

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION**

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

**DECLARATION OF ANDREW D.J. HEDE IN
SUPPORT OF THE DEBTORS' BIDDING PROCEDURES MOTION**

I, Andrew D.J. Hede, pursuant to 28 U.S.C. § 1746 and under penalty of perjury, declare the following to the best of my knowledge, information, and belief:

1. I am a Senior Managing Director of Accordion Partners, LLC ("Accordion") and Head of Accordion's Turnaround & Restructuring Practice. I have over 30 years of financial and operational transformation and restructuring experience in both the United States and Australia. I specialize in advising companies, creditors, and equity sponsors in distressed and non-distressed situations, focusing on financial and operational reviews, liquidity management, performance improvement, business and asset divestment, business plan preparation and review, recapitalization strategies, and negotiation of reorganization plans. I have regularly served in an interim management capacity, including as Chief Executive Officer, President, Chief Restructuring Officer, and Chief Transformation Officer. My experience covers a broad range of sectors with extensive experience in consumer products and retail, real estate and construction, media and telecom, and transportation and distribution.

¹ The last four digits of AFH Air Pros, LLC's tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.



2. Accordion has been retained by the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) as financial advisors since March 2024. In addition, I have been retained to serve as the Chief Restructuring Officer (“CRO”) of the Debtors in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) beginning in September 2024. I am authorized to submit this declaration on behalf of the Debtors.

3. This Declaration is being submitted in connection with the *Motion of the Debtors for Entry of Orders (I)(A) Establishing Bidding Procedures Relating to the Sale of the Debtors’ Assets, (B) Approving the Debtors’ Entry into the Stalking Horse Purchase Agreements and Related Bid Protections, (C) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (D) Approving Form and Manner of Notices Relating Thereto, (E) Scheduling a Hearing to Consider the Proposed Sale, and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 34, as amended by D.I. 55] (the “Bid Procedures Motion”).²

4. Based on my review of public and non-public documents and my discussions with, and information provided by, other members of the Debtors’ management team, employees, agents, and advisors, and certain members of my engagement team, I am generally familiar with the Debtors’ business, financial condition, policies and procedures, day-to-day operations, and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from other members of my engagement team or

² Capitalized terms used but not defined otherwise herein shall have the meanings ascribed to them in the Bid Procedures Motion.

from the Debtors' employees, agents, attorneys, and advisors, the accuracy and completeness of which information I relied upon to provide this declaration. If called upon to testify, I would testify competently to the facts set forth in this declaration.

Prepetition Sale Efforts; Entry into Stalking Horse Purchase Agreements

5. In the months leading up to the Petition Date, the Debtors and their advisors explored multiple potential transactions, conducted comprehensive liquidity analyses, and considered several potential strategic and restructuring alternatives to address the Debtors' liquidity issues before concluding that commencing a sale process was the most viable path to preserve and maximize the value of the assets.

6. To that end, and after my appointment as the Debtors' CRO, the Debtors re-engaged their investment banker, Jefferies LLC ("Jefferies"), who had previously marketed the Debtors as a going concern in the second half of 2023, to again explore a potential sale of the Debtors as a going concern in one or more series of sales. I understand that Jefferies contacted sixty (60) prospective strategic and financial buyers during this time, resulting in the Debtors receiving eighteen (18) indications of interest ("IOIs"). The Debtors reviewed the IOIs to determine how best to maximize the value of the Debtors' assets and invited the interested parties to submit bids.

7. Thereafter, in the months leading up to the Petition Date, the Debtors and their advisors actively negotiated drafts of asset purchase agreements. Prior to commencing these Chapter 11 Cases, the Debtors were able to execute six (6) Stalking Horse Purchase Agreements for the sale of all their business units, against which higher or otherwise better offers may be sought. These Stalking Horse Purchase Agreements, as described in greater detail in the Bid Procedures Motion, will set the floor for a competitive bidding process where topping bids could yield additional value that would inure to the benefit of stakeholders.

8. True and correct copies of the Stalking Horse Purchase Agreements are attached as **Exhibits 2-A** through **2-F** to the proposed Bidding Procedures Order filed at Docket No. 34.³

Specifically:

- a. **Exhibit 2-A** to the proposed Bidding Procedures Order is the Doug's/Dream Team/Hansen Stalking Horse Purchase Agreement by and among Air Pros Solutions, LLC, Doug's Service Air Pros, LLC, Dream Team Air Pros, LLC, Hansen Air Pros, LLC, Buddy's Heating & Cooling, L.L.C., Southern Air of Thibodaux, LLC and Hansen Super Techs, LLC.
- b. **Exhibit 2-B** to the proposed Bidding Procedures Order is the ECM Stalking Horse Purchase Agreement by and among Air Pros Solutions, LLC, East Coast Mechanical, LLC, and East Coast Mechanical Home Services LLC.
- c. **Exhibit 2-C** to the proposed Bidding Procedures Order is the Dallas Plumbing Stalking Horse Purchase Agreement by and among Air Pros Solutions, LLC, Dallas Plumbing Air Pros, LLC, and Columbia Home Services LLC.
- d. **Exhibit 2-D** to the proposed Bidding Procedures Order is the CM/Air Force Stalking Horse Purchase Agreement by and among Air Pros Solutions, LLC, Air Pros Atlanta, LLC, CM Air Pros, LLC, Air Pros Washington, LLP, AFH Air Pros, LLC and Reliance US Holdings II Inc.
- e. **Exhibit 2-E** to the proposed Bidding Procedures Order is the One Source Stalking Horse Purchase Agreement by and among Air Pros Solutions,

³ The filed Stalking Horse Purchase Agreements exclude the disclosure schedules, form exhibits, and personal information or otherwise commercially sensitive information.

LLC, Air Pros One Source, LLC and Any Hour LLC.

- f. **Exhibit 2-F** to the proposed Bidding Procedures Order is the Air Pros Legacy Stalking Horse Purchase Agreement by and among Air Pros Solutions, LLC, Air Pros, LLC, Air Pros West LLC, Air Pros Boca LLC and Air Today Holdings L.L.C.

9. I was actively involved with the negotiation of each of the Stalking Horse Purchase Agreements. Importantly, the Debtors were able to negotiate for the continued employment of almost all of their employees and for the buyers to provide uninterrupted services to the Debtors' customers. Thus, the Debtors' sales will largely leave the vast majority of stakeholders in these Chapter 11 Cases unimpacted.

10. The Stalking Horse Purchase Agreements do not provide for the sale of the Debtors' and their estates' claims—including, without limitation, commercial tort claims and avoidance actions—against any of the Debtors' insiders (as that term is defined in section 101(31) of the Bankruptcy Code).

11. In connection with the negotiations, each Stalking Horse Bidder required bid protections in the form of a break-up fee and expense reimbursement—ultimately negotiated to a break-up fee of three percent (3%) of the cash purchase price and an expense reimbursement of one percent (1%) of the cash purchase price; except, in the case of the ECM Stalking Horse Bidder, an expense reimbursement of approximately one-and-a-quarter percent (1.25%) of the cash purchase price. Based on my experience in numerous restructuring cases, I believe that bid protections are routinely provided to stalking horse bidders to induce them to execute stalking horse agreements and to remain committed to purchase the assets after the conclusion of an auction. I believe that the negotiated Bid Protections in these Chapter 11 Cases are reasonable,

beneficial to the sale process, and necessary to induce the bidders to execute the Stalking Horse Purchase Agreements.

12. In addition, some of the Stalking Horse Bidders negotiated for certain sale milestones—including milestones for the filing of the Bid Procedures Motion, entry of the proposed Bidding Procedures Order, an Auction date (if applicable), and entry of the Sale Order. I believe that stalking horse bidders routinely require these milestones to ensure that the anticipated sale timeline is abided, particularly when selling distressed assets whose value may be impacted by a debtor's prolonged stay in chapter 11. Accordingly, in certain of the Stalking Horse Purchase Agreements, the Debtors agreed to certain reasonable milestones. Notably, the Debtors and the advisors ensured that any sale milestone contained in a Stalking Horse Purchase Agreement was no more restrictive than any of the sale milestones to which the Debtors had agreed under the DIP Facility. The Debtors anticipate that they will be able to satisfy any sale milestone contained in a Stalking Horse Purchase Agreement.

13. Ultimately, based on my experience, the proposed process set forth in the Bidding Procedures is reasonable and appropriate under the circumstances, and will provide the Debtors a pathway to maximize the value of their assets in these Chapter 11 Cases. I believe that time is of the essence. If the sales are not expeditiously consummated, the Debtors risk losing employees and existing customers, decimating the value of the Debtors' businesses. Further, based on my experience, I believe that the Bidding Procedures provide the Debtors with an adequate opportunity to consider competing bids and to select the highest or otherwise best offers for the Debtors' businesses.

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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 and belief.

Dated: April 10, 2025

/s/ Andrew D.J. Hede

Andrew D.J. Hede
Chief Restructuring Officer
AFH Air Pros, LLC, *et al.*