

M-2025-3052793

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

DATE OF DEPOSIT

MAY 28 2025

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

In re: §
§ Chapter 11
EVERSTREAM SOLUTIONS LLC, et al., §
§ Case No. 25-90144 (CML)
§
§ (Jointly Administered)
Debtors.¹ § Re: Docket No. 58

**DECLARATION OF JAMES HENRY IN SUPPORT
OF MOTION OF DEBTORS FOR ORDER (I) APPROVING
(A) BIDDING PROCEDURES, (B) DESIGNATION OF STALKING HORSE
BIDDER AND STALKING HORSE BID PROTECTIONS, (C) FORM AND
MANNER OF NOTICE OF SALE, AUCTION, AND SALE HEARING, AND
(D) ASSUMPTION AND ASSIGNMENT PROCEDURES, (II) SCHEDULING
AUCTION AND SALE HEARING, AND (III) GRANTING RELATED RELIEF**

I, James Henry, make this declaration under 28 U.S.C. § 1746:

1. I am over the age of 18 and competent to testify.
2. I am a Senior Managing Director at Bank Street Group LLC (“Bank Street”), a leading financial advisory and private investment banking firm primarily serving clients in the communications, media, and technology sectors. In July 2024, Bank Street was engaged to serve as M&A advisor to the above-captioned debtors and debtors in possession (collectively, the “Debtors” or the “Company”). I submit this declaration in support of the *Motion of Debtors for Order (I) Approving (A) Bidding Procedures, (B) Designation of Stalking Horse Bidder and Stalking Horse Bid Protections, (C) Form and Manner of Notice of Sale, Auction, and*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Midwest Fiber Holdings LP (3804); Midwest Fiber Acquisition Topco LLC (N/A); Midwest Fiber Acquisition Midco1 LLC (6061); Midwest Fiber Acquisition LLC (N/A); Everstream Solutions LLC (2361); Everstream Networks LLC (4542); Everstream GLC Holding Company LLC (4493); American Fiber Comm L.L.C. (2389); HRS Internet, LLC (5042); Lynx Network Group, Inc. (6261); 15955 State Street LLC (2731); Rocket Fiber LLC (7722); Lynx Fiber One, LLC (7151); and Lynx Fiber Two, LLC (3416). The Debtors’ mailing address is 1228 Euclid Ave. Suite 250, Cleveland, OH 44115.

*Sale Hearing, and (D) Assumption and Assignment Procedures, (II) Scheduling Auction And Sale Hearing, and (III) Granting Related Relief (the "Motion").*²

Qualifications

3. I have over 25 years of investment banking experience and have completed a number of large, complex and high-profile transactions, including mergers and acquisitions, debt and equity financings, and leveraged buyouts. During my career, I have provided advice to a broad spectrum of clients focused on commercial fiber, residential fiber, data centers, managed services, and other enterprise communications businesses.

4. I co-founded Bank Street in 2002. Before joining Bank Street, I was a Senior Managing Director at Bear, Stearns & Co., Inc., where I served as the senior research analyst for the telecommunications and internet service and infrastructure sectors. I have spoken at major telecommunications industry conferences, have been quoted in national publications such as *The Wall Street Journal*, and have testified before Congress on matters related to the telecommunications industry. I received my Bachelor of Arts from Connecticut College.

5. Bank Street is a private investment banking firm with its principal office located at 333 Ludlow Street, Third Floor, South Tower, Stamford CT 06902. Bank Street has approximately 20 employees and is a registered broker-dealer with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority. Bank Street maintains licenses to operate in 27 states.

6. Bank Street provides a broad range of financial advisory and investment banking services to its clients, including both seller-side and buyer-side M&A advisory services,

² Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the *Declaration of Justin Schmaltz in Support of Debtors' Chapter 11 Petitions and First Day Relief* (the "**First Day Declaration**"), the Bidding Procedures, or the Stalking Horse Agreement (each, as defined herein), as applicable.

capital markets advisory services, fairness opinions, and restructuring advisory services. Bank Street and its professionals have extensive experience in the communications infrastructure, technology, and communications services industries, including in providing financial and strategic advice to clients.

7. In addition, Bank Street and its professionals have assisted and advised numerous financially troubled companies from a variety of industries in complex financial restructurings, both out of court and in chapter 11 cases: Bank Street professionals have been retained in large, complex chapter 11 cases, including in connection with a sale pursuant to section 363 of the Bankruptcy Code in the chapter 11 cases of Gigamonster Networks, *In re GigaMonster Networks, LLC*, No. 23-10051 (JKS) (Bankr. D. Del. February 9, 2023) (Docket No. 131), and in several out-of-court restructuring matters, including FiberLight LLC's senior debt restructuring and a series of contract negotiations for ZenFi Networks, Inc.

8. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge of the Company's operations and finances, personal knowledge gleaned during the course of my engagement with the Company, my discussions with the Company's senior management or members of the Bank Street team, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Company's operations and financial affairs. I am authorized to submit this declaration. If called upon to testify, I could and would testify competently to the facts set forth herein.

Prepetition Sale Process

9. Since its inception, Everstream has pursued a growth-driven business model and has undergone major network expansion, requiring significant capital expenditures. However, a combination of unanticipated operational losses, industry-headwinds, and unsustainable debt

service obligations left the Company facing liquidity restraints. In 2023, it became apparent to the Company that its revenue and cash flow generating capacity would not be sufficient to service its outstanding debt, comply with its secured loan financial covenants, and maintain the liquidity necessary to operate its business and preserve its long-term viability and enterprise value.

10. Accordingly, I understand that in April 2023 the Company, with the assistance of its advisors, began its formal review of strategic alternatives with respect to its capital structure and diminishing near-term liquidity, exploring various ways to inject new capital into its business and restructure its debt obligations with minimal disruption to its day-to-day operations. In October 2023, I understand that this process culminated in a series of recapitalization transactions with the Company's lenders and sponsor, which provided significant new capital and liquidity-enhancing benefits to the Company. However, by 2024, the liquidity relief provided by the 2023 recapitalization transactions soon began to dissipate, causing the Company to renew its evaluation of strategic alternatives with respect to its capital structure and diminishing near-term liquidity. After exploring various possible alternatives, the Company, in consultation with Bank Street and its other advisors, decided to pursue a sale of its businesses to maximize value.

11. In July 2024, the Company engaged Bank Street to serve as its M&A advisor to market and sell all or substantially all of the Company's assets, excluding the Company's assets in certain markets—namely the MO Divested Business, the IL Divested Business, and the PA Business (each, as defined in the Stalking Horse Agreement). During the course of the prior year and in parallel with Bank Street's marketing process, I understand that the Company and PJT Partners LP ("PJT"), the Company's proposed investment banker, engaged in an extensive marketing and sale process for the MO Divested Business, the IL Divested Business, and the PA Business (such as prepetition marketing process by PJT, together with prepetition

marketing by Bank Street, the “**Prepetition Sale Process**”). The Company sold the MO Divested Business to a third-party purchaser in September 2024 and received a bid for the IL Divested Business (such bidder, the “**IL Buyer**”), which, after several months of negotiations, resulted in a sale to the IL Buyer in May 2025. No buyers emerged for the PA Business. In light of those efforts, the MO Divested Business, the IL Divested Business, and the PA Business were excluded from the formal asset perimeter marketed by Bank Street although, as discussed below, Bank Street continued to informally test the market with respect to the same.

12. In September 2024, Bank Street commenced outreach to parties to solicit interest in a potential acquisition of Everstream. The Company and Bank Street ultimately identified certain strategic buyers (*i.e.*, companies already operating in the fiber optics and telecommunications space) that could have an interest and ability to consummate an acquisition on terms acceptable to the Company. The Company and Bank Street also identified certain financial buyers (such as private equity firms) that could have an interest in purchasing the Company’s businesses, based on, among other things, (i) the potential buyers’ experience in telecommunications, fiber optic networks, or similar industries and (ii) their expertise and interest in purchasing companies facing similar operating and industry-wide challenges and opportunities.

13. Bank Street contacted 86 potential investors in total, including 23 strategic and 63 financial buyers. During this process, 55 interested investors executed confidentiality agreements and were provided with diligence, including a confidential information memorandum, a financial model associated with the sale process, and third-party materials, such as a quality of earnings report and a commercial market study. In addition, many of the interested parties submitted due diligence question lists to Bank Street and scheduled conference calls and meetings with Bank Street and the Company’s management team. Fifteen potential bidders held virtual

management meetings with the Company. A first-round bid deadline was set for October 23, 2024, with each party active in the process receiving a process letter outlining bid instructions.

14. Over the course of these discussions, Bank Street and the Company continued negotiating with various bidders with the aim of increasing the value of the bids received. To ensure a competitive bidding process, Bank Street continued to solicit bids beyond the October 23, 2024 deadline.

15. After several months of constructive dialogue and extensive negotiations, the Company received five indications of interest (the "IOIs") from four strategic parties and one financial party, including three all cash proposals, one 50% cash and 50% equity proposal, and one non-conforming proposal for the Company's Michigan assets. After the initial round of proposals, three parties declined to proceed with the bid process. Two of the parties were unable to increase the value of their proposals compared to the highest proposals, and the one nonconforming bidder chose not to proceed with a conforming proposal. Two parties, both strategic buyers, engaged in a further round of diligence.

16. In December 2024, after an additional round of diligence where the bidders had increased access to management, the Company received three proposals: (i) an all-cash bid from a strategic buyer that was involved in the first and second round of the process; (ii) a bid comprised of cash and deferred consideration from a strategic buyer that was involved in the first and second round of the process; and (iii) an all-cash bid from a strategic buyer that did not participate in either round of bidding. The Company determined to continue discussions with the two bidders that stayed involved throughout the bidding process and proceeded with an additional round of intensive diligence with such parties.

17. Notably, on multiple occasions, Bank Street tested the willingness of active bidders to broaden the sale perimeter to include the PA Business. One bidder signaled willingness to consider the PA Business, but such interest faded after further diligence.

18. After several months of constructive dialogue and extensive negotiations, the Company received a binding bid from Bluebird MidWest, LLC (the “**Stalking Horse Bidder**,” and such bidder’s bid, the “**Stalking Horse Bid**”), an indirect subsidiary of Bluebird Network, LLC (“**Bluebird**”),³ a regional internet and data service provider and data center operator, for substantially all of the Company’s assets, excluding the PA Business. On May 22, 2025, following considerable deliberation, further negotiations, and multiple rounds of revisions to the terms of the Stalking Horse Bid, the Company and the restructuring advisory committees of the applicable boards of directors (collectively, the “**RAC**”) determined that the Stalking Horse Bid was the highest or otherwise best offer available after the Prepetition Sale Process and entered into a stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”). In evaluating proposals, the Company, the RAC, Bank Street, and the Company’s other advisors analyzed, among other things: (i) the consideration offered by each potential buyer; (ii) the assets to be acquired and the liabilities to be assumed; and (iii) execution risk.

³ The Stalking Horse Bidder and Bluebird are affiliates of Macquarie Group Limited. Additionally, certain OpCo Lenders, HoldCo Lenders, and DIP Lenders are managed or advised by an entity that is an affiliate of Macquarie Group Limited. More specifically (a) Bluebird is a portfolio company of a private equity fund managed by Macquarie Infrastructure Partners, Inc. (an SEC registered investment adviser) which is under the real assets business division of Macquarie Asset Management, (b) the Stalking Horse Bidder is an indirect subsidiary of Bluebird, and (c) certain OpCo Lenders, HoldCo Lenders, and DIP Lenders are clients of Macquarie Asset Management Credit Advisers US, LLC (“**MAMCA**”) which is an entity under the private credit business division of Macquarie Asset Management. I understand there is an information barrier in place between the private credit division and the real assets division of Macquarie Asset Management.

Certain OpCo Lenders, HoldCo Lenders, and DIP Lenders managed or advised by the private credit division of Macquarie Asset Management are members of the steering committee for the OpCo Lenders, HoldCo Lenders, and DIP Lenders and are represented by MAMCA at the steering committee, and Paul Hastings LLP has been retained as the external legal counsel to the administrative agent and the lender group in connection with the sale of the Debtors. In turn, the relevant entities within the real assets business division of Macquarie Asset Management are being advised by Kirkland & Ellis LLP in connection with the sale of the Debtors.

19. The goal of the postpetition sale process is to solicit additional offers for substantially all of the Debtors' assets other than the MO Divested Business and IL Divested Business (collectively, the "Assets"), in accordance with the Company's bidding procedures (the "**Bidding Procedures**"). As noted in the Bidding Procedures, the Assets to be marketed will include the PA Business should a buyer be interested in attributing value (including by assuming liabilities) in connection with the same. In addition to the Stalking Horse Bidder, at least two strategic parties have indicated interest in participating in the postpetition sale and bidding process.

20. I believe that this process is the best option reasonably available given the circumstances to generate the greatest level of interest in purchasing the Assets and to reach the Company's objective of maximizing value.

Bidding Procedures and Marketing Process

21. I believe the Bidding Procedures, if approved, and the Company's marketing efforts, will help facilitate a competitive sale process. The Company's business has been marketed to numerous strategic and financial investors for over eight months—since September 2024. Many of the potential buyers that I believe are most likely to make Qualified Bids (as defined in the Bidding Procedures) on the Company's assets were already contacted by Bank Street and the Company prior to the Petition Date in connection the Prepetition Sale Process, had the opportunity to make proposals prepetition, and are aware of the Company's goal of effectuating a prompt sale process to achieve the highest value available. To ensure these potential buyers are notified of the commencement of the postpetition sale process and can formulate bids based on renewed interest, the Company will soon be sending an updated process letter to all such potential purchasers to solicit bids on the Assets in conjunction with the filing of the Motion.

22. Further, the time periods set forth in the Bidding Procedures are reasonable and will provide parties with sufficient time and information to submit a bid for the Company's business. In formulating the Bidding Procedures and time periods set forth therein, the Company balanced the need to provide adequate and appropriate notice to parties in interest and potential bidders with the need to run a quick and efficient sale process to maximize value. To that end, the Bidding Procedures are designed to encourage all prospective bidders to submit bids at the outset of these chapter 11 cases to provide the highest or otherwise best available recoveries to the Company's stakeholders.

23. Specifically, the Bidding Procedures would establish the following key dates and deadlines for the sale process:

Key Event	Proposed Date or Deadline⁴
Milestone for Entry of Bidding Procedures Order	June 27, 2025
Deadline to submit Bids	July 14, 2025 at 4:00 p.m. (prevailing Central Time)
Qualified Bid Deadline: Debtors to notify bidders of status as Qualified Bidders and to file and publish (on Claims Agent Website) notice of Qualified Bids	July 16, 2025 at 4:00 p.m. (prevailing Central Time)
Auction to be held if the Debtors receive more than one Qualified Bid, to be conducted at (i) the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 and/or (ii) virtually, pursuant to procedures to be announced to Qualified Bidders	July 17, 2025, at 9:00 a.m. (prevailing Central Time)
Deadline to file notice and identities of Successful Bid(s) and Back-Up Bid	July 21, 2025 at 4:00 p.m. (prevailing Central Time)
Deadline to file proposed form of Sale Order	July 21, 2025 at 4:00 p.m. (prevailing Central Time)

⁴ All proposed dates and deadlines listed herein are subject to the Court's availability.

Payment is only payable in the absence of a material breach by the Stalking Horse Bidder, pursuant to which the Debtors would be entitled to terminate the Stalking Horse Agreement.

27. The Stalking Horse Bidder was unwilling to hold open its offer without assurance of payment of the Termination Payment under the conditions set forth in the Stalking Horse Agreement and the Bidding Procedures. But the Company desired that bid to help lay the foundation for the final phase of the Company's sale process and to give other bidders and the Company a minimum bid on which to rely, all to promote more competitive bidding. In other words, executing the Stalking Horse Agreement has put the Company in a position to solicit competing bids that may be materially higher or otherwise better than the Stalking Horse Bid. Accordingly, I believe that the Company's decision to offer the Termination Payment is (i) commensurate to the benefits conferred upon the Company's estates by the Stalking Horse Bidder and (ii) fair, reasonable, and appropriate in light of the circumstances and the size and nature of the proposed sale and the efforts that have been and will be expended by the Stalking Horse Bidder.

28. The Bidding Procedures require a baseline bid requirement of cash or other aggregate consideration, taking into account assumed liabilities designated by the potential bidder, equal to or greater in value than: (i) the \$285 million purchase price of the Stalking Horse Bid; (ii) *plus* the Termination Payment; (iii) *plus* the \$1,000,000 minimum overbid (the "**Minimum Overbid Amount**") set forth in the Bidding Procedures (the "**Baseline Bid Amount**"). The Minimum Overbid Amount is also the default incremental overbid required for each successive bid during the auction. Each of the Baseline Bid Amount and the Minimum Overbid Amount is fair and reasonable given the circumstances, is not likely to chill bidding, is reflective of the market

value of the assets and liabilities being acquired, and will enable the Company to test the market and potentially achieve higher valuations through a sale process.

29. These components of the Bidding Procedures were heavily negotiated between the Stalking Horse Bidder, the Company, and the OpCo Lenders.⁵ They are designed to facilitate a robust and competitive bidding process under the circumstances. The Bidding Procedures provide an appropriate framework for the Company to review, analyze, and compare all bids received to determine which bids are in the best interests of the Company estates and their economic stakeholders. Sale transactions governed by the Bidding Procedures will serve the important objectives of obtaining not only a fair and reasonable purchase price for the Assets, but also potentially to achieve a higher valuation for the Assets, which will inure to the benefit of all parties in interest in these chapter 11 cases.

30. Finally, and importantly, the Bidding Procedures specifically allow those parties to submit bids for some or all Assets, not only the Stalking Horse Assets, which includes the PA Business. These Bidding Procedures were designed with the goal of encouraging the sale of as much of the Assets on a going-concern basis as possible while providing the Company with

⁵ The Stalking Horse Bidder's financial advisor, TD Securities (USA) LLC ("TD Securities") (or an affiliate or affiliates thereof), as well as certain potential lenders contacted by Macquarie in connection with a potential financing in support of the Stalking Horse Bid, are OpCo Lenders, DIP Lenders, and/or HoldCo Lenders (the "Cross-Over Lenders"). I understand that TD Securities and the Cross-Over Lenders each have separate internal teams that are managing their existing loans with the Company (the "Existing Loans Teams") and are advising the Stalking Horse Bidder or handling matters related to a potential financing related to the Stalking Horse Bid (the "Advisor / Financing Teams"). I also understand that TD Securities and the Cross-Over Lenders established information barriers between the respective Existing Loans Teams and Advisor / Financing Teams.

flexibility to decide whether to execute such sale(s), based on the Company's reasonable business judgment. It is my opinion that the Bidding Procedures will, in fact, accomplish this goal.

I declare under penalty of perjury that the foregoing is true and correct.

Date: May 28, 2025
Stamford, Connecticut

/s/ James Henry

James Henry