Docket #0030 Date Filed: 9/26/2024

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS (HOUSTON)

IN RE:	Case No. 24-90377
	Chapter 11
ZACHRY HOLDINGS, INC.,	
Debtor.	
	Adv. No. 24-03195
FLNG LIQUEFACTION LLC, et al.,	
Plaintiffs,	
v.	515 Rusk Street
	Houston, TX 77002
CB&I INC., et al.,	
	Tuesday, September 24, 2024
Defendants.	11:00 a.m.

TRANSCRIPT OF STATUS CONFERENCE
BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES CONTINUED.

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APPEARANCES (Continued):

For Zachry Holdings, Inc.:	Hicks Thomas By: JOHN J. DEIS, ESQ. 700 Louisiana Street, Suite 2300 Houston, TX 77002 (713) 547-9100
For FLNG Liquefaction LLC:	King & Spalding By: MICHAEL FISHEL, ESQ. RUSSELL HALE NEILSON, ESQ. 1100 Louisiana Street, Suite 4100 Houston, TX 77002 (713) 751-3200
For Chiyoda International Corporation:	Haynes and Boone LLP By: KELLI NORFLEET, ESQ. 1221 McKinney Street, Suite 4000 Houston, TX 77010-2007 (713) 547-2000

TELEPHONIC APPEARANCES:

For Zachry Holdings, Inc.:	White & Case By: CHARLES R. KOSTER, ESQ. 609 Main Street, Suite 2900 Houston, TX 77002 (832) 786-6118
For Chiyoda International Corporation:	Haynes and Boone LLP By: CHARLES M. JONES, ESQ. 2801 North Harwood Street, Suite 2300 Dallas, TX 75201 (214) 651-5000

(Proceedings commence at 11:00 a.m.)

THE COURT: Please be seated.

All right. We have two hearings scheduled for the 11 o'clock docket. The first we'll call is Zachry Holdings. It is Adversary Proceeding 24-3195. If you're here in 3195, please press "five star" one time on your phone or come forward if you're in the courtroom.

Good morning.

MS. NORFLEET: Good morning, Your Honor. Kelli Norfleet from Haynes and Boone on behalf of Chiyoda International Corporation.

THE COURT: Good morning.

MS. NORFLEET: I'm joined on the phone by my colleague, Charlie Jones.

THE COURT: Thank you.

MR. FISHEL: Good morning, Your Honor. Michael Fishel from King & Spalding on behalf of FLNG, and my colleague, Hale Neilson from K&S, as well.

THE COURT: Good morning.

MR. FISHEL: Good morning.

THE COURT: Mr. Koster, good morning. Oops.

MR. DEIS: Morning, Your Honor. My name is John Deis. I'm with Hicks Thomas, representing Zachry. And as you've noted, Mr. Koster is on the phone.

THE COURT: Thank you, Mr. Deis.

Mr. Koster.

MR. KOSTER: Good morning, Your Honor. Charles Koster, White & Case, for the debtors.

THE COURT: All right. Have y'all talked about how y'all want to proceed today?

MR. NEILSON: Your Honor, I'm fine with going first just to provide the Court with an overview of the case and status of the case.

THE COURT: So how are we proceeding against Zachry with a proof of claim filed against Zachry in state court? What -- I don't even understand the theory? We have a proof of claim filed here by FLNG, and FLNG wants to go to state court to determine what about the proof of claim filed here? What is going on?

MR. NEILSON: Your Honor, so it is FLNG's position that the case should be remanded back to the state court under mandatory abstention.

THE COURT: Well, why -- how could we do that if you filed the proof of claim here?

MR. NEILSON: So, Your Honor, under the motion to remand, we proceeded under two different theories. One was under mandatory abstention, and the other was under equitable remand.

THE COURT: No, answer my question. I know what you filed, but after you filed that, you then filed a proof of

claim. How do you go back --

MR. NEILSON: Correct, Your Honor.

THE COURT: -- to state court to -- if the proof of claim is here?

MR. NEILSON: It's FLNG's position that the case should be adjudicated in state court under -- likely under equitable remand or --

THE COURT: Talk to me about the proof of claim and what effect that has on the relief you want.

MR. NEILSON: Yes, Your Honor. So -- of course. We filed our proofs of claims with various pretty extensive reservation of rights language that we believe should --

THE COURT: None of which work, but go ahead. Right. Supreme Court --

MR. NEILSON: Of course, Your Honor.

THE COURT: The Supreme Court's the one that has ruled what occurs when you file a proof of claim. You can't get around that by writing around it.

MR. NEILSON: Right, Your Honor. We filed our proofs of claim with extensive reservation of rights language that we, you know, intended to protect our rights to pursue the claims in state court. To the extent that that undermines our ability to seek mandatory abstention of the case, we do believe that there are sufficient factors supporting equitable remand or permissible abstention to allow the case to go forward in state

court.

THE COURT: Okay. I'll set you for an evidentiary hearing. When do you want that?

MR. NEILSON: Could I please have discussion with my colleagues, Your Honor?

THE COURT: Sure.

MR. FISHEL: Your Honor, I think we'll need to confer with Zachry on timing. With respect to the point Your Honor's making, we're obviously -- we're well aware of it. We understand the Court's position. We'll confer with Zachry about next steps. And we'll let you know in terms of timing --

THE COURT: When do you want your evidentiary hearing? I'll give you an evidentiary hearing. I don't see how you win at this stage, frankly. I mean, you may win after confirmation on something like this, but winning now is going to be really, really hard, and you know that. You can proceed without them if you want to, but if you want a claim against Zachry, you're seeking that through a proof of claim, and if you think you can still go to state court, I want you to try and prove that. When do you want to come back?

MR. FISHEL: Can we let Your Honor know in terms of scheduling this afternoon? Would that be all right?

THE COURT: Sure.

MR. FISHEL: Okay.

THE COURT: Is that okay with everybody else? I'll

just continue today's hearing until four o'clock this afternoon, and we'll take it up at four o'clock. We'll set a schedule for trial.

MR. KOSTER: Your Honor, Charles Koster for the debtors.

THE COURT: Go ahead, Mr. Koster.

MR. KOSTER: Absolutely fine to come back with some time for an evidentiary hearing. We have a response deadline on October 3rd to respond to the motion to remand, so I would expect that a hearing, if any, would be a few weeks after that, approximately mid-October at the earliest. In the meantime, of course, and as we've expressed to counsel, we'd like to continue exploring potential ways to resolve this issue also in conjunction with the former joint venture partners on this project who will be affected by any of this relief. Ms. Norfleet's obviously in court and can give her views on the schedule and the response to the motion to remand, as well.

THE COURT: Yeah. Do y'all want to wait until, instead of this afternoon, after that response deadline to come back for a hearing?

MR. FISHEL: That'd be great, Your Honor.

MR. KOSTER: I think that makes the most sense.

THE COURT: Ms. Norfleet?

MS. NORFLEET: That would be fine with us, Your Honor. Thank you.

THE COURT: Okay. How about we'll continue today's hearing -- let me see -- how does October 15th at nine o'clock in the morning, along with the Zachry cash collateral hearing, look for y'all? And we'll do a scheduling order on when to set you for trial. Anybody have a problem with that?

MR. KOSTER: From the debtor's perspective, that's fine, Your Honor.

THE COURT: Mr. Fishel, does that work for y'all?

MR. FISHEL: I've got a status conference in Orlando that I have to be there in person for.

THE COURT: You have to be there in person? Okay. How about --

MR. FISHEL: Unless, Your Honor -- if October -- if the October 15th is just a continued status conference --

THE COURT: It's just a status conference.

MR. FISHEL: Then yes, that's -- and what time?

THE COURT: Why don't we work around your schedule since you've got a schedule. That way, you can participate by video. When is your conference in Orlando?

MR. FISHEL: It is 12:30 Eastern, so anything that morning.

THE COURT: Why don't we just do it at nine o'clock here and --

MR. FISHEL: Perfect.

THE COURT: -- you should be in good shape for that.

MR. FISHEL: Excellent.

THE COURT: You okay with that, Ms. Norfleet?

MS. NORFLEET: That's fine with us, Your Honor.

THE COURT: Okay. Hearing is continued until nine o'clock on October 15. Thank you.

MR. FISHEL: Thank you, Your Honor.

(Proceedings concluded at 11:07 a.m.)

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C E R T I F I C A T I O N

I, Alicia Jarrett, court-approved transcriber, hereby certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

Alicia J. Jarrett

_____

ALICIA JARRETT, AAERT NO. 428 DATE: September 26, 2024

ACCESS TRANSCRIPTS, LLC

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS

In Re: Zachry Holdings, Inc. and Statutory Unsecured Claimholders' Committee Debtor	Case No.: 24−90377 Chapter: 11

FLNG Liquefaction LLC,
Plaintiff(s),
vs.
CB&I Inc,
Defendant(s).

Adversary No.: 24−03195

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