

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

CONNECTIONS COMMUNITY SUPPORT
PROGRAMS, INC.,

Debtor.¹

Chapter 11

Case No. 21-10723 (MFW)

**Related Docket Nos. 54, 71, 113, 151, 152, 154, 155,
158, 159, 171, and 172**

**OMNIBUS DECLARATION OF J. SCOTT VICTOR IN SUPPORT OF (I) NON-MAT
SALE MOTION AND (II) MAT SALE MOTION**

I, J. Scott Victor, pursuant to 28 U.S.C. § 1746 declare as follows:

1. I am a Founding Partner and Managing Director of SSG Advisors, LLC (“SSG” or the “**Investment Banker**”), an investment banking firm that maintains offices at 300 Barr Harbor Drive, Suite 420, West Conshohocken, PA 19428.

2. Except as otherwise stated herein, all facts set forth in this Declaration are based upon my personal knowledge of the matters set forth herein. I am over eighteen (18) years of age and I am authorized to submit this Declaration in support of the Sale Motions. If called upon to testify, I could and would competently testify to the facts set forth herein from my own personal knowledge, except as otherwise stated.

3. I previously filed a declaration in support of the Debtor’s motions for approval bidding procedures [Docket No. 113] (the “**Prior Declaration**”), which Prior Declaration is incorporated herein by reference.

4. I submit this Declaration (the “**Declaration**”) in support of the requested sales components of the *Motion of Debtor for Entry of Orders (I)(a) Establishing Bidding Procedures*;

¹ The Debtor in this chapter 11 case, along with the last four digits of its tax identification number, is as follows: Connections Community Support Programs, Inc. (3030). The address of the Debtor’s corporate headquarters is 3812 Lancaster Pike, Wilmington, Delaware 19805.

*(b) Approving Bid Protections; (c) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (d) Approving Form and Manner of Notice; (e) Scheduling a Hearing to Consider Any Proposed Sale; and (f) Granting Certain Related Relief; and (II)(a) Approving a Sale of Some or All of the Assets of the Debtor; (b) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale; and (c) Granting Related Relief filed by the Debtor on April 27, 2021 [Docket No. 54] (the “**Non-MAT Sale Motion**”) and the Motion of Debtor for Entry of Orders (I)(a) Approving Bidding Protections in Connection with Sale of MAT Assets and Services; (b) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts in Connection with Sale of MAT Assets; and (c) Granting Certain Related Relief; and (II)(a) Approving a Sale of the MAT Assets; (b) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the MAT Asset and Services Sale; and (c) Granting Related Relief [(Docket No. 71] (the “**MAT Sale Motion**” and with the Non-MAT Sale Motion, collectively, the “**Sale Motions**”).²*

5. I have reviewed the facts set forth in the Sale Motions and believe that such facts are true and correct to the best of my knowledge, information, and belief.

6. Attached to the Non-MAT Sale Motion was a stalking horse bidder asset purchase agreement, which agreement was amended on or about June 3, 2021, by the Non-MAT Stalking Horse Bidder and filed at docket number 210 (as such document may be amended, the “**Non-MAT Stalking Horse APA**”). Attached to the MAT Sale Motion was a separate stalking horse bidder asset purchase agreement, which agreement was amended on or about June 3, 2021, by the MAT

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Sale Motions or the Prior Declaration.

Stalking Horse Bidder and filed at docket number 211 (as such document has been and may be amended, the “**MAT Stalking Horse APA**” and, with the Non-MAT Stalking Horse APA, collectively, the “**CCSP Stalking Horse APAs**”).

7. By the Sale Motions, the Debtor sought, among other things, (i) to sell the Acquired Assets and the Acquired MAT Assets and operations, including critical programs operated by Connections (collectively, the “**CCSP Assets**”) and (ii) to assume and assign executory contracts and leases (collectively, the “**Assumed CCSP Contracts**”) that any Successful Bidder for any or all of the CCSP Assets designated as contracts and leases to be assumed and assigned in connection with any Sale.

8. On May 18, 2021, the Court entered the *Order (I) Scheduling a Hearing to Consider Approval of the Sale of Substantially All of the Debtor’s Assets, and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, and (III) Granting Related Relief* [Docket No. 151] (the “**Non-MAT Procedures Order**”) and the *Order (I) Scheduling a Hearing to Consider Approval of the Sale of Substantially All of the Debtor’s Assets, and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, and (III) Granting Related Relief* [Docket No. 152] (the “**MAT Procedures Order**,” and, collectively with the Non-MAT Procedures Order, the “**Bid Procedure Orders**”).

9. For the reasons stated herein, in the Sale Motions, and in the Prior Declaration, I believe it is appropriate that the Sale Motions be granted in their entirety and that orders approving

the Sale of the CCSP Assets, in substantially the forms filed with the Court by the Debtor be entered as promptly as possible.

THE DEBTOR'S MARKETING AND SALE EFFORTS

10. As set forth in the Prior Declaration, on February 24, 2021, the Debtor entered into an engagement letter with SSG to provide investment banking services in connection with the Debtor's Assets. SSG immediately began its efforts on behalf of the Debtor to sell the Debtor's asset as a going concern so that the Debtor's critical services could continue without disruption.

11. Specifically, since its retention by the Debtor, SSG has conducted a thorough market analysis for the Debtor, drafted marketing materials, completed a data room for the Debtor, contacted entities potentially interested in acquiring the Debtor's Assets, and responded to various inquiries from the Debtor, its advisors, and third parties who might be interested in serving as a stalking horse for any sale of the Debtor's Assets. Those efforts resulted in the Debtor's entry into the non-MAT Stalking Horse APA that is the subject of the Non-MAT Sale Motion and the MAT Stalking Horse APA that is the subject of the MAT Sale Motion.

12. The Debtor's Marketing Process continued through June 3, 2021, at 5:00 p.m. (Eastern), the date set as the deadline (the "**Bid Deadline**") for submitting bids for some or all of the CCSP Assets. Prior to the Bid Deadline, the Debtor received one bid, in addition to the bids from the Stalking Horse Bidder, that was a Qualifying Bid under the Bidding Procedures, as approved by this Court through the Bid Procedures Orders

13. The Debtor's Marketing Process, as approved by this Court, allowed the Debtor to establish the value of the Debtor's assets and provided the Debtor a path through and out of chapter 11. The proposed Marketing Process further allowed the Debtor to complete its sale process and maximize value for stakeholders within the tight constraints imposed by the Debtor's limited liquidity, while ensuring the Debtor's operations emerged from this bankruptcy case for the benefit

of its patients and clients before the Debtor's use of cash collateral terminated and the Debtor otherwise lacked sufficient capital to continue providing its critical services and care.

14. In short, I believe the Marketing Process was appropriate in the light of the circumstances facing the Debtor. Specifically, as set forth in the Prior Declaration, the Debtor's lack of funding beginning on or about June 15, 2021, including for critical expenses like payroll and related employee costs, necessitated a closing on or before such date, absent alternative sources of funding for the Debtor. The approval by this Court of the sale orders for the CCSP Assets filed with this Court will facilitate a prompt closing of the Sale prior to the time when the Debtor's access to cash collateral is expected to be insufficient to allow the Debtor to continue its operations.

THE AUCTION

15. On June 4, 2021, the Debtor commenced a series of auctions (collectively, the "**Auction**") for some or all of the CCSP Assets. I attended the Auction, along with certain other professionals employed by SSG, along with management of the Debtor, including the Debtor's Chief Restructuring Officer, and the Debtor's restructuring counsel. A transcript of the Auction (the "**Auction Transcript**") was prepared and I understand is attached as an exhibit to the declaration of Robert D. Katz in support of the Sale Motions.

16. Also on June 4, 2021, the Debtor filed two Notices of Auction Results identifying Conexio Care, Inc., the Non-MAT and MAT Stalking Horse Bidder (collectively, the "**Purchaser**") as the Successful Bidder for the Non-MAT Assets and the MAT Assets. *See* Docket Nos. 218 and 219, respectively. As set forth in the Auction Transcript, the Debtor and its advisors, after consultation with the Consultation Parties determined that Conexio Care, Inc. was the Successful Bidder for the non-MAT Assets because no other Qualified Bid for such assets was received.

17. After a separate auction for the MAT Assets, the Debtor and its advisors, after consultation with the Consultation Parties determined that Conexio Care, Inc., was also the

Successful Bidder for the MAT Assets with a bid for such assets of \$2,725,000.00. Although the other Qualified Bidder for such assets, Merakey Parkside Recovery (“**Merakey**”), indicated it was prepared to bid as much as \$3,500,000 for the MAT Assets, the proposed bid from Merakey did not include the in-patient program conducted by the Debtor in Harrington, Delaware (the “**Harrington Program**”). The Debtor, with the assistance of its advisors and management, and in consultation with the Consultation Parties, considered the costs of discontinuing such program and the dislocation such a closure would cause to the thirty-six (36) clients resident in such program. In light of the costs anticipated for closing this program and relocating residents, and the attendant disruption such closure would cause the thirty-six clients of the Debtor receiving services through such program, the Debtor determined that any offer from Merakey that did not include such program would not be higher and better. Because Merakey would not add such program to its proposed bid, the Debtor, again after consultation with the Consultation Parties, determined that any such bid would not be higher and better and declared Conexio Care, Inc., the Successful Bidder for the MAT Assets. *See* Auction Transcript at 44-5.

THE PROPOSED PURCHASER

18. Based on my interactions with and knowledge of the proposed Purchaser, Conexio Care, Inc., the proposed Purchaser is not an “insider” or “affiliate” of the Debtor, as those terms are defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stakeholders exist between the proposed Stalking Horse Bidder and the Debtor.

19. To my knowledge, the Stalking Horse Bidder and its counsel and advisors have acted in “good faith” within the meaning of section 363(m) of the Bankruptcy Code in connection with the sale of the CCSP Assets and the operations of the Debtor.

20. Based on my experience and my knowledge, the Debtor and its advisors conducted a fair and open sale process. The sale process, the Bidding Procedures, and the actions of the Debtor

and the Successful Bidder in connection therewith were non-collusive, duly noticed, and provided a full, fair, and reasonable opportunity for any entity to make an offer to purchase the CCSP Assets. Indeed, such process did result in a Qualified Bid, albeit not a Qualified Bid that was ultimately higher and better, for the MAT Assets. Further based on my experience and knowledge, the process conducted by the Debtor pursuant to the Bid Procedures Orders allowed the Debtor to obtain the highest and best value for the CCSP Assets, in light of (i) the pressing need of the Debtor to ensure that as many of its services as possible under the circumstances continue to be provided to the Debtor's clients after the closing of the Sale of the MAT and non-MAT Assets and (ii) the costs and disruption posed by any shutdown of such services.

21. Further, to my knowledge, the Purchaser acted in compliance with the Bidding Procedures and the Bid Procedures Orders and conducted itself in a non-collusive, fair, and good faith manner. In accordance with the Bidding Procedures and the Bid Procedures Orders, the Debtor, in consultation with the Consultation Parties determined that the bid submitted by the Purchaser and memorialized by the CCSP Stalking Horse APAs were the Successful Bids in each of the separate auctions conducted for the MAT Assets and the Non-MAT Assets.

22. The CCSP Stalking Horse APAs were proposed, negotiated, entered into, and undertaken by the Debtor, and its management and professionals, on the one hand, and the Purchaser, its management and representatives at arm's length, without collusion or fraud, and in good faith within the meaning of section 363(m) of the Bankruptcy Code.

23. The Debtor and the Purchaser have not engaged in any conduct that would cause or permit the CCSP Stalking Horse APAs or the consummation of the Sale to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code. All payments to be made by the Purchaser and other agreements or arrangements entered into by the Purchaser in connection

with the Sale have been disclosed, and neither the Purchaser nor the Debtor has violated section 363(n) of the Bankruptcy Code by any action or inaction.

THE CRITICAL NEED FOR APPROVAL OF THE CCSP STALKING HORSE APAS AND PROMPT ENTRY OF THE SALE ORDERS

24. The total consideration provided by the Purchaser for the CCSP Assets as reflected in the CCSP Stalking Horse APAs is the highest and best offer received by the Debtor for the CCSP Assets. In accordance with the Bid Procedures Orders, the Debtor conducted the Auction, and determined, after consultation with the Consultation Parties, that the CCSP Stalking Horse APAs, collectively and individually, constituted the highest and best offer (after consideration of the value received under such bids and the costs and disruption reasonably anticipated in connection with the other competing bid received).

25. The offer of the Purchaser, upon the terms and conditions set forth in the CCSP Stalking Horse APAs, including the total consideration to be realized by the Debtor thereunder, (i) is the highest and best offer received by the Debtor after extensive marketing, including through the Bidding Procedures and (ii) the Court's approval of each of the CCSP Stalking Horse APAs would maximize the Debtor's recovery. Taking into consideration all relevant factors and circumstances, no other entity has offered to purchase the CCSP Assets for greater value to the Debtor or its estate.

26. Based upon my knowledge of the Purchaser and the marketing and sales processes undertaken by the Debtor and its professionals, I do not believe that the Purchaser would have entered into the CCSP Stalking Horse APAs and would not consummate the transactions contemplated thereby if the sale of the CCSP Assets was not free and clear of all Claims, or if the Purchaser would, or in the future could, be liable for any such Claims. A sale of the CCSP Assets owned by the Debtor other than one free and clear of all Claims would adversely impact the Debtor,

its estate, its creditors, its clients, and other parties in interest, and would yield substantially less value for the Debtor's estate, with less certainty than the Sale as contemplated. Therefore, the Sale contemplated by the CCSP Stalking Horse Bidder APAs maximizes the Debtor's recovery on the CCSP Assets, while ensuring the continuation of as many of the Debtor's current services and programs as possible under the circumstances.

27. The immediate consummation of the Sale is necessary and appropriate to preserve and maximize the value of Debtor's estate and to ensure the continuation of as many services provided by the Debtor to its clients as possible under the circumstances. To maximize the value of the CCSP Assets, to preserve the viability of the business to which the CCSP Assets relate, and to ensure continuity of care for the clients served by the Debtor, it is essential that the Sale occur promptly. I believe that time is of the essence in consummating the Sale.

CONCLUSION

28. For these reasons and for the reasons set forth in the Sale Motions, the Court should promptly approve the Sale in accordance with the proposed forms of order filed with this Court by the Debtor.

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

Date: June 7, 2021

By: /s/ J. Scott Victor
J. Scott Victor