

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

CTN HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10603 (TMH)

(Jointly Administered)

DECLARATION OF MILES STAGLIK
IN SUPPORT OF (A) DIP MOTION AND (B) BIDDING PROCEDURES MOTION

I, Miles Staglik, hereby declare as follows (the “**Declaration**”):

1. I am a managing director at CR3 Partners (“**CR3**”), and I currently serve as Chief Restructuring Officer of the above captioned debtors and debtors in possession (together, the “**Company**” or the “**Debtors**,” and each a “**Debtor**”), which bankruptcy cases (the “**Chapter 11 Cases**”) are proceeding under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”).

2. I have over 15 years of experience in distressed transactions, including in- and out-of-court restructurings, operational turnarounds, balance sheet restructurings, business cost rationalizations, strategic opportunity identification, debt and equity capital raising, mergers and acquisitions, divestitures, and financial modeling and forecasting. I routinely serve as a Chief Restructuring Officer for companies ranging in size from \$25 million to \$800 million in revenue, assist clients with liquidity solutions, assess business plan viability, structure plans of

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors’ federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375) and Zero Carbon Holdings, LLC (1679). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94104-5401.



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reorganization and conduct recapitalization and asset sale processes. I have further conducted, participated in and advised parties on numerous bankruptcy sale processes.

3. I submit this declaration (this “**Declaration**”) in support of:

- a. *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Post-Petition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Term Loan Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Hearing and (VI) Granting Related Relief [D.I. 21] (the “**DIP Motion**”);*
- b. *Debtors’ Motion for Entry of an Order Approving (I)(A) The Debtors’ Entry into Stalking Horse Agreement and Related Expense Reimbursement and Break-Up Fee;(B) the Bidding Procedures in Connection with the Sale of Substantially all of the Debtors’ Assets; (C) the Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) the Form and Manner of Notice of the Sale Hearing, Assumption Procedures, and Auction Results; and (E) Dates for an Auction and Sale Hearing; (II)(A) the Sale of Substantially All of the Debtors’ Assets Free and Clear of all Claims, Liens, Liabilities, Rights, Interests, and Encumbrances and (B) the Debtors’ Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Related Relief [D.I. 65] (the “**Bidding Procedures Motion**”); and*
- c. *Debtor’s Omnibus Reply (I) in Support of (A) DIP Motion and (B) Bidding Procedures Motion, and (II) in Response to Objections of (A) Official Committee of Unsecured Creditors and (B) Office of United States Trustee [D.I. 127] (the “**Reply**”).*

4. The DIP Motion seeks approval of the Debtors’ debtor in possession financing facility (the “**DIP Facility**”) with its debtor in possession lender, Inherent Aspiration, LLC (the “**DIP Lender**”), in addition to approval of the use of the DIP Lender’s cash collateral in accordance with the approved debtor in possession budget (the “**DIP Budget**”).

5. The Bidding Procedures Motion seeks entry of an order (the “**Bidding Procedures Order**”): (a) authorizing and approving certain proposed bidding procedures (the “**Bidding Procedures**”) governing the submission of competing proposals to purchase the Debtors’ assets pursuant to section 363 of the Bankruptcy Code; (b) authorizing and approving

the Debtors' entry into (but not consummation of) the Stalking Horse Purchase Agreement (defined below) (c) approving the form and manner of notice of the sale of the Debtors' assets (the "**Acquired Assets**"), (d) scheduling a hearing for approval of the sale of the Acquired Assets (the "**Sale Hearing**") and setting other related dates and deadlines; and (e) approving procedures for the assumption and assignment of the Debtors' executory contracts and unexpired leases and the form of and manner of notice of proposed cure amounts (together, the "**Sale Process**").

6. The Debtors and the DIP Lender have agreed to extend the Sale Process deadlines by approximately two weeks, as follows:

<u>Deadlines</u>	<u>Old Deadline</u>	<u>New Deadline</u>
Bid procedures hearing	April 30, 2025	May 12, 2025
Deadline to enter Bidding Procedures Order	April 30, 2025	May 13, 2025
Deadline to serve Cure Notice	May 2, 2025	May 14, 2025
Sale Objection Deadline	May 9, 2025	May 23, 2025
Bid Deadline	May 13, 2025	May 23, 2025
Auction	May 15, 2025	May 27, 2025
Deadline to file Supplemental Sale Objections and Non-Stalking Horse Objections and Non-Stalking Horse Assumption or Cure Objections	May 19, 2025	May 30, 2025
Sale Hearing	May 21, 2025	June 2, 2025
Deadline to enter Sale Order	May 22, 2025	June 3, 2025
Deadline to Consummate Sale (assuming closing via 363 sale)	May 24, 2025	June 6, 2025

7. I have reviewed the DIP Motion, the DIP Facility, the DIP Budget, the proposed final order approving the DIP Motion and DIP Facility (the "**Final Order**"), the Bidding Procedures Motion and the Bidding Procedures proposed therein, and I am familiar with the terms of the same.

8. I have further reviewed the *Asset Purchase Agreement* by and between Inherent Aspiration, LLC (the “**Stalking Horse Bidder**”) and the Debtors (the “**Stalking Horse Purchase Agreement**”), which Stalking Horse Purchase Agreement shall serve as the “**Stalking Horse Bid**” under the Bidding Procedures. I am familiar with the terms of the Stalking Horse Purchase Agreement.

9. I have further reviewed the *Declaration of Terri Stratton in Support of Bidding Procedures Motion*.

10. Except as otherwise indicated, all facts set forth in this Declaration are based upon: (i) my personal knowledge, information and belief, or my opinion based upon experience, knowledge and information concerning the Debtors; (ii) information learned from my review of relevant documents; and/or (iii) information supplied by members of the Debtors’ management, employees of CR3 working directly with me or under my supervision, direction or control and/or from the Debtors’ other professionals and advisors.

11. I am over the age of 18 and authorized to submit this Declaration on behalf of the Debtors. If I were called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

DIP FACILITY

12. I hereby incorporate by reference the *Declaration of Miles Staglik in Support of Chapter 11 Petitions and First Day Relief* [D.I. 22] filed in the Chapter 11 Cases on March 31, 2025 (the “**First Day Declaration**”), and my declarations made therein.

13. I believe that the terms and conditions of the DIP Facility are fair and reasonable.

14. The Debtors and the DIP Lender are independent parties.

15. The Debtors, the DIP Lender and their respective counsel extensively negotiated the terms and conditions of the DIP Facility in good faith, at arm's length and in the context of a competitive marketing process.

16. The Debtors and the DIP Lender were each represented by separate counsel when negotiating the terms and conditions of the DIP Facility.

17. In the course of their negotiations, the Debtors and the DIP Lender haggled over the size and scope of a postpetition financing package that would allow the Debtors to achieve their restructuring goals. The Debtors obtained significant concessions from the DIP Lender during these negotiations, and both the DIP Facility and the DIP Budget represent the best DIP financing available to the Debtors and their respective estates in the Chapter 11 Cases.

18. The DIP Facility, the Final Order and related documents are the result of the Debtors' reasonable and informed determination that the DIP Lender offered the most favorable terms on which the Debtors could obtain critical postpetition financing.

19. The \$13.805 million roll-up proposed under the DIP Facility (the "**Roll-Up Loan**") is a necessary inducement for the DIP Lender to provide the DIP Facility, which I believe is an indispensable part of the DIP Facility that is justified under the circumstances. The DIP Lender specifically demanded the Roll-Up Loan on the terms set forth in the DIP Facility and the Final Order. The Debtors and the DIP Lender engaged in hard-fought and arms'-length negotiations and ultimately agreed to the Roll-Up Loan as consideration for, among other things, the DIP Lender making available \$4.21 million in "new money" to fund the Chapter 11 Cases. Indeed, the DIP Lender has indicated to the Debtors that the Roll-Up Loan is a critical inducement to the DIP Lender providing the DIP Facility.

20. The DIP Lender has also required that the Debtors grant the DIP Lender the customary DIP Liens, Adequate Protection Liens and DIP Super-Priority Claims (all as defined in the Reply) on the Debtors' unencumbered assets set forth in the DIP Facility and the Final Order.

21. The Debtors have determined, in their business judgment, that the DIP Facility provides numerous clear benefits to the Debtors' estates that more than justify the waiver of its rights under section 506(c) of the Bankruptcy Code and the "equities of the case" exception under section 552(b) of the Bankruptcy Code. It is my opinion that these waivers are a critical component of the DIP Facility, and the DIP Lender would not have agreed to provide the DIP Facility nor consented to the Debtors' continued use of cash collateral without such waivers. Based thereon, I believe that the waiver of the section 506(c) and 552(b) claims is appropriate under the circumstances of the Chapter 11 Cases.

22. The Debtors and their advisors engaged in extensive arms-length negotiations with the DIP Lender over the course of several weeks in order to obtain the best possible DIP Facility terms. The DIP Budget represents the highest possible amounts that the Debtors could obtain. The DIP Lender remains unwilling to increase the size of the DIP Facility. As such, I believe the DIP Budget is reasonable and adequate under the circumstances and provides sufficient liquidity for the Debtors to achieve their restructuring objectives.

BIDDING PROCEDURES

23. As revised, the proposed Bidding Procedures contemplate an approximately eight-week marketing and sale process whereby the Auction will be conducted on May 27, 2025, the Sale Hearing will occur on June 2, 2025, and the Sale will have closed by June 6, 2025. I believe that this timeline is reasonable, necessary and adequate under the circumstances of the Chapter 11 Cases.

24. It is essential that the Debtors proceed with the Sale Process according to this schedule. As further detailed in the First Day Declaration, the Debtors have limited runway to execute their bankruptcy strategy and facilitate a value maximizing sale of their assets under section 363 of the Bankruptcy Code.

25. The Debtors' revenue is tied to forward-looking contracts, and the Debtors are not expecting cash inflows from revenues during the pendency of the Chapter 11 Cases. Consequently, the Debtors are entirely reliant on the funds committed under the DIP Facility to execute their bankruptcy strategy. The DIP Lender has not agreed to advance further funds beyond the DIP Budget. The Debtors have extensively negotiated with the DIP Lender and pushed the proposed sale timeline as far as the available funding will allow. Thus, it is paramount that the Debtors proceed along the proposed schedule to avoid risks that could derail the Sale Process and to ensure that the Debtors are able to consummate a value maximizing sale within their existing DIP Budget.

26. This proposed schedule is also necessary to preserve and maximize the value of the Debtors' going concern.

27. The Debtors are a climate finance company that sources and secures funding for carbon projects and sells the resulting carbon credits to enterprise clients. The Debtors' clients include large scale enterprise companies, which acquire carbon credits from the Debtors through a variety of offerings. To ensure a reliable supply of the highest quality carbon credits, the Debtors partner with project developers by providing, without limitation, financial investment, project monitoring, technical assistance and marketing services to these carbon credit generators.

28. Notwithstanding the benefits of proceeding under chapter 11, the pendency of the bankruptcy cases is a challenge to the Debtors' business. While in bankruptcy, (a) the Debtors'

access to the capital needed to conduct extended operations and continue their partnerships with carbon credit project developers is severely limited, (b) the uncertainty and complications inherent to the bankruptcy process obstruct the Debtors' ability to source and secure funding for carbon projects, and (c) customers interested in purchasing carbon credits from the Debtors are unwilling to enter into long-term contracts for fear that the Debtors will not perform on future obligations. The longer the Debtors remain in bankruptcy, the greater the duration and cost of these interruptions to the Debtors' business. In the face of such headwinds, a quick exit from bankruptcy is required to return the Debtors' going concern to "business as usual," which, in turn, is essential to optimizing operations and, ultimately, realizing the highest value for the Debtors' going concern at a bankruptcy sale.

29. I believe that the timeline for the proposed Sale Process is also adequate and provides all interested parties a reasonable opportunity to conduct diligence, assess the Company and its assets, and submit a potential bid.

30. First, the Debtors have already secured the Stalking Horse Purchase Agreement as the Stalking Horse Bid under the Bidding Procedures, which serves the critical function of setting a "floor" for further competitive bidding. The Stalking Horse Purchase Agreement was publicly filed and served along with the Bidding Procedures Motion and is available to all parties in interest for review.

31. Second, the Debtors, in coordination with their professionals, have already created and populated a data room (the "**Data Room**"), which potential bidders may access to conduct due diligence with respect to the Debtors' assets. It is my understanding that the Data Room has already garnered significant interest from potential bidders.

32. Third, to the best of my knowledge, the universe of parties potentially interested in purchasing the Debtors' assets is small due to the nature of the carbon credit industry, the significant capital outlays and risks associated with the business, and the long-time horizon for realizing a return from carbon credit development projects for owners and investors. The accelerated marketing period targeted to these potential buyers proposed here strikes an appropriate balance between the Debtors' current cash situation and the need to test the market for the Debtors' assets.

33. To target these potential buyers, and to ensure a competitive sale process, notwithstanding the accelerated schedule, the Debtors retained Hilco Corporate Finance, LLC ("Hilco") as of April 1, 2025, subject to court approval, to serve as their proposed investment banker and to market the Debtors' assets.

34. As further described in the *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Hilco Corporate Finance, LLC as Investment Banker to the Debtors Effective as of April 1, 2025, and (II) Modifying Certain Information Requirements of Del. Bankr. L.R. 2016-1* [D.I. 81] filed on April 22, 2025, Hilco is a leading investment banking firm whose professionals have worked with financially troubled companies and their stakeholders in a variety of industries in complex financial restructurings, both in chapter 11 cases and out-of-court proceedings. It is my opinion that Hilco is both well qualified and uniquely able to render investment banking services to the Debtors in these Chapter 11 Cases in an efficient and timely manner.

35. It is my understanding that Hilco's marketing efforts are well underway.

36. Based upon the foregoing, the proposed timeline under the Bidding Procedures is necessary, reasonable and adequate under the circumstances because it appropriately balances the

economic and practical realities of these cases while still establishing a fair, open and competitive bidding and auction process for the sale of the Debtors' assets. Further, the Bidding Procedures serve the essential dual purposes of (a) providing a market check and topping bid that would maximize value for the Debtors' estates or, in the alternative, (b) confirming that the consideration offered in the Stalking Horse Purchase Agreement is the highest and best bid for the Debtors' assets as determined by a thorough marketing process.

37. Finally, I believe that the bid protections provided to the Stalking Horse Bidder under the Bidding Procedures, including the break-up fee of \$600,000 and expense reimbursement of up to \$400,000 (the "**Stalking Horse Bid Protections**"), are actual and necessary both to preserve the Debtors' estate and to effectuate a value maximizing sale of the Debtors' assets.

38. I do not view the Stalking Horse Bidder as a typical prepetition lender seeking to take ownership of its collateral through a bankruptcy case. Similarly, I do not view the Stalking Horse Bidder as a "loan to own" lender.

39. Based upon the Debtors' inquiry, the Stalking Horse Bidder also is not an "insider" of the Debtors under section 101(31) of the Bankruptcy Code. It does not own a controlling equity interest in the Debtors and does not control the Debtor's operations or corporate decision making.

40. The Stalking Horse Bid Protections are also reasonable and appropriate under the circumstances.

41. In my experience, bidding incentives, such as the Stalking Horse Bid Protections, encourage potential purchasers to invest the requisite time, money and effort to diligence and enter into a binding sale agreement. The inducements represented by the Stalking Horse Bid

Protections, which are to be paid from the proceeds of a higher and better alternative transaction, are reasonable compared to the purchase price for the Stalking Horse Bid and within the range for transactions of this kind and size.

42. In my view, the Stalking Horse Bid Protections will promote more competitive bidding and, thus, are a benefit to the Debtors' bankruptcy estates.

43. First, the Stalking Horse Bid Protections induced the Stalking Horse Bidder to enter into and submit the Stalking Horse Bid, which serves as the Auction floor for the Sale Process. It is my understanding that the Stalking Horse Bidder would not have proceeded with the proposed transaction and would not have executed the Stalking Horse Purchase Agreement but for the inclusion of the Stalking Horse Bid Protections. I also have reason to believe that, if such bid protections are not approved, the Stalking Horse Bidder may move to terminate the Stalking Horse Purchase Agreement.

44. Second, the Stalking Horse Bid Protection further induced the Stalking Horse Bidder to conduct postpetition due diligence on the Debtors' assets. It is my understanding that the Stalking Horse Bidder did not possess the requisite information and knowledge about the Debtors and their assets prior to the Petition Date that a purchaser would customarily demand to enter into an asset purchase agreement. The Stalking Horse Bid Protections were thus necessary to induce the Stalking Horse Bidder to perform these diligence activities postpetition. As a result of these inducements, the Stalking Horse Bidder entered into the Stalking Horse Bid, which, in my opinion, has increased the likelihood of the Debtors' assets being sold to a third-party bidder for consideration that reflects their true worth.

45. Lastly, the Stalking Horse Bid Protections benefit the estate by incentivizing the Stalking Horse Bidder to not abandon the sale, thereby assuring that the Stalking Horse Bid

serves as a guaranteed bid for the Debtors' assets throughout the entire Sale Process (including, without limitation, as a back-up bid, as necessary).

46. I believe that, given the circumstances, the Sale Process, the proposed Bidding Procedures, the proposed Stalking Horse Bid Protections and the timeline proposed by the Debtors are fair to all parties involved, necessary to maximize the value of the Debtors' assets, and in the best interests of the Debtors' estates, creditors, and other parties-in-interest.

47. I also believe that the credit bid proposed in the Stalking Horse Bid (approximately \$20 million), which is less than the full amount of the Stalking Horse Bidder's secured indebtedness, invites third-party participation in the Sale Process and promotes competitive bidding for the Debtors' assets. I similarly believe that had the Stalking Horse Bidder credit bid its entire secured indebtedness in the Stalking Horse Bid (which I understand exceeds \$60 million), such bid would have had a chilling effect on competitive bidding.

48. The Restructuring Committee of the Debtors' board of directors (the "**Restructuring Committee**"), which has sole authority over matters relating to these bankruptcy cases and the sale or other disposition of the Debtors' assets, has been apprised of the proposed Bidding Procedures, Stalking Horse Purchase Agreement and Stalking Horse Bid Protections. After all due deliberation, the Restructuring Committee has determined in its business judgment that entering into the Stalking Horse Agreement, granting the Stalking Horse Bid Protections, and pursuing the marketing and sale of the Debtors' assets according to the Bidding Procedures represents the best path by which to obtain the highest or otherwise best offer available for the Debtors' assets.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: May 9, 2025

/s/ Miles Staglik

Miles Staglik, Chief Restructuring Officer
CTN Holdings, Inc.

CTN SPV Holdings, LLC

Make Earth Green Again, LLC

Aspiration QFZ, LLC

Aspiration Fund Adviser, LLC

Catona Climate Solutions, LLC

Zero Carbon Holdings, LLC