

Business Description

- Headquartered in Wilkesboro, NC, Wilkes Telephone Membership Corporation (“WTMC”) is a member-owned, not-for-profit telephone membership corporation organized under North Carolina law.
 - WTMC and its 20 Debtor affiliates (collectively, the “Debtors”)⁽¹⁾, together with their non-Debtor affiliates (“RiverStreet” or the “Company”), operate under the unified RiverStreet brand
 - The Company provides fiber-to-the-premises broadband, voice, wireless, and security and managed services to residential and business customers
- The Company has served many of its rural markets for decades as the original local telephone company and has been upgrading those networks to broadband; beyond those territories, it has built competitive fiber networks in rural expansion markets.
 - Its network buildout has been funded principally by government grant and subsidy programs
- As of Q2 2026, the Company served approximately 31,600 subscribers across predominantly rural Virginia and North Carolina, plus a small number of customers in South Carolina.
- Financial profile:
 - FY 2025: revenue of approximately \$66 million and EBITDA of approximately \$20.6 million
 - FY 2026 (projected): revenue of approximately \$67.8 million and EBITDA of approximately \$26.5 million

⁽¹⁾ RiverStreet Communications of Virginia, Inc. and certain affiliates filed for Chapter 11 protection on October 21, 2026 (the “Petition Date”) in the U.S. Bankruptcy Court for the Eastern District of Virginia, reporting \$100 million to \$500 million in both assets and liabilities. For a complete list of Debtor entities, see organizational structure chart below.

Corporate History

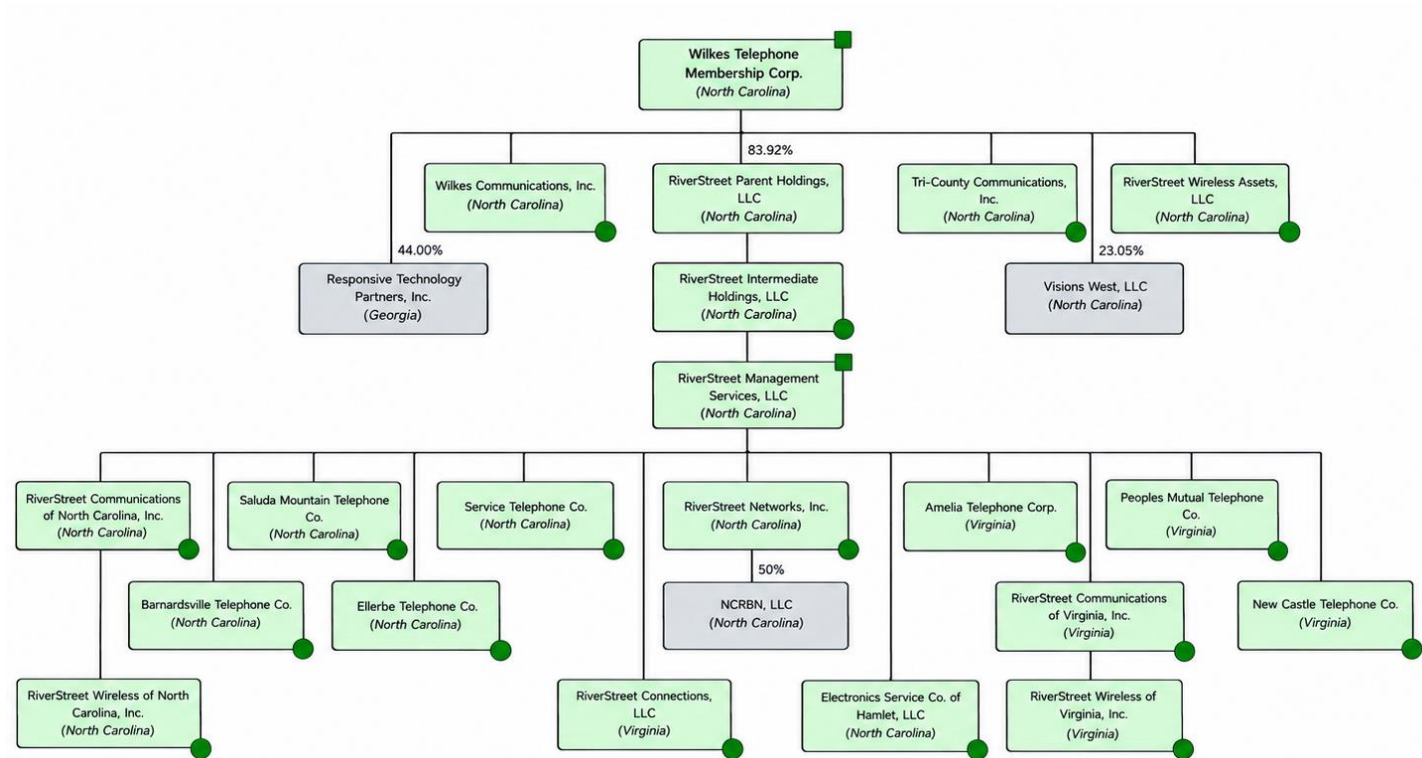
▪ Founding and Origins:

- In 1949, a group of Wilkes County, NC residents petitioned Central Telephone Company to bring telephone service to an area the Debtors describe as one that investor-owned carriers were unwilling or unable to serve
- WTMC was incorporated in 1951 as a telephone membership corporation serving four exchanges: Champion, Clingman, Boomer, and Lomax
- The cooperative made its first phone call in 1958, began building fiber in Wilkes County in 1992, and launched internet service (1995), high-speed internet (2001), TV (2006), and security services (2009)
- In 2013, it introduced gigabit internet speeds and earned national Gig certification from NTCA—The Rural Broadband Association
- In 2014, having extended fiber-to-the-home to all of its members, WTMC began doing business as Wilkes Communications and created a second brand, RiverStreet Networks, to serve areas outside its traditional cooperative market
- In 2024, Wilkes Communications and RiverStreet Networks united under a single name, RiverStreet

Corporate History (cont'd)

- **Acquisitions:** Since 2015, the Company has grown by acquiring incumbent local exchange carriers (“ILECs”), first in North Carolina and later in Virginia, adding them to the cooperative’s original Wilkes County base.
 - **2015:** RiverStreet Networks, LLC, a WTMC subsidiary, agreed to acquire Barnardsville Telephone Company, Saluda Mountain Telephone Company, and Service Telephone Company from TDS Telecom (approximately 2,800 lines combined); all three remain Debtors
 - **2018:** The Company completed three notable transactions:
 - WTMC merged with Tri-County Telephone Membership Corporation, whose former territory now operates as a WTMC division (with separate accounting kept for regulatory purposes)
 - RiverStreet Management Services, LLC (“RSMS”) acquired Ellerbe Telephone Company, the local phone company serving the Ellerbe, NC area; Ellerbe remains a separate company and is a Debtor
 - The Company entered Virginia by acquiring Peoples Mutual Telephone Company (“Peoples Mutual”), the local phone company for Gretna, Hurt, Renan, and Sandy Level, from Consolidated Communications; Peoples Mutual is now a Debtor subsidiary of WTMC
 - **2024:** The Company acquired Amelia Telephone Corporation (“Amelia Telephone”) and New Castle Telephone Company (“New Castle Telephone”) from TDS Telecom, both of which are Debtors
 - **March 2025:** The Company announced it had acquired the New Castle, VA market area of Citizens Cablevision, the cable subsidiary of Floyd, VA-based Citizens Telephone Cooperative, adding customers in Craig County

Corporate Organizational Structure



All percentages 100% unless otherwise noted.

KEY

Borrower	Secured Lender Prepetition Credit Agreement	Guarantor ¹
Debtor	Non-Debtor	

¹ Certain of the Debtors' guaranty obligations are capped at the following amounts: (a) Peoples Mutual Telephone Co. (\$23 million); (b) Amelia Telephone Corp. (\$10.7 million); and (c) New Castle Telephone Co. (\$3.8 million).

Network and Principal Segments

- As of Q2 2026, the Company's network passed approximately 83,000 locations, approximately 67,000 of them with fiber.
 - Approximately 28,300 subscribers took internet service, including approximately 22,700 on fiber; the rest subscribed to voice and/or security service only
 - Roughly one in three locations passed with fiber took fiber service
- Operations fall into four principal segments, split between ILEC territories and markets entered as a competitor:
 - **Legacy Cooperative Exchanges:** North Carolina territories where WTMC itself is the ILEC, including its founding Wilkes County exchanges and those added through the 2018 Tri-County merger
 - **Legacy North Carolina ILECs:** the acquired Saluda Mountain, Ellerbe, Barnardsville, and Service Telephone territories, where each is the original local phone company
 - **North Carolina Competitive and Expansion Markets:** areas where the Company is not the incumbent, building new fiber networks and competing with existing providers
 - **RiverStreet Virginia:** all Virginia operations, mixing the acquired Peoples Mutual, Amelia Telephone, and New Castle Telephone incumbent territories with competitive fiber markets elsewhere in the state

Workforce

- The Company employs ~136 people, all full-time (approximately 110 hourly and 26 salaried).
- Certain employees are represented under two collective bargaining agreements, each running from March 1, 2022 through February 28, 2027:
 - **Teamsters Local 61:** covers WTMC and certain subsidiaries, excluding the wireless, security, and Virginia-based subsidiaries
 - **IBEW Local 1181:** agreement with Peoples Mutual and RiverStreet Communications of Virginia, Inc. covering technicians based at the Company's Gretna, VA facility

Overview

- The Company's fiber expansion has been funded principally by FCC, Virginia, and North Carolina programs, which have awarded it approximately \$480 million and paid approximately \$188 million to date.
 - **Reimbursement-Based Construction Grants** (*principally Virginia and North Carolina state programs*): the Company spends its own capital first, including required matching funds, and is reimbursed only after completed work is documented and verified; approximately \$249 million of awards and \$115 million of receipts
 - **Recurring Federal High-Cost Support** (*three FCC programs*): pays monthly over a multi-year term, conditioned on meeting buildout milestones; approximately \$230 million of awards and \$73 million of receipts
- According to the Debtors, three structural features of this funding model are central to the Chapter 11 cases:
 - **Upfront Capital**: grants reimburse only part of completed work and federal support is paid over time, so the Company must borrow to fund construction and matching capital before government payment arrives
 - **Continuous Construction**: funding is conditioned on buildout milestones measured at regular intervals, so an interruption in construction can cause defaults on existing awards
 - **Asymmetric Downside**: a defaulted award exposes the Company to loss of future funding, repayment demands for amounts previously received, penalties for missed milestones, and draws on letters of credit posted as security

Virginia Programs

- **Virginia Telecommunication Initiative (“VATI”):** The Company’s largest grant program, a state program run by the Virginia Department of Housing and Community Development (“DHCD”) that funds broadband network construction.
 - The Company holds awards from VATI’s 2022 and 2023 funding rounds totaling approximately \$185 million, of which approximately \$110 million has been received
 - The West Piedmont Planning District Commission, a regional government body, is the grantee of record; the Company participates as co-applicant and as the provider that builds and operates the network
 - VATI pays on a reimbursement basis, with funding contingent on construction keeping pace with the contracted schedule
- **Broadband Equity, Access, and Deployment (“BEAD”):** A federal construction program funded through the National Telecommunications and Information Administration and administered in Virginia by DHCD.
 - The Company was awarded approximately \$44 million, which DHCD terminated in August 2026
- **Appalachian Regional Commission (“ARC”):** A federal-state partnership that awarded the Company approximately \$700,000 for a project in Patrick County, VA, with the county serving as grantee of record.

North Carolina Programs

- The Company participates in four construction grant programs run by the North Carolina Department of Information Technology's Broadband Infrastructure Office:
 - **Growing Rural Economies with Access to Technology ("GREAT"):** two awards, approximately \$5.3 million (Stokes County) and approximately \$933,000 (Wilkes County), of which approximately \$2.9 million and \$675,000, respectively, have been received; both remain active and in good standing
 - **Completing Access to Broadband ("CAB 2.0"):** a county/state program open only to state-qualified providers, with the state funding 70% of project costs on a reimbursement basis and the provider funding 30%
 - Approximately \$9.4 million awarded across Camden, Currituck, Stokes, and Wilkes Counties; Camden and Currituck awards were forfeited on July 15, 2026
 - Stokes and Wilkes awards remain active, with construction due by December 31, 2026
 - **Stop Gap:** approximately \$960,000 of awards across the same four counties; Camden and Currituck awards were forfeited on July 15, 2026, while Stokes and Wilkes remain active
 - **BEAD:** provisionally awarded approximately \$2.3 million; the contracts have not been executed

Federal High-Cost Support

- The Company participates in three FCC programs that pay recurring support for building broadband in rural areas, disbursed by the Universal Service Administrative Company (“USAC”) on the FCC’s behalf:
 - **Enhanced Alternative Connect America Cost Model (“E-ACAM”)**: available only to participating ILECs, paying monthly through 2038 for enforceable commitments to bring broadband at specified speeds to specified locations; buildout must be completed by the end of 2028, with interim milestones
 - The Company’s North Carolina E-ACAM support totals approximately \$129.6 million over the program term
 - **Connect America Fund Phase II (“CAF II”)**: support awarded through a 2018 FCC auction, paid over a ten-year term
 - RiverStreet Communications of Virginia, Inc. (“RCVA”) holds an approximately \$32.1 million award; RiverStreet Communications of North Carolina, Inc. (“RCNC”) holds approximately \$0.7 million
 - **Rural Digital Opportunity Fund (“RDOF”)**: a later FCC auction modeled on CAF II, providing up to \$20.4 billion over ten years
 - RCVA holds an approximately \$39.8 million award payable through 2031; Peoples Mutual and two North Carolina affiliates hold smaller awards totaling approximately \$2.5 million (Peoples Mutual’s share approximately \$1.5 million)
- The CAF II and RDOF obligations are secured by letters of credit issued under the CoBank credit facility.

Prepetition Obligations

Debtors' Prepetition Obligations

USD in Millions

As of October 21, 2026

Debt Instrument	Agent / Lender	Rate	Maturity	Borrowers	Guarantors / Obligors	Security	Amount Outstanding
Secured Debt - CoBank Credit Facility:							
Revolving Credit Facility ⁽¹⁾	CoBank, ACB (Agent), Farm Credit System lender syndicate	Default Rate ⁽²⁾	10/31/2028 ⁽³⁾	Wilkes Telephone Membership Corporation, RiverStreet Management Services, LLC	Each Debtor other than RiverStreet Parent Holdings, LLC ⁽⁴⁾	Lien on substantially all assets of the Debtor obligors	\$ 3.0
Term Loan A-1							91.0
Delayed Draw Term Loan A-1							93.0
Total Secured Debt							\$ 187.0
Total Debt							\$ 187.0

1) The facility includes approximately \$32 million of undrawn letters of credit securing the Debtors' obligations under two FCC programs, the Connect America Fund Phase II and the Rural Digital Opportunity Fund, which pay monthly subsidies in exchange for building broadband to specified rural areas by set deadlines. If the Debtors miss those buildout requirements, the FCC can draw on the letters of credit.

2) Following a payment default in August 2025, the obligations accrue interest at the default rate, an increase of 2%, a portion of which was paid in kind in December 2025. The obligations' original interest rate was not stated in the filing.

3) After missing an interest payment under the CoBank credit agreement in August 2025, the Debtors entered into a forbearance agreement with CoBank in September 2025, which was amended and extended six times over the following year, ultimately pushing the forbearance termination date to October 30, 2026.

4) Every Debtor except RiverStreet Parent Holdings guarantees the CoBank debt, but Virginia regulators capped how much CoBank can recover from three of the Virginia phone subsidiaries: approximately \$23 million from Peoples Mutual, \$10.7 million from Amelia Telephone, and \$3.8 million from New Castle Telephone.

5) The DIP Motion reports total funded obligations of approximately \$188 million, including approximately \$18 million of accrued and unpaid interest and fees.

Top Unsecured Claims

30 Largest Unsecured Creditors

USD in Thousands

As of October 21, 2026

	Creditor	Nature of Claims	Amount of Claim		Creditor	Nature of Claims	Amount of Claim
1	Virginia Department of Housing and Community Development (DHCD)	VATI obligations	\$ 50,971.1	16	Netfabric IT Solutions	Trade debt	188.6
2	Lambert's Cable Splicing Co.	Trade debt	12,640.4	17	Pricewaterhouse Coopers LLP	Professional services	150.0
3	Complete Underground, LLC	Trade debt	5,421.0	18	Graybar Electric Company	Trade debt	108.7
4	Whiting Construction Co. Inc.	Trade debt	3,994.5	19	GTT Americas LLC	Trade debt	83.2
5	Quanta Telecommunications Solutions, LLC	Trade debt	3,394.3	20	Innovative Systems LLC	Trade debt	81.9
6	Electricom	Trade debt	2,281.5	21	Cable Protection Service Inc.	Trade debt	73.3
7	TEP Opco, LLC	Trade debt	2,136.9	22	Calix Inc.	Trade debt	54.1
8	Walker & Associates Inc.	Trade debt	1,790.1	23	Souza Consulting	Professional services	52.9
9	Lightsett LLC	Engineering services	1,613.2	24	Adams Cable Equipment Inc.	Trade debt	45.6
10	Charles Industries, LLC	Trade debt	1,193.0	25	Magaram Engineering Services	Engineering services	32.4
11	MHO LLC	Trade debt	1,177.6	26	Cogent	Trade debt	24.8
12	Challenger Cable Sales	Trade debt	1,168.7	27	Core Telecom Sys. Inc.	Trade debt	22.1
13	Campbell County, VA	VATI obligations	1,098.0	28	Appdirect CSP Inc.	Trade debt	21.6
14	Vantage Point Solutions Inc.	Engineering services	305.2	29	Optimum B2B, Dept. 1264	Trade debt	21.0
15	Domo Inc.	Trade debt	219.1	30	Element Creative, LLC	Trade debt	20.0
							30 Largest Unsecured Claims \$ 90,384.8

Events Leading to Bankruptcy

Expansion Plan and Liquidity Shortfalls

- In 2023, backed by federal and state broadband grants and subsidies, the Company committed to an approximately \$480 million fiber buildout reaching approximately 182,000 locations across Virginia and North Carolina.
 - The Debtors entered into a credit agreement with CoBank to fund construction costs, expecting state grant reimbursements and recurring federal support to repay the borrowings as construction was completed
- Through 2024, inflation in materials and labor costs and higher interest rates widened the gap between the cost of the buildout and the capital available to fund it.
 - Mitigation efforts narrowed but could not close the gap, leaving an unfunded capital need estimated at approximately \$153 million
 - According to the Debtors, capital markets available to rural telecom providers offered no realistic way to raise that amount on terms the Company's cash flows could support

Missed Interest Payment and Construction Halt

- In August 2025, the Company missed a scheduled interest payment under the CoBank credit agreement and paused new construction across its expansion footprint to conserve cash.
- Because its grant awards conditioned funding on continued construction and the addition of paying customers, the pause caused existing awards to fall into default.
 - Reimbursements and support payments were suspended or withheld, granting agencies' remedies began to accrue, and expected customer revenue could not be realized

Events Leading to Bankruptcy (cont'd)

Loss of Construction Grants

- **Virginia BEAD Award:** The award was conditioned on the Company securing a performance bond or letter of credit.
 - Federal BEAD rules allow that security to be as little as 10% of the award where the state reimburses for periods of six months or less, which here would have been approximately \$4.4 million
 - On July 16, 2026, DHCD issued a cure letter requiring proof of committed funding by August 15; on August 18, it terminated the agreement for failure to satisfy conditions precedent; no BEAD funds were disbursed
- **VATI Corrective Action and Removal:** After the construction pause, DHCD held risk assessment meetings in September 2025 and January 2026, and placed the VATI projects under corrective action plans in April 2026.
 - The plans required the Company to identify its sources of lending and equity; DHCD later asked for proof that all outstanding capital was secured
 - In July 2026, DHCD determined the Company could not secure the financing needed and removed it from its eastern projects funded by VATI and the American Rescue Plan Act
 - DHCD has demanded repayment of funds tied to the eastern projects (disputed by the Debtors), described as “tens of millions of dollars” of the \$110.2 million received, including \$10.9 million attributable to Amelia County alone, and referred its claims to the Virginia Attorney General
 - The eastern projects are being rebid county by county, and the western project is being transferred to another provider

Loss of Federal Support

- The Company has also lost much of its recurring federal support, as missed milestones led to withheld payments, defaults, and a withdrawal.
 - **CAF II (Virginia):** Per a May 2024 FCC order, RCVA told the FCC in January 2023 it had missed its first milestone (40% of required locations by end of 2022); its approximately \$267,800 monthly payment was halved in April–May 2023 and suspended from June 2023 through April 2024, before resuming at approximately \$200,900 a month
 - RCVA faces penalties if it does not complete the buildout by a December 31, 2026 cure deadline; in October 2026, it told the FCC it is defaulting on 15 Virginia block groups
 - **CAF II (North Carolina):** RCNC's award is in a cure period, with a penalty anticipated around April 2027; USAC has not disbursed support since May 2026
 - **RDOF (Virginia):** USAC has withheld approximately 25% of RCVA's monthly support since April 2026, reducing it from approximately \$315,300 to approximately \$236,500; in October 2026, RCVA and Peoples Mutual told the FCC they are defaulting on 42 Virginia block groups
 - **E-ACAM (Virginia):** Amelia Telephone and New Castle Telephone withdrew from the program after building 475 locations combined, concluding that completing the buildout would require substantial new capital

Events Leading to Bankruptcy (cont'd)

Program Portfolio

- The Company's losses are concentrated in Virginia: awards that have been terminated, removed, withdrawn, or placed in partial default represent approximately \$328.3 million, or 69%, of total awards and approximately 83% of total receipts.
 - These comprise VATI, BEAD, the Amelia Telephone/New Castle Telephone E-ACAM award, RCVA's CAF II and RDOF awards, and Peoples Mutual's RDOF award

Program	Awarded (\$M)	Received (\$M)	Status at Petition Date
<u>Virginia Programs:</u>			
VATI (2022 and 2023 rounds)	\$ 185.2	\$ 110.2	East removed; West transfer to new provider pending
Virginia BEAD	44.0	-	Terminated
Appalachian Regional Commission (Patrick County)	0.7	-	—
Virginia Subtotal	\$ 229.9	\$ 110.2	
<u>North Carolina Programs:</u>			
North Carolina BEAD	\$ 2.3	\$ -	Provisional; contracts unexecuted
GREAT (RCNC, Stokes; Wilkes Communications, Inc., Wilkes)	6.2	3.6	Active
CAB 2.0	9.4	<0.1	Forfeited (Camden, Currituck); active (Stokes, Wilkes)
Stop Gap	1.0	1.0	Forfeited (Camden, Currituck); active (Stokes, Wilkes)
North Carolina Subtotal	\$ 18.9	\$ 4.6	
<u>Federal High-Cost Support:</u>			
E-ACAM (WTMC, North Carolina)	\$ 129.6	\$ 26.5	Active
E-ACAM (Amelia Telephone, New Castle Telephone)	25.7	6.4	Withdrawn
CAF II (RCVA, Virginia)	32.1	21.7	In cure; partial default notified
CAF II (RCNC, North Carolina)	0.7	0.1	In cure; disbursements halted since May 2026
RDOF (RCVA, Virginia)	39.8	17.3	25% withheld; partial default notified
RDOF (Peoples Mutual; North Carolina entities)	2.5	1.2	Peoples Mutual partial default notified
Federal High-Cost Support Subtotal	\$ 230.4	\$ 73.2	
Total	\$ 479.0	\$ 187.9	

Modified Build Plan

- With restructuring advisor Areté Partners, LLC, the Company adopted a modified build plan to right-size debt, preserve certain grant programs, eliminate commitments requiring substantial new capital, and keep deployed locations operating.

Restructuring Efforts

- In June 2025, the Company engaged Guggenheim Securities, LLC (“Guggenheim Securities”) as investment banker to explore financing and sale alternatives:
 - **Junior Capital:** Beginning July 23, 2025, Guggenheim Securities sought junior capital, mainly for Virginia capex; per the Debtors, the search ended after approximately three months due to lack of investor interest
 - **Select-Asset Sale:** A sale of select assets, mainly in Virginia, ran from November 2025 to April 2026 and ended because buyers would not underwrite the construction plan or assume certain regulatory subsidy obligations
 - **Dual-Track Process:** Re-engaged in April 2026, Guggenheim Securities launched a sale process seeking a stalking horse bid for substantially all assets; on May 22, 2026, it launched a parallel search for senior secured financing (to complete the buildout or refinance existing lenders while walking away from much of the grant obligations), with a DIP option
 - The financing track produced one preliminary DIP proposal, deemed not actionable, and was suspended after approximately seven weeks
 - **July 2026 Relaunch:** On July 10, while continuing the sale process, Guggenheim Securities approached 79 counterparties about exit and DIP financing
 - No party would provide standalone DIP financing without the existing lenders’ consent to being primed, which they declined to give; the Company instead negotiated its DIP facility with CoBank, agent for those lenders

Case Objectives

- The Debtors filed for Chapter 11 to sell substantially all assets under section 363 with a stalking horse in place, to rationalize the grant and subsidy portfolio (including through arrangements recognizing support for locations actually built), and to keep service uninterrupted.
- The proposed sale would end WTMC's status as a member-owned cooperative.

Stalking Horse APA

- On October 20, 2026, the Debtors entered into an asset purchase agreement (the "Stalking Horse APA") with OCM Riverstreet Holdings, LLC, an entity formed by Oaktree Capital Management for the transaction.
 - The buyer would acquire substantially all assets for \$92.5 million plus the assumption of certain liabilities, subject to court approval and higher or better offers
 - Measured against the Company's figures, the bid represents approximately 4.5x FY2025 EBITDA and 3.5x projected FY2026 EBITDA
 - The Debtors may also sell assets and liabilities not covered by the APA to third parties
 - As of October 23, 2026, neither the Stalking Horse APA nor a bidding procedures motion had been filed on the docket

DIP Sale Process Terms

- **Credit Bid Rights:** The lenders may credit bid their DIP and prepetition claims, but agree not to do so against a stalking horse bid the DIP Agent has approved in writing, for as long as that bid remains viable.
 - Assets outside that bid remain open to a credit bid; if the stalking horse bid stops being viable, or the DIP Agent never approves it, the lenders may credit bid on any of the assets
- **Lender Consent:** The Debtors may not propose or support a sale that does not pay the DIP and prepetition obligations in full without the lenders' written consent; seeking sale procedures without the required lenders' consent is an event of default.
- **Sales Milestones:**
 - Sale procedures motion within four business days of the Petition Date, or by October 27, 2026
 - Bidding procedures order within 35 days
 - Bid deadline and auction within 55 and 60 days, respectively
 - Sale order within 65 days

DIP Facility

- The Debtors propose to fund the cases with a senior secured superpriority DIP facility of up to \$80 million from the Debtors' prepetition lenders, comprising \$20 million of new-money delayed-draw term loans and a \$60 million roll-up of prepetition Term Loan A-1.
 - CoBank serves as agent; WTCM and RSMS are the borrowers, and every other Debtor guarantees the facility jointly and severally
 - Terms reflect the revised proposed interim order filed late on October 22, ahead of the October 23 interim hearing (Doc. 55)

DIP Facility (cont'd)

- **Structure:** \$10 million of new money is available on an interim basis and the remaining \$10 million upon entry of the final order.
 - For each \$1 of new-money commitment made available, \$3 of prepetition principal is deemed refinanced into the DIP: a \$30 million roll-up on interim approval and an additional \$30 million upon the final order (\$60 million total)
- **Pricing:** Weekly one-month SOFR index plus 6.5% (the index includes a 0.1% adjustment over term SOFR); 2% default rate increase.
- **Fees:** 1% unused fee, \$50,000 administration fee, and 1.5% origination and exit fees, fully earned on entry of the interim order.
- **Maturity:** Earliest of six months after the Petition Date, a plan's effective date, consummation of a sale of substantially all assets, or dismissal, conversion, or appointment of a trustee.
- **Collateral and Priority:** Priming liens, with the lenders' consent, on substantially all assets, expressly including "grants, grant proceeds," plus superpriority claims.
 - Upon the final order, collateral also includes section 506(c) and 550 claims; avoidance actions are excluded except for section 549 proceeds; liens are junior only to permitted prior liens and the Carve Out
- **Carve Out:** Budgeted professional fees through termination, plus any allowed Guggenheim Securities success fee, whether it accrues before or after termination; post-termination, up to \$250,000 of additional professional fees, plus \$50,000 for a Chapter 7 trustee.
- **Adequate Protection:** Replacement liens and superpriority claims for the prepetition lenders to the extent of any decline in collateral value.

DIP Facility (cont'd)

- **Investigation Budget:** \$50,000 for a committee, if appointed; only a party granted standing may challenge the prepetition stipulations or the roll-up DIP liens.
 - Challenges are due within 60 days after a committee forms or, if none forms, 75 days after interim entry; the window closes earlier on a plan or sale order
- **Budget Variance:** Disbursements tested weekly against a 10% limit, in aggregate and by line item; cumulative through week 3, then on a rolling four-week basis.
- **Covenants:** Without DIP Agent consent, the Debtors may not join new funding programs or forfeit grant awards unless consistent with the budget.
 - Any funding-agency recoupment, setoff, or withholding that impairs budgeted revenue is deemed a material adverse change, becoming a default if not cured within two business days

Other First Day Relief

- **Wages (Doc. 4):** Authority to pay approximately \$310,000 of prepetition compensation and benefits on an interim basis and approximately \$315,000 on a final basis. The motion also notes that the Debtors paid prepetition retention bonuses, in undisclosed amounts, to certain insider and non-insider employees, repayable if recipients leave early, and does not seek court approval of those payments.
- **Customer Programs (Doc. 5):** Continue customer programs to honor approximately \$1.51 million of prepetition obligations, with authority to pay up to \$1.73 million on both an interim and final basis.
- **Cash Management (Doc. 6):** Continue the system of 38 Wells Fargo bank accounts and 13 investment accounts, pay bank fees (including up to \$100,000 of prepetition fees), and maintain corporate and fuel card programs. The revised proposed interim order would cap corporate card payments to Wells Fargo at \$30,000, bar distributions from members' capital accounts without DIP lender consent or a court order, and require a court order before the Debtors surrender, return, or repurpose grant funds.
- **Taxes and Fees (Doc. 7):** Pay approximately \$2.51 million of accrued prepetition taxes and fees, with interim payments capped at \$400,000.
 - The interim amount covers sales and use, excise and communications taxes, customer surcharges, and business fees; income, property, and franchise taxes of approximately \$2.1 million are deferred to the final order
- **Utilities (Doc. 8):** A \$34,050 adequate assurance deposit (approximately two weeks of the approximately \$68,000 average monthly utility spend), plus procedures for additional assurance requests.
- **Insurance (Doc. 9):** Maintain 24 insurance policies (approximately \$1.30 million in annual premiums), 13 surety bonds (approximately \$66,000 in annual premiums), and seven letters of credit totaling approximately \$32 million.
 - Related payments would be capped at \$25,000 on an interim basis, with no dollar cap in the proposed final order; any renewal or new coverage requires DIP Agent consultation

DHCD Limited Objection

- On October 22, 2026, DHCD filed a limited objection to the DIP and cash management motions (Doc. 51), arguing that approximately \$27.6 million of VATI grant funds held by the Debtors are not property of the estate.
 - DHCD says it advanced the funds to RCVA through VATI and grant administration agreements implemented by the West Piedmont Planning District Commission, and that the Debtors have neither earned them nor committed them to expenses
 - DHCD contends the Debtors hold the funds in constructive trust for DHCD and VATI, retaining only legal title
- DHCD took issue with the DIP liens on all assets (including “grants, grant proceeds”) and the proposed cash management orders’ requirement of DIP Agent consent before surrendering, returning, or repurposing grant funds, proposing three changes:
 - **Broader Cash Exclusion:** Extend the DIP order’s exclusion for cash held in trust for third parties to cover constructive trusts, cash in which a Debtor holds only bare legal title, and cash otherwise not estate property
 - **VATI Carve-out:** Exclude from DIP collateral all funds advanced by, or subject to recoupment by, DHCD or its agents, contractors, partner localities, commissions, or authorities in connection with VATI (approximately \$27.6 million)
 - **Court Approval for Returning Grant Funds:** Require a court order, rather than DIP Agent consent, before the Debtors surrender, return, or repurpose grant funds
- The latest revised proposed interim DIP order filed did not carve the VATI funds out of the lenders’ collateral; instead, it added a provision stating that nothing in the order determines whether those funds are property of the Debtors.

DHCD Limited Objection (cont'd)

Regulatory Approvals for a Sale

- DHCD reserved its rights to be heard on the disposition of VATI funds at future hearings (including the final DIP order, any sale motion, and plan confirmation) and to seek return or turnover of the funds.
- As regulated telecommunications providers, the Debtors require regulatory approval for a sale; the FCC oversees their interstate services.
 - FCC licenses passed to the Debtors as debtors in possession automatically on filing, but assigning them to an unrelated buyer in a section 363 sale requires FCC approval
- Under the DIP documents, neither the DIP Agent nor the lenders may transfer a license or change control of a licensee without first obtaining any required approval from the FCC, a state utility commission, or another regulator.
 - The Debtors must cooperate in filing the applications needed to transfer the licenses, including to a lender-designated buyer following a credit bid

Initial DIP Budget

RiverStreet Communications of Virginia, et al. - Weekly DIP Budget																
	Filing	Week 1 BK	Week 2 BK	Week 3 BK	Week 4 BK	Week 5 BK	Week 6 BK	Week 7 BK	Week 8 BK	Week 9 BK	Week 10 BK	Week 11 BK	Week 12 BK	Week 13 BK	Total	
(\$ in thousands)	10/21/26	10/23/26	10/30/26	11/6/26	11/13/26	11/20/26	11/27/26	12/4/26	12/11/26	12/18/26	12/25/26	1/1/27	1/8/27	1/15/27	13-Week	
Receipts:																
Customer collections		1,100	724	342	518	1,049	840	376	494	642	1,053	543	406	556	8,641	
Grant receipts		-	-	1,027	-	-	-	1,027	-	-	-	1,027	-	-	3,080	
Other receipts		20	125	35	15	20	125	35	15	20	125	35	15	20	605	
Total - Receipts:		\$ 1,120	\$ 849	\$ 1,403	\$ 533	\$ 1,069	\$ 965	\$ 1,438	\$ 509	\$ 662	\$ 1,178	\$ 1,605	\$ 421	\$ 576	\$ 12,326	
Operating Disbursements																
Payroll & benefits		560	292	592	-	592	292	592	-	592	-	884	-	861	5,257	
Trade AP (Capex & Opex)		589	444	472	524	597	416	430	578	600	416	670	552	430	6,716	
Taxes & Regulatory		65	65	73	33	33	25	72	25	25	65	35	25	25	564	
Total - Operating Disbursements		\$ 1,214	\$ 801	\$ 1,136	\$ 557	\$ 1,222	\$ 733	\$ 1,093	\$ 603	\$ 1,217	\$ 481	\$ 1,589	\$ 577	\$ 1,316	12,538	
Non-Operating Disbursements:																
Bank interest & fees		10	-	-	77	10	-	-	77	10	-	-	-	77	260	
Total - Non-Operating Disbursements		\$ 10	\$ -	\$ -	\$ 77	\$ 10	\$ -	\$ -	\$ 77	\$ 10	\$ -	\$ -	\$ -	\$ 77	\$ 260	
Pre-Restructuring Related Cash Flow		(104)	48	267	(101)	(163)	233	344	(171)	(565)	697	16	(156)	(817)	(471)	
Restructuring Related																
Professional fees		946	925	780	605	825	834	807	632	632	1,411	470	295	295	9,455	
DIP interest & fees		50	-	-	-	119	-	-	-	-	450	-	-	-	618	
Other restructuring related		-	-	35	-	-	-	-	-	-	-	-	-	-	35	
Total Restructuring Related		\$ 996	\$ 925	\$ 815	\$ 605	\$ 943	\$ 834	\$ 807	\$ 632	\$ 632	\$ 1,861	\$ 470	\$ 295	\$ 295	\$ 10,109	
Net cash flow		\$ (1,101)	\$ (878)	\$ (548)	\$ (705)	\$ (1,106)	\$ (601)	\$ (463)	\$ (803)	\$ (1,197)	\$ (1,163)	\$ (453)	\$ (450)	\$ (1,111)	\$ (10,580)	
Other Cash Activity																
Book Cash balance, beg.		\$ 40,171	\$ 43,771	\$ 42,893	\$ 42,346	\$ 41,640	\$ 45,534	\$ 44,933	\$ 44,470	\$ 43,668	\$ 42,470	\$ 41,307	\$ 40,853	\$ 40,403	\$ 40,171	
Less: Restricted Cash		(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	(36,769)	
Net cash flow		(1,101)	(878)	(548)	(705)	(1,106)	(601)	(463)	(803)	(1,197)	(1,163)	(453)	(450)	(1,111)	(10,580)	
DIP Funding / (Repayment)		4,700	-	-	-	5,000	-	-	-	-	-	-	-	5,000	14,700	
Available cash balance, end.		\$ 3,402	\$ 7,002	\$ 6,124	\$ 5,577	\$ 4,871	\$ 8,765	\$ 8,164	\$ 7,701	\$ 6,899	\$ 5,701	\$ 4,538	\$ 4,084	\$ 3,634	\$ 7,523	
DIP Summary																
Beginning balance:	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	
Plus: Drawn Amount	-	4,700	-	-	-	5,000	-	-	-	-	-	-	-	5,000	14,700	
Plus Origination Fee	-	300	-	-	-	-	-	-	-	-	-	-	-	-	300	
Plus: Rollup	-	30,000	-	-	-	30,000	-	-	-	-	-	-	-	-	60,000	
Ending Balance:	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 75,000	\$ 75,000	