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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

In re:

CCA Construction, Inc.,¹

Debtor.

Chapter 11

Case No. 24-22548 (CMG)

**SUPPLEMENTAL DECLARATION AND WRITTEN DIRECT TESTIMONY
OF EVAN BLUM IN SUPPORT OF FIRST DAY PLEADINGS
AND DEBTOR IN POSSESSION FINANCING**

I, Evan Blum, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true and correct:

Introduction

1. I, Evan Blum, submit the following supplemental declaration in support of the relief requested in the *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor*

¹ The last four digits of CCA's federal tax identification number are 4862. CCA's service address for the purposes of this chapter 11 case is 445 South Street, Suite 310, Morristown, NJ 07960.



to Obtain Postpetition Financing; (II) Granting Liens and Superpriority Administrative Expense Claims; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief [Docket No. 4] (the “**DIP Motion**”) and the *Debtor’s Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Continue to Use Its Bank Accounts and Maintain Existing Business Forms, (B) Honor Certain Prepetition Obligations Related Thereto, and (C) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief* [Docket No. 5] (the “**Cash Management Motion**”) filed by CCA Construction, Inc. (“CCA” or the “**Debtor**”). This declaration supplements my prior declaration submitted in support of the DIP Motion, the *Declaration of Evan Blum in Support of First Day Pleadings and Debtor in Possession Financing* [Docket No. 12] (the “**First Blum Declaration**”).² This Declaration, along with the First Blum Declaration, are submitted herewith as my written direct testimony for the February 13, 2025 hearing (the “**Second Day Hearing**”).

2. I am authorized to submit this declaration on behalf of CCA. Except where specifically noted, the statements in this declaration are based on: (a) my personal knowledge; (b) information obtained from the BDO team working under my supervision or members of CCA’s management team, employees or other advisors; (c) my review of relevant documents and information concerning CCA’s operations, financial affairs and restructuring initiatives; or (d) my opinions based upon my restructuring experience and knowledge. If called upon to testify, I could and would testify competently to the facts set forth herein. I am not being specifically compensated for this testimony other than through payments proposed to be received by BDO as a professional retained by CCA.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the First Blum Declaration.

DIP Marketing Process

3. In marketing the DIP Financing, I drew upon extensive experience throughout my career as an investment banker and financial advisor. As indicated in the First Blum Declaration, I have over 20 years of experience as a restructuring adviser, and my roles have included chief restructuring officer, financial adviser and investment banker.

4. At the outset of my career, I worked as an investment banker for 9 years at Communications Equity Associates and Merrill Lynch, during which time my responsibilities including raising capital from lenders and private equity funds.

5. Subsequent to Merrill Lynch, I was a partner at Triax for 5 years, where I performed both investment banking and financial advisory work in a variety of operational restructuring, financial restructuring, and distressed M&A assignments, both in and out of court. I was then employed by GlassRatner for 7 years, where my matters again involved both investment banking and financial advisory work, both in and out of court. I subsequently worked at Alvarez & Marsal for 5 years, performing financial advisory work and negotiating balance sheet recapitalizations, and then worked in Hilco's corporate finance group. At both GlassRatner and Alvarez & Marsal, I also have experience working on restructurings in the construction industry.

6. For the past two years I have worked at BDO, where my assignments include a range of financial advisory and investment banking work. More detail about BDO's qualifications can be found in the *Debtor's Application for Entry of an Order Authorizing the Debtor to Retain and Employ BDO Consulting Group, LLC as Financial Advisor Effective as of the Petition Date* [Docket No. 97], and at **Exhibit A** hereto, which contains a deck discussing BDO's qualifications for its role with CCA.

7. In marketing the potential DIP Loan for CCA, I drew on my extensive experience, that of the members of my team and other colleagues at BDO, as well as independent director Elizabeth Abrams' 20 years of experience as an investment banker. My team and I also looked through the Comparable DIP Loans (as defined below) that we prepared for negotiations of the DIP Financing, to see if we could locate any lenders that had provided financing under those comparable DIP loans.

8. I reviewed BDO's list of potential candidates for DIP funding with Ms. Abrams. Ms. Abrams offered feedback and suggested an additional potential funder that BDO should reach out to.

9. A particular challenge in seeking out a third-party DIP lender for CCA is the fact that CCA is a shared services company and does not have "hard" assets to serve as collateral for any financing. I have significant experience representing distressed services companies in out-of-court restructurings and other transactions and am thus well familiar with the difficulties of finding potential financing for such companies that do not have significant hard assets.

10. After preparing a list of potential lenders for outreach, I reached out to those lenders about a DIP loan to CCA, including sending "teasers" without requiring non-disclosure agreements. The potential lenders that BDO reached out to were generally not interested in the opportunity. Of the 16 lenders that we reached out to in November and December, only two lenders entered into non-disclosure agreements to receive additional information about the potential DIP opportunity. Copies of the marketing materials sent to potential third-party lenders are attached hereto as **Exhibits B and C**. However, ultimately no third-party lender was willing to provide a DIP loan to CCA on terms comparable to, or better than, those negotiated with CSCEC Holding.

11. BDO made additional efforts to market the DIP Financing after CCA filed for bankruptcy, including speaking to two additional potential lenders. Those efforts were unsuccessful.

Terms of the DIP Financing

12. As indicated in the First Blum Declaration, I believe that CCA has negotiated highly favorable economic and other terms and conditions, superior to what CCA would have obtained from unaffiliated, third-party lenders. In anticipation of negotiations with CSCEC Holding over the terms of potential DIP Financing, BDO assembled and reviewed information regarding the terms and conditions under which comparable chapter 11 debtors have obtained DIP financing, which were used to formulate and benchmark DIP economic terms.

13. In particular, using a research service that BDO subscribes to, BDO identified fifty-four (54) new money (*i.e.*, non-roll-up) DIP loans between \$10 and \$50 million from January 1, 2023 through mid-October 2024 (the “**Comparable DIP Loans**”). Among other things, BDO reviewed the interest rate features and amounts, commitment and exit fees, and default rates associated with those loans. BDO’s findings regarding the Comparable DIP Loans is attached hereto as **Exhibit D**, CCA Construction DIP Comparisons (as of October 27, 2024) and **Exhibit E**, CCA Construction DIP Default Rate Comparisons (as of November 8, 2024)

14. With respect to interest rates, only 30% of the Comparable DIP Loans had payment-in-kind (PIK) interest, and approximately 70% of the Comparable DIP Loans had current interest. BDO thus concluded that PIK interest was advantageous relative to the market. In addition, when looking at the interest rates on the Comparable DIP Loans, the 9.5% rate negotiated with CSCEC Holding was lower than all of the other fixed-rate DIP loans in the set of Comparable DIP Loans. In the same comparable set, approximately 25% of the Comparable DIP Loans had no commitment

fees or exit fees. Accordingly, in our view, the lack of such fees in the DIP Financing was favorable to CCA.

15. BDO also analyzed the default rates in the DIP loans in the Comparable DIP Loans. The vast majority of those Comparable DIP Loans had default rates roughly around 2%. This rate was ultimately the agreed-upon default rate for the DIP Financing.

History of Financing from CSCEC Holding

16. When CSCEC Holding has historically loaned money to CCA, those are booked in CCA's books and records as due to CSCEC Holding. Although historically CSCEC Holding made unsecured loans to CCA, that was prior to CCA filing for bankruptcy (and in nearly all cases, was prior to CCA having a \$1.6 billion judgment against it). As part of the negotiations of the DIP, CSCEC Holding insisted that the DIP Financing be secured.

17. Mr. Levinson from Debevoise led the negotiations regarding the DIP Financing for CCA. Early in the negotiations, Mr. Levinson raised the question of whether CSCEC Holding would agree to unsecured DIP Financing during the negotiations with counsel for CSCEC Holding, Lowenstein Sandler LLP ("**Lowenstein**"). The Lowenstein attorneys indicated that they would discuss the request with their client. Upon not receiving a response, when Mr. Levinson re-inquired with Lowenstein, they responded that CSCEC Holding was not willing to provide the DIP Financing on an unsecured basis. A copy of the email exchange memorializing this response is attached hereto as **Exhibit F**.

CCA Points of Contact

18. I understand that BML Properties, Ltd. ("**BMLP**") has raised questions regarding BDO's communications with Mr. Yan Wei, CCA's Chairman and Chief Executive Officer, relating to the DIP. As explained in the First Blum Declaration, because Mr. Wei holds an officer

position and a director position with CSCEC Holding, he recused himself from decision-making related to the debtor-in-possession financing, as well as from negotiations with CSCEC Holding about the terms on which it would be willing to lend to CCA.

19. During BDO's preparation and marketing of the DIP, I had limited communications with Mr. Wei to inform our process. I did not have communications with Mr. Wei about the sizing of the DIP Financing or terms of the DIP. I spoke to him about facts about CCA for use in preparing the "teaser" and the "Confidential Information Memorandum" prepared for marketing the potential DIP Financing to potential third-party lenders, as well as about high-level procedure relating to the DIP process. I did not ever ask Mr. Wei for his input into the size of the DIP, the DIP model, or specific points of negotiation regarding the DIP, and nor did he provide any such input.

20. Ms. Mei Liu was BDO's primarily point person in regard to CCA's financials and other questions BDO had while preparing the DIP model and the DIP Financing. Debevoise (with support from BDO) led the negotiations.

CCA Accounts Receivable

21. I understand that BMLP has raised questions about the roughly \$96 million in accounts receivable owed to CCA from its affiliates. That money is not currently available for collection, and, accordingly, could not be a replacement for the DIP Financing. My understanding is that when there is cash at the various subsidiaries or affiliates, Treasury at CCA attempts to collect payments from subsidiaries and affiliates. I am aware that payments have been made to CCA by its subsidiaries and affiliates on an intermittent basis during 2023 and 2024 from certain of the subsidiaries and affiliates at certain points in time on a non-regular basis.

22. As the First Blum Declaration explained, in order to account for the portion of the costs of the Shared Services Program that are allocable to affiliates that are not within the CCA Group, the DIP Credit Agreement includes a mechanism to ensure that CCA is not burdened with DIP obligations, including any corresponding interest accrual, on account of that portion of funding. Specifically, the DIP Credit Agreement provides that the principal amount outstanding of the DIP Financing will be adjusted downward to account for any portions of shared services paid by CCA postpetition that are allocable to its affiliates outside of the CCA Group. In lieu of including advances used to pay portions of shared services allocable outside of the CCA Group in the calculation of CCA's DIP obligations, CSCEC Holding will instead be assigned any intercompany claim that would otherwise be payable to CCA on account of the allocation of the cost of shared services to entities outside of the CCA Group. CSCEC Holding will recover those allocated costs directly from the participating affiliates.

23. This mechanism does not exist for the portion of costs of the Shared Services Program paid by the DIP funding that are allocable to CCA's subsidiaries. That is because CCA has a direct economic interest in the subsidiaries, and that interest is enhanced by the greater cash flows at the subsidiaries resulting from the Shared Services Program, which inures to the benefit of CCA, as the equity owner of those subsidiaries.

[Remainder of Page Intentionally Left Blank]

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

Executed on February 12, 2025.

By: /s/ *Evan Blum*
Evan Blum
Managing Director
BDO Consulting Group, LLC

EXHIBIT A

BDO Qualifications to CCA

SEPTEMBER 2024



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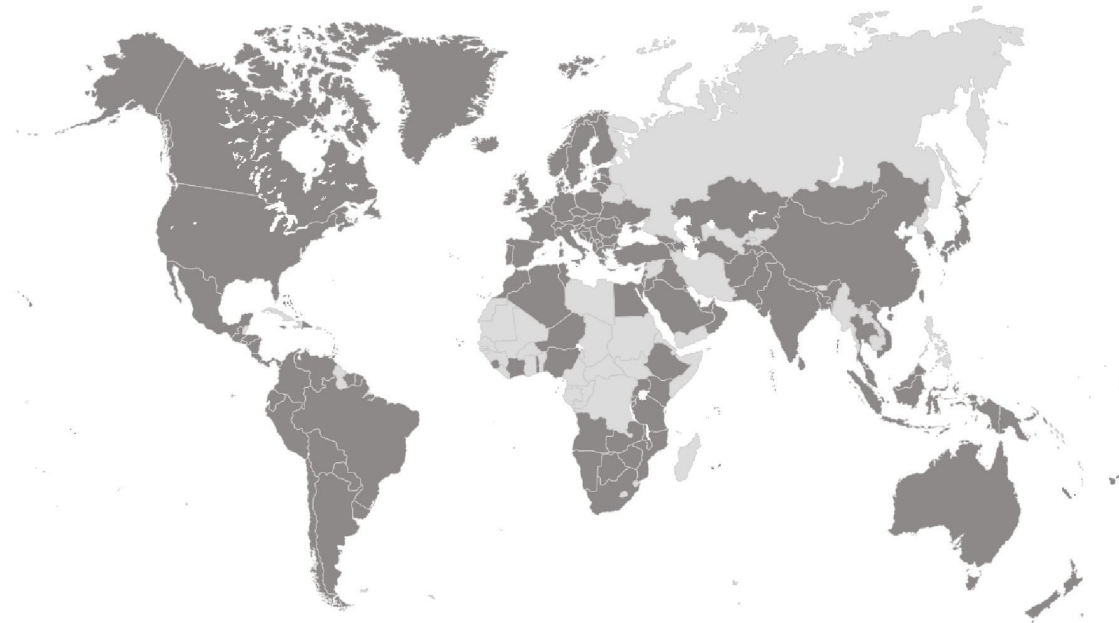


Executive Summary



BDO's Global Reach

BDO's seamless global approach allows us to serve clients through a central point of contact, granting access to relevant experience across borders to be where you need us, when you need us.



<p>5th BDO International Limited is the world's fifth largest accountancy network</p>	<p>1,800+ Offices worldwide*</p>	<p>111,000+ Total personnel</p>	<p>160+ Countries within our global reach</p>	<p>\$12.8bn BDO International total revenue</p>
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- AFGHANISTAN ALBANIA ALGERIA ANGOLA
- ANGUILLA ANTIGUA & BARBUDA ARGENTINA
- ARMENIA ARUBA AUSTRALIA AUSTRIA
- AZERBAIJAN BAHAMAS BAHRAIN BANGLADESH
- BARBADOS BELGIUM BELIZE BOLIVIA BONAIRE
- BOSNIA HERZEGOVINA BOTSWANA BRAZIL
- BRITISH VIRGIN ISLANDS BULGARIA BURUNDI
- CANADA CAPE VERDE CAYMAN ISLANDS CHILE
- CHINA COLOMBIA COSTA RICA CROATIA CURACAO
- CYPRUS CZECH REPUBLIC DENMARK & FAROE ISLANDS DOMINICAN REPUBLIC DUTCH CARIBBEAN
- ECUADOR EGYPT EL SALVADOR
- ESTONIA ETHIOPIA FIJI FINLAND FRANCE FRENCH GUIANA FRENCH POLYNESIA GEORGIA GERMANY GIBRALTAR GREECE GREENLAND GUATEMALA GUERNSEY HONDURAS HONG KONG HUNGARY ICELAND INDIA INDONESIA IRELAND ISRAEL ITALY IVORY COAST JAMAICA JAPAN JERSEY JORDAN KAZAKHSTAN KENYA KOREA KOSOVO KUWAIT LATVIA LEBANON LIECHTENSTEIN LITHUANIA LUXEMBOURG MACAU MACEDONIA MALAWI MALAYSIA MALDIVES MALTA MAURITIUS MEXICO MOLDOVA MONGOLIA MONTENEGRO MOROCCO MOZAMBIQUE NAMIBIA NEPAL NETHERLANDS NEW CALEDONIA NEW ZEALAND NICARAGUA NIGER NIGERIA NORWAY OMAN PAKISTAN PANAMA PAPUA NEW GUINEA PARAGUAY PERU POLAND PORTUGAL QATAR REPUBLIC OF SRPSKA REUNION & MAYOTTE ROMANIA RWANDA SAMOA SAUDI ARABIA SERBIA SEYCHELLES SIERRA LEONE SINGAPORE SLOVAK REPUBLIC SLOVENIA SOUTH AFRICA SPAIN SRI LANKA ST. LUCIA ST. VINCENT & THE GRENADINES SURINAME SWEDEN SWITZERLAND TAIWAN TAJIKISTAN TANZANIA THAILAND TOGO TRINIDAD & TOBAGO TUNISIA TURKEY TURKMENISTAN TURKS & CAICOS UGANDA UKRAINE UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA URUGUAY U.S. VIRGIN ISLANDS VENEZUELA VIETNAM WALLIS & FUTUNA WEST BANK & GAZA ZAMBIA ZIMBABWE

*Including exclusive network of BDO Member Firms
Statistics for the year ended September 30, 2022.

National Presence

BDO USA

Assurance

38%

Tax

35%

Advisory

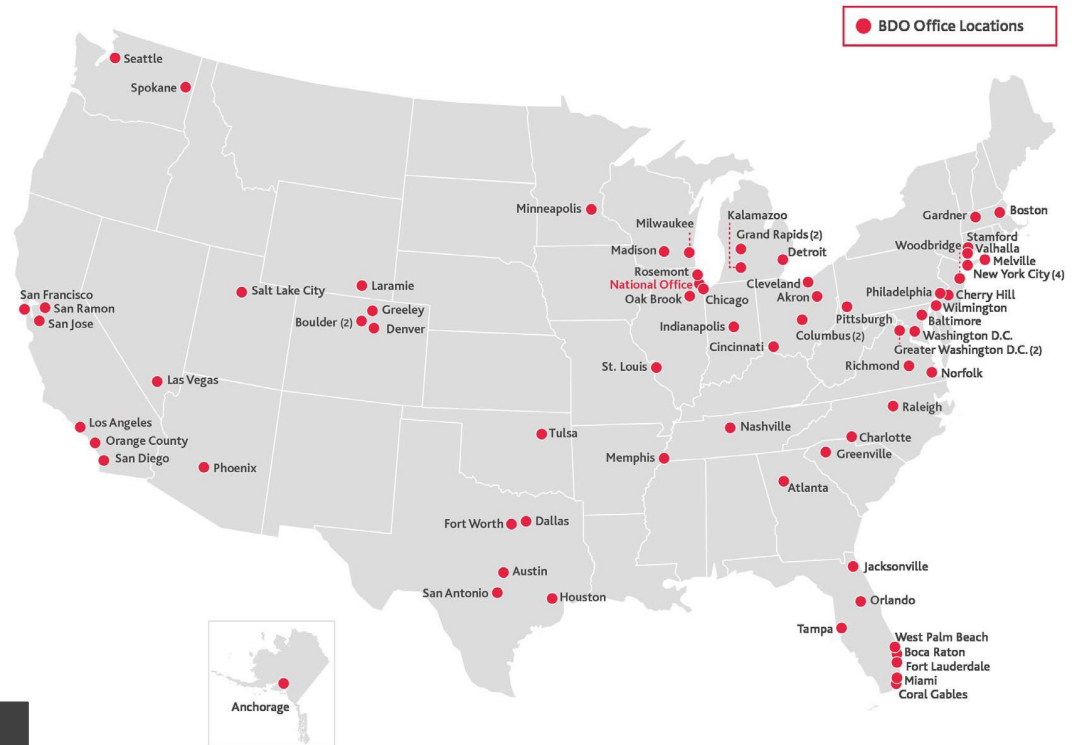
27%



80+ OFFICES

800+ PARTNERS

11,000+ TOTAL PERSONNEL



110 YEARS, AND COUNTING.

When M. L. Seidman founded Seidman & Seidman in 1910, there were just over 2,000 accountants in the entire United States. By the 1980s, the global network had been established.

Today, BDO's entrepreneurial spirit lives on, and the firm continues its history of growth as it expands across the country. Yet, no matter how large we become, we will continue to remain united under a common purpose: **helping people thrive, every day.**

Statistics for the year ended April 30, 2022.

The BDO Value Proposition

We provide a full suite of integrated operational and financial advisory services to assist underperforming companies

Our interdisciplinary focus draws on multiple capabilities as our team consists of Certified Turnaround Professionals, Certified Insolvency and Restructuring Advisors, Certified Fraud Examiners, CPAs, former industry executives, valuation professionals, and investment bankers.

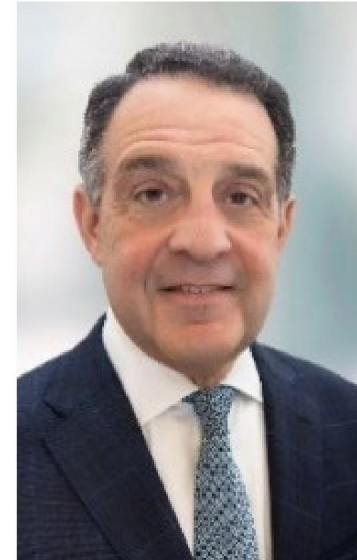
BDO strives to develop long-term relationships with our clients, approaching each engagement with a focus on creating value. Senior-level professionals are actively involved in every engagement, from inception to conclusion, ensuring you always get BDO's A-team. We pride ourselves in our responsiveness to clients.



Experienced Leadership

Evan Blum

- ▶ Based in New Jersey, client-focused and accessible
- ▶ Over 20 years of hands-on experience leading complex restructuring matters
- ▶ Experience in global restructurings (Travelport; Technicolor; Kodak)
- ▶ Numerous construction restructurings:
 - ▶ \$4.5Bn Tappan Zee Bridge construction dispute
 - ▶ \$120M Italy uncompleted hotel restructuring
 - ▶ \$200M Chicago uncompleted hotel restructuring
 - ▶ \$1.0Bn Sands Singapore construction matter
 - ▶ \$330M Sands Bethlehem construction matter
 - ▶ \$1.3Bn Associated Materials (building products) restructuring
- ▶ Bankruptcy expertise in numerous jurisdictions:
 - ▶ Company side experience
 - ▶ Detailed preparation assistance
 - ▶ In depth understanding of processes/procedures
 - ▶ Liquidity and capital structure assessment
 - ▶ Manage budgeting; reporting; claims
 - ▶ Negotiations with various stakeholders
 - ▶ Assessment of alternatives
 - ▶ Testimony experience
- ▶ Focused on maximizing efficiency and minimizing costs to the Debtor



The Turnaround and Restructuring Services team has extensive experience and is well-versed in bankruptcy matters; our professionals have worked at the largest restructuring firms in the country.

BDO's Construction industry practice draws on deep industry experience as well as global resources to assist clients and the restructuring team in these situations.

Turnaround, Restructuring & Bankruptcy Services

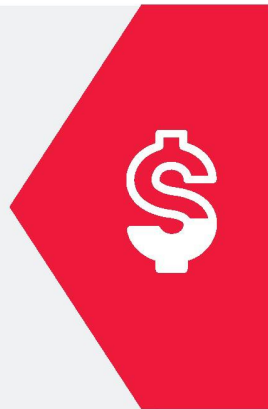


Turnaround & Restructuring Services

Success is contingent on management’s ability to deliver short-term results while navigating the complexities and turbulence of a turnaround environment. As turnaround veterans, our professionals bring objectivity and fresh perspective to crisis situations guiding management through both strategy and execution.

LIQUIDITY MANAGEMENT

- ▶ Short-term cash management and tracking
- ▶ Cash flow forecasts
- ▶ Identify liquidity challenges
- ▶ Liquidity improvement strategies
- ▶ Administration of working capital
- ▶ Vendor negotiation strategies



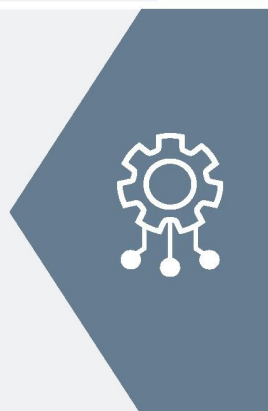
TURNAROUND & RESTRUCTURING

- ▶ Turnaround strategy development and execution
- ▶ Financial modeling and financial projections
- ▶ Strategies for negotiations with interested parties
- ▶ Contingency planning
- ▶ Plan development and execution
- ▶ Bankruptcy related services



OPERATIONAL IMPROVEMENT

- ▶ Operational diagnosis
- ▶ Target operating model design
- ▶ Cost analysis and reduction
- ▶ Process enhancement and realignment
- ▶ Asset redeployment and acquisition strategy
- ▶ Metrics development and benchmarking



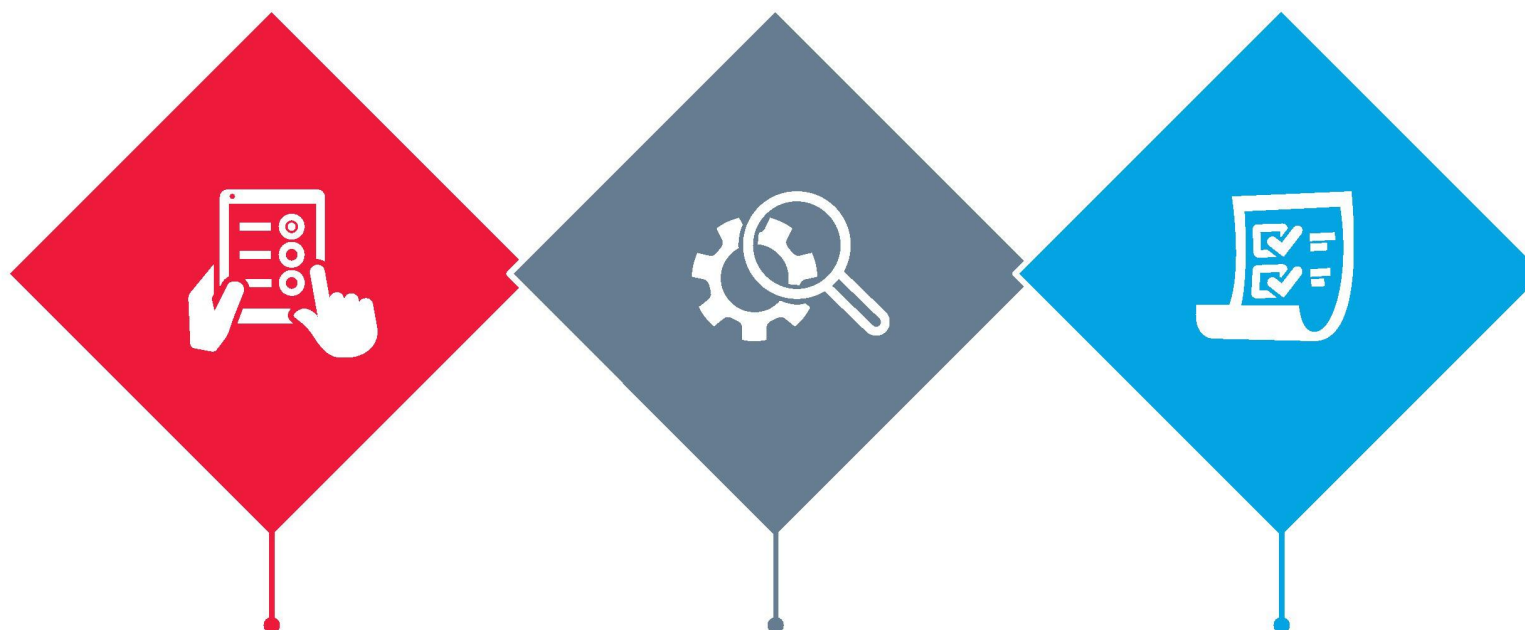
DEBT RESTRUCTURING

- ▶ Balance sheet restructuring strategies
- ▶ Capital structure enhancement
- ▶ Debt collateral assessment
- ▶ Stakeholder negotiations



Restructuring Services Methodology

Restructuring and Turnaround Services Best Practices



PHASE I: Evaluation & Assessment

- ▶ Evaluate company financials and KPIs
- ▶ Assess and address liquidity and capital needs
- ▶ Assess customer, product, location and profitability
- ▶ Company viability assessment/plans
- ▶ Determine implications of strategic alternatives to company and its creditors

PHASE II: Restructuring, Operational, & Financial

- ▶ Identify and quantify necessary changes to operations
- ▶ Establish implementation timeline with benefits and costs
- ▶ Develop post-implementation projections and cash requirements
- ▶ Develop communication plan for key stakeholders
- ▶ Develop financial restructuring plan

PHASE III: Implementation

- ▶ Implement the plans
- ▶ Ongoing assessment, tracking, and communication of performance
- ▶ Negotiate agreements with lenders and other creditors
- ▶ In or out-of-court restructuring plan implementation

Company Advisory Services

In distressed situations, working effectively with all stakeholders is critical to achieving positive outcomes

Our professionals are recognized throughout the senior lender, private credit and private equity communities for their experience negotiating consensual solutions to complex situations and maximizing enterprise and stakeholder value.



Business Plan Reviews



Industry Assessments



Management Assessments



Accounting and IT Systems Reviews



Performance Monitoring



Debt Capacity Analysis



Valuation



Collateral Valuations



Negotiating Amendments and Other Agreements

Bankruptcy Expertise



Bankruptcy Administration Services

A bankruptcy does not mean the end. Our professionals are bankruptcy experts who can guide you through a successful restructuring

Sometimes, filing for bankruptcy is the best way to maximize and preserve a company's value. We offer clients end to end bankruptcy case management, including planning and preparing for a Chapter 11 filing, developing a plan of reorganization, and claims analysis and confirmation.

CLAIM ANALYSIS & RECONCILIATION

- ▶ Creditor matrix development
- ▶ Creditor management
- ▶ Claims analysis and reconciliation
- ▶ Executory contract analysis
- ▶ Plan process
- ▶ Financial modeling
- ▶ Turnaround strategy development and execution
- ▶ Preparation of liquidation and creditor recovery analyses
- ▶ Development of exhibits in support of claim objections
- ▶ Evaluating treatment of 503(b)(9) claims

FINANCIAL REPORTING

- ▶ Invoice and payment cutoff
- ▶ Budgeting and financial modeling
- ▶ Monitoring and analysis of financial statements
- ▶ U.S. Trustee reporting compliance
- ▶ Preparation of financial information supporting motions
- ▶ Preparation of Statement(s) of Financial Affairs
- ▶ Preparation of Statement(s) of Assets and Liabilities
- ▶ Preparation of Monthly Operating Reports

ASSET SALE / LIQUIDATION

BDO can assist in a liquidation or Section 363 asset sale process. The team will conduct a liquidation analysis, determine the valuation of the distressed company and/or the assets to be sold, and advise on exit strategies.

Our services include:

- ▶ Asset valuation and monetization
- ▶ Evaluating sale price allocations among affiliated entities
- ▶ Creditor recovery analysis
- ▶ Claims analysis and resolution
- ▶ Financial services for trustees

Key Elements in a Chapter 11

KEY ELEMENTS INCLUDE:

REPORTING IN BANKRUPTCY

Schedules of Assets and Liabilities (“SOAL”)

Statement of Financial Affairs (“SOFA”)

Monthly Operating Report (“MOR”)

PAYMENTS AND CASH OUTFLOWS

Lender payments made in accordance with DIP and/or cash collateral Motions

First Day Motion-related payments made in accordance with Orders

Post-petition payments

Paid pursuant to Budget

Orders for retention and Fee Application of Professionals

No payments made on pre-petition liabilities is permitted unless payment is made in conjunction with Order approved by Court.

SALE OF ASSETS, OUTSIDE OF ORDINARY COURSE

Sale as a going concern (operations), primarily under Section 363 of the Bankruptcy Code, requires Court approval

Sale of individual assets may or may not require Court approval based on the magnitude of the assets sold

REJECTIONS OF LEASES AND EXECUTORY CONTRACTS

Debtors have ability to reject real property leases, equipment and asset leases, as well as executory contracts in bankruptcy.

Real property lease rejections are subject to caps as to calculated damage claims, while executory contract damages are subject to underlying agreement but may be treated as general unsecured claims.

PLAN OF REORGANIZATION OR LIQUIDATION

Plan of Reorganization reflects proposed equity structure, operational structure, and funding of post-emergence entity, as well as estimated distribution available to classes of creditors.

Plan of Liquidation filed if substantially all assets are sold and/or a “reorganization” of remaining estate is not feasible

Reflects proposed dissolution of estate as well as estimated distribution available to classes of creditors.

Pre-Petition Planning

IN PREPARING FOR A CHAPTER 11 FILING, MANAGEMENT WILL NEED TO COMPLETE THE FOLLOWING STEPS:

TEAM

Identify Team of Company personnel who will coordinate the planning for a Chapter 11 reorganization

LIQUIDITY

Manage (preserve) / forecast cash needs

Determine global funding needs

LEGAL

Prepare a petition for relief under Chapter 11 which will be submitted to the Court

Draft first day motions

OPERATIONS & ADMINISTRATION

Identify key 1st Day Motions and work with legal/financial advisors to document

Quantify relief to be sought (critical trade, etc.)

Develop process to transition to post filing operations

Begin preparation of post-petition reporting requirements

FINANCING

Obtain Debtor-in-Possession (“DIP”) financing

STRATEGIC PLAN

Develop a strategic plan for stakeholder communications

Initial “First Actions” Taken in Case

KEY ACTIONS BY THE DEBTOR:

VOLUNTARY PETITION FILED

Include corporate name, address, responsible party, type of debtor, amount of assets, and number and dollar amount of liabilities

COMMUNICATION

Execute communication plans developed during bankruptcy preparation for all constituents

Employee training on requirements of bankruptcy

TYPICAL FIRST-DAY MOTIONS/APPLICATIONS

Employment of professionals (critical)

Professionals may not be paid for post-petition work performed prior to court approval of employment application

Use of cash collateral

Payment of pre-petition payroll and benefits

Critical vendors / 503(b)(9) / Foreign vendors / Shippers/Lienholders

Determining adequacy of deposit for utilities

CHANGES TO ACCOUNTING PROCEDURES

The Petition Date is a stark dividing line and requires a hard close of the books and records at the time of filing Balance Sheet

Bifurcate accounts payable into pre-petition and post-petition liabilities based on receipt of goods/services

Determine Liabilities Subject to Compromise and create entries to isolate on the Balance Sheet

Income Statement

Determine how pre- and post- transactions will be recorded for sales and collections, if necessary

Determine allocation methodology for invoices crossing over the Petition Date (i.e. rent and other services)

Bankruptcy & Insolvency Experience

BDO has significant experience in restructuring & insolvency.

FINANCIAL INSTITUTIONS & SPECIALTY FINANCE

- ▶ Affirmative Insurance Holdings - Insurance/Automobile
- ▶ American Home Mortgage - Mortgage Lender
- ▶ Bayou Funds - Hedge Fund
- ▶ KH Funding - Mortgage Lender
- ▶ Lipper - Mutual Funds
- ▶ New Century Financial - Mortgages

GAMING & LEISURE

- ▶ Adelphia Communications - Cable TV
- ▶ DMX Music - Entertainment
- ▶ Freedom Communications - Newspapers
- ▶ NHL/ Buffalo Sabres - Professional Sports
- ▶ Questex Media Group - Publishing
- ▶ Reader's Digest Association - Magazines
- ▶ SP Newsprint - Newsprint Manufacturer
- ▶ Scout Media, Inc. - Sports Publishing Company
- ▶ Tropicana Casinos & Resorts - Hospitality

HEALTHCARE

- ▶ California Protons Center - Radiation Treatment
- ▶ Community Living Centers - Nursing Home
- ▶ Frank W Kerr Co. - Pharmaceutical Wholesalers
- ▶ Millennium Health - Healthcare
- ▶ Parkway Hospital - Healthcare
- ▶ Procure Proton Therapy Center - Healthcare
- ▶ Senior Care Centers, LLC - Senior Living

MANUFACTURING

- ▶ Asyst Technologies - Flat Panel Displays
- ▶ Best Manufacturing - Apparel
- ▶ Bike Athletic - Apparel and Accessories
- ▶ Blue Prairie Brands, Inc. - Ingredients
- ▶ Bowe Bell & Howell - Mail-Sorting Equipment
- ▶ Brill, from Lucidity Lights - Lighting Fixture
- ▶ Brinkmann Grills - Outdoor Grills
- ▶ Brunschwig & Fils - Designer & Fabric
- ▶ Burlington Industries - Textiles
- ▶ CFM U.S. - Hearth & Heating Products
- ▶ Dallas Manufacturing - Pet Beds
- ▶ Dan River Holdings - Textiles
- ▶ Furniture Brands - Furniture
- ▶ Hampton Capital Partners - Carpets
- ▶ Hitachi Seki USA - Machine Tools
- ▶ ISE Corp - Hybrid Vehicles
- ▶ JL French - Automotive
- ▶ Lenox Group - Chinaware
- ▶ Malibu Lighting Corp. - Lighting Fixtures
- ▶ Meadowcraft - Wrought Iron Furniture
- ▶ Owens Corning, Inc. - Building Materials
- ▶ Parmalat USA - Dairy/Milk
- ▶ Pillowtex - Home Textile Products
- ▶ Reddy Ice - Prepackaged Ice
- ▶ Schletter Inc. - Solar Mounting Systems
- ▶ Schutt Sports - Sports Equipment
- ▶ Schwinn/GT - Bicycle/Fitness Equipment

- ▶ Second Chance Body Armor - Bullet Proof Vests
- ▶ Solutia - Chemicals
- ▶ Solyndra - Solar Panels
- ▶ U.S. Tobacco Cooperative

NATURAL RESOURCES

- ▶ Inmet Mining, LLC - Coal Mining
- ▶ Lighthouse Resources, Inc. - Coal Mining
- ▶ MMFX Steel Corp of America - Materials Science
- ▶ Rodeo Creek Gold - Gold Mining

RESTAURANTS

- ▶ Avado Brands - Casual Dining Restaurants
- ▶ Kainos - Dunkin' Donuts Franchisee
- ▶ Quiznos/QCE Finance LLC - Fast Food Restaurant

RETAIL & CONSUMER PRODUCTS

- ▶ Against All Odds - Apparel
- ▶ Bachrach Corp. - Men's Apparel
- ▶ Bag n' Baggage - Luggage
- ▶ Bakers' Footwear - Footwear
- ▶ Blockbuster - Rental & Retail Movies & Games
- ▶ Borders - Books, Music & Movies
- ▶ C. & J. Clark International Ltd. - Footwear

Bankruptcy & Insolvency Experience

CONTINUED

RETAIL & CONSUMER PRODUCTS

- ▶ Connaught Group - Women's Apparel
- ▶ ED MAP, Inc. - Educational Resource
- ▶ Filene's Basement - Retail Apparel
- ▶ Frederick's of Hollywood - Women's Apparel
- ▶ Gracious Home - Home Furnishings
- ▶ Harvey Electronics - Specialty Electronics
- ▶ Hastings Entertainment - Books, Music & Movies
- ▶ KB Toys - Toys
- ▶ Le Tote/Lord & Taylor - Online Women Rental Clothing/Department Stores
- ▶ Mervyn's Holdings - Department Stores
- ▶ MovieStop - Movies
- ▶ NWL Holdings - Discount Goods
- ▶ No Fear - Apparel
- ▶ Robb & Stucky - Home Furnishings
- ▶ Rubie's Costume - Halloween Costumes
- ▶ Sports Authority - Athletic Apparel & Equipment
- ▶ Tuesday Morning - Home Goods
- ▶ Ultimate Electronics - Electronics
- ▶ Walking Company - Footwear
- ▶ The Wiz - Electronics

TECHNOLOGY

- ▶ CIBER, Inc. - Technology
- ▶ Lernout & Hauspie Speech Products - Technology
- ▶ MCI/WorldCom - Telecommunications
- ▶ OCZ Technology - Computer Hardware
- ▶ Raser Technologies - Geothermal Power Plant

TRANSPORTATION

- ▶ DJK Residential - Moving & Relocation Services
- ▶ Daewoo Motor America - Automobile Distributor
- ▶ EXPRESSONE - Air Transport
- ▶ Fore-Way Express Inc. - Trucking
- ▶ Frazier Co. - Trucking
- ▶ JHT Holdings - Truck & Auto Transportation
- ▶ PCAA - Off-Airport Parking
- ▶ Procure Proton Therapy Center - Healthcare
- ▶ Senior Care Centers, LLC - Senior Living

OTHER INDUSTRIES

- ▶ Affirmative Insurance Holdings - Bordier's Nursery, Inc. - Wholesale Nursery
- ▶ Coyne Int'l Enterprises Corp. - Laundry Service
- ▶ Energy Alloys, LLC - Natural Resources
- ▶ Global Crossing - Telecommunications
- ▶ ISE Corp - Hybrid Vehicles
- ▶ Jackson Hewitt - Tax Preparation Services
- ▶ Lang Holdings - Calendars & Greeting Cards
- ▶ Merrill Corporation - Commercial Printer
- ▶ Professional Veterinary Products - COOP/Distributor
- ▶ Trico Marine - Subsea Trenching, Towing & Supplies
- ▶ Vertis Holding - Advertising Services
- ▶ Vivaro - Telecommunications Services

Construction Industry Expertise



Areas of Specialization

What truly sets BDO apart is our commitment to the construction industry and our dedication to delivering exceptional client service, without exception.

We understand the changes and challenges facing the construction industry, from fierce competition and rising costs to bonding and insurance issues. In addition to traditional audit, tax, and advisory work, BDO helps clients navigate today's issues through profitability analysis, contract compliance, bonding, and credit capabilities, as well as overhead analysis.

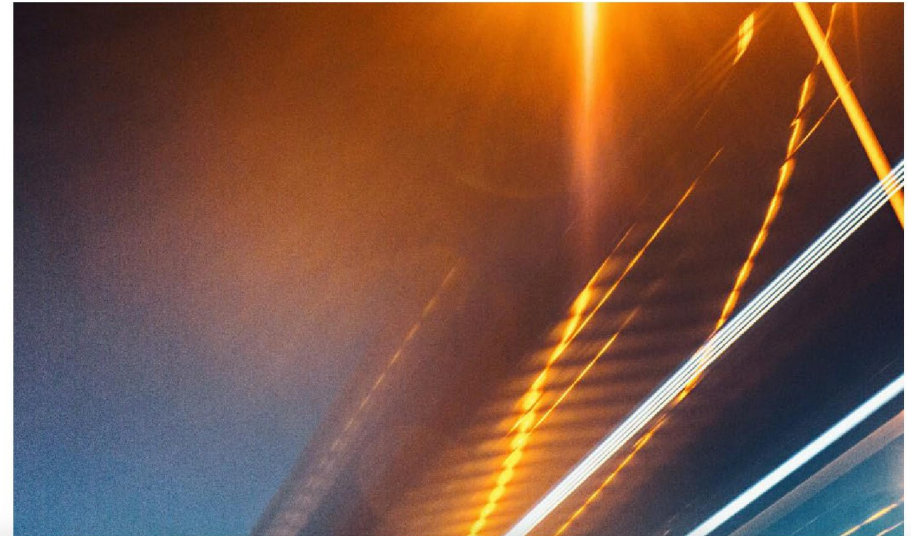
Many of our construction professionals have spent much of their careers servicing clients in the construction industry. They are dedicated to helping devise, plan, and implement business and financial strategies that will help meet our client's goals. BDO serves a variety of construction-related clients, including:

- ▶ Bridge/tunnel
- ▶ Boat builders
- ▶ Carpentry/millwork
- ▶ Construction management
- ▶ Electrical
- ▶ Excavation
- ▶ General contractors
- ▶ Heating, ventilation, and air conditioning
- ▶ Highway construction
- ▶ Homebuilders
- ▶ Interiors
- ▶ Masonry/concrete
- ▶ Mechanical
- ▶ Plastering/drywall
- ▶ Plumbing
- ▶ Roofing/siding
- ▶ Structural
- ▶ Utilities
- ▶ Wrecking/demolition

Industry Specific Services

With an industry-centric approach, we help our construction industry clients navigate challenges and capitalize on opportunities.

SPECIFIC WAYS WE CAN HELP THE CONSTRUCTION INDUSTRY



AUDIT & ASSURANCE

- ▶ ICFR
- ▶ IFRS
- ▶ SEC/IPO
- ▶ Construction Accounting/POC
- ▶ ASC 606
- ▶ Finance & Accounting Outsourcing
- ▶ Risk Advisory Services
- ▶ Accounting & Reporting Advisory Services

TAX

- ▶ R&D Credits
- ▶ Work Opportunity Tax Credits
- ▶ Change in Accounting Method
- ▶ Sales & Use Tax
- ▶ 45L Credits
- ▶ 179D Deduction
- ▶ Due Diligence (Buy or Sell Side)
- ▶ Acquisition/Disposition Planning
- ▶ Global Compensation Services
- ▶ Reverse Audits
- ▶ Transferrable Credits

ADVISORY

- ▶ Business Valuation
- ▶ Fixed Asset and Equipment Valuation
- ▶ Federal Acquisition Regulations
- ▶ EB5
- ▶ Construction and Environmental Advisory and Dispute Services
- ▶ Transaction Advisory Services
- ▶ Claims Preparation
- ▶ Corporate Real Estate Advisory Services
- ▶ Feasibility Studies
- ▶ Fixed Asset Maintenance
- ▶ Insurance Risk and Advisory
- ▶ Portfolio Optimization
- ▶ Infrastructure, Public Private Partnerships, and Model Audits
- ▶ Construction Forensic Audit
- ▶ General Litigation Support

BDO DIGITAL

- ▶ Cybersecurity
- ▶ Digital Transformation
- ▶ Business Analytics
- ▶ Mobile App Development

Client Experience

BDO serves construction clients of all sizes across the U.S. Below is a select list of our current and past relevant experience*:

- ▶ America's Home Place
- ▶ Cogent Energy Solutions
- ▶ Cullum Pipe Systems
- ▶ DBM Global
- ▶ GL Industrial Service USA, Inc.
- ▶ Greeley & Hansen
- ▶ Homes by Towne
- ▶ IBT Group
- ▶ LAGASSE GROUP
- ▶ Lennar Corporation
- ▶ MasTec, Inc.
- ▶ McDermott International
- ▶ Oulte Homes, Inc.
- ▶ Pernix Group
- ▶ RailWorks Corporation
- ▶ Rogers Group
- ▶ Smith Midland Corp.
- ▶ Team Elmer's
- ▶ Tecta America
- ▶ Tutor Perini
- ▶ UniTek Global Services
- ▶ Webber Construction
- ▶ William T. Cantrell, Inc.
- ▶ Winden Holdings Inc.
- ▶ Yonkers Contracting Company

*Includes audit, tax, and advisory services

Client Success Story



Client Success Story: AmTrust Financial Corporation

Financial Advisor to the Debtor in Chapter 11

COMPANY INFO

- ▶ AmTrust Financial Corporation (“AFC”) is the holding company for AmTrust Bank which was seized by the FDIC.
- ▶ AFC had senior notes and trust preferred securities that approximated \$155 million on a combined basis.

COMPANY ISSUE/ OPPORTUNITY

- ▶ AmTrust Bank had made a significant number of troubled real estate loans and was therefore taken over by the FDIC, leaving AFC with illiquid assets, a litigation claim against the FDIC and a significant amount of debt.

SOLUTION*

- ▶ Advisor was retained as the CRO in the Chapter 11 filing.
 - Maintained books and records of six Debtor entities and two wholly owned subsidiaries.
 - Provided cash flow projections and responsible for reporting to U.S Trustee.
 - Prepared claims liability summary and claims reconciliation and analysis.
 - Analyzed potential preferential payments and potential fraudulent transactions.
 - Assisted counsel with Debtor dispute against FDIC regarding tax refunds.
 - Assisted counsel to successfully defend FDIC 365(0) claims.
 - Prepared analysis and valuation of all Debtor assets and continually updated net asset realization analysis.
 - Liquidation analysis and plan feasibility analysis.

COMPANY BENEFIT ▶ The Chapter 11 Case paid Creditors in full and provided a recovery to equity.

*Work may have been performed by the Advisor prior to employment with BDO.

Client Success Story: Castello di Casole

Financial Advisor to Debtor in Chapter 11

COMPANY INFO

Financial Advisor to Arcapita private equity group in regard to the business plan review and refinancing of a luxury 5-star hotel and villa complex in Tuscany.

COMPANY ISSUE/ OPPORTUNITY

- ▶ The hotel was not yet completed and many of the villas had not yet been built despite a significant amount of capital already invested.
- ▶ Additional funds were required in the midst of the global real estate crisis.
- ▶ A business plan vetted by an independent third party was required in order to negotiate a resolution among the existing capital providers in order to complete the project.

SOLUTION*

- ▶ Performed role as Financial Advisor for the operational and financial restructuring
 - Analyzed liquidity
 - Created detailed build out model for hotel and villas
 - Created operating model for hotel; established new business plan required for all parties
 - Worked with developer to monitor any variances in capital expenditure and operating models
 - Quantified additional necessary investment
 - Negotiated terms of new funds and treatment of existing loans and investments
 - Addressed overdue vendor payments
 - Oversaw processes and controls
- ▶ Communicated with all stakeholders, including on the ground management, developers, lenders and private equity fund

COMPANY BENEFIT

- ▶ Additional capital was invested by the lenders representing the largest new money investment by West LB/EAA in their bad bank and new capital was contributed by the equity.
- ▶ Hotel was completed and has received many awards, including from Conde Nast.
- ▶ Additional villas were completed and sold.

*Work may have been performed by the Advisor prior to employment with BDO.

Client Success Story: Public Project and Construction Contractor

Financial Advisory and JV Partner Negotiation & Diligence

COMPANY INFO

A joint venture constructing a \$4 billion public works project encountered a default on capital contributions by one of the JV members in the late stages of the project.

COMPANY ISSUE/ OPPORTUNITY

- ▶ The JV had to complete the project according to terms to maintain a substantial litigation claim against a third party.
- ▶ The situation required a resolution of the defaulting member's past defaults.

SOLUTION*

- ▶ The non-defaulting partners retained the Advisor to analyze the financial condition of the defaulting member and help facilitate a resolution by restructuring the defaulting member's past due obligations.
- ▶ Interfaced with the financial advisor to the defaulting member, obtained and analyzed diligence materials, and prepared a report for the non-defaulting members.
- ▶ Worked closely with the JV project team, analyzed the financial condition of the JV project, and prepared presentations to the non-defaulting members to:
 - Formulate a negotiating strategy with respect of the defaulting member.
 - Structure the new debt instrument.
 - Present a proposal and negotiate with the advisors to the defaulting member.

COMPANY BENEFIT

- ▶ Helped facilitate a dialogue and an amicable negotiated settlement between the non-defaulting members and the defaulting member of the JV.

*Work may have been performed by the Advisor prior to employment with BDO.

Client Success Story: Associated Materials Inc

Financial Advisor to Debtor in Chapter 11

COMPANY INFO

- ▶ Associated Materials (“AMI” or the “Company”) is headquartered in Cuyahoga Falls, OH and is a vertically integrated manufacturer and distributor of exterior building products. It operates 11 manufacturing facilities in the United States and Canada which produce vinyl windows, vinyl siding and accessories, and metal building products. The Company also operates 122 supply centers
- ▶ In fiscal year 2019, the Company had approximately \$1.3 billion in sales and \$87 million of adjusted EBITDA. Its capital structure as of March 2020 consisted of a \$200 million ABL facility, \$675 million in 9% Senior Secured Notes (“1L Notes”), \$450 million in convertible preferred stock (the “Preferred Shareholders”) and common equity owned by Hellman & Friedman (“H&F”). Leverage was 9.7x adjusted EBITDA

COMPANY ISSUE/ OPPORTUNITY

- ▶ The Company attempted a sale process but it was not successful
- ▶ Although the Company had been performing above budget in early 2020, the decline in sales beginning in March 2020 due to the onset of the Covid-19 virus negatively impacted earnings and cash generation, which put a severe strain on liquidity during the Company’s working capital seasonal build period. As a result, AMI would not be able to make its \$30 million semi-annual interest payment on the 1L Notes in July 2020

SOLUTION*

- ▶ In March 2020, the Advisor retained by the Company to review its financial and liquidity position and assist with a potential restructuring and /or recapitalization
- ▶ Worked with the Company to prepare the 13-week cash flow forecasts, long-term cash flow forecasts and a five-year 3-statement integrated forecast used to support the proposed recapitalization transaction
- ▶ As part of the cash flow forecasting process, established protocols and reporting to help the Company with vendor management and receivables forecasting and collections. Weekly dashboards were prepared to assess working capital positions and sales/collections trends. Also, inventory forecasting models were created to manage and forecast inventory levels by product type

COMPANY BENEFIT

- ▶ In July 2020, the 1L Noteholders, the Preferred Shareholders and H&F entered into the Recapitalization Agreement with the Company as follows:
- ▶ The 1L Noteholders converted their holdings into substantially all of the common equity securities of the Company and the convertible preferred equity was also cancelled in exchange for a portion of the new common equity
- ▶ The Company issued \$250 million of new first lien debt to pay down the ABL facility and return \$25 million to the 1L Noteholders. The ABL facility was reduced to \$150 million with the maturity extended to 2024
- ▶ The Recapitalization Agreement was implemented out of court, which minimized operational disruptions
- ▶ The Company emerged from the restructuring with significant liquidity and a de-levered balance sheet, enabling it to focus on its go forward business plan

*Work may have been performed by the Advisor prior to employment with BDO.

Client Success Story: U.S Coal

Financial Advisor to Debtor in Chapter 11

COMPANY INFO

U.S. Coal Corporation and its subsidiaries (“U.S. Coal”), a \$200 million revenue coal producer, was not able to service its debt due to decreased demand for Central Appalachian thermal coal combined with high operating leverage and an over-levered.

COMPANY ISSUE/ OPPORTUNITY

- ▶ U.S. Coal experienced a dire liquidity situation as coal prices declined while favorable long-term contracts trailed off replaced by sales in a considerably lower spot market; the percentage of U.S. Coal’s revenues covered by long-term contracts was dramatically reduced.
- ▶ Vendors were substantially stretched and required tax payments had not been made, limiting financial flexibility, and U.S. Coal was facing unfavorable mining conditions at the same time.

SOLUTION*

- ▶ The Advisor was hired to attempt an out-of-court restructuring. The initial review encompassed a liquidity and business plan overview.
- ▶ Prepared term sheets and negotiated with lenders of various divisions and shareholders to develop an out of court resolution. Simultaneously, the Advisor interacted with potential out of court financing sources and were responsible for (i) providing detailed business plans with multiple price driven production scenarios, (ii) responding to diligence requests, and (iii) negotiating potential financing structures.
- ▶ U.S. Coal attempted to file a voluntary chapter 11 petition to restructure its very complex capital structure and reorganize; however, a provision in the U.S. Coal’s bylaws effectively prevented such a filing without the consent of a class of shareholders that were in litigation with U.S. Coal. Several unsecured creditors filed and involuntary petitions against six of U.S. Coal’s ten legal entities in May and June 2014.
- ▶ The initial bankruptcy related work included: (i) preparation of thirteen-week cash collateral budget and variance report template; (ii) preparation of all statutory reporting (Chapter 11 Petitions, Schedules of Financial Affairs, Schedules, etc.); (iii) overseeing the valuation of several mining assets; and (iv) introducing several DIP financing sources, one of which funded a post-petition facility.
- ▶ Worked with U.S. Coal to build a feasible plan of reorganization (“PoR”), which would convert senior secured debt to equity; the work in this area included: (i) preparation of a five-year business plan to support a PoR and established reorganized enterprise value; (ii) combining capital structure analysis with valuations to create a best interest of creditors analysis; and (iii) preparation of estimates of Sec. 503(b)(9) claims, Gap Claims, post-petition accruals and other Effective Date cash needs.
- ▶ The Advisor’s long-term plan projections and estimated Effective Date cash needs revealed a likely need for third party financing - accordingly, they identified and engaged with various interested strategic and financial investors to raise exit financing.
- ▶ After a decline in coal prices and deterioration in mining geology, U.S. Coal became unable to continue as a going concern; Advisor aided in identifying the necessary short-term cost savings.
- ▶ Engaged in a process to market U.S. Coal in a Section 363 auction, which entailed: (i) identifying strategic and financial buyers; (ii) advertising the auction and marketing the business to identified buyers; (iii) establishing a data room and populating with voluminous documents for buyer diligence; (iv) engaging in NDA execution, diligence responses, and meaningful discussions with potential buyers; (v) preparation of asset purchase agreement schedules; and (vi) various reporting of auction results to the Court and other parties.

COMPANY BENEFIT

- ▶ While the Section 363 auctions were able to generate proceeds to satisfy \$40 million in claims, one of the U.S. Coal’s division’s Sec. 503(b)(9) claims were not satisfied, which resulted in an organized conversion to chapter 7.
- ▶ The Advisor identified a large above-market coal sales agreement that was able to be monetized for millions of dollars.

*Work may have been performed by the Advisor prior to employment with BDO.

Client Success Story: Gas Mart

Financial Advisor to the Debtor in Chapter 11

COMPANY INFO

Gas Mart is an owner and operator of convenience stores throughout the Midwest.

COMPANY ISSUE/ OPPORTUNITY

- ▶ Retained as financial advisor to Gas Mart, which was faced with an over-levered balance sheet and liquidity pressure. Maintenance had been deferred, resulting in unattractive stores relative to the competition.
- ▶ Poor reporting and processes had hamstrung the Company from an operational perspective.
- ▶ 5 separate creditor groups existed with collateral against different stores and asset categories, creating a very difficult restructuring environment.

SOLUTION*

- ▶ Hired as Financial Advisor to the Debtor:
 - Create detailed 13-week cash flow and variance analysis
 - Analyze liquidity needs and levers to address cash flow shortfalls
 - Institute business plan modeling and reporting
 - Assess 4 wall profitability
 - Address buying and merchandising to improve profitability
 - Improve internal processes and procedures to increase transparency
 - Assess capital needs to increase store offerings
 - Prepare detailed liquidation analysis by store

COMPANY BENEFIT

- ▶ Gas Mart filed for Chapter 11 and advisor managed a Section 363 sale that resulted in multiple bids. Also, the advisor assisted in the wind down and negotiated the distribution of proceeds amongst various secured creditors which was presented to the Court in an ultimate settlement.
- ▶ Gas Mart successfully emerged from bankruptcy.

*Work may have been performed by the Advisor prior to employment with BDO.

BDO's Turnaround & Restructuring Leaders



Our Professionals



JAMES SCHWARZ
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EXPERIENCE

James Schwarz is a Managing Director in BDO Consulting's New York office. He has over 20 years of restructuring experience representing clients in various stages of the restructuring process, including Chapter 11 and out-of-court restructuring for debtors, secured lenders and unsecured creditors.

He specializes in bankruptcy preparation and case management including first day motions, statements and schedules, monthly operating reporting, plan and disclosure statements, claims reconciliation and tracking, liquidation analysis and best interest of creditors testing. Additionally, he assists in developing and implementing cash flow forecasts, cost saving initiatives, financial due diligence, three statement forecasts and long-term projections, identifying revenue enhancement opportunities, reviewing and assessing financial and operational performance and improving liquidity.

Mr. Schwarz's management and restructuring experience includes Interim finance manager, treasurer, merger and acquisition transaction advisor for private equity, financial due diligence advisor for prospective lenders, non-profit education cost savings advisor, senior lender advisor for debt restructuring and unsecured creditor committee financial advisor.

Mr. Schwarz assists clients in a range of industries including agriculture, healthcare, restaurant, automotive, construction, financial services, manufacturing, non-profit, oil & gas services, public sector, real estate/mortgage, retail and technology.

EDUCATION

M.B.A., University of North Carolina

B.A., University of Rochester



EVAN BLUM
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EXPERIENCE

Evan is a Managing Director with BDO where he provides financial advisory and turnaround consulting services. He brings more than 20 years of experience representing clients on restructuring matters. He is known for taking a hands-on approach to issues and resolving complex cases creatively.

Mr. Blum has extensive experience in representing Debtors in chapter 11 cases (Crumbs; US Coal, Gas Mart; AMFIM; Stillwater Offshore). He has also represented lenders and creditors committees in chapter 11 cases, as well as serving as financial advisor to chapter 7 and chapter 11 trustees.

Evan has significant Real Estate and Construction Experience:

- ▶ Advised a publicly traded developer/operator of resort properties and performed a construction review and audit of a \$900M foreign construction project and \$300M domestic construction project.
- ▶ Restructured uncompleted hotel and villa complex in Italy. Modeled and oversaw construction and operating budgets. Renegotiated existing debt and raised new capital based on waterfall agreement. Lenders were repaid in full and equity recovered its capital investment.
- ▶ Restructured failed condo hotel project in Chicago. Negotiated with lenders to create adequate runway to complete hotel in a multi-year forbearance agreement. Responsible for modeling and project reporting. Proceeds repaid lenders and provided a significant return to the equity.
- ▶ Led out of court restructuring of AMI, one of the largest U.S. building materials companies, during Covid pandemic.
- ▶ Chief Restructuring Officer of AMFIN, a bank holding company with significant real estate holdings, in its bankruptcy. Maintained cash flows in commercial properties and negotiated continued equity stakes in residential and mall developments throughout the U.S.

Prior to BDO, Mr. Blum was a Managing Director in A&M's restructuring group and served as a Principal at GlassRatner, where he managed its New York office. Prior to restructuring, Mr. Blum worked in the investment banking industry, raising capital and managing M&A assignments.

EDUCATION

M.B.A., Columbia Business School

B.A., Cornell University

Our Professionals



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EXPERIENCE

Kristi co-leads the National Real Estate and Construction practice where she is responsible for strategy design, implementation, and thought leadership. She is committed to bringing cost saving opportunities to every real estate and construction client. She is also a member of BDO's Global Real Estate and Construction Steering Committee which oversees the real estate and construction practices between the firm's U.S. offices and member firms in other countries.

Kristi sits in BDO's Dallas office where she is responsible for leading the tax practice as well as co-leading the office.

Kristi has more than 25 years of experience advising public and private clients in every sector of real estate and construction. She guides her clients through every stage of the entity lifecycle, providing value added advice at each stage. Kristi also has extensive experience structuring settlements to minimize taxes, providing litigation support and management, and providing expert witness testimony.

EDUCATION

B.S., Accounting, University of Maryland

EXPERIENCE

Baker Smith is a Managing Director and has over 30 years experience in strategic planning and financial advice to company owners, managers, lenders, creditors and investors. Mr. Smith has led over 300 crisis management and turnaround teams for distressed companies ranging from \$25 million to several billion in revenues, several as CEO, CRO and trustee. Technology assignments include Systems Coordination interim CEO (nuclear power plant staffing, consulting, and software), financial advisor Enterprise Financial (security screening staffing company portfolio company), Sprigg Lane Investment (legal research consulting portfolio company), Agricultural Services (agronomy facilities and services), Plant Design (interior landscaping services and consulting), Groundwater Protection (environmental remediation due diligence and consulting), Donnelly Communications (contact center consulting and solutions), AmeriNet (electronic banking services), restructuring advisor for Otelco (telecommunications), Benchmark Data (bank software), Verdasy (security/encryption software) and Harmony (healthcare software).

Baker served as Transition Team Leader for the President-Elect of the United States. He is a member of the Beta Gamma Sigma honor business society. Awards include Turnaround of the Year, Outstanding Contribution to the Turnaround Profession, and a turnaround Distinguished Service Award. He is board member of Secured Finance Network (asset-based lenders), past president of Association of Certified Turnaround Professionals, and past vice president of Turnaround Management Association.

EDUCATION

B.S., U.S. Naval Academy
M.B.A., Northeastern University
J.D., Suffolk University
LL.M., Georgetown University

Other BDO Services



BDO's Wide Range of Advisory Services

We understand the need for more than basic accounting services in today's ever-changing market. Organizations need trusted advisors who can evaluate all potential areas of opportunity: strengthening internal controls, streamlining operations, or navigating evolving domestic and global regulations, among others. BDO's Advisory Services practice provides strategic guidance to clients across numerous industries and lifecycles. From startups to Fortune 100 companies, our professionals draw on their diverse backgrounds to deliver innovative strategies—no matter the challenge or need.

	BDO DIGITAL		FORENSICS
	<ul style="list-style-type: none"> ▶ Cloud & Technology Solutions ▶ Data Analytics & Insights ▶ IT Outsourcing ▶ Cybersecurity & Compliance ▶ Change Management ▶ Technology Strategy ▶ Digital Marketing 		<ul style="list-style-type: none"> ▶ Data Breach Response ▶ Monitorships & Investigations ▶ Litigation & Arbitration ▶ Regulatory Compliance ▶ Data Governance & Privacy ▶ Forensic Technology ▶ Insurance Risk & Recovery
	MANAGEMENT CONSULTING		RISK ADVISORY SERVICES
	<ul style="list-style-type: none"> ▶ Strategy & Innovation ▶ Financial Performance Improvement ▶ Healthcare RX ▶ Operations & Supply Chain Management ▶ Digital/Business Transformation ▶ Site Selection 		<ul style="list-style-type: none"> ▶ Internal Audit ▶ Sarbanes-Oxley ▶ Enterprise Risk Management ▶ Contract Compliance ▶ IT Risk Advisory ▶ Policy, Process, & Controls ▶ IPV Policy and Process Development ▶ CECL implementation ▶ Reference rate reform
	CORPORATE FINANCE		BUSINESS SERVICES & OUTSOURCING
	<ul style="list-style-type: none"> ▶ M&A and Transaction Advisory ▶ Business Restructuring & Value Creation ▶ Valuation & Capital Market Analysis ▶ Insurance Advisory 		<ul style="list-style-type: none"> ▶ Finance Outsourcing/Co-sourcing/Projects ▶ Interim Resources ▶ Human Capital Management

Valuation & Business Analytics Services



TAX REPORTING

Perform defensible and supportable valuations of business interests and assets that meet the requirements of domestic and international regulators, helping our clients achieve corporate or individual tax planning objectives.



COMPLEX FINANCIAL INSTRUMENTS

Adhere to industry valuation standards for financial instruments, embedded derivatives, and hard-to-value assets, deconstructing the valuation of complex financial instruments for our clients.



FINANCIAL REPORTING

Provide cross-discipline valuation capabilities that include traditional business valuation, real estate appraisal, fixed assets valuation, and complex financial instruments analysis for meeting domestic and international regulations.



BUSINESS CASE AND FEASIBILITY ANALYSIS

Help clients make well-informed, strategic decisions, including determining return on investment, transactional consulting, identifying value-enhancing strategies, and demonstrating shareholder value.



FAIRNESS OPINIONS AND TRANSACTION ADVISORY

Provide independent fairness opinions and transaction advice, helping clients model synergies, earnings, and other transaction impacts.



REAL PROPERTY AND TANGIBLE ASSETS

Value real property and tangible assets for financial reporting, tax, and lending purposes, in addition to lease transactions including front-end, mid-term, and end-of-lease concerns.



LITIGATION SUPPORT

Provide reliable valuation support during litigation, delivering thorough financial and valuation analyses, navigating complex disputes, and giving expert testimony.



STRUCTURED PRODUCTS

Analyze and value structured credit products for financial services and asset management clients.

About BDO USA

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes—for our people, our clients, and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax, and advisory services for a diverse range of clients.

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FOR MORE INFORMATION

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EXHIBIT B

CCA-BK0008846-0008847 (12/9/24 Email and attachment from E. Blum to J. Levy, and others re NDA, attaching CCA Confidential Information Memorandum as of December 9, 2024)

Filed under seal in connection with the *Debtor's Witness and Exhibit List for Hearing Scheduled for February 13, 2025 at 10:00 A.M. (ET)* [Docket No. 141 – Exhibit 10].

***See also, Debtor's Motion to File Under Seal Certain Exhibits for Hearing Scheduled for February 13, 2024 at 10:00 A.M. (ET)* [Docket No. 142].**

EXHIBIT C

From: Evan Blum[O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7917B4E87A974EE3BC67C63FF0331310-721F9DC1-B8]

Sent: Thur 11/14/2024 6:42:01 AM Eastern Standard Time

To: 'Jennifer Coram'[jcoram@amerifactors.com]; afiorentino@amerifactors.com[afiorentino@amerifactors.com]

Cc: Evan Blum[ebblum@bdo-ba.com]

Subject: teaser

Attachment: CCA DIP TeaserFINAL_.pptx

Angela & Jennifer

Attached is a teaser regarding a construction company that is going to file

Let's discuss after you have had a chance to review

Regards

Evan Blum

Managing Director

732-734-1036 (Direct) 335-1036 (Internal)

973-432-0621 (Mobile) 732-750-1222 (Fax)

ebblum@bdo-ba.com

BDO

90 Woodbridge Center Dr., 4th Floor

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UNITED STATES

732-750-0900

www.bdo.com

CCA - CONFIDENTIAL - DO NOT DISTRIBUTE

BDO Consulting Group, LLC is currently engaged by CCA Construction, Inc. ("CCA" or the "Company") as its financial advisor to assist the Company in contacting potential parties that may be interested in pursuing DIP financing of the Company. By receipt of this information, you have been contacted accordingly and have agreed to keep this information confidential.

COMPANY BACKGROUND

- CCA Construction, Inc. ("CCA"), established in 1993, is a Delaware corporation headquartered in Morristown, New Jersey. CCA is a wholly owned subsidiary of CSCEC Holding Company, Inc. ("CSCEC Holding"), which is itself a wholly owned subsidiary of China State Construction Engineering Corp., Ltd.
- CCA is itself a holding company for subsidiaries that engage in construction activities, primarily in the New York and New Jersey metropolitan area, Washington DC, the Carolinas and Texas, for projects in civil, commercial, residential, and public building sectors.
- CCA currently has 39 full-time employees. Its subsidiaries employ 109 full-time employees.

CCA'S SUBSIDIARIES AND JOINT VENTURES

- CCA's subsidiaries focus on large-scale projects that have long durations and provide significant benefits to the communities in which they are based. Examples of such projects include office buildings, residential buildings, educational facilities, manufacturing plants, hospitals, transit stations, railroad extensions, highways and bridges.
- The annual revenue of CCA and its subsidiaries ("CCA Group") was \$258.1M in 2023 and revenue in 1H 2024 was \$128M. A significant portion of the revenue of CCA's subsidiaries is derived from construction contracts awarded by Chinese companies operating in the U.S, particularly in the real estate development and manufacturing sector.
- CCA's subsidiaries include the following:
 - Plaza Group Holdings LLC (Plaza): Plaza, acquired by CCA in 2014, provides construction management and general contracting on urban development projects. Most of its projects are in New York City although it formerly operated in Florida, California and other states. Plaza's notable projects include Madison Square Park Tower in NYC, 99 Hudson Street (the tallest building in NJ) and One Thousand Museum (a unique residential tower in Miami). Currently, Plaza is working in the expanding market of office conversion. Plaza has generated 79% of CCA Group's historical revenues (2019 - 1H 2024). Its cumulative net operating loss during this period was \$22.9M due to declining activity volume and the high fixed cost nature of the business.
 - CCA of South Carolina, Inc. (CCASC): CCASC focuses on construction projects in the North and South Carolina markets. CCASC has worked on construction of nearly 20 educational facilities comprising over 3 million square feet of space. CCASC currently oversees 3 projects including Ario DC (a hotel opening on 11/18). During the 2019 - 1H 2024 period, CCASC generated \$6.3M cumulative net operating income.
 - CCA Civil, Inc. (CCA Civil): CCA Civil specializes in heavy civil construction and infrastructure, including transportation and utility projects. CCA Civil has a history of being one of the region's major contractors in the reconstruction and improvement of bridges; its Wittpenn Bridge project was awarded the American Society of Civil Engineers New Jersey Section 2023 Project of the Year. During the 2019 - 1H 2024 period, CCA Civil has been CCA Group's most profitable subsidiary, with \$7.7M cumulative net operating income.
 - Strategic Capital (Beijing) Consulting Co., Ltd (Capital Beijing) provides services to enable CCA to meet certain insurance and regulatory requirements in China that are essential to performing the shared services program.
- CCA, through certain of its subsidiaries, also holds an indirect equity interest in two notable joint ventures.
 - Plaza/Time Square Joint Venture (PTJV). PTJV, indirectly owned 50% by Plaza, is constructing Eleven Times Square, a 1.1 million square-foot tower that includes 50,000 sq. ft. of retail space on three levels and 13,000 sq. ft. of retail signage along 42nd Street and the corner of Eighth Avenue.
 - 3rd Track Constructors (3TC). 3TC, owned 27% by CCA Civil, is constructing a third track on the LIRR Main Line that will significantly increase its capacity.
- CCA provides support to its subsidiaries and affiliates by operating a Shared Service Center through which it pays various expenses that are then allocated among these various entities.

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LAWSUIT WITH BMLP

- CCA is the subject of a lawsuit, brought in New York state court by BML Properties, Ltd. ("BMLP"), the developer of a resort project in the Bahamas, that recently resulted in a judgment entered against CCA in the amount of \$845M, plus pre-petition interest that brings the total amount of the judgment to more than \$1.5B. CCA vigorously disputes the court's decision and is pursuing an appeal in the New York appellate court, which has granted a temporary stay of enforcement of the judgment.
- In the event CCA is unable to extend that stay, CCA intends to seek relief under chapter 11 of the Bankruptcy Code while it pursues its appeal of the New York decision. Importantly, CCA's subsidiaries and the joint ventures owned by CCA's subsidiaries are not defendants in the New York lawsuit, and accordingly, there is no current plan to put those subsidiaries or joint ventures into bankruptcy, which will continue to operate in the ordinary course of business.

BUSINESS OPPORTUNITIES

- Assuming the overhang of the BMLP litigation can be eliminated, whether through success on the appeal or by virtue of the bankruptcy, CCA anticipates that there will be significant opportunities for bidding on major projects, both at CCA Civil and Plaza, which have been less available due to the negative publicity arising from the BMLP lawsuit.

FINANCING NEED

- CCA's parent, CSCEC Holding, has indicated a willingness to provide substantial financing for the operation of the subsidiaries and the administration of CCA's bankruptcy case, demonstrating its confidence both in the merits of the appeal and in the future prospect of the business. That said, CCA is soliciting proposals from other lenders who may be willing to provide \$40-\$60M of DIP financing on more favorable terms. The financing term would be for 12 months with structure to be discussed.

NEXT STEPS

- Please contact Evan Blum of BDO Consulting Group, LLC listed below for further information.
- We look forward to speaking with you.

Evan Blum
Managing Director
BDO Consulting Group, LLC
(973) 432-0621
ebblum@bdo-ba.com

EXHIBIT D

CCA-BK0003213; CCA-BK0003214 (10/27/24 Email and attachment from E. Blum to E. Abrams and others re DIP, attaching CCA Construction DIP Comparisons As of October 27, 2024)

Filed under seal in connection with the Debtor's Witness and Exhibit List for Hearing Scheduled for February 13, 2025 at 10:00 A.M. (ET) [Docket No. 141 – Exhibit 9].

See also, Debtor's Motion to File Under Seal Certain Exhibits for Hearing Scheduled for February 13, 2024 at 10:00 A.M. (ET) [Docket No. 142].

EXHIBIT E

CCA-BK0003983 (11/8/24 CCA Construction DIP Default Rate Comparisons)

Filed under seal in connection with the *Debtor's Witness and Exhibit List for Hearing Scheduled for February 13, 2025 at 10:00 A.M. (ET)* [Docket No. 141 – Exhibit 36].

***See also, Debtor's Motion to File Under Seal Certain Exhibits for Hearing Scheduled for February 13, 2024 at 10:00 A.M. (ET)* [Docket No. 142].**

EXHIBIT F

From: Behlmann, Andrew D.[ABehlmann@lowenstein.com]
Sent: Thur 11/14/2024 7:24:16 PM Eastern Standard Time
To: Levinson, Sidney P.[slevinson@debevoise.com]
Cc: 'Evan Blum'[ebblum@bdo-ba.com]
Subject: Re: CCA - DIP Credit Agreement

EXTERNAL

Hi Sid-

CSCEC Holding is unwilling to provide a DIP loan on a general unsecured or administrative expense priority basis. is only willing to provide a DIP loan on a senior secured basis, subject only to the carve out and permitted liens (if any).

Andrew

Get [Outlook for iOS](#)

Andrew
Partner
Lowenstein

T:(973)

M:(908)



From: Levinson, Sidney P. <slevinson@debevoise.com>
Sent: Thursday, November 14, 2024 4:49:01 PM
To: Behlmann, Andrew D. <ABehlmann@lowenstein.com>
Cc: 'Evan Blum' <ebblum@bdo-ba.com>
Subject: CCA - DIP Credit Agreement

Andrew – did you receive a response from CSCEC Holding to CCA's request (as communicated by us to you on a prior negotiation call) CSCEC Holding provide the DIP financing on an unsecured basis? Copying Evan as well. Thanks, Sid

Sidney P. Levinson | Partner | Debevoise & Plimpton LLP | slevinson@debevoise.com | +1 212 909 6913 | www.debevoise.com
il for messages of this kind.

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