

**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 Administration)  
Debtors.<sup>1</sup> :  
: Re: Docket Nos. 12, 13 & 87  
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**DECLARATION OF CHRISTOPHER TIGNO IN SUPPORT OF SALE TO STRATUS**

I, Christopher Tigno, hereby declare pursuant to 28 U.S.C. § 1746, under penalty of perjury, to the best of my knowledge and belief, that:

1. I am the General Counsel of AeroCentury Corp., one of the above-captioned debtors and debtors in possession (collectively, the “Debtors”). I have served in the role of General Counsel since 1997. As a result of this, I am familiar with the Debtors’ business and financial affairs. As General Counsel, one of my duties is to oversee the administration of the Debtors’ estates, including participating in the sale process in connection with the chapter 11 cases.

2. I submit this declaration (this “Declaration”) in further support of the *Debtors’ Motion for Entry of (A) an Order (I) Approving Bidding Procedures in Connection with the Sale of Substantially All of the Debtors’ Assets; (II) Authorizing the Debtors to Enter into the Stalking Horse Purchase Agreement; (III) Scheduling an Auction for and Hearing to Approve the Sale; (IV) Approving Notice of Respective Date, Time and Place for Auction and for Hearing on Approval of Sale; (V) Approving Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (VI) Approving Form and Manner of Notice Thereof;*

<sup>1</sup> 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. (0292). The Debtors’ mailing address is 1440 Chapin Avenue, Suite 310, Burlingame, CA 94010.



*and (VII) Granting Related Relief; and (B) an Order Authorizing and Approving (I) the Sale Free and Clear of Liens, Claims, Rights, Encumbrances, and Other Interests; and (II) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases and (III) Related Relief* [Docket No. 12] (the “Bidding Procedures Motion”),<sup>2</sup> and in support of the Debtors’ proposed sale (the “Sale”) to Stratus Aero Partners (“Stratus”) for certain spare parts and inventory for the 453 Saab 340B Plus and the 4020 Bombardier Q400 (the “Stratus Assets”), for a total purchase price of \$290,000 (the “Stratus Bid”).

3. Except as otherwise indicated, all statements set forth in this Declaration are based upon my personal knowledge, information supplied to me by the professionals retained by the Debtors, my review of relevant documents, and my opinion based upon my professional experience and knowledge of the Debtors and their Assets. If called as a witness, I could and would competently testify to the matters set forth in this Declaration. I am duly authorized to submit this Declaration on behalf of the Debtors in support of the Sale.

**A. The Sale Process**

4. As set forth in the Bidding Procedures Motion, as part of the Debtors’ efforts to ensure that they secure a value-maximizing transaction for their Assets, prior to the Petition Date, the Debtors retained B. Riley Securities, Inc. (“B. Riley”), an experienced investment banker in the Debtors’ industry, to canvass the market for interested buyers.

5. Throughout the Sale process, B. Riley regularly reported updates to the Debtors’ Board of Directors (the “Board”) and other senior management personnel, including myself, and the Debtors’ bankruptcy counsel, and sought direction where appropriate. I held

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Bidding Procedures Motion.

numerous telephone conferences with B. Riley, the Board, and bankruptcy counsel regarding the Sale process.

6. Based on these regular updates and discussions, I understand that B. Riley facilitated extensive due diligence to ensure all potentially interested parties had a full and fair opportunity to submit a bid for the Stratus Assets. B. Riley ultimately established a targeted outreach list of approximately 90 potential bidders after performing an industry analysis to determine the best prospective strategic, financial and hybrid purchasers, which, in my professional experience, is a large number of potential bidders for the Debtors' Assets. B. Riley spent a considerable amount of time following up with almost all of the 90 parties on the targeted outreach list on multiple occasions, and continued to market the Assets and facilitate buyer due diligence right up to the May 17, 2021, Bid Deadline established by the Bidding Procedures Order.

7. I understand that a number of parties received and signed a non-disclosure agreement (an "NDA"). I also understand that all parties that executed an NDA were provided access to the confidential information memorandum for the Assets and a populated electronic data room with related diligence information. Throughout the Sale process, prospective bidders were encouraged to submit bids for all or some combination of the Assets, including the Stratus Assets.

**B. The Sale of the Stratus Assets**

8. As a result of the Debtors' marketing process, one party, other than Stratus, submitted a bid for the Stratus Assets (the "Unsuccessful Bidder"). Initially, the Unsuccessful Bidder submitted a bid for the Stratus Assets in the amount of \$50,000. After receiving the Stratus Bid, B. Riley engaged with the Unsuccessful Bidder, and the Unsuccessful Bidder submitted a revised proposal for the Stratus Assets in the amount of \$300,000.

9. However, the Stratus Assets are currently on consignment with Worthington Aviation, LLC (“Worthington”), which is an affiliate of Stratus. Under the applicable consignment agreement with Worthington, Worthington would claim a 28% consignment fee in the event of a sale. Additionally, Stratus was the only party willing to acquire the Stratus Assets “as is” without any further diligence, thereby significantly reducing any potential risk or cost to the Debtors. After further discussions with Stratus and Worthington, Worthington agreed to waive the consignment fee with respect to the Sale to Stratus. As a result of Worthington waiving its consignment fee, the net cash proceeds to the Debtors is greater in a sale to Stratus than to the Unsuccessful Bidder.

10. The Debtors scheduled an Auction for the Stratus Assets to determine the highest and best bid [Docket No. 153]. Prior to the Auction, B. Riley informed the Unsuccessful Bidder that the Stratus Bid was the baseline bid because Worthington agreed to waive the consignment fee for the Sale to Stratus. The Unsuccessful Bidder informed B. Riley that it was not willing to increase the purchase price beyond its updated bid number. With no competing bids, the Debtors canceled the Auction, and determined, after consultation with their advisors and in their business judgment, that the Stratus Bid was the highest and best bid for the Stratus Assets. [Docket No. 156].

**C. The Sale to Stratus Represents the Highest and Best Value for the Stratus Assets**

11. In my business judgment, the Stratus Bid represents the highest and best value for the Stratus Assets. I also believe that: (a) the Debtors conducted a fulsome marketing process for the Stratus Assets; (b) they conducted the Sale process in compliance with the Bidding Procedures Order and the Bidding Procedures; and (c) the Debtors and their professional advisors

afforded potential purchasers an appropriate opportunity to participate in the Sale process and submit a bid for the Stratus Assets.

12. I believe that the Debtors have demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for approval of the Sale. The sound business reasons for the Sale include, but are not limited to, that: (a) the Sale constitutes the highest and best value for the Stratus Assets after a thorough marketing and sale process conducted by an experienced investment banker; (b) the Sale presents the best opportunity under the circumstances to realize the value of Stratus Assets; (c) no other transaction, including a piecemeal sale of the Stratus Assets, would have yielded as favorable an economic result; and (d) the Sale maximizes the value of the Debtors' estates in a timely and efficient manner. In short, I believe that the consummating the Sale in accordance with proposed order constitutes a reasonable and sound exercise of the Debtors' business judgment, is in the best interests of the Debtors, their estates, and their creditors, and should be approved.

13. In my business judgment, under the circumstances of the Chapter 11 Cases and based on the Sale process, the Sale is the best way to maximize the value of the Stratus Assets for the Debtors' estates.

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

Dated: May 26, 2021

/s/ Christopher Tigno  
Christopher Tigno  
General Counsel