to the Petition Date, the Debtor entered into a Debtor-in-Possession Term Loan Facility term sheet (the "**DIP Term Sheet**") with JMB Capital Partners Lending, LLC (the "**DIP Lender**") for a non-amortizing priming, super-priority senior secured term loan facility in an amount not to exceed \$17 million (the "**DIP Facility**"). The Debtor and the DIP Lender intend to negotiate a DIP Credit Agreement, consistent with the DIP Term Sheet, in advance of the final hearing on the DIP Motion.<sup>7</sup>

38. I have reviewed the DIP Motion, and the factual statements therein are true and correct to the best of my knowledge. Attached to the Debtor's proposed interim order approving the DIP Facility is an initial cash flow budget (the "**Budget**"), which sets forth the Debtor's anticipated expenditures and all necessary and required expenses the Debtor expects to incur.

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<sup>7</sup> As defined herein, the DIP Motion shall mean the *Motion of Debtor for Entry of Interim and Final Orders (A) Authorizing Debtor to (I) Obtain Postpetition Financing and (II) Use Cash Collateral, (B) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (C) Granting Adequate Protection, (D) Modifying Automatic Stay, (E) Scheduling Final Hearing, and (F) Granting Related Relief* [Docket No. 14].

39. I believe that the DIP Facility gives the Debtor appropriate flexibility during the Chapter 11 Case to execute its chapter 11 strategy. The Debtor needs access to the cash collateral, as well as the cash available through the DIP Facility, to fund ongoing wind down and operating expenses and the necessary administrative expenses of bankruptcy. Without access to the DIP Facility, the Debtor would not be able to fund the Chapter 11 Case for the benefit of all parties in interest. The Debtor's ability to fund the Chapter 11 Case and the contemplated wind down of its operations and sale process pursuant to section 363 of the Bankruptcy Code depends on obtaining the interim and final relief requested in the DIP Motion.

40. The DIP Lender has indicated that the DIP Facility and related documents set forth the only terms under which it would agree to provide the Debtor financing. As discussed in further detail in the declaration of Michael O'Hara in support of the DIP Motion, filed contemporaneously herewith, the Debtor negotiated the terms of the DIP Facility at arm's-length and in good faith, with all relevant parties represented by separate counsel. I believe that the negotiated terms are reasonable under the circumstances.

### III. FIRST DAY AND OTHER PLEADINGS<sup>8</sup>

41. In furtherance of its objective of preserving value for all stakeholders, the Debtor has filed the following First Day and Other Pleadings and related orders (the "**Proposed Orders**") either on the Petition Date or contemporaneously herewith, thereby requesting that the Court enter the Proposed Orders granting the relief sought in First Day and Other Pleadings. The First Day Pleadings include:

- i. *Application of Debtor for Entry of an Order (I) Approving the Retention and Appointment of Epiq Corporate Restructuring, LLC as the Claims and*

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<sup>8</sup> Unless otherwise defined herein, all capitalized terms in this Section shall have the meanings ascribed to them in the applicable First Day and Other Pleadings.

*Noticing Agent to the Debtor, Effective as of the Petition Date, and (II) Granting Related Relief* [Docket No. 4];

- ii. *Motion of Debtor for Entry of Order (I) Authorizing the Debtor to Redact Certain Personal Identification Information for Individuals and (II) Granting Related Relief* [Docket No. 5];
- iii. *Motion of Debtor for Entry of Interim and Final Orders (I) Prohibiting Utility Companies from Altering or Discontinuing Service on Account of Prepetition Invoices, (II) Approving Deposit As Adequate Assurance of Payment, (III) Establishing Procedures for Resolving Requests by Utility Companies for Additional Assurance of Payment, and (IV) Granting Related Relief* [Docket No. 6];
- iv. *Motion of Debtor for Entry of Interim and Final Orders (I) Authorizing Payment of Prepetition Taxes and Fees, and (II) Granting Related Relief* [Docket No. 11];
- v. *Motion of Debtor for Entry of Interim and Final Orders (I) Authorizing (A) Payment of Certain Prepetition Workforce Obligations, (B) Continuance of Workforce Programs, and (C) Payment of Withholding and Payroll-Related Taxes, and (II) Granting Related Relief* [Docket No. 12]; and
- vi. *Motion of Debtor for Entry of Interim and Final Orders (I) Authorizing Maintenance of Existing Bank Account, Checks, and Business Forms, (II) Waiving Certain U.S. Trustee Guidelines, (III) Authorizing Continuation of Intercompany Transactions, (IV) Authorizing Subcontractor Payments, and (V) Granting Related Relief* [Docket No. 13].

42. Moreover, on the Petition Date the Debtor also filed, and I have reviewed, the *Motion of Debtor for Entry of an Order (I) Authorizing (A) Rejection of Certain Unexpired Leases of Nonresidential Real Property and (B) Abandonment of any Remaining Personal Property Located at the Leased Sites, and (II) Granting Related Relief* [Docket No. 7] (the “**Lease Rejection Motion**”), seeking to reject two (2) unexpired leases of nonresidential real property (at the Alameda Site and the Frederick Site), each effective as of July 6, 2025. I believe the rejection of the leases, as proposed in the Rejection Motion, is a sound exercise of the Debtor’s business judgment.

43. I have reviewed each of the First Day and Other Pleadings and the Proposed Orders, and all exhibits thereto, or have otherwise had their contents explained to me, and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. I believe



that the relief sought in each of the First Day and Other Pleadings: (a) is vital to enabling the Debtor to transition into chapter 11 with minimal disruption; (b) is a prudent exercise of the Debtor's business judgment; and (c) is critical to the Debtor's ability to maximize value for the benefit of all stakeholders.

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

Dated: July 9, 2025

/s/ Janet R. Naifeh

Janet R. Naifeh

Chief Restructuring Officer

**EXHIBIT A**

**Organizational Chart**

# Organizational Chart

