

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

AEROCENTURY CORP., *et al.*,

Debtors.¹

-x-
: Chapter 11
:
: Case No. 21-10636 (JTD)
:
: (Jointly Administration)
:
: Re: Docket Nos. 12, 13 & 87
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**DECLARATION OF CHRISTOPHER TIGNO IN SUPPORT
OF SALE TO THE STALKING HORSE BIDDER**

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 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,*

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. (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”).²

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

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

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 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 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.

B. The Non-Qualified Bids

8. As a result of the foregoing marketing efforts, the Debtors received three bids, in addition to the Stalking Horse Purchase Agreement, for all or a subset of assets subject to the Stalking Horse Purchase Agreement (the "Stalking Horse Assets"). After reviewing such bids, the Debtors determined, in their business judgment, that the bids were not Qualified Bids as they did not conform to the requirements of the Court-approved bidding procedures, including that they were neither higher nor better on terms or price than the Stalking Horse Purchase Agreement (the "Non-Qualified Bidders").

C. The Stalking Horse Purchase Agreement Represents the Highest and Best Value for the Stalking Horse Assets

9. In my business judgment, the Stalking Horse Purchase Agreement represents the highest and best value for the Stalking Horse Assets. I also believe that: (a) the Debtors conducted a fulsome marketing process for the Stalking Horse 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 Stalking Horse Assets.

10. 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 Stalking Horse 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 Stalking Horse Assets; (c) no other transaction, including a piece-meal sale of the Stalking Horse 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 the 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.

11. I also believe that the Debtors and the Stalking Horse Bidder have acted in good faith in connection with the Sale in that, among other things: (a) the Debtors were free to deal with any other party interested in acquiring the Stalking Horse Assets; (b) the Stalking Horse Bidder and its professional advisors and representatives complied with the provisions of the bidding procedures and the Bidding Procedures Order; (c) the Sale was subject to the competitive

bidding and auction process contemplated by the bidding procedures and the Bidding Procedures Order; and (d) the negotiation and execution of the Sale was at arm's-length and in good faith.

12. I am aware of no undue influence or improper conduct by the Stalking Horse Bidder in connection with the negotiation of the Sale or the Sale process. I am not aware of any facts indicating that the Sale was entered into for the purpose of hindering, delaying or defrauding creditors or fraudulently entered into.

13. I understand that, as permitted under section 2.1 of the Stalking Horse Purchase Agreement, the Stalking Horse Bidder intends to name Regional One, Inc. (the "Nominee"), as its nominee for one or more of the Stalking Horse Assets, and that the Nominee will pay a nominee fee in connection therewith, which shall be paid directly by the Nominee to the Stalking Horse Bidder.

14. To the best of my knowledge, information, and belief, and after discussions with the Debtors' bankruptcy counsel, I do not believe that the Stalking Horse Bidder qualifies as an "insider," as such term is defined in section 101(31) of the Bankruptcy Code.

15. The Debtors: (i) have full corporate power and authority to execute all documents related to the Sale, and the Sale has been duly and validly authorized by all necessary corporate action of the Debtors, (ii) have all of the corporate power and authority necessary to consummate the transactions contemplated by the Sale, (iii) have taken all corporate action necessary to authorize and approve the Sale and the consummation by the Debtors of the transactions contemplated thereby, and (iv) no consents or approvals are required for the Debtors to consummate the Sale.

16. 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 Stalking Horse 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 27, 2021

/s/ Christopher Tigno

Christopher Tigno
General Counsel