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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	Chapter 11
	§	
Higher Ground Education, Inc., <i>et al.</i> , ¹	§	Case No.: 25-80121-11 (MVL)
	§	
Debtor.	§	(Joint Administration Requested)

**DEBTORS' EMERGENCY MOTION FOR ENTRY OF
AN ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY
PREPETITION WAGES, SALARIES, OTHER COMPENSATION, AND
REIMBURSABLE EXPENSES, (B) CONTINUE EMPLOYEE BENEFITS
PROGRAMS, AND (II) GRANTING RELATED RELIEF**

Higher Ground Education, Inc. ("HGE") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**") hereby file *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.



*to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses, (B) Continue Employee Benefit Programs, and (II) Granting Related Relief (this “**Motion**”).² In support of this Motion, the Debtors respectfully represent as follows:*

I.
JURISDICTION, VENUE, AND PREDICATES FOR RELIEF

1. The United States Bankruptcy Court for the Northern District of Texas (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Bankruptcy Rules 6003 and 6004, Rule 9013-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the “**Local Rules**”), and the Procedures for Complex Cases in the Northern District of Texas.

II.
BACKGROUND

4. From their inception in 2016 through the beginning of 2025, the Debtors grew to over 150 schools (the “**Schools**”), becoming the largest owner and operator of Montessori schools in the world. The Debtors’ mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating the Schools, the Debtors provided training and consulting services to Montessori schools around the world. The Debtors sought to offer an end-

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the First Day Declaration (defined below).

to-end experience that covers the entire lifecycle of a family at school, virtually, and at home, from birth through secondary education—enabled by next-gen, accredited Montessori instruction. Information on the Debtors, their businesses, and a summary of the relief requested in this Motion can be found in the *Declaration of Jonathan McCarthy in Support of First Day Motions* (the “**First Day Declaration**”), filed concurrently herewith and incorporated herein by reference.

5. On June 17, 2025 (the “**Petition Date**”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors remain in possession of their property and are managing their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. The court has not appointed a trustee, and no official committee has been established.

6. Contemporaneously with the filing of this Motion, the Debtors have filed with the Court a motion requesting joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

III. RELIEF REQUESTED

7. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “**Order**”): (a) authorizing, *but not directing*, the Debtors to (i) pay prepetition wages, salaries, other compensation, and reimbursable expenses on account of the Workforce Programs (as defined herein) and (ii) continue to administer the Workforce Programs in the ordinary course of business, including payment of prepetition obligations related thereto; and (b) granting related relief. Such relief is requested only with respect to the Remaining Employees.

IV. THE DEBTORS’ WORKFORCE

8. Prior to June 1, 2025, the Debtors employed a vast network of employees (the “**Workforce**”), with the Debtors employing approximately 1,848 Employees (collectively,

the “**Employees**”).³ As stated in the First Day Declaration, the Employees have shifted employment due to the impact of the Debtors’ prepetition secured lenders foreclosure sales (the “**Foreclosures**”). Three different Foreclosures and sales occurred with three different buyers acquiring the foreclosed assets (the “**Foreclosed Assets**”). These buyers were Guidepost Global Education, Inc. (“**GGE**”), Cosmic Education Americas Limited (“**CEA**”), and TNC Schools LLC (“**TNC**,” and with GGE and CEA, the “**Foreclosure Buyers**”). At the time of each of the Foreclosures, the Foreclosure Buyers were not in a position to operate the Foreclosed Assets or the centralized management functions maintained at HGE. In an effort to minimize any disruptions at the Foreclosed Assets, including keeping employees employed and students in Schools, the Debtors entered into transition services agreements with each of GGE, CEA, and TNC (the “**TSAs**”). On June 1, 2025, substantially all of the Debtors’ Employees at the Foreclosed Assets (i.e., the foreclosed Schools) and the corporate workforce ceased employment at HGE and began employment at GGE (the “**GGE Employees**”).

9. As of the Petition Date, the Debtors still maintain operations at seven (7) Schools that were not foreclosed upon (the “**Remaining Schools**”), with the Debtors employing 73 Employees (the “**Remaining Employees**”). The Debtors intend to operate the Remaining Schools through, at a minimum, the end of June 30, 2025, with certain of the Remaining Schools transitioning to new operators. In addition to the Remaining Employees, the Debtors also contract with fourteen (14) independent contractors as of the Petition Date.

10. While the GGE Employees are no longer employed by the Debtors, they are still performing a wide variety of functions that are critical to the administration of these Chapter 11

³ The Employees are neither represented by a union nor employed pursuant to a collective bargaining agreement or similar agreement.

Cases and the Debtors’ restructuring pursuant to a Master Services Agreement, effective as of June 1, 2025, between HGE and GGE (the “**Master Services Agreement**”). GGE will be reimbursed for reasonable, documented expenses under the Master Services Agreement. These functions include the performance of the human resources function for the Debtors through the pendency of these Chapter 11 Cases.

V. **WORKFORCE PROGRAMS**

11. In the ordinary course of business, the Debtors (a) pay standard wage compensation and paid time off to their Workforce, (b) maintain reimbursement programs, and (c) maintain certain benefits for their Workforce (collectively, the “**Workforce Programs**”), as provided below. As of the Petition Date, the Debtors estimate the aggregate total amount outstanding on account of the Workforce Programs is approximately \$238,941 (the “**Workforce Obligations**”). The Workforce Obligations consist of the following:

Workforce Obligations	Estimated Prepetition Amount Outstanding Per Pay Period
Unpaid Wages	\$214,000
Independent Contractor Payments	\$11,000
Non-Insider Incentive Plans	\$0
Withholding and Deduction Obligations (i.e., Deductions)	\$0
Employee Reimbursements	\$0
Health Benefit Plans	\$11,226
FSA	\$0
HSA	\$315
401K Plan (Principal)	\$0
Workers Compensation Obligations	\$2,400
TOTAL	\$238,941

12. The Debtors do not have Employees who are owed prepetition amounts in excess of the \$17,150.00 priority wage cap imposed by sections 507(a)(4) and 507(a)(5) of the

Bankruptcy Code. Through this Motion, the Debtors are not seeking authority to pay any amounts in excess of such cap at this time. Subject to the Court's approval of the relief requested herein, the Debtors, through the Master Services Agreement, intend to continue their prepetition Workforce Programs for the Remaining Employees in the ordinary course of business. Further, the Debtors request confirmation of their right to modify, change, and discontinue any of their Workforce Programs and to implement new programs, policies, and benefits in the ordinary course of business during these Chapter 11 Cases and without the need for further Court approval, subject to applicable law. In addition, for the sake of clarity, by this Motion, the Debtors do not seek approval to create bonus or incentive programs that would be subject to approval under section 503(c) of the Bankruptcy Code.

A. Compensation and Wage Obligations

13. Employees are paid semi-monthly in arrears on or around the tenth and twenty-fifth of each month. For example, the Debtors' most recent payroll was paid on June 10, 2025 and covered the pay period from May 16, 2025 through May 31, 2025. As of the Petition Date, the Debtors will have outstanding payroll obligations from June 1, 2025 to the Petition Date for the Remaining Employees (the "**June Stub Pay Period**"). The June Stub Pay Period, along with wages earned from the Petition Date to June 15, 2025, will be paid on June 25, 2025.⁴ Therefore, as of the Petition Date, the Debtors will have amounts owed to the Remaining Employees for standard wages and payment of overtime to their non-exempt Employees⁵ who work in excess of forty (40) hours in a workweek.

⁴ The Debtors' next payroll for the Remaining Employees will be paid on July 10, 2025 for the pay period of June 16, 2025 through June 30, 2025.

⁵ Non-Exempt employees are employees whose work is covered by the Fair Labor Standards Act (FLSA).

14. Concurrently with the transition of employment for the GGE Employees, GGE took over and assumed operations of the Debtors' historical human resources and payroll processing systems. Historically, the Debtors' payroll processing functions were performed by BambooHR d/b/a Trax Payroll ("**Trax**"). The Debtors' internal human resources team managed the payroll processing function with Trax. As such, GGE will process the Debtors' payroll with Trax pursuant to the Master Services Agreement and the Debtors will reimburse GGE for the related costs.

B. Independent Contractors

15. Debtors employ independent contractors and substitutes who are not employees of the company and do not receive company benefits. As of the Petition Date, the Debtors estimate that they owe approximately \$11,000 on account of accrued but unpaid services to their independent contractors.

C. Non-Insider Incentive Plans

16. Historically and in order to encourage and reward outstanding performance, certain Employees may earn bonuses under various bonus programs (the "**Employee Incentive Programs**"). The Employee Incentive Programs included, among other, programs that provided incentives for referral of talented employees, enrollment-specific bonuses, financial-based bonuses, and operational-based bonuses.

17. Effective June 1, 2025, GGE assumed the operation of the Employee Incentive Programs and the potential obligations thereunder. As of the Petition Date, the Debtors do not believe that any obligations remain outstanding for the Remaining Employees under the Employee Incentive Obligations. However, the Debtors request the authority, but not the direction, to pay any amounts owing to the Remaining Employees under the Employee Incentive Programs, subject to the limitations set forth in section 507(a) of the Bankruptcy Code.

18. By this Motion, the Debtors seek authority to pay accrued and unpaid amounts owed to non-Insiders under the Employee Incentive Programs and to continue the Employee Incentive Programs for non-Insider Employees on a postpetition basis in the ordinary course of business for the Remaining Employees.⁶ Moreover, the Debtors are requesting that the relief related to their Employee Incentive Programs be considered at a final hearing to be scheduled by the Court.

D. Expense Reimbursements

19. In the ordinary course of their business, the Debtors reimbursed their Workforce for a variety of ordinary, necessary, and reasonable expenses that Employees incurred within the scope of their job duties. Such expenses include costs for travel, lodging, transportation, meals, classroom supplies, and other general business-related expenses. Employees are expected to use sound judgment when incurring business expenses for which they seek reimbursement.

20. To be reimbursed, an Employee must submit his or her receipts to the Debtors within two weeks of purchase, but no later than sixty (60) days after purchase for approval. If approved, the Debtors reimburse the Employee for the reimbursed business expenses through its payroll in the ordinary course of the Debtors' businesses.

21. Again, on June 1, 2025, GGE assumed the reimbursement obligations for the GGE Employees. As of the Petition Date, the Debtors only have limited expense reimbursement obligations for the Remaining Employees and the Debtors do not believe that such amounts are material. Moreover, as of the Petition Date, the Debtors do not believe there are any outstanding expense reimbursements owed to the Remaining Employees. By this Motion, the Debtors seek

⁶ For the avoidance of doubt, the Debtors do not seek via this Motion authority to pay any amounts to Insiders under the Employee Incentive Programs. The Debtors, however, reserve the right to seek such authority during these Chapter 11 Cases by separate motion.

authority to pay the Remaining Employees' expense reimbursements and to continue the expense reimbursements in the ordinary course of the Debtors' business for the Remaining Employees.

E. Withholding and Deduction Obligations

22. In the ordinary course of business, the Debtors process deductions from Employees' compensation for federal, state, and local income taxes, FICA, court-ordered garnishments, child support, and other pretax deductions payable pursuant to certain of the health, welfare, and retirement savings programs detailed herein (collectively, the "**Deductions**") and forwards those amounts to various third-party recipients, including federal, state, and local taxing authorities. Some Deductions are made from each paycheck, while other Deductions are made less frequently. As of the Petition Date, the Debtors do not believe there any outstanding Deductions. The Debtors seek to continue remitting the Deductions postpetition in the ordinary course for the Remaining Employees.

F. Paid Time Off, Vacation, and Sick Days

23. All full time Employees are entitled to paid time off ("**PTO**") that accrues on a monthly basis, which accounts for PTO, holidays, vacation and sick days. The PTO policy for Employees depends on whether the employee is a regular or temporary worker, and the Debtors also provide Employees with additional paid medical, parental, or expanded family and medical leave. Effective June 1, 2025, GGE assumed the PTO obligations for the GGE Employees.

24. The Debtors request authority, but not direction, to allow the Remaining Employees to continue to use their accrued and/or carried-over PTO in the ordinary course of the Debtors' businesses. The Debtors also request authority, but not direction, to pay outstanding PTO obligations to the Remaining Employees upon the completion of their employment.

G. Employee Benefits Program

25. The Debtors offered their Employees the ability to participate in a number of insurance and benefits programs, including, among other programs, medical, vision, dental, disability, life insurance, pet insurance, and other employee benefit plans (collectively, the “**Employee Benefits Programs**”). The Employee Benefits Programs were assumed by GGE on June 1, 2025 and the Remaining Employees continue to have access to the Employee Benefit Programs pursuant to the terms of the Master Services Agreement.

26. Failure to continue the Employee Benefits Program could cause the Remaining Employees to experience severe hardship. In light of the substantial benefit the Remaining Employees have provided and will continue to provide to the Debtors’ estates, the Debtors wish to avoid imposing such a hardship. Accordingly, by this Motion, the Debtors seek authority, but not direction, to: (a) pay any unpaid amounts due with respect to the Employee Benefits Programs for the Remaining Employees; and (b) continue to provide their Employee Benefits Programs in the ordinary course during the administration of these Chapter 11 Cases for the Remaining Employees, as necessary. As the Petition Date, the Debtors estimate that they owe approximately \$11,541.00 on account of the Employee Benefits Programs for the Remaining Employees, all of which will come due within the first 21 days of these Chapter 11 Cases. The Employee Benefits Programs are described in greater detail below.

i. Health Benefit Plans.

27. The Debtors offered eligible Employees basic medical, dental, and vision insurance (collectively, the “**Health Benefit Plans**”). The Debtors pay monthly premiums for medical, vision, and dental insurance through the third-party administrator, Personify. Specifically, the Debtors provided the following:

- a. Medical Plan: The Debtors' offer Employees and their families medical plans (collectively, the "**Medical Plans**") offered through Anthem c/o Personify Health ("**Anthem**"). The Medical Plans offered through Anthem include options such as PPO Plan and HDHP/HSA Plan.
- b. Dental Plan: Additionally, the Debtors offer their Employees the option of participating in a dental plan (the "**Dental Plan**"), which is administered by MetLife. The Dental Plan offered through MetLife includes a high or low plan through a basic preferred provider organization ("**PPO**") that covers both in and out of office network care.
- c. Vision Plan: In addition to the eye exam offered under the Medical Plans, the Debtors also offer their Regular Employees the option of participating in a vision plan (the "**Vision Plan**") administer by EyeMed. The Vision Plan only provides in-network care.

28. As of June 1, 2025, GGE assumed the operations of the Health Benefit Plans and the obligations thereunder for the GGE Employees. The Debtors' Remaining Employees are still included in the Health Benefit Plans and the Debtors will reimburse GGE for the costs specific to the Remaining Employees. As of the Petition Date, the Debtors estimate that they owe approximately \$11,226 on account of accrued but unpaid amounts for the Health Benefit Plans related to the Remaining Employees. The Debtors seek authority to remit amounts on account of their Health Benefit Plans as they become due and to continue doing so postpetition in the ordinary course for the Remaining Employees.

ii. **Flexible Spending Accounts**

29. The Debtors also provided their Employees who participate in the Medical Plans with access to a flexible spending account (the "**FSA**"), administered by Better Business Planning Administration ("**Better Business**"). The FSA allows qualified Employees with the opportunity to contribute pre-tax dollars for eligible healthcare and/or dependent care expenses, depending on the participant's Medical Plans. The Debtors do not make any FSA contributions on behalf of the Employees.

30. Since the Debtors' do not contribute to the Regular Employees' FSAs, the Debtors believe the FSA amounts are generally held in trust at Better Business and are not property of their estates. Employees utilized their FSA amounts through either a debit card at the point of purchase or the submission for reimbursement from Better Business after providing proof of purchase. Those amounts are paid by Better Business from the individual employee's FSA account. All costs related to the FSAs are paid by the Employees who participate in the FSA program. Effective June 1, 2025, GGE assumed the Debtors' FSA program and all Remaining Employees who participate in the FSA program will have access to continue making FSA contributions pursuant to the Master Services Agreement.

31. As of the Petition Date, the Debtors do not believe there are any outstanding amounts to remitted on account of the FSA with respect to the Remaining Employees. By this Motion, the Debtors seek authority, but not direction, pursuant to the Order to continue the FSA in the ordinary course of business on a postpetition basis solely with respect to the Remaining Employees.

iii. Health Saving Accounts.

32. For qualified Employees who participate in a high deductible health plan ("HDHP"), the Debtors offered access to a health savings account (the "HSA") through Better Business. Participating employees can opt to make pre-tax contributions to their individual HSA through payroll deductions to cover reimbursements under the program up to one-twelfth of the applicable maximum contribution set by the IRS—the limit amount depends on whether the employee has an individual or family HDHP. The Debtors contribute a total amount of \$840 annually (\$35 per pay period) to each employees HSA. The Employees who participate in the HSA program pay any fees under the HSA program from their accounts. On June 1, 2025, GGE assumed all operations for the HSA program and all HSA obligations for the GGE Employees.

33. As of the Petition Date, the Debtors believe they owe approximately \$315 in unremitted HSA amounts to the Remaining Employees (collectively, the “**HSA Amounts**”), all of which becomes due within 21 days of the Petition Date. Pursuant to the Order, the Debtors seek authority, but not direction, to pay and/or remit the HSA Amounts and to continue the HSA, including the Company HSA Contributions, in the ordinary course of business on a postpetition basis solely for the Remaining Employees.

H. Retirement Savings Plans

34. The Debtors provided all full-time Employees with the ability to participate in a 401(k) program (the “**401(k) Plan**”). The 401(k) Plan generally provides for pretax salary deductions of compensation up to limits set by the Internal Revenue Code, and an Employee’s 401(k) contributions are deducted automatically from his or her wages. The Debtors do not make matching contributions. The 401(k) Plan was administered by the Debtors and, effective June 1, 2025, GGE assumed all operations for the 401(k) Plan and became the official plan sponsor. After GGE become the plan sponsor for the 401(k) Plan, the Remaining Employees were no longer eligible to participate in the 401(k) Plan.

35. As of the Petition Date, the Debtors estimate they owe approximately \$6,000 on account of accrued but unpaid amounts for the 401(k) Plan for the Remaining Employees (the “**401(k) Plan Obligations**”), all of which will become due within 21 days of the Petition Date. The Debtors request the authority, but not the direction, to remit amounts on account of the 401(k) Plan as they become due and to continue doing so postpetition in the ordinary course, solely with respect to the Remaining Employees.

I. Other Workforce Benefits

36. Debtors offer tuition discounts to their full-time employees (the “**Tuition Discount**”). All School leadership (e.g., heads of Schools, assistant head of school, administrative

director, program director, admissions director, etc.) receive a 100% tuition discount, while other full-time employees receive a 75% tuition discount. The tuition discount applies for up to two children and is only applied to the base tuition cost. The Debtors request the authorization, but not the obligation, to continue the Tuition Discount program for the Remaining Employees in the ordinary course of business.

J. Workers' Compensation

37. The Debtors maintain workers' compensation insurance for Employees at the levels statutorily required by law for claims arising from or related to their employment with the Debtors (collectively, the "**Workers' Compensation Program**," and any obligations thereto, the "**Workers' Compensation Obligations**"). The Debtors maintain the Workers' Compensation Program through The Hartford. As of the Petition Date, the Debtors have approximately \$2,400 in prepetition premiums outstanding for the Workers' Compensation Program, all of which will become due within 21 days of the Petition Date. As such, by this Motion, the Debtors seek the authority to remit amounts on account of the Workers' Compensation Program as they become due and to continue honoring their obligations with respect to the Workers' Compensation Program in the ordinary course of business. It is critical that the Debtors be permitted to continue their Workers' Compensation Program and to pay outstanding claims, taxes, charges, assessments, premiums, and third-party administrator fees in the ordinary course of business because alternative arrangements for workers' compensation coverage would most certainly be more costly, and the failure to provide coverage may subject the Debtors and/or their officers to severe penalties.

VI.
BASIS FOR RELIEF

A. Sufficient Cause Exists to Authorize the Debtors to Honor the Workforce Programs.

38. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code entitle certain of the Workforce Programs owed to the Employees to priority treatment. As priority claims, the Debtors are required to pay these claims in full to confirm a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(B) (requiring payment in full of certain allowed unsecured claims for (a) wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual, and (b) contributions to an employee benefit plan). Indeed, the Debtors submit that payment of the Workforce Programs at this time enhances value for the benefit of all interested parties, as finding, attracting, and training new qualified talent would be extremely difficult and would most likely require higher salaries, guaranteed bonuses, and more comprehensive compensation packages than are currently provided to Remaining Employees. *See In re Equalnet Commc'ns Corp.*, 258 B.R. 368, 370 (Bankr. S.D. Tex. 2000) (“The need to pay [employee wage] claims in an ordinary course of business time frame is simple common sense. Employees are more likely to stay in place and to refrain from actions which could be detrimental to the case and/or the estate if their pay and benefits remain intact and uninterrupted.”).

B. Payment of Certain Workforce Programs is required by law.

39. The Debtors seek authority to pay the Deductions to the appropriate third-party entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from the Employees’ wages. Indeed, certain Deductions may not be property of the Debtors’ estates because the Debtors have withheld such amounts from the Remaining Employees’ wages on another party’s behalf. *See* 11 U.S.C. §§ 541(b)(1), (d); *see also In re Equalnet Commc'ns*, 258 B.R. at 370 (noting that,

for tax obligations where funds are held by the debtor in trust, “the legal right to payment of such claims at any time appears irrefutable.”) (citing *Al Copeland Enters. Inc. v. Texas (In re Al Copeland Enters., Inc.)*, 991 F.2d 233 (5th Cir. 1993)).

40. Furthermore, federal and state laws require the Debtors to withhold certain tax payments from the Remaining Employees’ wages and to pay such amounts to the appropriate taxing authority. 26 U.S.C. §§ 6672, 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees’ wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes); *In re Chabrand*, 301 B.R. 468, 475–81 (Bankr. S.D. Tex. 2003) (same). Because the Deductions may not be property of the Debtors’ estates, the Debtors request authorization to remit the Deductions to the proper parties in the ordinary course of business.

41. Similarly, state laws require the Debtors to maintain the Workers’ Compensation Program. If the Debtors fail to maintain the Workers’ Compensation Program, state laws may prohibit the Debtors from operating in those states. Payment of all Workers’ Compensation Obligations is therefore crucial to the Debtors’ continued operations and the success of these Chapter 11 Cases.

C. Payment of the Workforce Obligations is a Sound Exercise of the Debtors’ Business Judgment, Necessary to Preserve the Value of the Estates, and is Proper Pursuant to Section 363(b) Bankruptcy Code.

42. Courts in the Fifth Circuit have recognized that it is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business’s going concern value. *See, e.g., In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (authorizing payment of certain prepetition claims pursuant to “doctrine

of necessity”); *In re Equalnet Commc’ns Corp.*, 258 B.R. at 369–70 (business transactions critical to the survival of the business of the debtor are exceptions to the general rule of nonpayment of prepetition claims prior to plan confirmation); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 825–26 (D. Del. 1999); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175–76 (Bankr. S.D.N.Y. 1989) (“The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.”); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983). In so doing, these courts acknowledge that several legal theories rooted in sections 105(a), 363(b), 507, 1107(a), and 1108 of the Bankruptcy Code support the payment of prepetition claims as provided herein.

43. Section 363(b) of the Bankruptcy Code permits a debtor, subject to court approval, to pay prepetition obligations where a sound business purpose exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. at 175 (noting that section 363(b) provides “broad flexibility” to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). In addition, under section 1107(a) of the Bankruptcy Code, a debtor in possession has, among other things, the “implied duty . . . to ‘protect and preserve the estate, including an operating business’ going-concern value.” *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. at 497). Moreover, under section 105(a) of the Bankruptcy Code, “the Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code.” 11 U.S.C. § 105(a); *In re CoServ, L.L.C.*, 273 B.R. at 497 (finding that sections 105 and 1107 of the Bankruptcy Code provide the authority for a debtor-in-possession to pay prepetition claims); *In re CEI Roofing, Inc.*, 315 B.R. at 60 (finding that “[b]ecause Congress has specifically provided that prepetition wage claims up

to a certain amount per claim be elevated to priority status under § 503(1)(3)” the court’s job is easier when it considers approval of such prepetition claims); *In re Mirant Corp.*, 296 B.R. 427, 429 (Bankr. N.D. Tex. 2003) (noting that non-payment of prepetition claims may seriously damage a debtor’s business).

44. The above-referenced sections of the Bankruptcy Code, therefore, authorize the post-petition payment of prepetition claims when the payments are critical to preserving the value of the debtor’s estate, as is the case here. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. at 497. Implicit in the fiduciary duties of any debtor in possession is the obligation to “protect and preserve the estate, including an operating business’s going-concern value.” *Id.* Some courts have noted that there are instances in which a debtor can fulfill this fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate.” *Id.*

45. The Debtors submit that payment of the Workforce Obligations to the Remaining Employees represents a sound exercise of the Debtors’ business judgment, is necessary to avoid immediate and irreparable harm to the Debtors’ estates and is therefore justified under sections 105(a) and 363(b) of the Bankruptcy Code. Paying prepetition wages, employee benefits, and similar obligations for the Remaining Employees will benefit the Debtors’ estates and their creditors by allowing the Debtors’ business operations to continue without interruption. Indeed, the Debtors believe that without the relief requested herein, Remaining Employees may seek

alternative employment opportunities while their services are needed to carry out an orderly administration of these Chapter 11 Cases. Such developments would deplete the Debtors' workforce, thereby hindering the Debtors' ability to operate their schools and maximize the value of their estates. The loss of valuable Remaining Employees and the resulting need to recruit new personnel (and the costs attendant thereto) would be distracting at this crucial time when the Debtors need to focus on administering their estates.

46. Most Remaining Employees rely exclusively on their compensation and benefits to satisfy their daily living expenses. Many of the Remaining Employees expect and require their wages to arrive on a timely basis. Consequently, Remaining Employees will be exposed to financial difficulties if the Debtors are not permitted to honor obligations for unpaid Workforce Obligations. Additionally, continuing ordinary course benefits will help maintain workforce morale and minimize the adverse effect of the commencement of these Chapter 11 Cases on ongoing operations of the Debtors' schools.

47. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to pay any prepetition amounts accrued and unpaid on account of the Workforce Programs and to continue the Workforce Programs in the ordinary course of business and consistent with past practice for the Remaining Employees.

D. A Limited Waiver of the Automatic Stay for the Workers' Compensation Program is Appropriate.

48. Section 362(a) of the Bankruptcy Code operates to stay:

the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title

11 U.S.C. § 362(a)(1). Section 362 of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for “cause.” *Id.* at § 362(d)(1).

49. The Debtors seek authorization, under section 362(d) of the Bankruptcy Code, to permit their Employees to proceed with their claims against the Workers’ Compensation Program in the appropriate judicial or administrative forum. The Debtors believe cause exists to modify the automatic stay because staying the workers’ compensation claims could have a detrimental effect on the financial well-being and morale of the workforce. In addition, as noted above, if the Debtors fail to maintain the Workers’ Compensation Program, state laws may prohibit the Debtors from operating in those states. Accordingly, the Debtors request a limited waiver of the automatic stay for purposes of allowing the Workers’ Compensation Program to proceed.

E. Processing of Checks and Electronic Fund Transfers Should be Authorized.

50. The Debtors have sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of the debtor-in-possession financing provided in these Chapter 11 Cases. In addition, under the Debtors’ existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to any authorized payment in respect of the Workforce Obligations with respect to the Remaining Employees and the GGE Employees. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

VII.
THE DEBTORS HAVE SATISFIED BANKRUPTCY RULE 6003(B)

51. Bankruptcy Rule 6003(b) provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may issue an order granting “a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” before 21 days after filing of the petition. FED. R. BANKR. P. 6003(b). For the reasons described above and in the First Day Declaration, the relief requested is necessary for the Debtors to operate their businesses in the ordinary course and maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors believe that the relief requested herein is necessary to avoid immediate and irreparable harm, and, therefore, Bankruptcy Rule 6003 is satisfied.

VIII.
WAIVER OF BANKRUPTCY RULE 6004(A) AND 6004(H)

52. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

IX.
RESERVATION OF RIGHTS

53. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors’ or any other party in interest’s right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion or any order granting the relief requested by this motion or a finding that any particular claim is an administrative expense claim

or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors, or any other party in interests, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the requested relief, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

X.
NOTICE

54. The Debtors will provide notice of this Motion (a) the Office of the United States Trustee for the Northern District of Texas; (b) the United States Attorney's Officer for the Northern District of Texas; (c) the state attorney generals for all states in which the Debtors conduct or have recently conducted business; (d) the Internal Revenue Service, (e) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (f) Cozen O'Connor, as counsel to the Senior DIP Lender and Plan Sponsor; (g) Kane Russell Coleman Logan PC, as counsel to the Junior DIP Lender; (h) the banks and financial institutions where the Debtors maintain banking accounts; and (i) all parties in interest who have formally appeared and requested notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that no further notice of this Motion is required.

55. The pleadings in these Chapter 11 Cases and supporting papers are available on the Debtors' website at www.veritaglobal.net/HigherGround or on the Bankruptcy Court's website at <https://ecf.txnb.uscourts.gov/>. You can request any pleading you need from (i) the proposed noticing agent at: HigherGroundInfo@veritaglobal.com, (888) 733-1431 (U.S./Canada) (toll-free), +1 (310) 751-2632 (International), or (ii) proposed counsel for the Debtors at: Foley & Lardner LLP, 1144 15th Street, Suite 2200, Denver, CO 80202, Attn: Tim Mohan (tmohan@foley.com), and Foley & Lardner LLP, 1000 Louisiana Street, Suite 2000, Houston, Texas 77002, Attn: Nora McGuffey (nora.mcguffey@foley.com) and Quynh-Nhu Truong (qtruong@foley.com).

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

DATED: June 18, 2025

Respectfully submitted by:

/s/ Holland N. O'Neil

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**PROPOSED COUNSEL TO DEBTORS
AND DEBTORS IN POSSESSION**

CERTIFICATE OF SERVICE

I hereby certify that on June 18, 2025, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.

/s/ Nora J. McGuffey

Nora J. McGuffey

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
	§	
Higher Ground Education, Inc., <i>et al.</i> , ¹	§	Case No.: 25-80121-11 (MVL)
	§	
Debtor.	§	(Joint Administration Requested)

**ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION
WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE
EXPENSES, (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS,
AND (II) GRANTING RELATED RELIEF**

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

Upon the motion (the “**Motion**”)² filed by Higher Ground Education, Inc. and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) for entry of an order (this “**Order**”), (a) authorizing the Debtors: (i) to pay undisputed prepetition wages, salaries, other compensation, and reimbursable expenses and (ii) to continue employee benefits programs, in each case in the ordinary course of business, including payment of certain undisputed prepetition obligations related thereto; and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “**Hearing**”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
2. The Debtors are authorized, but not directed, to continue to provide, modify, change, or discontinue the Workforce Programs and to pay any claims or obligations on account

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

of the Workforce Programs in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices and the terms of this Order; *provided, however*, that the Debtors' Employee Incentive Programs are not approved by this Order and the relief related thereto shall be considered at the final hearing to be held on [●], 2025 at [●], a.m./p.m. before this Court.

3. For the avoidance of doubt, except as otherwise expressly set forth herein, nothing in this Order should be construed as authorizing the Debtors to (a) pay any amounts to insiders (as defined in section 101(31) of the Bankruptcy Code) on account of any bonus programs, or (b) make any payment on account of the Workforce Programs that are outside the ordinary course of business without prior Court approval.

4. Nothing herein shall be deemed to authorize the payment of any prepetition amounts above the statutory cap imposed by section 507(a)(4) and 507(a)(5) of the Bankruptcy Code with respect to the prepetition amounts owed on account of the Workforce Program, except upon further order of this Court; *provided*, nothing shall prohibit the Debtors from allowing their employees to utilize PTO in the ordinary course of business to the extent required by applicable state law. For the avoidance of doubt, nothing herein shall be deemed to authorize the payment by the Debtors of cash to terminated employees on account of vacation days and/or PTO liabilities, as applicable.

5. The automatic stay of section 362(a) of the Bankruptcy Code, to the extent applicable, is hereby lifted to permit: (a) Employees to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum; (b) the Debtors to continue the Workers' Compensation Program and pay all prepetition amounts relating to the Workers' Compensation Program in the ordinary course; (c) insurers and third-party administrators to handle, administer, defend, settle, and/or pay workers' compensation claims and

direct action claims; and (d) insurers and third-party administrators providing coverage for any workers' compensation claims or direct action claims to draw on any and all collateral provided by or on behalf of the Debtors therefor without further order of the Bankruptcy Court if and when the Debtors fail to pay and/or reimburse any insurers and third-party administrators for any amounts in relation thereto. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program and any such claims must be pursued in accordance with the applicable Workers' Compensation Program, including with regard to any policy limits or caps.

6. Notwithstanding anything to the contrary contained in the Motion or this Order, any payment to be made, obligation incurred, or relief or authorization granted hereunder shall not be inconsistent with, and shall be subject to, and in compliance with, the requirements imposed on the Debtors under the terms of each interim and final order entered by the Court in respect of approving the DIP Motion filed substantially contemporaneously with the Motion (the "**DIP Orders**") (and any permitted variances thereto), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Orders or Approved Budget. In the event of any inconsistency between the terms of this Order and the terms of the DIP Orders, the terms of the DIP Orders shall govern.

7. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion or

a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

8. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

9. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted herein.

10. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

11. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

13. The Debtors are authorized to take all reasonable actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

15. A final hearing to consider the relief requested related to the Debtors' Employee Incentive Programs shall be held on **[•], 2025 at [•], a.m./p.m. (prevailing Central Time)** before this Court. The Debtors shall promptly mail copies of this Order, which shall constitute adequate notice of the final hearing, to the parties having been given notice of the interim hearing, to any other party that has filed a request for notices with this Court, and any statutory committee, if appointed. Any party in interest objecting to the Debtors' Employee Incentive Plan shall serve and file written objections, which shall be filed no later than **[•], 2025 at [•], a.m./p.m. (prevailing Central Time)**.

###END OF ORDER###

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