UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS (HOUSTON)

IN RE:	Case No. 24-90377
	Chapter 11
ZACHRY HOLDINGS, INC., et al.	
Debtors.	
FLNG LIQUEFACTION LLC, et al.,	Adv. No. 24-03195
Plaintiffs,	
v.	
CB&I INC., et al.,	
Defendants.	
FLNG LIQUEFACTION LLC, et al.,	Adv. No. 24-03189
Plaintiffs,	
v.	
ZACHRY INDUSTRIAL, INC., et al.,	
Defendants.	
ALLIANZ GLOBAL RISKS US INSURANCE CO., et al.,	Adv. No. 24-03190
Plaintiffs,	
v.	
ZACHRY INDUSTRIAL, INC., et al.,	515 Rusk Street Houston, Texas 77002
Defendants.	Tuesday, November 12, 2024 1:28 p.m.

TRANSCRIPT OF DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) SCHEDULING A COMBINED DISCLOSURE STATEMENT APPROVAL AND PLAN CONFIRMATION HEARING, (II) CONDITIONALLY APPROVING THE DISCLOSURE STATEMENT, (III) APPROVING THE CONFIRMATION TIMELINE, SOLICITATION PROCEDURES, SOLICITATION PACKAGE, AND NOTICES, (IV) ESTABLISHING PROCEDURES FOR OBJECTING TO THE PLAN AND FINAL APPROVAL OF THE DISCLOSURE STATEMENT, AND (V) GRANTING RELATED RELIEF [1322];
STATUS CONFERENCE
BEFORE THE HONORABLE JUDGE MARVIN P. ISGUR
UNITED STATES BANKRUPTCY COURT JUDGE

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(Proceedings commence at 1:28 p.m.)

THE COURT: All right. It's 1:30. We're going to go ahead and start on the Zachry Holdings case. The main case is 24-90377. We have two related or three related adversary proceedings. One is 24-3189, one is 24-3190, and one is 24-3195. Appearances should've been made electronically in the main case. We'll go ahead and let Mr. Koster take the lead and tell us where he thinks we should go today and in what order.

MR. KOSTER: Good afternoon, Your Honor, Charles Koster, White & Case, for the debtors. I'm joined by Mr. Guzina, Mr. Swingle, John Thomas, for the Hicks Thomas firm, and the company's general counsel, Jay Old. Two items on the agenda, the conditional approval of our disclosure statement motion and a status conference related to the FLNG adversary proceedings. If it's okay with Your Honor, I'd like to start with the status conferences and proceed to the disclosure statement motion --

THE COURT: Sure.

MR. KOSTER: -- after that. Your Honor, for context -- and I know the Court is familiar with the three adversary proceedings. The first, filed by the FLNG entities, seeks damages related to a defective motor installed at the Freeport project. And the plaintiffs are seeking damages related to the defective motor as well as consequential damages for business interruption. The debtors have filed a motion to dismiss, seeking to dismiss the claims for consequential

damages. FLNG responded and replies will be filed this week, likely as early as this afternoon, for Zachry. That is set for hearing on Monday, which is November 18th.

Relatedly, there are two separate subrogation actions, two separate adversary proceedings filed by two groups of plaintiffs effectively raising the same claims, same issues, seeking damages related to an explosion at the Freeport project site. Zachry, CB&I, and Chiyoda filed motions to dismiss. The plaintiffs had filed their responses and each of the movants have replied. Surreplies, if any, from the subrogation plaintiffs will be due tomorrow. And that matter is also set for hearing on November 18th.

The debtors, Your Honor, are confident in our position on these motions dismiss. We are, nevertheless, closely coordinating with our joint venture partners and the plaintiffs on potential consensual resolutions and settlement terms of each of these matters. Those conversations, unfortunately, have not advanced as far as we would like, the primary reason being that our carriers, which are necessary parties to any settlement conversations, have yet to make a coverage determination decision. So we are, unfortunately, for the time being, at an impasse, and ready to dispute the relevant issues on Monday, and potentially thereafter, continuing to hope, of course, that we get engagement from the carriers and can advance those discussions.

In this context, Your Honor, we were surprised by the statement filed last night by our joint venture partners. They are keenly aware of the issues and the status. We've gone out of our way to proceed in total lockstep with them. They, nevertheless, want disclosure about what would potentially be a material obligation on a count of meritless claims. My colleagues will address that statement in the context of the disclosure statement motion.

We've also filed objections, as Your Honor is aware, to the claims filed by the FLNG plaintiffs and subrogation plaintiffs. Those objections are set for preliminary hearing on Monday, November 18th, as well. We anticipate that that hearing will be used to establish process and timing for the adjudication of those claims which will overlap largely with the issues in the adversary proceeding, to the extent that those claims remain following Your Honor's decision on motion to dismiss.

Our joint venture partners have also filed contingent claims for contribution and indemnification against the debtors. We will address those contingent claims in the context of our claims reconciliation and objection process, which is ongoing and based on the changes to the plan, which Your Honor has likely reviewed prior to this hearing, with the aim to complete prior to the effective date of the plan, which, as we've mentioned in previous hearings, we would hope to be

prior to year end.

So before I cede the podium, Your Honor, I'll note that the debtors look forward to resuming our coordinated efforts with our joint venture partners. And, no doubt, Your Honor will observe a completely unified front in connection with the motion to dismiss hearing on Monday, which makes it all the more surprising, the context and the substance of the statement that was filed last night in connection with disclosure. With that, I will cede the podium to the other parties in the adversary proceedings for their perspective on these matters.

THE COURT: Thank you.

MR. FISHEL: Good afternoon, Your Honor, Michael Fishel, from King & Spalding, on behalf of FLNG. Largely agree with Mr. Koster. Obviously, disagree whether the claims are meritless, of course. We'll leave that for another day. I think, since our last hearing, we made considerable efforts in -- I mean, shortly after that hearing, that afternoon, to set up a process to make sure everyone's involved. We did engage in some negotiations. I agree with Mr. Koster, that we reached an impasse, not necessarily because of, you know, the debtor. But we need the carrier involved.

I want to, with respect to the motion to dismiss, we'll obviously be ready to argue it on Monday. But I do want to confirm that the claim objection, itself, which is different

from the motion to dismiss, because it involves additional issues, the motion to dismiss is just consequential damages, to set expectations for what the Monday hearing should look like. I am assuming it's not a -- it's obviously not an evidentiary hearing. But whether Your Honor wants us to preview the issues, whether you expect any argument, just to make sure we set expectations accordingly.

THE COURT: So I'm not prepared for Monday. It's -- or I would tell you. But it's not scheduled for an evidentiary hearing. It is just scheduled for a status conference. But it's not an -- and I'm just -- I'm not prepared for it. It's not uncommon that I may ask questions on merits at a hearing like that. But I'm not going to decide it at that hearing.

MR. FISHEL: Understood. And that --

THE COURT: I hope that's --

MR. FISHEL: -- that was our understanding. And I just wanted to make sure we're all on the same page.

THE COURT: Yeah, I don't prepare -- I can't prepare that far in advance, because everything then settles out from under me, and I've wasted all my time so --

MR. FISHEL: Understood. All right. Thank you very much, Your Honor.

THE COURT: Thank you.

MR. GREEN: Good afternoon.

THE COURT: Good afternoon.

MR. GREEN: Ken Green, Bonds Ellis, on behalf of the FLNG subrogation plaintiffs, in adversary 24-3189 and 3190. I'm also joined in the courtroom by Brian Prentice with my firm and Kevin Hood from Zabel Freeman. He's lead counsel for the subrogation claims in the 3189 adversary. He'll be arguing the motion to dismiss on Monday. And I should have an attorney on video from Denenberg Tuffley. They are lead counsel for the subrogation plaintiffs in the 3190 adversary. Those adversary proceedings are essentially the same. It's just two separate sets of subrogated insurers. Ultimately, the Court may determine that those two matters should consolidated, and that would make sense. The Court may also decide that those two adversaries should be consolidated with the claim objection because they are essentially all the exact same issues, in terms of the defenses on the merits as well as establishing the -- and a determination of the amount of the claim. The damages aren't liquidated. That's the nature of a subrogation suit. It's based on 1.3 billion liquidated damages.

We understand that the liability is contested. We certainly take issue with the characterization as meritless, but we acknowledge the liability is contested. The Court will have certain legal issues in front of it on Monday, the 18th, on that hearing. We would anticipate we would get some sort of a scheduling order that would address the remaining issues. And again, it is the exact same issues teed up in the claim

objection as well as in the two adversary proceedings. So --

THE COURT: Great.

MR. GREEN: -- unless you have any other questions, that's all I have for today.

THE COURT: No. Am I going to hear from the insurers today? All right. I don't know if they're here or not. Do we have any insurers on the phone?

So -- and I don't mean to direct this to you, necessarily. You just are, sir, the third in line, where I don't really see how parties are going to make settlement progress until we get the insurer around this issue clarified.

MR. GREEN: Agreed.

THE COURT: And what are we doing? And we can have people come back up that have already spoken, to be sure that, if I'm correct about that, to be sure that we have the insurers engaged in the process, even if it's -- is defining whether they're going to provide coverage or not. What can we do to be sure that that occurs by Monday?

MR. GREEN: I would like to speak to what we have done. So we sent a letter -- the only policy that we've been provided by Zachry is the Zurich primary policy. It has a $4 million limit. We've been told that there are excess policies that provide coverage up to 150 billion. We provided --

THE COURT: And they're all Zurich, or they're --

MR. GREEN: I do not believe they're all Zurich.

THE COURT: They're not all Zurich.

MR. GREEN: But we haven't been -- that's part of the issue is we haven't been provided with those other policies in the insurance tower. And so, we don't even know, for sure, the names of the other insurers that are in that excess tower. But what we did was we sent a letter -- the Court's probably familiar with this, generally, with a Stowers settlement offer. And we directed that letter to Zachry as well as to Zurich, directly. What -- and the response we received back from Zurich, part of their response was we only provide the first 4 million of coverage, so we don't provide all of the 150 billion. So we've taken it as far as we can until we -- I mean, we don't -- we would like to know the names of the other insurers so we can engage them and make sure that our Stowers letter gets to all the right carriers in the tower. But we don't have that information.

THE COURT: Okay. Thank you. Sorry. Did not mean to not hear from you. Go ahead. Thank you.

MR. GREEN: Is there any other questions for me, Your Honor?

THE COURT: No. I do want to hear -- we'll do another round and we'll get back to that, but did you have something you wanted to add to that today?

MR. JONES: Good afternoon, Your Honor, Charlie

Jones, Haynes and Boone, on behalf of Chiyoda International. Agree with Mr. Koster on the state of the litigation with accord to the motions to dismiss. We have been, as a joint defense group, controlling the insurers, having weekly calls with a number of them, and asking repeatedly for, you know, coverage determinations. We don't have -- as part of what was in our statement that we filed, just to inform the Court, the status --

THE COURT: Right.

MR. JONES: -- of our negotiations with the insurers is we absolutely agree the insurers are critical participants in this.

THE COURT: But in the status report that you filed you didn't ask me to do anything to encourage them to provide that, those coverage determinations. And I was a little surprised that, as frustrating as it sounds like everybody is, that everyone is sort of not pulling that plug, to force a determination either.

MR. JONES: At this moment, Your Honor, I'm not sure -- haven't thought it all the way through -- but I'm not sure they're in front of you, so to speak.

THE COURT: Yes, I -- my point is I -- there's little I can do. And all that I hear are -- and I don't mean this negatively, but people are telling me it isn't occurring, but they're not asking for any relief --

MR. JONES: Right.

THE COURT: -- about it occurring.

MR. JONES: I think we -- as -- I don't mean to speak for the defense group. But I can say that Chiyoda, we've been patient and we have provided the information requested, that we have been incredibly direct in our demands for coverage positions, which should be -- you know, issued promptly, under Texas law. These lawsuits were filed, I believe, May and June. They were promptly tendered and we still don't have coverage determinations. And I will just say, to those insurers out there, our patience is running thin. We don't want to be rash, but at some point, we do need to know where they stand.

THE COURT: So my patience is running thin with you, right? Because --

MR. JONES: Yes, sir.

THE COURT: -- you're not bringing it to me. And telling me it isn't happening and not asking me to do anything is frustrating, for somebody like me.

MR. JONES: Heard, Your Honor.

THE COURT: But I'm --

MR. JONES: Understood.

THE COURT: -- not upset at the insurers. I mean, nobody's forcing them to do anything. I maybe should be upset at them because they may have some duty they haven't met. But, at this point, it's not teed up for me to be upset at anybody,

other than sort of your side of the ledger, of we got a big issue and it's not moving ahead, like I think it needs to move ahead --

MR. JONES: I understand, Your Honor. Heard --

THE COURT: -- so --

MR. JONES: -- loud and clear. I know my joint venture partner is here, and we will discuss, and we will see what we can do.

THE COURT: Good. Is there any problem giving the insurance stack information to the subrogated parties?

MR. JONES: You need to talk with the joint venture members. But I don't believe there is. Nothing that comes to mind but --

THE COURT: I wouldn't think there would be. Mr. Green is saying he's asked for it and hasn't gotten it. Let me ask you --

MR. JONES: Go ahead.

THE COURT: I'm going to encourage you to give them that insurance stack information. I'm not compelling it. Again, I don't have that from him, either. But at least I have you both here, that I can look at. I think he ought to get that. If there's a reason he shouldn't, it's maybe because it hasn't been teed up yet. But if there isn't any reason, other than sort of inertia, let's get it to him.

MR. JONES: Understood, Your Honor. No further

questions for Chiyoda on this matter?

THE COURT: No.

MR. JONES: Thank you.

THE COURT: Thank you. Anybody else want to address anything? Okay. I appreciate all the status reports. And, hopefully, we'll get some more information.

Mr. Koster, let's go to the disclosure statement issue or -- and one of the issues in the disclosure statement, by the way, is, apparently, notwithstanding that your joint venture partners have raised an issue, they've also said they provided you with some language that will resolve it. I haven't seen that language. So I would like to carry that into the conversation, more about that.

MR. GUZINA: Understood, Your Honor. Good afternoon, Bojan Guzina, of White & Case, on behalf of the debtors. It's good to see you again.

THE COURT: Good to see you.

MR. GUZINA: You previously reserved this time for us for conditional approval of a disclosure statement, to the extent we were able to get it on file at least seven days (indiscernible). Good news is we were able to do that. We are seeking conditional approval of our disclosure statement and we will reconsider the fairly standard notice and the solicitation procedures. We filed that motion on November 5th, under Docket Number 1322. Last night, we filed a modified version of our

proposed form of order. That can be found under Docket Number 1376-1. Those modifications reflect the productive discussions we have had with the creditors' committee, first and foremost, but also comments that we received from other parties.

Your Honor, we are asked -- and, by the way, the committee did file a letter in support of the plan. We filed that prior to today's hearing.

THE COURT: I saw that.

MR. GUZINA: Your Honor, we are asking you to schedule our confirmation hearing for December 12th. That will be a combined hearing on the plan of approval of the disclosure statement and confirmation of the plan. That's a little over a month from now. It will allow us to give no less than 28 days' notice of the confirmation hearing. We have a set of related dates and I'll (indiscernible) them to the confirmation timeline, the most important of which is, on our voting and objection deadline, would be December 10th.

THE COURT: So U.S. Trustee is objected about the shorting -- the short amount of time, even if it's within the rules. We do have Thanksgiving coming up. I was wondering, and this is a question, whether we shouldn't move the 12th to the 16th. It adds four working -- four days. It may include some weekend time. But, given Thanksgiving, may be going out a little bit longer, and then extending some of your other proposed deadlines out. Take some of that pressure off from

Thanksgiving. And I'm sensitive to their position. I don't know if you're sensitive to that. I think it's only three business days. But, still, it's time for people to get things done.

MR. GUZINA: Your Honor, we're sensitive to the passage of time, but three business days will not make a material difference. So we can certainly --

THE COURT: Okay.

MR. GUZINA: -- incorporate that and address it but --

THE COURT: Well, we'll see what -- whether that -- if the U.S. Trustee says that's not an improvement, then I'll deal with what we need to do. But I wanted to at least throw that out as something that might give a little more breathing room.

MR. GUZINA: Understood, Your Honor. With your permission, I'd like to start by giving a kind of overview of the bigger picture of where we are in the case and how it is that we came to be before you seeking approval of this disclosure statement on a conditional basis. It may seem like it was only yesterday that we filed these cases, but it's been almost six months. And we do not have an RSA in this case, we don't have DIP milestones, we don't have milestones in our cash collateral order. So you may wonder why are we in a rush to confirm a plan. And the answer is straightforward.

My client wants to get out of bankruptcy as quickly as possible. They are focused on winning new business, doing what they do best, which is building amazing things. And they are keenly aware of the perceptions surrounding Chapter 11 that the customary lender community have. And the sooner they can get out of Chapter 11, the better.

And so, with that goal in mind, we have negotiated a plan construct that would result in payment in full of general unsecured creditors, in cash, once their claims have been allowed. The prepetition secured lenders would become party to an amended and restated credit facility that would include partial pay down of the existing exposure in an amount to be determined. And all this is contingent on our ability to raise exit financing in the form of junior debt of at least 175 million.

Now, the exit financing process is well underway. It's being run by the debtor's professionals Lazard. Multiple parties are engaged in that process with -- conducting due diligence. And we are cautiously optimistic that we will get favorable responses and that will work with our timeline.

THE COURT: And I think that you were going to file the supplement by the 5th that would then have all that information, which was another reason why I thought going out a few extra days gave more opportunity for people to deal with that.

MR. GUZINA: That's fair, Your Honor, absolutely. But because what I was saying, the general unsecured creditors are getting cash, a hundred cents. So I don't think they'll be fairly concerned about what's in the plan supplement. We know this plan goes effective and they get a hundred cents, or it doesn't go effective. The real issue is with our prepetition lenders. And Ms. Liggins is in in the courtroom today and we have been in (indiscernible) to meet with her and her client. We don't have an agreement yet. We've had discussions and those discussions will continue.

But it's really about getting the terms of our deal locked down in time for the lender (indiscernible) to make an informed decision and get to a yes on this. And we're keenly aware that we're putting them on a tight timeline to make that happen. But that's driven by --

THE COURT: Yeah.

MR. GUZINA: -- business concerns.

THE COURT: They haven't complained but --

MR. GUZINA: Fair enough. But it's driven by business concerns and management's desire to wrap up this process as quickly as possible. And so, yes, we will file a plan supplement five days before the voting deadline. We think that would give the lender sufficient time to review the --

THE COURT: Well, what I'm thinking of is leave that date where you have it, and then to move the other dates back,

so that they'll have that extra information, for that extra few days, and not extend your plan supplement deadline.

MR. GUZINA: Got it. So it would be the --

THE COURT: At least, that's what I'm --

MR. GUZINA: -- the --

THE COURT: -- thinking of doing.

MR. GUZINA: It would be the voting and objection deadline, and, of course, the hearing.

THE COURT: Right.

MR. GUZINA: Certainly, if that works for the U.S. Trustee's Office, we will make that change. Your Honor, this is a company with over 50,000 employees, many of whom listen to these hearings very carefully. And so I know how important it is for our leadership team, that we stick to this timeline the best that we can. Certainly, it's not entirely in our control. But we have very capable professionals working very hard to make this happen and make sure that this all comes together.

I already mentioned who gets to vote on the plan. So it's two impaired classes, general unsecured creditors and the prepetition lenders. The topic of the form of consideration and the timing of the payments that the unsecured creditors would get or is something we discussed with the committee's advisors (indiscernible) weeks.

THE COURT: So I think the new deal is, if you delay somebody because of an objection that earns interest, but,

otherwise they don't earn interest, and have to be paid on the effective date, I think, right?

MR. GUZINA: That is right, Your Honor. So that's a compromise that we've reached with the creditors' committee. There will be no post-petition interest on the general unsecured claims. That's why they're impaired and entitled to vote. But, to the extent that somebody's payment gets delayed, because we objected, and the claim is ultimately allowed, we will pay interest on the allowable portion for that period. That -- that's absolutely correct. And my understanding is that the prepetition lenders are not opposing this process. They're certainly aware of the timeline and they -- we need -- we understand that much work remains to be done. But we'll be engaged with them, as best as we can, to get an agreement in time for the confirmation.

Your Honor, a quick word about the objections and the statements that we received in response to this motion. You mentioned the U.S. Trustee's position. We think that's a confirmation objection.

THE COURT: So I want to run through those and give both you and the U.S. Trustee my preliminary thoughts on all of those objections, and then hear you argue against the preliminary thoughts, if you will. They took the trouble to write a comprehensive pleading. And it -- I think some of the issues in there we ought to address now, so we don't run into a

problem later. And others, I think, we should reserve for confirmation. And I wanted to go through, in detail, my views of it, and then let you argue against it, and let her argue against it, if that works for you?

MR. GUZINA: Of course.

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

MS. WHITWORTH: Yes, Judge, thank you.

THE COURT: Thank you. Did you want me to do that now, or do you want to go through your other objections first?

MR. GUZINA: Why don't we come back to that, if that's okay.

THE COURT: Sure.

MR. GUZINA: I'll just mention we received two other statements and reservations of rights. One is from our old friends at Golden Pass. Your Honor, as that statement now is written, and working cooperatively with the Golden Pass team to make sure that vendor payments are made as contemplated by our settlement, we do have a concern over the timing in completing that process. Exactly how much gets paid is critical to determine the amount of the LC that will be reserved. And so, we had a received assurances that this will get wrapped up in time for our confirmation hearing. And that's certainly our goal. In the unlikely event that we're not able to make that happen, we may need Your Honor's help. And when we -- may to tee up the issue. But that's certainly not our expectation.

THE COURT: So on that one, and I'll let Mr. Bruner correct me if I'm wrong. I just read him saying, don't forget, we're still here, and we're going to hang around, but you can go ahead and approve the disclosure statement. I mean, did I misread what you said, Mr. Bruner?

MR. BRUNER: No, I -- Bob Bruner, Norton Rose Fulbright, on behalf of Golden Pass. No, that -- that's right. You know, we -- we've been hyper focused on the preliminary obligations under the settlement, and we think we're -- we have been working in good faith with the debtors. We do that -- we think we're getting there. There's a few wrinkles we still need to work out, but it's --

THE COURT: So --

MR. BRUNER: -- I think it's all heading in the correct direction.

THE COURT: I'm going to treat what you filed, unless you want to tell me I'm wrong, is a statement, not as an objection to rule on?

MR. BRUNER: That's right, Your Honor. It wasn't intended to be objection, but will not be in a -- our view of the progress.

THE COURT: Thank you.

MR. BRUNER: Thank you, Your Honor.

MR. GUZINA: And the other statements from CB&I and Chiyoda, as Mr. Koster referenced at the started this hearing.

THE COURT: And they said they gave you some language. I don't think I've seen the language. But are -- is that something you all are going to get resolved pretty quickly?

MR. GUZINA: Well, Your Honor, we got language from them, I believe, at seven o'clock last night. And they've had the disclosure statement since October 1. So we looked at the language. It's essentially a reservation of rights. We're not taking anybody's rights away. It's conditional approval of the disclosure statement. So we went ahead and we filed updated drafts of our documents in advance for today's hearing.

THE COURT: I didn't see where their statement was included in that, though, right?

MR. GUZINA: It was not, correct.

THE COURT: Okay.

MR. GUZINA: We did not incorporate that language. Now, if they -- if they are asking us to include a reservation of rights under the -- in the order approving the disclosure statement, that's certainly fine. We don't think it's necessary, because, again, nobody's rights are being taken away to --

THE COURT: I don't know if it's necessary. I'm just trying to figure out if we have a dispute, it may be necessary. But I'll give you all a chance to talk about whether you all want to have a fight about what they're saying, or want to

include something in the confirmation order in the disclosure statement. And I'll let them tell me whether we have an objection or not. I think it -- what we have, right now, is an objection, unless you include their language. But they may wish for -- I don't know but --

MR. GUZINA: Yeah, we'll hear from them. I mean, I've -- I read their statement as raising concerns over a piece of the -- you know, the plan, which, certainly, is a confirmation issue and something we will address in due course. I mean, we certainly don't think their claims have merit. And they're going to be arguing the same on Monday -- probably be on the motion to dismiss. So that we've had -- we have some time to figure out, between now and confirmation, as far as what language they want, if it's a specific reservation of rights, we'll hear from them. But again, we don't think it's necessary.

THE COURT: Okay. We'll hear from them.

MR. GUZINA: Okay.

MR. BECKHAM: Thank you, Your Honor, Charles Beckham, (indiscernible), from Haynes and Boone, on behalf of Chiyoda. I believe Mr. Luze, from Kirkland, probably is on the line. And he has --

THE COURT: Is that in case he disagrees with something that you say?

MR. BECKHAM: And he may want to address the Court,

as well.

THE COURT: I've got Mr. Luze's line open in case he wants to talk.

MR. LUZE: Yes, hello, Your Honor, Jack Luze. I'm trying to get my camera to work, but I'm having an issue (indiscernible).

THE COURT: We're all better off, so it's fine.

MR. BECKHAM: And I'm not going to comment on that, Your Honor. But I'll proceed with the activity statement and reservations that I wish (indiscernible) last evening, at 1378. You are correct, it is not an objection to the disclosure statement. We did provide language to the debtors last night, asking that they put in additional disclosures relative to three aspects of the disclosure statement. One, the impact of the financing that's available for the debtors to exit bankruptcy. And that's whether they're able to amend and restate their prepetition existing credit agreement and whether they've been able to obtain the financing related to the junior piece of --

THE COURT: I think --

MR. BECKHAM: -- (indiscernible).

THE COURT: -- they said they haven't, but does that need to go in there, given that they have the plan supplement coming up?

MR. BECKHAM: Your Honor, in reading the disclosure

statement and the motion, it almost implies it is in place, but it doesn't say that it is or is not. We provided some language relative to that. They rejected it. We thought it would be helpful. And, as their conditional disclosure statement, I suppose they take the risk, with respect to proceeding forward on confirmation of the -- of their plan and whether or not --

THE COURT: Well, here --

MR. BECKHAM: -- (indiscernible).

THE COURT: -- was his version of the risk, which may or may not be appropriate. His was, if we don't get the financing, we're not going to try and confirm a plan. And, if we do, we've won on the risk. So he doesn't care. What I -- I don't mean to put words in his mouth, but I think that's what he told me.

MR. BECKHAM: Okay.

THE COURT: So do you have any problem with that? Do you want to persist on an objection on that, or you're just okay with him --

MR. BECKHAM: I'm fine --

THE COURT: -- taking that risk?

MR. BECKHAM: -- I'm okay with the debtors taking the risk and --

THE COURT: Okay.

MR. BECKHAM: -- I'm happy that the Court is aware of the risk.

THE COURT: Thank you.

MR. BECKHAM: Secondly, Your Honor, we raise issues relative to the status of the pre-court litigation and the underlying coverage issues. The reason we thought were appropriate and elaborate explanation of that was appropriate is because it puts risk on the confirmation. The reason the debtors originally filed Chapter 11 which were related to joint venture obligations related to Golden Pass. The import obligations are just as serious. And they're just as serious to Chiyoda and to CB&I because the joint several liability that the parties have with respect to any of the liabilities coming out of Freeport. We thought clear and more focused disclosure relative to those risks could show was appropriate under these circumstances. We provided language. They rejected it. We'd still like to see it in the disclosure statement.

And, you know, I'm kind of old school, Your Honor. Just -- I've been around for -- doing this for quite a while. I don't think you can win or lose at a disclosure statement hearing. My resolution that I've always seen is, if someone wants to throw something at your disclosure statement, and just not happily wrong, you can include it in the disclosure statement and say Chiyoda and CB&I say this. The debtors have chosen to reject that request. And we still think it's prudent to allow the parties to understand it, because, Your Honor, the plan provides that the debtors intend to pay unsecured

creditors in full. What we don't know is how big those plaintiffs' claims are going to be.

We do -- are in agreement and alignment with Zachry, that we don't think those are valid claims. But until you resolve them, it's a risk for the debtors. And we think it's not descriptive enough to say they're going to pay for it in full if they don't have insurance coverage to pay them. Or the claims are too large, and we'll see their ability to exit bankruptcy. That's why we thought it was appropriate and meritorious.

Then the -- and that goes to our third point as well, Your Honor, of it just affects the -- it's a feasibility issue. But how are they going to pay all unsecured creditors in full if -- until they know what the amount of the claims are, and then they either have insurance or funding to pay those. And that's the language that was provided to them.

THE COURT: Thank you. So I need to hear from the debtor on this one. I don't understand how the plan works. If you pay all the unsecured creditors in full, and, after that, there then comes a liquidated claim arising out of FLNG, What risk are people taking about that. I don't know where that's described anywhere.

MR. GUZINA: So Your Honor, we do have a discussion of risk factors relating to the FLNG litigation and the possibility that the insurance coverage will not be sufficient

to cover the potential exposure. So we do --

THE COURT: But what happens to the people that have been told that they're getting a hundred cents on the dollar, if it turns out that you have some uncovered exposure?

MR. GUZINA: Well, the vast majority of claimants, absent a (indiscernible), the vast majority of claimants will be paid before there's a resolution of --

THE COURT: Right. But then you have to give their money back?

MR. GUZINA: No, absolutely not.

THE COURT: Well, but why not, if these guys deserve equal treatment with them? I just think -- if that's the deal, then you need to describe that arrangement. And I don't think it's described. Because it -- at least, at this stage, I mean, maybe you when your motion to dismiss -- but let's assume you do, then it's going to be on appeal. You're always going to have this risk, when you get to the confirmation hearing, that there will be a large FLNG claim, whether on appeal or from me or whatever. And I don't think we've told people what will happen to them. But, ordinarily, you'd have a true up arrangement, right?

MR. GUZINA: Well, not in a full pay plan where the general unsecured creditors are -- I mean, they're technically impaired. But, essentially, everybody gets a liquidated and contingent will (indiscernible) and these claims will be

resolved in the ordinary course. So there's a liability that becomes due two years from now. That's --

THE COURT: Uh-huh.

MR. GUZINA: -- something the company will have to deal with, as no longer a debtor in possession.

THE COURT: So are you separately classifying these claims?

MR. GUZINA: We are not. They're being treated the same as everybody.

THE COURT: Yeah.

MR. GUZINA: They're liquidated and not contingent, at the time the plan goes in effect, that they'll be paid in cash, in full. Everything else will have to be resolved over time, a -- whether in bankruptcy court, in a non-bankruptcy forum, to get to a liquidated amount.

THE COURT: Then I think you need to describe that, and that your burden at confirmation is going to be to demonstrate that the plan is not likely to be followed by a further reorganization, and that you will have, therefore, the ability to pay a subsequently allowed FLNG claim.

MR. GUZINA: Oh, absolutely. But that's a feasibility issue and something we will address at confirmation.

THE COURT: But that risk isn't in here, I don't think.

MR. GUZINA: Okay. We'll look over the risk factors and we can be --

THE COURT: But, I mean, this is a special one. This isn't just kind of a general statement. It's very material allegation, with respect to feasibility. So I think it needs to be dealt with. If you've got something in there, where you think it -- it's there, I'd like to see it, you know, by the end of today's hearing. But, if not, you know, we can come back at the end of today, or we can come back tomorrow, and I'm not delaying this. But we may need to beef up that language some.

MR. GUZINA: Yeah. Understood, Your Honor. And as for the other issue, which is the language that we received, certainly, my approach is somebody tells me to do something with the disclosure statement, fine, we'll go ahead and include it. This isn't some polluted statement of what Chiyoda's view of the (indiscernible) is. This is a position on what the GED agreement provides, this is a position on what the coverage issues are. We haven't had an opportunity to vet that with counsel. We're handling that. Certainly, I've consulted with insurance coverage counsel.

THE COURT: Yeah, I'm not telling you --

MR. GUZINA: (Indiscernible) --

THE COURT: --I'm not suggesting --

MR. GUZINA: -- (indiscernible).

THE COURT: -- you put their language in. I'm suggesting we address this as a -- an area where you might need additional disclosure or demonstrate to me that it's adequate. And so, I just didn't maybe find the right section or whatever.

MR. GUZINA: Yeah, we -- perhaps, what we could do is, at some point, we can print it and we'll go over -- we'll look over the risk factors, and we can come back with additional language that (indiscernible).

THE COURT: That makes some sense. All right. So let's move to the U.S. Trustee, then. First is whether it is appropriate, in a plan, to say that anyone that votes in favor of the plan has consented to third party releases. Because third party releases are not integral to 1122 and 1125 and 1129, 1126, they may be important to a debtor at confirmation. I don't believe it's appropriate to require that somebody that supports the plan, and believes it's a good idea, with the debtor, to then give a third party release. I think that is inappropriately -- it could inappropriately be using estate assets that are going to make distributions as an incentive to somebody to give a release, who they say, look, I need to get 800 hundred cents on the dollar, even without interest, so I'm going to vote yes, even though I don't want to give a third party release as to my interest.

So I'm inclined to think you need to take that out. I don't think you really need it. And, if people vote yes,

they can opt out. And, if they don't do anything, then their yes vote does, of course, count in this, that. But I'm troubled by the argument made by the U.S. Trustee, believing them to be correct. And I think it's a mistake to hold off on that, to confirmation, because you can't fix it at that point.

MR. GUZINA: I -- yes, we agree, Your Honor. We'll include it and I'll tell my (indiscernible) --

THE COURT: Thank you.

MR. GUZINA: -- (indiscernible) creditors are going to accept it.

THE COURT: Number two, with respect to their objection, this is one I want to carry to confirmation. But I want to explain why I want to carry it to confirmation. And that is whether the opt out provisions are adequate, post Purdue. And I note that this plan has some features that aren't addressed in Purdue at all, and at least some that haven't been addressed by the Fifth Circuit, but that are supportive of the position that you are taking.

The most important of those is I read the plan. Anyone that participates and opts in to being a releasing party also gets themselves a release. So there is a mutuality of consideration here, where people may choose, as in a class action, or the Court may choose, as in the class action concept, of saying that this massive 15,000 creditors, we know that they're not all going to vote. And so, in a class action

concept, the Supreme Court has held that opt out is the right to go, not opt in. And with the mutual releases, I think that may change the ballgame some, and think that, among other things, means that we're wiser to hold off until a confirmation hearing.

Second is, as you know, there's very rapid development in the case law as to what's happening here. And I don't want to make a decision prematurely on that. Third is that I am unaware of anything that is in Purdue that would change pre-Purdue practice. And, in fact, Purdue says we're not trying to change, at this stage, in Purdue, anything, other than you have to have consensual releases. And the Fifth Circuit has affirmed a number of confirmations where this may not have been the focal issue. But the way I -- I appreciate the way the Fifth Circuit approaches confirmation issues on one of these big cases is they read everything, and they're affirming confirmations where we have opt out provisions and cases -- they refer to it a couple of times. Haven't ruled directly on opt in, opt out. But I'm very reluctant to change Fifth Circuit practice, by sustaining an objection, as a matter of law, rather than waiting and hearing the facts of the case. I'm not assuring you that I will approve opt out either. But, I think, because it is a factually dependent issue, that I should wait.

Third, the exculpation provisions, I read your

exculpation provisions much differently than most and much differently than ones the Fifth Circuit has ruled on before. So that your exculpation provisions are very closely linked to the provisions of 1125(e). These aren't exculpating things that aren't already governed by the code, like some exculpation provisions do. It may be that you're broader than 1125(e). I'm not saying that you're narrowly within the confines, but you may be pretty much in the heart of an 1125(e) provision there. It seems to me that we ought to wait and hear what kind of actual issues there are that are being exculpated, be certain that we comply with Fifth Circuit law on those. But, as you know, the Fifth Circuit has never said that you can't do an exculpation, if it's limited to 1125(e). And so, if it turns out that it's a hearing, from a factual point of view, we determine that the exculpation provisions are broader than 1125(e), I'll just cure that in the confirmation order by limiting it to 1125(e) as well as those things that are extra 1125(e) that the Fifth Circuit has said you can do. But that's an issue that can easily be resolved after we learn the facts in the confirmation order. So I'm not inclined to make you make any changes on that.

The next U.S. Trustee objection is that you have third party release provisions for people who were not sent actual notice. I'm not sure that they're right about that. But assuming that they are, I don't think I can give a third

party release to somebody that is a known entity without sending them actual notice under the law. Publication notice works for unknown parties but not for known parties. And I take the U.S. Trustee objection as saying that you're trying to extend third party releases to known parties who were not sent notice, for example, to their last known address. I don't know if that's true or not. If it is, I would sustain that objection. And I want to hear from you, whether you are attempting to create third party releases for people who are known to you but who you -- to whom you're not sending notice.

MR. GUZINA: No, Your Honor. We intend to provide a notice of non-voting status and an opportunity to opt out.

THE COURT: So they're telling me that you're not doing that, and you're telling me you are doing that. If that's -- factually, I don't know how to resolve that at a hearing like this.

MR. GUZINA: Well, on that point --

THE COURT: But I will not approve --

MR. GUZINA: -- Your Honor, if we may --

THE COURT: -- I will not approve a third party release to a third party that is identifiable and who did not get sent actual notice. And so, I'll hear from you and the U.S. Trustee. But I'm just telling you what that would come out at.

And finally, with respect to having a clarifying

statement that you're not trying to interfere with governmental police and regulatory powers, that may be in your disclosure statement. I want to look. But plainly, that does need to be in there, given the business that you're in. So I'm -- I'll want to hear from you, whether you think that's already in your disclosure statement. But, if not, I would order it to be included, that to the extent that anything in the plan imposes on police and regulatory powers, that you're not seeking to do that.

So that -- if I've left something out, I did not mean to. I've tried to be pretty comprehensive. And I want to hear, if you want to each take some time to think about that or talk to your teams. I then want to hear if the way that I'm carving up that objection, sustaining it in part and deferring it in part, works.

MR. GUZINA: So Your Honor, on the last points, we will include additional language to address the issue of these concerns. On the opt out issue, the second to last point, I think we just need to look over the forms and make sure that we're not missing something and make sure that we're reading it the same as the U.S. Trustee. Certainly, if there's a disconnect there, that's a drafting miss. That was not our intent. So we will clean that up to the extent it's --

THE COURT: Okay.

MR. GUZINA: -- (indiscernible).

THE COURT: Well, then let me hear from the U.S. Trustee. It sounds like we're making some agreement process here.

MS. WHITWORTH: Good afternoon, Judge, Jana Whitworth, on behalf of the United States Trustee. Wow. I had my whole little outline done and you just --

THE COURT: Well, I've tried to address what you --

MS. WHITWORTH: -- you've changed things around.

THE COURT: -- I tried to address everything you wrote to me. And did I miss something altogether?

MS. WHITWORTH: No, you -- you covered every aspect, Judge. Let me just respond. Listening to the parties talk about adding language in the disclosure statement, it brought to mind maybe some of the issues that the Trustee, the concerns that the Trustee has, that the Trustee could add a comment or something into the disclosure statement with regard to third party releases. And I'd like the opportunity to go back to my client and see if that's something that he will approve. Maybe attach something to -- either in the solicitation package or the disclosure statement saying, you know, what the Trustee's position is on the third party releases.

THE COURT: And, I think, if you kept something short, that says that you think that third party releases are not permissible in an opt out form, and that if the Court overrules those at confirmation, people aren't going to get

their commensurate release as long as it's kept (indiscernible), I doubt the debtors have a problem with that, but let's see what they say.

MS. WHITWORTH: Sure. And so, I was just looking at the dates, Judge.

THE COURT: Are you okay with the other things?

MS. WHITWORTH: Okay. Let me go through my list.

THE COURT: So one was you're -- you win on if you vote yes, you can still opt out.

MS. WHITWORTH: Got that. Got that one.

THE COURT: Two is reserving third party releases because of the neutrality of the release, the changes in Purdue, all of that stuff. I'm just reserving all of that for confirmation.

MS. WHITWORTH: Confirmation, got that. Okay.

THE COURT: Three is limiting the exculpation, at least, potentially, to 1125(e), where, I think their exculpation is much narrower than what I'm used to.

MS. WHITWORTH: It's very narrow. The only issue we have, Judge, is they've included a retained professional, the CRO, that was employed and by order of the Court as an exculpated party. And we couldn't find any case law cited --

THE COURT: Well, that's exculpated under non-1125(e). If they're only exculpating them for 1125(e) --

MS. WHITWORTH: Then he would be included, you're

right, Judge.

THE COURT: I mean, just look at 1125(e) again but --

MS. WHITWORTH: Well, I've seen in other plans, Your Honor, is where there are -- there's actually a separate definition for exculpated 1125(e) professional parties. And that would include the --

THE COURT: But I think the entire exculpation is an 1125(e) exculpation. I don't think they've gone beyond 1125(e), which means you can include -- I'm looking at it. I think you can include professionals under 1125(e).

MS. WHITWORTH: I don't know that Highland Capital -- under 1125(e) --

THE COURT: Well, Highland Capital didn't deal with 1125(e). Highland Capital --

MS. WHITWORTH: Right.

THE COURT: -- dealt with exculpation without any reference or mention of 1125(e). The code does this, under 1125(e), itself. So I think, as long as we're sticking to that, we're very consistent with what the Fifth Circuit has said. It's they've limited this -- the Fifth Circuit has limited non-1125(e) exculpations to a certain group of parties, and I'm obviously going to enforce that. But anyway -- so I think, though, that goes to confirmation. Let's see --

MS. WHITWORTH: Okay.

THE COURT: -- what they're doing.

MS. WHITWORTH: Okay, Judge.

THE COURT: And then, he says they're not trying to get third party releases, to be able to look -- they don't send actual notice to -- and they'll need to talk about where you all have a disconnect on that.

MS. WHITWORTH: Sure, Judge. Just that the language is really confusing.

THE COURT: I'm with -- I suspect you all will work through that pretty quickly, if you're in agreement in principle. And finally, he agrees to include the police and regulatory clarification, if that's needed.

MS. WHITWORTH: Then, I guess, I really don't have anything left, Judge.

THE COURT: So you're okay. Is -- but you're going to give him some language today --

MS. WHITWORTH: Yes.

THE COURT: -- to include?

MS. WHITWORTH: It's 1:30. It's 3:30, D.C. time. So if -- it'll probably be tomorrow before I'm able to get that approved, Judge.

THE COURT: Okay. So I want to hear from them about this. But we could come back -- 10:45 in the morning?

MS. WHITWORTH: 10:45, Judge?

THE COURT: That work for you all?

UNIDENTIFIED: (Indiscernible).

THE COURT: What's that?

MR. GUZINA: Not for me, but Mr. Koster can cover that. We can also just include language that says this is the U.S. Trustee's position on third party releases. This is just --

THE COURT: If you're willing --

MR. GUZINA: -- disclosure statement language.

THE COURT: -- to do that. I'm not going to make you take whatever they send. That's why I wanted to give you a hearing so you could --

MS. WHITWORTH: I'm sure we can reach a resolution.

MR. GUZINA: No, I'm just hoping we just include something today. I don't know why we need a hearing.

MS. WHITWORTH: I've got to go back to my client, Judge. I mean, this is something that I've been sitting here trying to find a resolution. I'd like to -- I don't have authority of my client. I'm just trying to find a creative way to resolve that.

THE COURT: Okay. Are you free, Mr. Koster, at 10:45 in the morning?

MR. KOSTER: Your Honor, I may be able to be available remotely. I will not be in Houston.

THE COURT: Would 1:30 work better for you?

MS. WHITWORTH: The afternoon would honestly work better for me, Judge, because D.C.'s an hour ahead of me so --

THE COURT: Any time in the afternoon --

MR. KOSTER: I --

THE COURT: -- work for anyone on your team?

MR. KOSTER: -- will be available any time in the afternoon, by telephone, perhaps not by video, if that's acceptable to Your Honor.

THE COURT: I'm not going to allow anyone in the courtroom. This will be a telephone and video hearing on that so that I can save everybody the money. What time can you do it?

MR. KOSTER: Either 10:45 or 1:30 is fine with me.

THE COURT: Okay. Let's just do it at 1:30 tomorrow, to be sure that I don't hold it up at all. We have -- we'll get all the language --

MS. WHITWORTH: Okay.

THE COURT: -- inserted.

MS. WHITWORTH: Thank you, Your Honor. Thank you.

THE COURT: That also gives you an opportunity to work on the language with -- unless you're going to show me, today, that you've already got that risk language done. Go get the risk language and you'll get an order out tomorrow.

MR. KOSTER: Yeah.

THE COURT: We okay?

MS. WHITWORTH: And just, Judge, if I could just go over the dates because I was listening --

THE COURT: Oh.

MS. WHITWORTH: -- but I didn't -- I don't think my (indiscernible).

THE COURT: Well, the only thing I suggested was, is that we come in on the 16th, which will then push all of the other dates out.

MS. WHITWORTH: Oh, that subject, the --

THE COURT: Other than the 5th. The 5th would stay in place. Then they're --

MS. WHITWORTH: The confirmation hearing --

THE COURT: -- going to revise their order to push the other dates out as far as they can.

MS. WHITWORTH: So you're talking about the confirmation hearing, Judge?

THE COURT: On the 16th, yeah.

MS. WHITWORTH: Okay. And so, then everything else we'll add new days, right? Okay. Thank you.

THE COURT: We need to look at weekends and stuff like that. But everything else would add some days to it, to try and deal with your timeliness issue.

MS. WHITWORTH: Thank you, Judge. Appreciate that.

THE COURT: Thank you. So the hearing will be at the 16th at 1:30 in the afternoon.

Mr. Beckham.

MR. BECKHAM: Yeah, Charles Beckham, on behalf of

Chiyoda. 1:30 tomorrow works for us. We'll review the risk language and the debtors are going to propose -- Ms. Wyrick is working right now on some suggested language to assist the debtors. I don't know if they want to see our language or (indiscernible), but we're already working on a (indiscernible).

THE COURT: So I don't want a dispute about this tomorrow. You all can agree on language. Just you all fix this problem.

MR. BECKHAM: Yeah, I'm sure we'll be --

THE COURT: You're working too closely to solve too big of problems to not fix this problem. I actually do not want a hearing where I have competing language. I mean, I'll take that if I have to have it. But given what you all have accomplished in the case, fix this problem, please.

MR. BECKHAM: Yes, Your Honor.

THE COURT: Thank you. All right. What else can -- does anyone have any other objections they wish to raise? Good afternoon.

UNIDENTIFIED: Good afternoon, Your Honor. I do not have an objection. I just wanted to say, because you had a couple of comments about the bank, that we are still working on that exit facility. That has not been done. But we are working closely with the debtors to try to accomplish that so that it can be filed in connection with the plan supplement.

But, as of today, we haven't -- we don't have an agreement on that.

THE COURT: So I haven't worried about that issue too much because it seems to me it either falls into place or it doesn't. And there's a strong incentive by both parties to make it fall into place, because I bet you want this confirmation to occur earlier than they want this confirmation to occur.

UNIDENTIFIED: As long as it's on terms that I want, yes, Your Honor, that is true.

THE COURT: So you may not get exactly the terms you want, but you'll work it out.

UNIDENTIFIED: Yes, Your Honor. Thank you.

THE COURT: Okay. Thank you. Anybody else?

MR. DESATNIK: Good afternoon, Your Honor --

THE COURT: Afternoon.

MR. DESATNIK: -- Daniel Desatnik, for the Statutory Unsecured Claimholders' Committee. Certainly not up here with an objection, quite the opposite.

THE COURT: I read your letter. Thank you.

MR. DESATNIK: Yes, thank you for reading it. As you are then well aware, we can confirm -- we're pleased to confirm that we have a deal with the debtors. We agree with the characterization of that deal by the Court and by the debtors, earlier. What's really important for the committee, in

addition to the full hundred cent pay plan, is the fact that to the extent that there are any objections or any estimated claims that they will accrue post effective date interest at the federal judgment rate. So they're in no way prejudiced from any delay in getting paid. For those claims that are not objected to by the effective date, that is the claim objection deadline, they will be deemed allowed and paid within five days. After that deadline, the debtors may extend that deadline, loans for 30 days, with cause shown as to specific claims, but not a blanket extension. Any claims that are allowed by that date, they will get paid five days afterwards.

We want to just apprise and say that we support the conditional approval of the disclosure statement. It is obviously still work to be done, particularly, the exit financing. But we think that those processes can and should be done in parallel. We agree with the debtors and management, that the sooner the debtors are able to get back to work, the better. The sooner they can turn the page on this chapter, the quicker they can get back to the productive and strong relationships they had with many of our constituents that they historically enjoyed before this bankruptcy.

And just with regards to the letter that we did file, we've asked, and the debtors have sought that be part of the solicitation package. We think --

THE COURT: They didn't push back too hard on that.

MR. DESATNIK: They did not push back too hard on that. So we believe that the committee's prospective in support of the plan, urging general unsecured claimholders to vote in favor of the plan, is important information, and, certainly, adequate information we would hope that Your Honor approves that under 1125.

THE COURT: So on the third party release issue, am I correct, that you've negotiated so that your clients, if they choose to give a third party release, get equivalent releases back?

MR. DESATNIK: Your Honor, that was a feature of the plan before we --

THE COURT: It's in the plan, though.

MR. DESATNIK: Yes, it is. That -- the mutuality of the releases and -- is in the plan. That's correct. And the committee is supportive of the mutuality of the releases.

THE COURT: Thank you.

MR. DESATNIK: Thank you, Your Honor.

MR. GUZINA: Your Honor, real quickly on that last point, and I don't want to mislead the Court, we do have the concept of retained causes of action that will be scheduled in the plan supplement. So those will be carved out in the releases --

THE COURT: Right.

MR. GUZINA: -- that people are getting. So it's not

a blanket --

THE COURT: But the known -- the unknowns that people always fear, of someday I'm going to get sued out of this thing, those go away if they're not fully disclosed to people, right?

MR. GUZINA: Correct. We're -- we'll reserve whatever rights we have under contracts and the like. But the unknowns, you're correct, the idea is there's no overhang.

One other point, Your Honor, and, obviously, we'll be back in front of you tomorrow, via video, Mr. Meghji has patiently waited. And he was -- he's prepared to -- well, we hoping to proffer testimony from him, to the extent needed, for a conditional approval of the disclosure statement. What we would suggest is that we put that off until the confirmation hearing (indiscernible) evidentiary burden, then. And, if that's okay with you, then Mr. Meghji does not have to join us tomorrow. Because I do believe he's traveling.

THE COURT: So Mr. Meghji, would you press "five star" one time on your phone. Wait. I see you. Never mind. Mr. Meghji, good afternoon. Mr. Meghji.

MR. MEGHJI: Good afternoon, Your Honor. Can you hear me?

THE COURT: I can. Mr. Meghji, would you raise your right hand, please.

MOHSIN MEGHJI, DEBTORS' WITNESS, SWORN

THE COURT: Thank you. Have you read the disclosure statement?

MR. MEGHJI: I have.

THE COURT: Is it true and correct?

MR. MEGHJI: Yes.

THE COURT: So that's enough for me to give conditional approval of the disclosure statement, unless somebody -- because, I mean, I've read it. And so long as it's true, I think it's adequate. So if anyone else has any questions for Mr. Meghji, go ahead. But I did want to get conditional approval done, if we could. And I don't see a reason to bring him back tomorrow. The changes that we're going to make won't alter that testimony.

MR. GUZINA: Thank you, Your Honor.

THE COURT: Anybody else have any questions for Mr. Meghji? All right.

Then, subject to these few changes we're going to approve, give conditional approval to the disclosure statement. Tomorrow, once we review those changes, I suspect they will be relatively straightforward. And, if you can file, you know, at any point before the hearing, redlines of the changes that you've made to deal with -- I've already read the redlines that you filed, I think, this morning. So all I need are redlines that you're making in response to today's objections. So they should be pretty short. And then we'll take a look at those.

If what you're doing is simply attaching, as Exhibit 17, the statement by the U.S. Trustee, for example, that's all that you need to say. And then get the statement on in there. So anything else that anyone believes we should be doing today?

MR. KOSTER: Very briefly, Your Honor.

THE COURT: Mr. Koster.

MR. KOSTER: For the record, Charles Koster, for the debtors. Has Your Honor had an opportunity to review any of the balloting or solicitation materials? And is that something you'd like to take up today, so that we could fix any issues, in advance of tomorrow?

THE COURT: I did not look at that. If I have any issue with that, I will have it redlined and available tomorrow, to where you can turn it around immediately. But I'll have that done for tomorrow.

MR. KOSTER: Thank you, Your Honor.

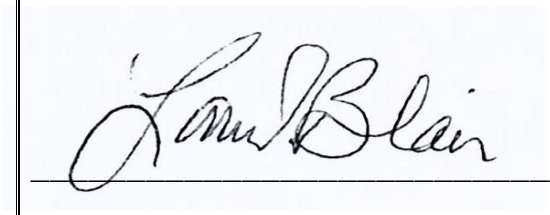
THE COURT: Thank you. Anything else? Okay. Thank you all for your cooperation, and we will be in recess until three o'clock.

(Proceedings concluded at 2:30 p.m.)

* * * * *

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

I, Laura I. Blair, 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.



LAURA I. BLAIR, AAERT NO. 682 DATE: NOVEMBER 14, 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

NOTICE OF FILING OF OFFICIAL TRANSCRIPT

An official transcript has been filed in this case and it may contain information protected under the E-Government Act of 2002, and Fed. R. Bank. P. 9037.

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- the minor's initials;
- the last four digits of the financial account number; and
- the city and state of the home address.

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- opening and closing statements made on the party's behalf;
- statements of the party;
- testimony of any witness called by the party; and
- any other portion of the transcript as ordered by the court.

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Nathan Ochsner
Clerk of Court