

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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: Chapter 11
In re :
: Case No. 21-10636 (JTD)
AEROCENTURY CORP., *et al.*, :
: (Jointly Administered)
Debtors.¹ :
: Re: Docket No. 9
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INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO PAY AND HONOR CERTAIN (A) PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION OBLIGATIONS; (B) PREPETITION EMPLOYEE BUSINESS EXPENSES; AND (C) WORKERS’ COMPENSATION OBLIGATIONS; (II) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS; AND (III) GRANTING RELATED RELIEF

Upon consideration of the motion (the “Motion”)² of the Debtors for the entry of interim and final orders, pursuant to sections 105(a), 363(b), 507(a)(4), and 507(a)(5) of the Bankruptcy Code, (i) authorizing, but not directing, the Debtors, in accordance with their stated policies and in their discretion, to pay, honor, or otherwise satisfy certain of the Employee Obligations, including amounts and obligations related to the period prior to the Petition Date, and continue certain of their Employee Benefits in the ordinary course of business; (ii) continue the Workers’ Compensation Program and honor obligations related thereto, regardless of when accrued; and (i) authorizing Banks to honor and process related checks and electronic transfers; and upon consideration of the First Day Declaration; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and this Court

¹ The Debtors in these chapter 11 cases, along with the last four digits of their federal employer identification number, are: AeroCentury Corp. (3974); JetFleet Holding Corp. (5342); and JetFleet Management Corp. (0929). The Debtors’ mailing address is 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the First Day Declaration, as applicable.



having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having determined that venue of the Chapter 11 Cases and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtors, their estates, and their creditors; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED** on an interim basis, as set forth herein.
2. Objections to entry of an order granting the Motion on a final basis must be filed by April 16, 2021, at 4:00 p.m. (ET) and served on: (i) the Debtors at 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010; (ii) proposed co-counsel to the Debtors, (a) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Joseph M. Barry, Esq. (jbarry@ycst.com), Ryan M. Bartley, Esq. (rbartley@ycst.com), and Joseph M. Mulvihill, Esq. (jmulvihill@ycst.com), and (b) Morrison & Foerster LLP, 250 West 55th Street, New York, NY 10019-9601, Attn: Lorenzo Marinuzzi, Esq. (lmarinuzzi@mofocom) and Erica J. Richards, Esq. (erichard@mofocom); (iii) counsel to the prepetition lender, Vedder Price P.C., 222 North LaSalle Street, Chicago, Illinois 60601, Attn: Neil Poland (npoland@vedderprice.com) and David L. Kane, Esq. (dkane@vedderprice.com); the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, 19801, Attn: Linda Casey, Esq. (linda.casey@usdoj.gov); and (v) counsel to any statutory committee appointed in the Chapter 11 Case. A final hearing, if required, on the Motion will be held on April 26, 2021, at 2:00 p.m. (ET). If no objections are filed to the Motion, this Court may enter a final order without further notice or hearing.

3. Upon entry of this Interim Order, the Debtors are authorized, but not directed, to pay and/or honor (including to any third parties that provide or aid in the monitoring, processing or administration of the Employee Obligations), in their sole discretion, the Employee Obligations as and when such obligations are due, including any amounts owed to Avia, in an amount not to exceed \$200,000, in the aggregate absent further order of this Court; *provided, however*, that notwithstanding any other provision of this Interim Order, no payments on account of any individual Employee (or individual employed by Avia) shall exceed the amounts set forth in section 507(a)(4) of the Bankruptcy Code, and *provided further* that, absent entry of the Final Order or further order of this Court, no amounts under the Vacation and Leave Policies shall be paid at termination of employment unless such amounts, including any amounts above the \$13,650 statutory cap provided for under section 507(a)(4) of the Bankruptcy Code, are a result of cash payment for unpaid amounts under the Vacation and Leave Policies that is required to be paid under applicable state law.

4. Subject to paragraph 3, the Debtors are authorized, but not directed, in their sole discretion, to honor and continue the Employee Benefits that were in effect as of the Petition Date; *provided, however*, that such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Benefits under section 365(a) of the Bankruptcy Code.

5. The Debtors are hereby authorized, but not directed, to continue the Workers' Compensation Program, in the ordinary course of business and in accordance with the Debtors' prepetition policies and programs, and to pay any workers' compensation claims, third-party administrator fees, deductibles, retentions, premiums, and other amounts required in connection with the Workers Compensation Program as such amounts become due in the ordinary course during the pendency of the Chapter 11 Cases, regardless of when accrued.

6. The Debtors may pay and remit any and all Employee Withholdings, whether these relate to the period prior to or after the Petition Date.

7. Subject to the amounts set forth in section 507(a)(4) and 507(a)(5) of the Bankruptcy Code, the Banks shall be and hereby are authorized to receive, process, honor and pay all prepetition and postpetition checks and fund transfers on account of the Employee Obligations that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Banks are prohibited from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Employee Obligations. The Debtors are hereby authorized to issue new postpetition checks or effect new postpetition fund transfers on account of the Employee Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

8. Notwithstanding any other provision of this Interim Order, any Bank may rely on the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to any order of this Court, and any Bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order (i) at the direction of the Debtors, (ii) in a good-faith belief that this Court has authorized such prepetition check or item to be honored, or (iii) as a result of an innocent mistake made despite the above-described protective measures, shall not be liable to the Debtors or their estates on account of such prepetition check or other item being honored postpetition.

9. Any party receiving payment from the Debtors is authorized to rely upon the representations of the Debtors as to which payments are authorized by this Interim Order.

10. Nothing in the Motion or this Interim Order or the relief granted (including any actions taken or payments made by the Debtors pursuant to the relief) shall (i) be construed as a

request for authority to assume any executory contract under section 365 of the Bankruptcy Code; (ii) waive, affect or impair any of the Debtors' rights, claims or defenses, including, but not limited to, those arising from section 365 of the Bankruptcy Code, other applicable law and any agreement; (iii) grant third-party beneficiary status or bestow any additional rights on any third party; or (iv) be otherwise enforceable by any third party.

11. The Debtors shall not make any payments in excess of the amounts set forth in section 507(a)(4) and 507(a)(5) of the Bankruptcy Code, absent further order of this Court.

12. Nothing in this Interim Order shall authorize the Debtors to pay any payments to or on behalf of "insiders" (as defined by section 101(31) of the Bankruptcy Code) that would violate section 503(c) of the Bankruptcy Code. Accordingly, nothing herein approves any bonus and/or severance program under section 503(c).

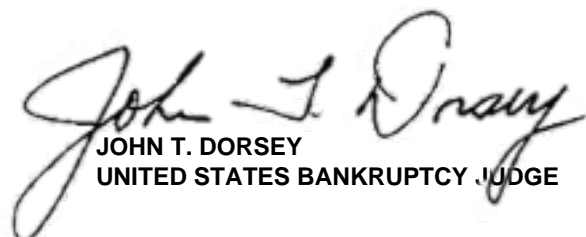
13. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

14. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

15. Notwithstanding any provision in the Bankruptcy Rules to the contrary, this Interim Order shall be effective immediately and enforceable upon its entry.

16. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Interim Order.

**Dated: March 31st, 2021
Wilmington, Delaware**


**JOHN T. DORSEY
UNITED STATES BANKRUPTCY JUDGE**