

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

In re:))	Chapter 11
ZACHRY HOLDINGS, INC., <i>et al.</i> , ¹))	Case No. 24-90377 (MI)
Debtors.))	(Joint Administration Requested)
))	(Emergency Hearing Requested)

**DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN
ORDER (I) EXTENDING TIME TO FILE (A) SCHEDULES OF
ASSETS AND LIABILITIES, (B) SCHEDULES OF CURRENT INCOME
AND EXPENDITURES, (C) SCHEDULES OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES, (D) STATEMENTS OF FINANCIAL AFFAIRS, AND
(E) RULE 2015.3 FINANCIAL REPORTS, AND (II) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 4:15 p.m. (prevailing Central Time) on May 21, 2024.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on May 21, 2024 at 4:15 p.m. (prevailing Central Time) in Courtroom 404, 4th Floor, 515 Rusk, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur's conference room number is 954554. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Isgur's home page. The meeting code is "JudgeIsgur". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Isgur's home page. Select the case name, complete the required fields and click "Submit" to complete your appearance.

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



The above-captioned debtors and debtors in possession (collectively, the “**Debtors**,” and together with their non-Debtor affiliates, the “**Company**”) state as follows in support of this motion (this “**Motion**”):

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto (the “**Order**”): (a) extending the deadline by which the Debtors will file their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the “**Schedules and Statements**”) by an additional 45 days to and including July 19, 2024, for a total of 59 days from the Petition Date (as defined herein), without prejudice to the Debtors’ ability to request additional extensions for cause shown, (b) extending the deadline by which the Debtors must file their initial reports of financial information with respect to entities in which the Debtors hold a controlling or substantial interest as set forth in rule 2015.3 (the “**2015.3 Reports**”) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) to 66 days after the Petition Date (*i.e.*, July 26, 2024), or to file a motion with the Court (as defined below) seeking a modification of such reporting requirements for cause, without prejudice to the Debtors’ ability to request additional extensions for cause shown, and (c) granting related relief.

2. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Mohsin Y. Meghji in Support of the Debtors’ Chapter 11 Petitions and First Day Relief* (the “**First Day Declaration**”),² filed contemporaneously herewith.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

Jurisdiction, Venue, and Predicates for Relief

3. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding under 28 U.S.C. § 157(b). The Debtors confirm their consent to the entry of a final order by the Court.

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

5. The predicates for the relief requested herein are sections 105(a) and 521 of title 11 of the United States Code (the “**Bankruptcy Code**”), Bankruptcy Rules 1007, 2015.3(d), and 9006, and rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local Rules**”).

Background

I. Overview of Chapter 11 Cases

6. On May 21, 2024 (the “**Petition Date**”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors are requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no official committees have been appointed or designated.

7. The Company is a leading provider of turnkey engineering, construction, maintenance, turnaround, and fabrication services. Headquartered in San Antonio, Texas, the Company has approximately 20,000 employees and has worked on some of the largest industrial projects in the United States. The Company was founded 100 years ago, in 1924, by H.B. Zachry. His first construction project was a series of four concrete-reinforced bridges in Laredo, Texas,

which he built using mule-drawn wagons. Throughout the twentieth century, the Company completed high profile projects across the United States and the rest of the world, including the dredging of the Colorado River in Austin, Texas to increase the river's depth and width, the engineering and construction of the Hilton Palacio del Rio Hotel in San Antonio, and on the other side of the globe, the completion of the U.S. Embassy in Moscow in the wake of the Cold War. In 1998, a third generation of Zachrys—brothers David Zachry and John Zachry—took over the business. A decade later, in 2008, the brothers split the business into two independent and separately run organizations: (1) Zachry Group, led by John Zachry and comprised of entities that include the Debtors in these chapter 11 cases, which focuses on industrial projects, and (2) Zachry Construction Corporation, led by David Zachry, which focuses on heavy civil and building construction work. The two organizations have operated independently since. No entities related to Zachry Construction Corporation's business are included in these chapter 11 cases.

8. Today, Zachry Group, including the Debtors in these chapter 11 cases, is known for providing top-notch engineering and construction services to clients in the energy, chemicals, power, manufacturing, and industrial sectors across North America, all with an attention to detail and client service that customers have learned comes standard with the Zachry name. The Company had approximately \$5.4 billion in operating revenues in 2023. Debtor Zachry Industrial, Inc. ("ZII") is currently engaged in the construction of 5 major projects with an aggregate contract value of approximately \$25.1 billion, approximately \$13.8 billion of which constitutes ZII's share of the contract value (as opposed to its joint venture partners). In addition, the Debtors are engaged in over 700 hundred smaller maintenance, warranty, or site-support projects.

9. Additional factual background and information regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the commencement of these chapter 11 cases, is set forth in detail in the First Day Declaration.

Basis for Relief

I. Cause Exists to Extend the Time to File the Schedules and Statements

10. Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007(c) require the Debtors to file the Schedules and Statements within 14 days of the Petition Date. 11 U.S.C. § 521; Fed. R. Bank. P. 1007(c). Pursuant to Bankruptcy Rules 1007(c) and 9006(b), the Court has authority to extend the filing deadline for the Schedules and Statements “for cause.” Fed. R. Bankr. P. 1007(c) and 9006(b).

11. Ample cause exists to grant the relief requested herein. Preparing the Schedules and Statements accurately and in appropriate detail will require significant attention from the Debtors. The Debtors will need to compile information from books, records, and documents relating to thousands of claims, assets, and contracts. This information is voluminous and located in multiple systems throughout the Debtors’ organization. Collection of the necessary information will require a significant expenditure of time and effort on the part of the Debtors, their employees, and their advisors. Additionally, numerous invoices related to prepetition goods and services have not yet been received and entered into the Debtors’ accounting system. As a result, the Debtors may not have access to all of the information required to prepare the Schedules and Statements as of the initial deadline, and in some cases, such information may take 30 days or more to be fully reflected in the Debtors’ books and records. Given the critical matters that the Debtors and their advisors were required to address prior to the commencement of the chapter 11 cases, the Debtors were not in a position to complete the Schedules and Statements in advance of the Petition Date.

12. The Debtors, with the assistance of their professional advisors, have been and will continue working diligently to prepare the Schedules and Statements. No party in interest will be prejudiced by the extension requested herein because the Debtors have financial and operational incentives to progress these chapter 11 cases as expeditiously as possible. The Debtors' request for a 45-day extension of time to file the Schedules and Statements, without prejudice to the Debtors' ability to request further extensions, is appropriate and warranted under the circumstances.

II. Cause Exists to Extend the Time to File the 2015.3 Reports

13. Pursuant to Bankruptcy Rule 2015.3, a chapter 11 debtor must file, no later than seven days before the date set for the 341 Meeting and no less than every six months thereafter, periodic financial reports of the value, operations, and profitability of each entity that is not a publicly traded corporation or a debtor in the chapter 11 cases, and in which the estate holds a substantial or controlling interest. Fed. R. Bankr. P. 2015.3(a)–(c). Bankruptcy Rule 9006(b)(1) provides the Court with authority to extend the period of time to file the 2015.3 Reports “for cause.” Fed. R. Bankr. P. 9006(b)(1). Additionally, Bankruptcy Rule 2015.3(d) provides the Court with the ability, after notice and a hearing, to modify the reporting requirements for cause, including that the debtor is “not able, after a good faith effort, to comply with those reporting requirements, or that the information . . . is publicly available.” Fed. R. Bankr. P. 2015.3(d).

14. The Debtors maintain interests in certain non-Debtor subsidiaries that are subject to Bankruptcy Rule 2015.3 and, as such, are required to file 2015.3 Reports. Cause exists to extend the deadline for filing the 2015.3 Reports as requested herein based on (a) the size, complexity, and geographic scope of the Debtors' businesses and (b) the substantial burdens imposed by compliance with Bankruptcy Rule 2015.3 in the early days of the chapter 11 cases.

15. Extending the deadline to file the initial 2015.3 Reports will provide the Debtors with the necessary time to examine the books and records of their non-Debtor subsidiaries that are subject to Bankruptcy Rule 2015.3. The additional time will also enable the Debtors to work with their financial advisors and the United States Trustee for Southern District of Texas (the “**U.S. Trustee**”) to determine the appropriate nature and scope of the reports and any proposed modifications to the reporting requirements set forth in Bankruptcy Rule 2015.3. Accordingly, the Debtors are requesting that the Court grant an extension of the time by which the Debtors must file their initial 2015.3 Reports to 66 days after the Petition Date (*i.e.*, July 26, 2024), without prejudice to the Debtors’ ability to request further extensions.

16. The relief requested will not prejudice any party in interest. The Debtors will work cooperatively with the U.S. Trustee and any other necessary parties in these chapter 11 cases to provide access to relevant information regarding the business and financial affairs of the Debtors and their non-debtor subsidiaries.

Emergency Consideration

17. Bankruptcy Rule 6003 empowers a court to grant relief within the first twenty-one days after the Petition Date “to the extent that relief is necessary to avoid immediate and irreparable harm.” Failure to receive the relief requested in this Motion during the first 21 days of these chapter 11 cases would severely disrupt the Debtors’ operations at this critical juncture. The Debtors have satisfied the “immediate and irreparable” harm standard in Bankruptcy Rule 6003 and request that the Court approve the relief requested on an emergency basis.

Notice

18. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the United States Attorney’s Office for the

Southern District of Texas; (d) the state attorneys general for the states in which the Debtors operate; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) counsel to the Prepetition Agent, and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002 and Bankruptcy Local Rule 9013-1(d). In light of the nature of the relief requested, no other or further notice need be provided.

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The Debtors respectfully request that the Court enter the Order, granting the relief requested in this Motion and such other and further relief as the Court deems appropriate under the circumstances.

Dated: May 21, 2024
Houston, Texas

/s/ Charles R. Koster

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*Proposed Counsel to the Debtors and
Debtors in Possession*

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Charles R. Koster
Charles R. Koster

Certificate of Service

I certify that on May 21, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Charles R. Koster
Charles R. Koster

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

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

ORDER (I) EXTENDING TIME FOR THE DEBTORS TO FILE (A) SCHEDULES OF ASSETS AND LIABILITIES, (B) SCHEDULES OF CURRENT INCOME AND EXPENDITURES, (C) SCHEDULES OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES, (D) STATEMENTS OF FINANCIAL AFFAIRS, AND (E) RULE 2015.3 FINANCIAL REPORTS, AND (II) GRANTING RELATED RELIEF

Upon the motion (the “**Motion**”)² of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of an order (this “**Order**”): (a) extending the time period to file their Schedules and Statements, (b) extending the time period to file their 2015.3 Reports, and (c) granting related relief, in each case as more fully set forth in the Motion and subject to the terms of this Order; and upon consideration of the First Day Declaration; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and the Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and appropriate notice of and the opportunity for a hearing on the Motion having been given and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion and having heard

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

the statements in support of the relief requested therein at a hearing before this Court; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and the relief requested in the Motion being in the best interests of the Debtors' estates, their creditors, and other parties in interest; 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 after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The time within which the Debtors must file the Schedules and Statements is extended for an additional 45 days to and including July 19, 2024 (for a total of 59 days after the Petition Date), without prejudice to the Debtors' right to seek additional extensions upon cause shown therefor.

2. The time within which the Debtors must file the 2015.3 Reports is extended to 66 days after the Petition Date (*i.e.*, July 26, 2024), without prejudice to the Debtors' right to seek additional extensions upon cause shown therefor.

3. The Debtors are authorized to take and perform all actions necessary to implement and effectuate the relief granted in this Order.

4. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

5. 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 Bankruptcy Local Rules are satisfied by such notice.

6. The terms and conditions of this Order are immediately effective and enforceable upon its entry.

7. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2024
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE