

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

In re:)	
)	Chapter 11
ZACHRY HOLDINGS, INC., <i>et al.</i> ¹)	
)	Case No. 24-90377 (MI)
Reorganized Debtors.)	
)	(Jointly Administered)

JOINT STATUS REPORT FOLLOWING THE APRIL 1, 2025 HEARING

The above-captioned reorganized debtors (collectively, the “Reorganized Debtors”) and McDermott, LLC (“McDermott” and together with the Reorganized Debtors, the “Parties”) jointly file this status report (the “Joint Status Report”) to address the issues raised at the hearing held on April 1, 2025 (the “April 1 Hearing”) before this Court concerning discovery sought by the Reorganized Debtors from McDermott to recover lost or missing Sunbelt Rentals, Inc. tools (the “Sunbelt Tools”) located on the Golden Pass export worksite (the “GPX Worksite”).

1. Following the April 1 Hearing, the Court directed the Parties to: (1) “confer with their clients about the exit protocol discussed on the record”; (2) “[f]ailing that, confer about a workable way to have a protocol that is non-invasive”; and (3) “failing that . . . file a brief on the constitutional issue discussed on the record and a response.” *See* [Docket No. 2686] (the “Order”). The Court further directed that “[n]ot later than April 16, 2025, the parties will file a status report” regarding McDermott’s Motion to Quash [Docket No. 2306] and the Reorganized Debtors’ Cross-Motion to Compel [Docket No. 2429]. *Id.*

¹ The last four digits of Zachry Holdings, Inc.’s tax identification number are 6814. A complete list of each of the Reorganized Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Reorganized Debtors’ claims and noticing agent at <https://www.veritaglobal.net/ZHI>. The location of the Reorganized Debtors’ service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.



2. In accordance with the Order, the Parties have conferred and hereby jointly provide the following updates listed below.

A. Status of McDermott's Document Production

3. Since the April 1 Hearing, McDermott has produced 71 documents and represented that its document production is substantially complete. The Reorganized Debtors take no position regarding the completeness of McDermott's production at this time and respectfully reserve all rights.

B. Status of Settlement Discussions

4. As directed by the Court, the Parties have been engaged in settlement negotiations in a good-faith effort to reach a resolution concerning the Sunbelt Tool discovery dispute, including exchanging a draft stipulated settlement. While those discussions remain ongoing, the Parties have made progress toward a resolution² and are cautiously optimistic that they will be able to successfully resolve the matter.

C. Briefing Schedule on the Fourth Amendment Issue

5. At the April 1 Hearing, the Court directed that, if the Parties' dispute has not been resolved by agreement, the Parties should agree on a briefing schedule on the Fourth Amendment constitutional issue.

6. While the dispute has not yet been fully resolved, the Parties are hopeful that they can reach a resolution and therefore respectfully request additional time to continue settlement discussions before committing to a briefing schedule on the Fourth Amendment issue. The Parties

² The Parties have successfully coordinated the removal of the Sunbelt Tools identified from the Reorganized Debtors' January 2025 search from the GPX Worksite.

believe that this approach will preserve the Parties' resources (and the Court's time) and is consistent with this Court's statements on the record at the April 1 Hearing.

7. If the Parties are unable to reach a resolution concerning the Sunbelt Tool discovery dispute within two (2) weeks from the date hereof, by Wednesday, April 30, 2025, the Parties propose filing a second joint status report reporting the same to the Court and proposing a briefing schedule on the Fourth Amendment issue, as deemed necessary and appropriate.

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RESPECTFULLY SUBMITTED THIS 16TH DAY OF APRIL, 2025:

/s/ Charles R. Koster

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CERTIFICATE OF SERVICE

I certify that on April 16, 2025, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Charles R. Koster

Charles R. Koster