UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF NEW YORK (UTICA)

IN RE:	.	Case No. 26-60110-5-wak
	.	
VANDERBILT	.	Alexander Pirnie U.S.
MINERALS, LLC,	.	Courthouse and Federal Bldg.
	.	10 Broad Street
	.	Utica, NY 13501
Debtor.	.	
	.	Tuesday, February 17, 2026
. . . . .	.	12:00 p.m.

TRANSCRIPT OF:

MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR CASE MANAGEMENT ORDER (I) DESIGNATING SYRACUSE AS THE VENUE FOR ALL FUTURE HEARINGS AND (II) ESTABLISHING CERTAIN OMNIBUS HEARING DATES FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 4)

MOTION TO EXTEND DEADLINE TO FILE SCHEDULES OR PROVIDE REQUIRED INFORMATION FILED BY VANDERBILT MINERALS, LLC (DOC NO. 5)

APPLICATION TO EMPLOY KURTZMAN CARSON CONSULTANTS, LLC D/B/A VERITA GLOBAL, LLC AS CLAIMS AND NOTICING AGENT EFFECTIVE AS OF THE PETITION DATE FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 6)

MOTION FOR CONTINUATION OF UTILITY SERVICE AND APPROVED ADEQUATE ASSURANCE OF PAYMENT TO UTILITY COMPANY FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 7)

MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING IT TO PAY CERTAIN PREPETITION TAXES AND FEES FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 8)

MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) APPROVING THE CONTINUED USE OF THE DEBTOR'S CASH MANAGEMENT SYSTEM AND (II) GRANTING RELATED RELIEF FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 9)

MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO (A) CONTINUE ITS INSURANCE AND SURETY BOND PROGRAMS AND SATISFY RELATED OBLIGATIONS; (B) OBTAIN, RENEW, AMEND, SUPPLEMENT, MODIFY, EXTEND, PURCHASE AND/OR REPLACE INSURANCE POLICIES AND/OR SURETY BONDS; AND (C) CONTINUE TO PAY BROKERAGE AND ADMINISTRATIVE FEES AND SATISFY RELATED OBLIGATIONS; AND (II) GRANTING RELATED RELIEF FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 11)

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MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR AUTHORIZATION TO PAY PREPETITION CLAIMS OF CERTAIN CRITICAL VENDORS, LIEN CLAIMANTS AND 503(B)(9) CLAIMANTS FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 12)

MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR ENTRY OF AN ORDER (I) AUTHORIZING IT TO FILE A LIST OF THE TOP LAW FIRMS WITH TALC CLAIMS AGAINST THE DEBTOR IN LIEU OF THE LIST OF THE 20 LARGEST UNSECURED CREDITORS; (II) APPROVING CERTAIN NOTICE PROCEDURES FOR REPRESENTED TALC CLAIMANTS; (III) APPROVING THE FORM AND MANNER OF NOTICE OF COMMENCEMENT OF THIS CASE; AND (IV) AUTHORIZING THE DEBTOR TO REDACT PERSONALLY IDENTIFIABLE INFORMATION FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 13)

MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO PAY PREPETITION EMPLOYEE WAGES, BENEFITS AND RELATED ITEMS AND (II) GRANTING CERTAIN RELATED RELIEF FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 14)

MOTION TO OBTAIN CREDIT UNDER SECTION 364(B),RULE 4001 (C),(D), MOTION FOR RELIEF FROM STAY FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 17)

BEFORE THE HONORABLE WENDY A. KINSELLA and THE HONORABLE PATRICK G. RADEL UNITED STATES BANKRUPTCY COURT JUDGES

APPEARANCES:

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Proceedings recorded by electronic sound recording, transcript produced by transcription service.

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For Talc Claimants:	Belluck Law LLP By: JOSEPH W. BELLUCK, ESQ. 546 5th Avenue, 5th Floor New York, NY 10036 Simmons Hanly Conroy By: LISA N. BUSCH, ESQ. 112 Madison Avenue, 7th Floor New York, NY 10016-7416 Weitz & Luxenberg By: ADAM S. DREKSLER, ESQ. 700 Broadway New York, NY 10003 Maune Raichle Hartley French & Mudd, LLC By: CHRIS McKEAN, ESQ. 1015 Locust Street, Suite 1200 St. Louis, MO 63101 SWMW Law By: LAUREN WILLIAMS, ESQ. 701 Market Street, Suite 1000 St. Louis, MO 63101

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I N D E X

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(Proceedings commence at 12:00 p.m.)

(Call to Order)

THE CLERK: All rise.

United States Bankruptcy Court for the Northern District of New York with the Honorable Wendy A. Kinsella, presiding is now in session.

You may be seated.

Tuesday, February 17, 2026, 12:00 p.m. calendar. Case 26-60110, Vanderbilt Minerals, LLC. We have several matters on today's calendar. Docket 7, Motion for Continuation of Utility Service and Approval of Adequate Assurance of Payment to Utility Company; Docket 6, Application to Employ Kurtzman Carson Consultants, LLC; Docket 4, Motion for Case Management Order; Docket 17, Motion to Obtain Credit and Motion for Relief from Stay; Docket 11, Motion for Interim and Final Orders Authorizing the Debtor to Continue its Insurance and Surety Bond Programs and Satisfy Related Obligations; Docket Number 9, Motion for Entry of Interim and Final Orders Approving the Continued Use of the Debtor's Cash Management System; Docket 13, Motion for Entry of an Order Authorizing it to File a List of Top Law Firms with Talc Claims Against the Debtor; Docket 12, Motion for Authorization to Pay Pre-petition Claims of Certain Critical Vendors; Docket Number 5, Motion to Extend Deadline to File Schedules or Provide Required Information; Docket 14, Motion for Interim and Final Orders

Authorizing the Debtor to Pay Pre-Petition Employee Wages, Benefits, and Related Items; Docket Number 8, for an Entry Interim and Final Orders Authorizing it to Pay Certain Pre-Petition Taxes and Fees.

Please note your appearances for the record.

MR. SULLIVAN: Your Honor, good morning. Charles Sullivan, Grayson Walter, Bond, Schoeneck & King, proposed co-counsel for the debtor.

Your Honor, we also have a number of attorneys in the courtroom today that we've moved for pro hac vice admission. I would like to introduce them as part of the appearances. Maybe what I would ask is Ms. Lennox to introduce herself. And then I've got some preliminaries about the -- actually, let me move through the pro hac piece, Your Honor.

First of all, we very much appreciate the Court making time today to hear the First-Day motions in this case. Ms. Lennox does have some general background that I think we would like to present to you on the case and on the first days generally that I think will underlie all of the First-Day motions. But let me start by moving for the admission pro hac vice of several lawyers in the courtroom.

From the Jones Day firm, the Court has received pro hac vice applications from Heather Lennox, T. Daniel Reynolds, Matthew Corcoran, Nicholas Buchta, and Ibrahim Ijaz. In addition to those, there are additional debtor professionals.

Bear with me here.

So there are additional Jones Day lawyers, Benjamin Rosenblum and Todd Geremia. Those applications have already been submitted. And Mr. Dan Barnowski of Katten Muchin who represents the independent manager of the debtor, Your Honor.

So with that, I think all of those pro hac vice applications have been submitted, and I would move for their for their admission pro hac vice.

THE COURT: Thank you, Mr. Sullivan. The Court will certainly allow anyone to speak today. Those were just received. The Court is reviewing those and we also have to have the fees paid before I can officially approve those.

MR. SULLIVAN: All right, Your Honor. Yes.

THE COURT: So, with that said, anyone who wishes to speak today with a pro hac that's pending, the Court will allow that.

MR. SULLIVAN: Okay. And, Your Honor, there will be a number of lawyers addressing the various First-Day motions, but as I indicated, Ms. Lennox, would like to start the presentation about the debtor.

THE COURT: Mr. Sullivan, we need to take all the appearances --

MR. SULLIVAN: Oh, sorry.

THE COURT: -- from everyone.

That's okay. But why don't we, before we turn to the

appearances in the courtroom, as well as then we'll turn to the appearances by video, just a couple of housekeeping matters.

The restrooms, public restrooms are on the first floor for everyone. The second floor is locked just for employee security purposes, so wanted to make sure everyone was aware of that.

And with respect to Docket Number 7, the Motion for Continued Use of Utilities, as the parties are aware, the Court has issued a recusal order at Docket 25. Judge Radel has made himself available by phone at 12:30, so I figured there would be enough of a presentation if we have to interrupt the presentation to allow him, he should be riding the Space Mountain Roller Coaster right now, but has agreed to -- this is school break week. So he has agreed to accommodate the utility's motion. If we have to take that a little bit out of order, I'd like to accommodate his schedule as much as possible.

So, with that said, we have appearances from the debtor. Is there other appearances in the courtroom who would like to be noted?

MR. DOVE: Thank you, Your Honor. Jeffrey Dove of Barclay Damon and David Agay of McDonald Hopkins on behalf of the Commodore entities.

THE COURT: Good morning -- afternoon.

MR. DOVE: Oh, I'm sorry, Your Honor. We'll be

submitting Mr. Agay's pro hac vice application either today or tomorrow.

THE COURT: Thank you.

MR. LEVINE: Good morning, Judge. Paul Levine, Lemery Greisler, for R.T. Vanderbilt Holding Company, Inc. With me is George Howard from the Vinson & Elkins firm. We'll be submitting pro hacs for Mr. Howard and his colleagues.

Thank you.

THE COURT: Thank you.

UNIDENTIFIED SPEAKER: Go ahead.

MR. LAZEROWITZ: Yeah. Thank you.

Your Honor, Evan Lazerowitz, Robinson Cole LLP, on behalf of the Kazan, McClain, Satterley & Greenwood law firm, which represents a number of claimants with personal injury and wrongful death claims against the debtor.

My pro hac vice should be pending. We're having some technical issues but ask for Your Honor's indulgence (indiscernible).

THE COURT: Certainly.

MR. LAZEROWITZ: Thank you.

THE COURT: Thank you.

MR. BARNOWSKI: Good morning, Your Honor. Dan Barnowski of the Katten Muchin firm. We represent Ben Pickering as the independent manager and sole member of the Independent Special Committee.

THE COURT: Good afternoon.

Go ahead.

Oh, I wasn't sure. Are you just noting your appearances counsel?

MS. LENNOX: Oh, (indiscernible).

THE COURT: I'm sorry, we have about 58 people on video.

MS. LENNOX: Oh, my goodness. Okay.

THE COURT: That's okay.

MS. LENNOX: My apologies, Your Honor.

THE COURT: Everybody's just getting the hang of this here, so why don't we start. And this, I'm sure, is going to turn into a little bit of overlap, but why don't we start with the video appearances? Why don't we start with the United States Trustee's Office?

MS. CHAMPION: Good afternoon, Your Honor. Erin Champion on behalf of the United States trustee.

THE COURT: Good afternoon.

MS. BARBARUOLO: Good morning, Your Honor. Paula Barbaruolo, along with Erin Champion from the Office of the United States Trustee.

THE COURT: Good afternoon.

Do we have attorneys for any of the talc claimants who would like to go next?

MR. BELLUCK: Yes, Your Honor. Joseph Belluck from

Belluck Law. I represent a number of talc claimants, including the claimant that is listed Number 1 in the petition that was filed, and I look forward to addressing the Court when appropriate.

THE COURT: Thank you.

MS. BUSCH: Good morning, Your Honor. Lisa Busch from Simmons Hanly Conroy, and we also represent a number of talc claimants, one who was in trial last week and settled and two who are scheduled to go to trial on Monday. So thank you for the opportunity to speak.

THE COURT: Thank you.

Other counsel for talc claimants?

MR. McKEAN: Good morning, Your Honor. Chris McKean from the Maune Raichle Hartley French & Mudd law firm. I'm here also representing talc victims.

THE COURT: Good afternoon.

MR. DREKSLER: Good afternoon, Your Honor. Adam Dreksler from Weitz & Luxenberg. I'm also here representing other talc claimants. We were on trial with Vanderbilt around a week ago, and we have another trial coming up next month that is now stayed.

Thank you.

THE COURT: Good afternoon.

MS. WILLIAMS: Good afternoon, Your Honor. Lauren Williams from SWMW Law in St. Louis. I'm here on behalf of

several talc claimants and listening for the most part today.

Thank you.

THE COURT: Good afternoon.

Any other Counsel for talc claimants?

(No audible response)

THE COURT: Well, the Court will then open it up to anyone else who wishes to note their appearance on the record.

(No audible response)

THE COURT: Okay. Hearing none, I will turn it over to the debtor.

Ms. Lennox.

MS. LENNOX: Thank you, Your Honor. And good afternoon. Heather Lennox of Jones Day on behalf of the debtor.

Thank you to Mr. Sullivan for introducing my partners and my colleagues who are with me in the courtroom today. I would also like to point out, Your Honor, that with us in the courtroom today is Mr. Dean Vomero, who's the debtor's chief restructuring officer. And I would, as a preliminary matter, like to thank the U.S. Trustee, Ms. Champion, for her assistance in providing comments and working through the issues of the U.S. trustee on our First-Day papers this morning.

If it please the Court, I'd like to run through a short presentation to explain to the Court who this debtor is, how it got here, and what our game plan is for the case.

THE COURT: Certainly.

MS. LENNOX: And I have a short presentation, a short slide deck, if it would assist the Court in following my presentation, if I may approach.

THE COURT: Certainly.

Thank you, Ms. Johnson.

MS. LENNOX: Okay.

So just some basic facts on this debtor, Your Honor. And if you want to refer to Slide 4, some of the facts that I'm talking about are on Slide 4.

As indicated by its name, Vanderbilt Minerals is a minerals mining and processing company. Its headquarters is in Norwalk, Connecticut. It operates mines and processing facilities in New York, North Carolina, South Carolina, Nevada, California, and Arizona. It employs 127 people, 50 of which are unionized and the rest are salaried.

Our unions are the United Steelworkers International, representing Local 478, and that's at our Dixie Clay facility in South Carolina. And the other union is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, representing Local 420-6 at our Gouverneur Mine in New York.

On Slide 5, Your Honor, you'll see the various operating divisions of the debtor. As I indicated, the Vanderbilt Minerals Division mines smectite clay in Nevada,

California, and Arizona. That division works with our non-debtor sister company, Vanderbilt Chemicals, to process the debtor's top-selling product, VEEGUM.

At the Standard Mine in North Carolina, we mine pyrophyllite. At the Dixie Clay Mine in South Carolina, we mine and process kaolin clay. And at the Gouverneur Division in New York, we mine and process wollastonite.

Some of the products that the debtor produces are listed on Slide 5. We have a variety of products that go into life science applications and many, many that go into industrial applications.

Just a few basic facts about the company, Your Honor. Revenues in 2025 were 64.3 million. The debtor has no funded debt. Unsecured trade claims range between a million and $2,000,000. And as we will discuss today, the main body of creditors in this case are the talc tort plaintiffs.

If Your Honor wants to turn back to Slide 3, which is the organization chart for the company. As you can see, Your Honor, the debtor, which is listed in yellow, is a wholly-owned subsidiary of R.T. Vanderbilt Holding Company, Inc., which we refer to as Holdings. Holdings is a private family-owned company, and obviously there are also many other non-debtor subsidiaries, the primary one being Vanderbilt Chemicals, LLC, which I referenced a moment ago, which operates a separate specialty chemicals business. And that is just to the left of

the yellow box.

The debtor itself is the successor to a former company known as R.T. Vanderbilt Company, Inc., which we refer to as RTVC, not to be confused with Holdings. In 2012, RTVC completed an internal restructuring where, among other things, its minerals and its chemical businesses were separated into the debtor for the minerals business and its non-debtor sister company, Vanderbilt Chemicals, for the specialty chemical business. Made management of those businesses much easier. And at that time, Holdings was created as the holding company.

So through a series of inter-company agreements, Your Honor, the debtor receives management services from Holdings, its parent, and it receives back-office support through a sister company, which is non-debtor Vanderbilt Global Services, LLC, which is the far left box on your chart, things like IT support, accounts payable, things like that.

It also receives commercial services from Vanderbilt Chemicals, LLC. Specifically, the debtor itself mines most of the raw materials for its top-selling product, which is called VEEGUM. Vanderbilt Chemicals takes those minerals and adds some other material that is mined in its Lyles Mine and then it processes the VEEGUM product for the debtor, and then the debtor sells that finished product to the debtor's customers.

So that's the company in a nutshell, Your Honor. If we want to turn to Slides 7 and 8, particularly 8, I'd like to

start talking about the factors that led to this filing and its history with talc litigation.

So as we talked about a moment ago, the debtor is the successor to RTVC, and RTVC itself was incorporated in 1916. It began mining industrial talc at its Gouverneur, New York, mine in 1948. But by 2008, so 18 years ago, RTVC had ceased producing talc.

On Slide 9, you can see a very short history of when the talc litigation began against RTVC. It started to be named in the defendant in a smattering of lawsuits here and there in the 1980s. In 1992, an OSHA promulgation with respect to non-asbestos-form tremolite and other matters related to talc sort of slowed down the number of cases for a while. But in the 2000s, those cases started rising again, a little bit, against RTVC.

On the next slide, after the debtor was formed in 2012, or after the debtor became the debtor in 2012, talc cases were sort of fluctuating up and down, and there were about 307 cases pending in 2019. Those cases rose to more than 1400 active cases today. About 500 of those cases were just filed in the last six months. And that is, Your Honor, after settling more than 1250 cases to date and having 4500 cases dismissed outright.

Slide 11 will give you a short synopsis on the costs. So after largely prevailing in defense verdicts in earlier

years, in recent years, in very recent years, the debtor has suffered increasing litigation costs as the trials are coming fast and furious, and there have been a few significant adverse verdicts, the largest of which is now on appeal. As you can see in the last few years, the debtors have spent over $50 million in defense and indemnity costs, $8 million of that last year alone. And for a company that has about $65 million in revenue, that is crushing.

So the costs have now overwhelmed this middle market company, necessitating this filing. And so now that we're here, Your Honor, what do we intend to do? If you go to Slide 12. This is a pretty simple case, Your Honor. We're selling the debtor's assets in total, for the most part, and the proceeds over and above what are required to pay for our DIP financing and to pay for the administrative claims in this case will go towards satisfying unsecured creditors claims.

And in order to accomplish that, we have a stool that requires three legs, all of which are necessary to make this happen. So on Slide 13, first, obviously, we need a buyer for our assets. And after three and a half months of pre-petition marketing process by Greenhill, a pretty intensive process, I am pleased to report that we have secured a stalking horse bid from Commodore Materials, LLC, which is reflected in the purchase agreement attached to the bidding procedures motion filed at Docket Number 16.

The stalking horse bidder is an affiliate of Right Lane Industries, LLC. Obviously, that whole process is not before Your Honor today. I just wanted to give Your Honor a picture of what's to come. Obviously, that bid is subject to higher and better bids at the auction.

If Your Honor turns to Slide 14, that is sort of the timeline of the process that has been negotiated both with our stalking horse bidder and our DIP lender. And some of the key dates that I'd like to -- now, this is proposed. Obviously, this is all subject to order of Court. But a couple of the key dates I'd like to point out to Your Honor.

About 21 days from now, there's a DIP milestone where we would like to have the entry of the final DIP order and an approvement of a settlement order entered on that day. We'll talk about the settlement in a minute.

March 26th would be our bid deadline. And I do have to say, given the fact that there has been an incredibly robust marketing process pre-filing, we do have other interested parties who are in the data room. Many have done substantial diligence already.

We would propose March 27th as an objection date for the sale. And then, we'd like to go to auction on April 2nd, with a sale hearing following five days later on April 7th. So those are the key deadlines that we'd be looking to ask Your Honor to approve.

Okay. We also have, Your Honor, at Slides 15 and 16, and I am not going to go through them because they are not in front of Your Honor today, but we did want to give Your Honor some of the highlights of the stalking horse bid that we have been able to secure.

So, a buyer is the first leg of the stool. The second leg of the stool requires financing. We need financing to get us through this case. And, again, we've been able to obtain that. We've obtained a $15 million commitment for new money from a DIP lender. Our DIP lender is Commodore Materials Funding, LLC, and that is also an affiliate of Right Lane, who obviously is our stalking horse bidder as well.

Again, there's a summary of the DIP financing on Slide 17. Mr. Reynolds will take you through the DIP financing motion later in this hearing here, so I don't intend to go into all the details now. Mr. Reynolds will refer to those succeeding pages when he's up here.

So we have a buyer. We have financing. The third leg of the stool has come about because the parties that are interested in the debtor's assets, all of them, have indicated that they want to purchase all of the assets that go into making the debtor's VEEGUM product, which is our top-selling product.

Three of those assets, Your Honor. Three significant assets are owned by various of our non-debtor affiliates. And,

thus, we needed an agreement with our non-debtor affiliates to contribute those assets to the debtor's sales process.

And if you turn to Slide 20, which is the last slide in your deck, that too has been obtained as part and parcel of a broader inter-company settlement and agreement that was negotiated by the Special Committee of the debtor's board, comprised of the debtor's independent manager, Mr. Ben Pickering.

Mr. Pickering is a former restructuring partner with E&Y Parthenon, and Mr. Pickering's counsel at Katten Muchin has filed a motion to approve the settlement, which obviously is a precondition of our sale because those assets would be part of the sale, and it is also a precondition to our final draw under the DIP credit agreement. That motion that was filed by Katten Muchin is at Docket Number 23.

So, again, referring to the timeline that we discussed on Slide 14, that is why we would propose to tie the entry of the bidding procedures order with the approval of the settlement motion because those assets are integral to our sale. So that's it in a nutshell, Your Honor.

Much of this history and the support of our First-Day motions is described in the declaration of Dean R. Vomero in support of our First-Day motions, which was filed at Docket Number 3. Mr. Vomero is in the courtroom today and is available for cross examination.

Your Honor, if cross examination and redirect were to occur, my partner, Mr. Corcoran, would handle that. And so I would like to at this time offer Mr. Vomero's declaration into evidence, but if Your Honor has the one lawyer, one witness rule, I would ask you, do you prefer Mr. Corcoran do that, or are you satisfied that I do this?

THE COURT: I'm satisfied that you do that.

MS. LENNOX: Okay. Thank you, Your Honor.

And so with the representation that Mr. Vomero is here and available for cross, I'd like to offer his declaration at Docket Number 3 into evidence.

THE COURT: Thank you. The Court will accept that or hear any objections.

(No audible response)

THE COURT: Any objections on the video?

(No audible response)

THE COURT: The Court will allow that. Thank you.

(Debtor's Exhibit Declaration of Dean R. Vomero (Docket 3) is admitted to evidence)

MS. LENNOX: Okay. Thank you, Your Honor.

Also, as a preliminary matter of housekeeping, while we're doing declarations, we also submitted two declarations in support of our DIP motion. The DIP motion was filed at Docket Number 17.

The first is also another declaration of Mr. Vomero,

our Chief Restructuring Officer. That declaration was filed at Docket Number 19. Again, Mr. Vomero is here, present, and available for cross. And with that representation, I'd like to offer Mr. Vomero's declaration into evidence.

THE COURT: Is there any objection in the courtroom?

(No audible response)

THE COURT: Any objection on the video?

(No audible response)

THE COURT: Hearing none, the Court will admit that.

(Debtor's Exhibit Declaration of Dean R. Vomero (Docket 19) admitted to evidence)

MS. LENNOX: Thank you, Your Honor.

THE COURT: Thank you.

MS. LENNOX: And, then, finally, the second declaration in support of our DIP motion is that of Mr. Eric Mendelsohn of Greenhill, our investment banker. That was filed at Docket Number 18. Mr. Mendelsohn also is available in the courtroom today and is available for cross examination. And so, with that, Your Honor, I'd like to offer his declaration into evidence.

THE COURT: Thank you. Any objection in the courtroom?

(No audible response)

THE COURT: Any objection by video?

(No audible response)

THE COURT: The Court will admit that.

(Debtor's Exhibit Declaration of Eric Mendelsohn (Docket 18) admitted to evidence)

MS. LENNOX: Thank you, Your Honor.

THE COURT: Thank you.

MS. LENNOX: And unless Your Honor has any questions, that would conclude my presentation on the exposition of why we're here.

THE COURT: I do just have one question. You had referred to Commodore's principal, or the main company, Right Line? Was that the --

MS. LENNOX: Right Lane.

THE COURT: Right Lane. Thank you.

MS. LENNOX: Yes, ma'am.

THE COURT: And is that any affiliate of any of the Vanderbilt entities, or is that --

MS. LENNOX: No.

THE COURT: -- an independent third party?

MS. LENNOX: It is a wholly unrelated third party. It's not an affiliate at all.

THE COURT: Thank you. Because that will impact several of the motions today.

MS. LENNOX: It will, yes. Thank you, Your Honor.

THE COURT: Thank you.

MS. LENNOX: As I'm looking at the clock, I believe

that -- how would Your Honor like to proceed? I believe we have three minutes before 12:30.

THE COURT: Perhaps, Ms. Johnson, are you able to determine if Judge Radel is on the line?

THE CLERK: I believe he is on the line.

THE COURT: Judge Radel, are you with us?

JUDGE RADEL: I am. Yes, I am. Thanks, guys.

Good morning, Judge Kinsella.

THE COURT: Good morning, Judge Radel. Thank you again --

JUDGE RADEL: Good afternoon.

THE COURT: -- for taking the time to hear the utilities motion at Docket 7. At this time, I will allow the presentation on the utilities motion, and I will step down. And then Ms. Johnson will come, and I will take the bench again once that motion is concluded.

MS. LENNOX: Thank you, Your Honor.

THE COURT: Thank you.

JUDGE RADEL: Thank you, Judge Kinsella.

THE CLERK: All rise.

(Proceedings on the Utilities Motion (Docket 7) before Judge Patrick G. Radel)

MS. LENNOX: With that, Judge Radel, I am going to turn the podium over to my colleague, Mr. Buchta, who will present the utilities motion to you.

THE COURT: Thank you very much.

MR. BUCHTA: Good afternoon, Your Honor. For the record, Nick Buchta --

THE COURT: Good afternoon.

MR. BUCHTA: -- Jones Day, proposed counsel to the debtor and debtor-in-possession.

Your Honor, I'll be taking --

THE COURT: Good afternoon, Mr. Buchta.

MR. BUCHTA: Your Honor, I'll be taking you through the utilities motion today, which can be found at Docket Number 7.

Your Honor, by this motion, the debtor seeks customary relief prohibiting utility companies from altering, refusing, or discontinuing services to the debtor post-petition.

Pursuant to Section 366 of the Bankruptcy Code, the debtor is protected against immediate termination of services by utility companies and must also provide adequate assurance payments to such utilities. Your Honor, the debtor maintains direct relationships with 18 utility companies, including telephone, water, trash, electricity, sewage, and gas services.

There are additional utility services in the name of Vanderbilt Global Services, a non-debtor affiliate of the debtor, that do provide services to the debtor, but those utilities are not in the debtor's name and are not subject to

Section 366 of the Bankruptcy Code.

Your Honor, the debtor proposes, as adequate assurance for the utility companies, depositing approximately $97,000 into a segregated account, which amount is equal to half of one month's average spend of utilities by the debtor. Our proposed order also includes procedures to resolve disagreements as to sufficient adequate assurance within 30 days of receipt of additional adequate assurance requests. If those disputes cannot be resolved, Your Honor, we will find ourselves before the Court.

Prior to filing, this motion was shared with the United States Trustee and counsel to the proposed DIP lenders. We have incorporated some comments from the proposed DIP lenders and we have not received any formal objections on record.

We did speak prior to the hearing with the United States Trustee, and I do not believe she has any objections to the relief requested herein, but I will pause to give her a moment to speak if she otherwise has something she'd like to address.

THE COURT: Thank you, Counselor.

From the U.S. Trustee.

MS. CHAMPION: (No audible response)

MR. BUCHTA: Excuse me, Ms. Champion, we can't hear anything, at least in the courtroom. I'm not sure if you're on

mute overall or --

MS. CHAMPION: Yes, I was on mute. I apologize for that.

Thank you, Your Honor. Erin Champion for the United States Trustee.

Yes, we did have a chance to speak for a few minutes prior to the hearing. We did resolve some of the issues here on some of the motions as far as what's going to be in the First-Day orders, and we agreed that there would just be language just to ensure that there's language that any relief is just limited to what's in the order and not anything else that's in the motion, that the relief is just limited to, as stated in the order. And I think we agreed to that.

MR. BUCHTA: That's correct, Your Honor.

MS. CHAMPION: Your Honor, on this particular motion, we don't have any objection.

THE COURT: Thank you.

Any other party wish to be heard regarding the motion for utilities continuation, utility service and adequate assurance?

(No audible response)

THE COURT: Okay. So I will grant this motion on an interim basis with an order on consent, please, Counselor. And I propose for simplicity sake, I would like to just carry this separately on our Utica calendar. We'll put it on first thing

so it be called right away and there will be appearances. If you want to come to Utica, you're welcome to come, but otherwise it'll be by video conference.

But instead of having it lumped together with all the other motions to be heard by Judge Kinsella, I think, for simplicity sake, we'll just keep on a separate calendar to track with the Utica cases. So in that case, I would have an interim order carrying us through March 24th, and then, see where we are on March 24th at 9:59 a.m.

MR. BUCHTA: Great. That's --

MS. CHAMPION: Your Honor, Erin Champion. Erin Champion for the United States Trustee.

Just real quickly, Your Honor, we don't have an objection to entry of the interim order, but I would prefer that it not be an order on consent. We're just simply not objecting to it at this stage of the case, and it would still be subject to any objection we may have. I mean, most likely not, but just to clarify that we would prefer that it just be an interim order, not an interim order on consent.

THE COURT: That's fine. Mainly, I was thinking they would settle. You just indicated that you had agreed on some language clarifying that it was just being granted on an interim basis. So with the understanding that the language in the proposed order, we'll make sure it includes that provisional language and the reservation of rights. And then,

so we'll note that is an interim order with no objection from the U.S. Trustee, but it be deemed on consent.

MS. CHAMPION: Thank you.

THE COURT: Thank you, Ms. Champion.

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

THE COURT: Thank you. We'll look for that order, Counselor, and see everyone back on March 24th at 9:59 a.m.

Thank you.

MR. BUCHTA: Great.

(Proceedings resume before Judge Wendy A. Kinsella)

THE CLERK: All rise.

You may be seated.

THE COURT: Good afternoon, again.

MR. BUCHTA: Good afternoon, Your Honor.

THE COURT: Did you have a particular order in which that you would like to go from the way that they were filed? Or how would you like to proceed?

MR. BUCHTA: Your Honor, I think at the time if you'll indulge us, I'd like to turn it over to Mr. Sullivan to go through the case management motion that was filed.

THE COURT: Certainly.

So we are calling Docket 4, the case management motion and designating Syracuse as the venue and establishing hearing dates. Is that correct?

MR. SULLIVAN: Yes, Your Honor.

THE COURT: Okay.

MR. SULLIVAN: Your Honor, again, Charles Sullivan, Bond, Schoeneck & King, for the debtor.

Your Honor, this motion really seeks three prongs really. First, we are making a special request to have matters following today's hearing date be heard in the Syracuse courtroom, Your Honor.

Secondly, we are seeking to have an omnibus hearing date, one per month, set in the case. And then, thirdly, Your Honor, we would like to incorporate in the order that arises out of this motion a decretal paragraph, which we'll have to add, Your Honor, that sets a hearing on two of the motions that Ms. Lennox identified in her initial presentation. And I'll walk through that in a second, Your Honor.

So first, let me address the first prong, which is our request to have hearings subsequent to this one heard in the Syracuse courtroom, Your Honor. Your Honor, I understand that this is an extraordinary request, but I think it is justified in this case for a number of reasons.

First, it dovetails with the corresponding request that we're making that it be set at a special hearing date, not Your Honor's standing Chapter 11 hearing date. And for that reason alone, Your Honor, we would not necessarily be on the same day as that standing hearing date.

Second, Your Honor, we anticipate that there will be a considerable number of out-of-town attorneys in this case, including attorneys who have not yet appeared in the case, Your Honor. And many of those will be estate professionals, and we are somewhat concerned about the additional burden of the -- most of those professionals, frankly, will be traveling through Syracuse, Your Honor. And the additional travel time to Utica will be burdensome to the estate.

And I know from our experience in other Chapter 11 cases that face exactly those circumstances, sometimes if we have committee counsel that's out of town or something, Your Honor, that may result in an additional night's stay to be able to make a flight, a return flight, that sort of thing, Your Honor.

Secondly, Your Honor, we're requesting for the Court's consideration the setting of an omnibus hearing date. We are proposing that the next hearing be on or about March 9. And, again, we are imposing upon the Court's schedule, not dictating a date, but that is the date that measures from the milestones that Ms. Lennox mentioned in the DIP. And, thereafter, I think it would be dates selected directed by the Court for those omnibus hearing dates. But we didn't want to presume dates and suggest those in the motion.

Thirdly, Your Honor, there are two motions identified by Ms. Lennox that have been filed on the docket but are not on

for hearing today. One is the bidding procedures motion and the other is the settlement motion referred to by Ms. Lennox. The milestones provided under the DIP require that both of those hearings happen on the 21st day following the petition date, which is also that March 9 date.

While they're on the docket, we weren't able to notice it up for that date, Your Honor, so we'd like a provision in this order that sets the hearing on those two motions for that date.

THE COURT: Certainly. Well, let's just have a conversation here about the dates.

MR. SULLIVAN: Sure.

THE COURT: So the Court envisioned a little tighter time frame for the initial hearings, the interim hearings that are being entered here today, with final hearings then to be held perhaps eight days from now. Several final today, but then we could have a further interim given the emergency nature of the hearings today, even though I know that there was quite a bit of the parties involved here that had notice.

And then, to go out, I was going to add to a two o'clock on a regular Chapter 7/11 day. So that would put us on Wednesday, February 25th, at two o'clock for some of these interim orders, if these motions are granted. We can add Wednesday, March 4th, at two o'clock. That would get you before your March 9th deadline, the DIP milestone there, and

then go out to March 18th at two o'clock, if we need to. I just know, in at least preliminarily to get comfortable with the relief that's being requested, I know the U.S. Trustee likes to have a couple of different hearings and keep things, and then we can go out to every month if that's necessary.

I do not have dates past May issued yet, but then we can have the sale hearing if we get to that point. April 7th is actually a Utica calendar --

MR. SULLIVAN: Okay.

THE COURT: -- that I have a full calendar. So I was trying to kind of streamline the process for the parties and also for the Court to give everyone sufficient time at that two o'clock time slot, but also trying to maintain the Court resources in an efficient manner to handle the case.

MR. SULLIVAN: Your Honor, I completely understand.

Your Honor, those dates are obviously woven into the DIP motion, and what I would suggest is, for purposes of this discussion, let's let this motion stand as sort of just the framework.

THE COURT: Certainly.

MR. SULLIVAN: And I will ask Mr. Reynolds to speak to how that integrates because we may need consent of the DIP lender to tweak some of these dates a little bit. I think it will work, Your Honor, but I just want to make sure that it does, and then let's go and backfill for this order for

purposes of setting that if we may.

THE COURT: Perfect. That makes complete sense. I think that those dates worked within the DIP deadline.

MR. SULLIVAN: It sounded like they do, but I wanted to --

THE COURT: I think the March 4th would get you within your March 9th deadline, and the actual April 7th is the date that you had requested for a sale hearing. So those were the two that I was very cognizant of in terms of milestones, so.

MR. REYNOLDS: Oh, good afternoon, Your Honor. Dan Reynolds for Jones Day.

The March 4th date works under our milestone. The one thing there then to make sure that it is acceptable is the shortened notice period. So if the shortest notice period works for Your Honor to have the settlement, the final DIP order, and the bidding procedures motion on March 4th, we have no objection to that date. We just want to make sure that interplay is also acceptable to the Court.

THE COURT: Certainly.

Well, let's hear from the other parties when we kind of get to those actual motions. I realize that they're not before, but when we hear from the U.S. Trustee in particular, and I'm assuming there's going to be a committee appointed, so we just need to be cognizant of all of those. I'm not sure if

there's been any discussion of that or not.

MR. REYNOLDS: Of course, Your Honor.

So it sounds like the only one of those three motions that are up today is the DIP, which we'll handle at the end. So we can talk about --

THE COURT: Right.

MR. REYNOLDS: -- that at the DIP. And then, the only -- would you want to consider the shortened notice for the bid procedures and the settlement motion today, or are you contemplating that, just so we can make sure that we're organized and give Your Honor everything she needs, are you contemplating that at the first hearing that you mentioned two weeks from now?

THE COURT: Well, I --

MR. REYNOLDS: A week from now, excuse me.

THE COURT: If we're shortened time, we probably would need an actual application to shorten time that the Court would presumably grant as due course that would allow that notice of motion to go out along with any corresponding deadlines. And, obviously, we would give responding parties some extra time closer to that date to make sure everyone has an opportunity to review those, recognizing too that those motions are on the docket, which obviously gives itself notice to give people a jump start on reading and reviewing and responding.

So, from a procedural standpoint, I would suggest we would need an application shortening time for those, and then we can finalize a date when we kind of circle back to this case management order at the end, if that makes sense to you.

MR. REYNOLDS: It makes complete sense to me, and we'll make ourselves available at the Court's convenience.

Thank you very much.

THE COURT: Thank you.

So we will hold Docket --

MR. BELLUCK: Your Honor.

THE COURT: Oh, yes.

MR. BELLUCK: Hi. My name is Joseph Belluck. I, as I mentioned, am the founder of Belluck Law. We have been representing the residents of Gouverneur and people injured by the actions that took place in Gouverneur for 25 years.

This debtor gave you a story this afternoon that left a lot of things out. And one of them is that the town of Gouverneur, no exaggeration, is at the epicenter of an asbestos disease epidemic among residents and workers. The case that we tried in Canton, New York, a few months ago, which resulted in a $12 million verdict, which is indicated in the papers, was a woman who simply lived next to the Gouverneur plant.

Her sister also was diagnosed with mesothelioma, as was her friends. And a jury in St. Lawrence County, after hearing all the evidence that this company did, awarded

punitive damages. This debtor has been on a decades-long effort to hide and run from the liabilities of the talc product that they manufacture there.

There, as you mentioned, is going to need to be a committee formed. And we are going to need time. We have been trying to look into this, into the court cases, but the recital by the debtor's counsel of all the affiliates and related parties and transactions is dizzying. And we are going to need time to get counsel. We are going to need time to get consultants to evaluate all this.

And I'm only speaking now just because I want to make sure that our clients and the people of Gouverneur and the people in St. Lawrence County who are watching this very carefully because it impacts their friends and their neighbors and their loved ones will have time to get organized, get consultants, get lawyers, and that this does not move too fast.

This has been going on for decades, and the fact that the debtor is showing up today after knowing all of this for years and asking for this type of rapid activity, I think is belied by what their conduct has been as a company and also in the tort system. So, I am hoping we will have time and the Court will give us that time to make sure we can address all of this properly.

THE COURT: Thank you, Counselor. And thank you for appearing today, both you, as well as the other talc claimants

attorneys. The Court recognizes that this is a very sensitive issue and also recognizes those needs with retaining counsel and certainly encourages Ms. Champion and Ms. Barbaruolo of the United States Trustees Office are on the video and would be the ones who would be taking a look at putting together a committee and the resources available to support a committee in their efforts to participate in this process as provided for by the Bankruptcy Code.

So the Court certainly appreciates that. And before we circle back to the other motions, the Court wanted to hear if there's any -- we'll start with the U.S. Trustee and then I'll open it up to anyone else who wishes to weigh in as we sit here now on the case management order or anything that you've heard.

Ms. Champion, did you want to be heard?

MS. CHAMPION: Thank you, Your Honor.

Relative to the Court hearings taking place in either Syracuse or Utica, I don't really have much to say on that. It's certainly no problem for my office. And certainly, parties can appear by Teams, and it's fortunate that our Court allows all parties to do that.

After hearing from counsel for one of the claimants, I do wonder though, having all of the claimants in Gouverneur, I don't want to discourage them from participating. I mean, there are a lot of people on the call today on Teams, but I

just point that out. I really don't have any objection to the case management structure itself, but I'm just pointing that out. I don't know if that would prejudice in any way the claimants' ability to participate.

And the other point I will say, and I was going to say this for the DIP financing piece. Those time frames are extremely tight. We worked yesterday. Yesterday was a Federal holiday, but my office worked to get the solicitation materials together. We're going to be sending those out to the top 20 law firms for all the claimants. But if there's anybody that is interested in receiving the solicitation materials from my office, they can certainly contact me. And my office information should be on the docket.

But we want to make sure that we have robust participation, and certainly we wouldn't have a committee up and running by the 25th of February. March 4th, I would hope that maybe we could. I mean, that's not that much farther out, but we'll do our best to get that process started. But it is going to be -- it's a tight time frame. So I just note that for the Court.

But, in theory, we don't really have an objection to the framework of the case management order.

THE COURT: Thank you.

Anyone else on the video wishes to be heard?

MS. BUSCH: Yes, Your Honor. Thank you. And I am

going to echo what the U.S. Trustee and Mr. Belluck just said as well.

THE COURT: I'm sorry, Counselor.

MS. BUSCH: But I did want to also --

THE COURT: I'm sorry, Counselor. Would you just identify yourself for the record again so the record is clear?

MS. BUSCH: Oh, I'm so sorry. It's Lisa Busch from Simmons Hanly Conroy. My apologies.

THE COURT: Thank you.

MS. BUSCH: Yeah. I just did want to just say too, as well, they're trying to move this very quickly, but yet last week we did have -- we have living mesothelioma client who was on trial. This debtor came into the courtroom and there was a settlement that happened last week. We had two other cases that are supposed to go to trial on Monday.

The judge just now moved it and did save the date for April 6th. And of course these claimants would like their day in court. But I did want to just echo what they both said.

This is moving very quickly. We don't think there should be any sales or anything until a committee is formed, and we appreciate, thank you to the U.S. Trustee's Office to get this going as quick as possible and happy to participate.

Our clients, the ones that are on trial, at least these three, have all told our firm that they are willing to participate in any committee that is formed. So thank you for

your time.

THE COURT: Thank you. And as Ms. Champion indicated, all of her information is on the docket in the U.S. Trustee's Office and email contact and things, so if people wanted to affirmatively reach out instead of waiting for the solicitation to serve on the committee. So thank you.

Was there anyone else on the video who wished to be heard?

(No audible response)

THE COURT: Thank you.

And why don't we hold a docket for Mr. Sullivan per our discussion? We will hear that back at the end, and we will see if we can set some dates once we get through everything else.

MR. SULLIVAN: Yes, Your Honor.

THE COURT: Thank you.

Why don't we go in order, the motion to extend the deadlines to file schedules and provide requested information.

MR. SULLIVAN: Your Honor, for that I will turn the podium over to Mr. Ijaz.

THE COURT: Thank you.

MR. IJAZ: Good afternoon, Your Honor. Ibrahim Ijaz with Jones Day, proposed counsel to the debtor and debtor-in-possession.

I'll be presenting the schedules and statements

extension motion, which is Docket Number 5. In that motion, Your Honor, we're asking for an additional 24 days for the schedules and statements, which gives us through March 26, 2026. The relief requested is pursuant to Federal Rule of Bankruptcy Procedure 1007(c).

Your Honor, as you know, the debtor operates a complex enterprise employing more than 125 individuals in six states and is also party to more than 1,450 pending lawsuits related to its historical production of talc. Completing the schedules and statements therefore requires collection, review, and assembly of a substantial amount of information.

Additionally, the debtor has been dedicating all of its resources to diligently orchestrating a sale process and inter-company settlement agreement, which you heard about, which are important value maximizing tasks. Your Honor, unless you have any questions, we did present this motion in draft form to the proposed DIP lender and the U.S. Trustee's Office and did not receive any comments from either.

We also did not receive formal objections to the motion, but I would like to cede the podium to the U.S. Trustee's Office and any other party that would like to make any comments.

THE COURT: Thank you.

Ms. Champion.

MS. CHAMPION: Well, Your Honor, I mean, them having

a deadline of March 26th to file schedules after a contemplated sale, I don't know how useful that is to any of the parties to be able to review the assets of the debtor. We haven't scheduled a 341 yet, but typically, I wouldn't proceed with a 341 meeting unless we had schedules. So I don't really have an objection to an extension, but maybe we can come somewhere in between the typical deadline and what's been requested.

THE COURT: Thank you.

Is there anyone else --

MS. CHAMPION: We really don't have any sense of what the assets are in this case.

THE COURT: Thank you, Ms. Champion.

Was there anyone else in the courtroom or by video who wishes to weigh in on the motion to extend the deadline?

(No audible response)

THE COURT: You had indicated and the papers indicate 24 days to March 26th, but that's actually 37 days, I believe.

MR. IJAZ: Yes, Your Honor, that's 24 days in addition to the 14 day statutory period.

THE COURT: To the existing. Okay.

MR. IJAZ: I would like to note that the debtor has 100 employees and the March 26th, which is our requested date, is actually before the sale hearing on April 7th. Just to put that on the record.

THE COURT: Thank you.

Well, we're going to hold this until the end because we're going to have a catch-22 here for the debtor. The debtor is going to want to have expedited process and expedited notice, but we're not going to have really the notices besides the talc victims with the largest claims if that motion gets subsequently approved.

So why don't we hold this and perhaps we'll take a break shortly and perhaps there's a intermediate date that can be agreed upon with the U.S. Trustee, because it is going to be hard if the schedules get filed March 26th, then the notice goes out for the 341, so you're having -- the assets are gone before there's ever even been an examination besides an initial debtor interview by the U.S. Trustee and the creditors.

MR. IJAZ: Understood, Your Honor. Thank you.

THE COURT: Thank you.

MR. IJAZ: I'd like to turn the podium over to Mr. Buchta.

MR. BUCHTA: Good afternoon, Your Honor. For the record, Nick Buchta, Jones Day, proposed counsel to the debtor and debtor-in-possession.

Your Honor, I'll be taking you through the next several motions before the Court, starting with the debtor's taxes motion, which can be found at Docket Number 8.

Your Honor, by this motion, the debtor seeks authority to make payments on account of tax obligations which

they incurred pre-petition and were assessed in the ordinary course of business. As detailed in that motion, the debtor incurs various tax obligations, included in sales and use taxes, regulatory and licensing taxes and fees, foreign taxes and fees, property taxes, and certain other miscellaneous taxes, assessments, registrations, fees in the ordinary course of its operations.

The debtor also incurs various customs duties, fees for business licenses and permits, and various other fees and assessments. As of the petition date, the debtor estimates that approximately $315,000 in pre-petition taxes and fees had accrued and remain unpaid. The debtor seeks authority to pay the full amount on a final basis and up to $150,000 on an interim basis.

The debtor submits that the payment of these pre-petition taxes and fees would be appropriate and is warranted under the Bankruptcy Code for at least three reasons. First, the debtor submits that, one, many of these taxes and fees are not property of the estate under Section 541 of the Bankruptcy Code. Namely, sales, use, and excise taxes being withheld for the relevant taxing authorities.

Second, many if not most of these taxes are entitled to priority under Section 507(a)(8) of the Bankruptcy Code, and therefore payment of these amounts would not work to the detriment of creditors junior to taxing authorities or general

unsecured creditors.

Lastly, payments of these amounts are warranted under the doctrine of necessity to avoid disruption of the debtor's operations and to avoid distraction of the debtor's management team.

For all of these reasons, the debtor would respectfully request entry of the interim order. Again, the proposed DIP lender did provide a few comments to the interim order prior to filing, and we did share this motion with the Office of the United States Trustee.

Again, I don't understand that she has any comments to add other than her comment that she would like to note in the order that the relief requested in the order is limited to what appears in the order, but I'll defer to Ms. Champion if she has anything else she would like to raise.

THE COURT: Thank you.

Ms. Champion.

MS. CHAMPION: I don't have anything further on that, Your Honor. I have no objection.

THE COURT: Thank you.

Is there anyone in the courtroom or by video who wishes to be heard on the motion authorizing the debtor to pay certain pre-petition taxes and fees at Docket Number 8?

(No audible response)

THE COURT: Hearing none.

Question. Was the U.S. Trustee's comments included in the Word documents of the orders that were forwarded to my chambers?

MR. BUCHTA: It was not, Your Honor. We're going to have revised forms of order for I think just about, if not all of the motions that we're seeking relief (indiscernible) here that we're working on. We spoke with Ms. Champion just before the hearing.

THE COURT: Okay.

MR. BUCHTA: So some of these comments we're working on incorporating but have not yet.

THE COURT: Okay.

The Court is going to grant the motion on the interim basis up to $150,000 as outlined in the motion. And for purposes of interim basis, Ms. Champion, did you have any objection to adjourning this to the 25th, which is a week from tomorrow on an interim basis, and hopefully, everyone can get their legs under them to figure out any additional concerns that need to be addressed? Does that make sense to the U.S. Trustee?

MS. CHAMPION: Yes, Your Honor. That should be fine.

THE COURT: Okay.

MS. CHAMPION: The 25th.

THE COURT: So the Court will grant it on an interim basis and adjourn the relief to February 25th at two o'clock if

that's where we land on the next Court date.

MR. BUCHTA: Understood.

Thank you, Your Honor.

THE COURT: Thank you.

MR. BUCHTA: Your Honor, next I'd like to take you through the debtor's cash management motion, which is next on the docket at Docket Number 9.

THE COURT: Okay.

MR. BUCHTA: Your Honor, by this motion, the debtors are seeking customary relief with respect to their bank accounts and existing cash management system. In particular, the debtor is requesting, through the ordinary course of business, to continue with existing cash management systems and to maintain and use existing business forms and to perform under and continue making inter-company transactions consistent with historical practice.

Your Honor, a schedule of the debtor's bank accounts is attached as Exhibit B to the motion. To just go over those briefly for you, Your Honor, the debtor maintains seven bank accounts, all with JPMorgan or Wells Fargo, who are party to Uniform Depository Agreements with the United States Trustee, so we will not be seeking any relief under Section 345(b) of the Bankruptcy Code.

The accounts generally flow through an operating account that's held at Wells Fargo, which handles payroll and

vendor payments, inter-company payments, and receives swept funds from other accounts held by the debtor. The debtor maintains an alternative currencies account, which takes in international currency receipts in currencies other than U.S. dollars, Canadian dollars, and Euros.

They maintain a Canadian currency account, which both receives Canadian dollar payments from customers as well as making certain payments to vendors and taxing authorities in Canadian dollars. The debtor maintains a payroll account that's used to fund its payments to its payroll processor, ADP.

The debtor maintains a settlement account that's used to fund talc settlement and surety bond payments as well as to receive insurance payments in under its insurance policies. The debtor maintains a demand deposit account that handles its euro-denominated transactions.

And finally, the debtor maintains a money market account at JPMorgan that holds restricted cash that's used to collateralize letters of credit that underpin some of its bonding and regulatory obligations.

The debtor's cash management system is critical to preserving and maximizing the value of its estate. Any disruption would have an immediate adverse impact on the debtor's businesses and would impair the debtor's ability to successfully administer this case. The debtor is also requesting authority to pay standard bank fees in connection

with the cash management system, to maintain the debtor's corporate credit card program, and to use existing check stock and business forms.

Importantly, Your Honor, the debtor is also requesting authority to continue to engage in inter-company transactions, which are described more fully in the First-Day declaration.

Your Honor, I'd like to be clear that the transactions that we are talking about here are ordinary course transactions governed by existing contractual arrangements. If Your Honor would like, I'm happy to walk through each of those agreements in turn, or I'm happy to answer any questions Your Honor may have about the agreements.

THE COURT: No. The Court didn't have any questions. The declarations provided in support of the First-Day at Docket Number 3 provided significant background on that, so thank you.

MR. BUCHTA: Thank you, Your Honor.

Prior to filing, again, the motion was shared with the Office of the United States Trustee, as well as counsel to our proposed DIP lenders. There have been no formal objections filed. We did incorporate some comments from the proposed DIP lenders, and I understand Ms. Champion did have one comment that she wanted to make with respect to the interim relief requested herein.

THE COURT: Thank you.

Ms. Champion.

MS. CHAMPION: Yes, Your Honor, and we did have a conversation about 30 minutes before this hearing, so it's hard to make sure that every T is crossed and I covered every little single thing. So I don't want to ambush the debtor or anything, but there is one thing that I did forget to mention on our call, and that is it's a little bit of a hiccup.

To the extent that the money market account is not a collateralized account, even under, our UDA agreements, so we might have an issue with that. The other regular bank accounts, they're fine. They're authorized depository. So you know, at this point, it just has to be entered as an interim order and I don't know. I don't even know how much is in that account, so that's something that we'll have to work out towards the final order.

So I apologize to the debtor for overlooking that.

THE COURT: No apologies necessary, Ms. Champion. Everyone's been working around the clock to make sure that these things are reviewed. And we will take one step at a time here on an interim basis, then, if that's the U.S. Trustee's request on an interim basis to confirm whatever arrangement with the collateralized the money market account. Is that where we are, Ms. Champion?

MS. CHAMPION: Well, we might have to object to that, Your Honor. So we just need to preserve our rights to object

to that unless we can come up with some kind of solution with the debtor.

THE COURT: Thank you.

MR. BUCHTA: Your Honor, I could propose that we add a provision just on an interim basis to seek relief under Section 345(b) to allow us to continue operating the account until entry of the final order, and we can work with the United States Trustee in the interim period to figure out a final resolution.

MS. CHAMPION: That's fine.

THE COURT: That's fine.

Does anyone else wish to be heard on the cash management system motion?

(No audible response)

THE COURT: So the court will grant the motion pursuant to 363(c)(1), which authorizes the debtor to use property of the estate in the ordinary course of business without notice or a hearing. That includes the debtor's ability to continue with routine transactions necessitated by the cash management system.

Bankruptcy courts in this district routinely authorize the continued use of pre-petition cash management systems, and therefore will grant the motion on an interim basis, again, with the same adjournment to February 25th at two o'clock.

MR. BUCHTA: Thank you, Your Honor.

Your Honor, next, I'd like to take you through the debtor's insurance motion, which is found at Docket Number 11.

Your Honor, by this motion, the debtor seeks authority to continue its existing insurance and surety bond programs, including making any payments under its premium financing agreements. This includes authority to obtain, renew, amend, or replace those policies and satisfy certain fees and obligations owed to their brokers.

All of this, Your Honor, is of course in the ordinary course of business. The debtor maintains a variety of insurance policies, including property, D&O, terrorism, credit, auto, surplus lines, and marine and war cargo policies.

In addition, as Your Honor might expect in a mining company that's business is in the business of mining, the debtors maintain a surety bond program in order to lawfully conduct its business and operations in certain jurisdictions. As of the petition date, the debtor is operated at six U.S. denominated surety bonds in the amount just under $2.4 million and two Canadian denominated surety bonds in the amount of approximately $46,000.

These bonds secure obligations related to reclamation, customs, import duties, Bureau of Land Management rights, rights of way, and Canadian goods taxes. There are no outstanding premiums or payments due under the surety bonds.

Unless Your Honor has any questions, I request entry of an interim order authorizing the debtor to continue their existing insurance and surety bond programs, unless Ms. Champion has anything that she wishes to add.

THE COURT: Thank you.

Ms. Champion.

MS. CHAMPION: I have nothing further to add, Your Honor. We don't have an objection to an interim order.

THE COURT: Thank you.

Is there anyone in the courtroom or by video who wishes to weigh in on the motion authorizing the debtor to continue its insurance and surety bond programs?

(No audible response)

THE COURT: Hearing none, the Court will grant the motion on an interim basis, and we'll look to you for that order.

MR. BUCHTA: Great. Thank you, Your Honor.

THE COURT: Thank you.

MR. BUCHTA: Your Honor, next up and moving right down the line in the docket, I will be taking you through the debtor's critical vendors motion, which can be found at Docket Number 12.

Your Honor, the debtor has a number of vendors and service providers who would be difficult, if not impossible, for the debtor to replace, especially early in these Chapter 11

cases. As you might imagine, with mining operations that the debtor operates, particularly remote locations out west and in North Carolina, parts of New York and South Carolina, there are many of these vendors that would be difficult, if not impossible, particularly on an immediate basis, to replace if they stop performing services to the debtor.

After carefully assessing which goods and services are essential to the maintenance and success of the debtor's operations, the debtor identified a pool of vendors who it must maintain business relationships with in order to preserve value of the estate and its assets, particularly as we head into a sale process. In determining whether or not a vendor is in fact critical, the debtor assessed, among other things, whether there is an alternative source of goods or services that could be acquired within a reasonable period of time, whether a vendor had a unique process or special knowledge of the debtor that the vendor had acquired over time, whether the debtor's products have been pre-approved for use in the debtor's end products, and whether a vendor meeting any of the other criteria is able or likely to refuse to provide goods and services to the debtor if its pre-petition balances are not paid.

The debtor submits that granting the relief requested is necessary to prevent immediate and irreparable harm to the estate, and for the reasons stated, the debtor seeks authority

to pay up to $325,000 on account of critical vendor claims, all of which become due -- sorry, $325,000 on account of critical vendor claims on an interim basis, and we're seeking authority to pay $650,000 on a final basis.

The debtor also seeks authority to pay certain lien claimants, including holders of shippers liens, warehouseman liens and other statutory liens, in an amount not to exceed $25,000 on an interim basis and $75,000 on a final basis.

Finally, the debtor asks for authority to pay up to $175,000 on an interim basis for claims that will otherwise be entitled to seek priority under Section 503(b)(9) of the Bankruptcy Code for goods delivered to the debtor within 20 days prior to the filing of the petition.

These are goods that are provided on an order-by-order basis, and if these claims are not paid, the vendor may refuse to provide continuing service. Prior to the filing, again, we shared this motion with counsel to the proposed DIP lenders who we incorporated some comments from. And we discussed this motion with the U.S. Trustee prior to filing.

The United States Trustee asked us to clarify on the record that no insiders or affiliates of the debtor will be paid pursuant to the critical vendors motion. And, again, as I discussed in the cash management motion, all of the transactions between our non-debtor affiliates occur pursuant

to inter-company agreements, as opposed to the payments that we're contemplating under the critical vendors order.

So with that, I'll turn to Ms. Champion to see if she has anything else she'd like to raise.

THE COURT: Ms. Champion.

MS. CHAMPION: Your Honor, thank you.

Just for the record, I just wanted to reiterate to the Court some of the concerns that the U.S. Trustee did have. My office didn't feel that the motion really met the burden of the doctrine of necessity because it didn't really give much detail as to why those vendors were critical, who they were, and I appreciate the comment being made on the record that they weren't any type of affiliated entities.

And the approved budget is kind of lacking on details as well as to who was getting paid in the interim period. And I do want to again reiterate the importance of having a committee being able to weigh in on these types of things and the payments being made.

I wonder, maybe, now that we have some indication from the Court as to when our next Court dates would be, what payments would have to be made between now and the next hearing. Maybe that would allow us some additional time to look at this a little closer.

THE COURT: Thank you, Ms. Champion.

And the Court does share many of the concerns that

Ms. Champion has raised, especially in light of the fact that $525,000 on an interim basis and one million, seventy-five on a final, and there's been representations that the total trade debt universe is between one and two million dollars. It seems like perhaps we're paying everyone, but recognizing that this is a very unique business, there's a lot of regulatory and other issues, as well as those concerns.

Perhaps at the conclusion of some the motions that we're getting through, we can take a break and you can discuss with your client, is there an amount that will get you through the next week to the next interim hearing. And the Court also wanted to note that if there are payments to vendors, those are with an obligation to honor customary trade terms and clawback provisions. Is that correct?

MR. BUCHTA: Your Honor, we seek authority but not direction to maintain any specific terms, but we are going out to our vendors. We have a form of trade agreement that we have been working to draft that we're going to be sending to those customers that are effectively going to ask them to lock in their pre-petition terms in exchange for our agreement to enter into a critical vendor payment agreement with them.

THE COURT: Okay. Why don't we hold this? I don't like holding things, but why don't we hold this and perhaps we'll take a break shortly and then you can conference with Ms. Champion after consulting with your client to see is there

an interim amount that will get us through the next week --

MR. BUCHTA: Sure.

THE COURT: -- that obviously allows understanding that it is necessary and critical to maintain ongoing operations, but in light of the shortened notice on this, that might give the U.S. Trustee and the Court some comfort to grant it on something perhaps a little bit less than what's being asked.

MR. BUCHTA: Understood, Your Honor. That makes sense. We're happy to do that.

THE COURT: Thank you.

MR. BUCHTA: All right. Your Honor, the last motion I will be taking you through today is, again, next up on the docket at Docket Number 13. That is the debtor's noticing procedures motion.

Your Honor, through the noticing procedures motion, the debtor seeks a myriad relief all related to kind of the process for serving folks properly in this case.

First, the debtor seeks authority to file a list of the 15 law firms representing the largest quantum of plaintiffs with claims pending against the debtor in lieu of filing a list of the top 20 unsecured individual creditors. Your Honor, as you can see through the narrative in this case as well as the folks that are on Teams today, the debtor's largest creditors are personal injury talc claimants.

We expect that any committee that is appointed will include individuals that are representative of the debtor's overall pool of talc personal injury claimants and represented by law firms with the most talc-related claims.

In light of that, the debtor does not believe that listing individual talc claimants with the largest unsecured claims against the debtor would facilitate the U.S. trustee's evaluation of potential members of a creditor's committee. Instead, because committees in mass tort cases such as these typically consist of individual plaintiffs represented by law firms, the debtor believes that providing the U.S. Trustee with a top talc counsel list would better assist the United States Trustee in evaluating such a committee. I will also note, as we mentioned in the motion, the top 15 law firms representing talc claimants cover more than 90 percent of the cases pending against the debtor currently.

Your Honor, the debtor also seeks authority to provide notice to counsel for those talc claimants represented by counsel in the course of this case. To be clear, to the extent that any claimant is not represented by counsel, although the debtor is not aware of any such claimant, those claimants will be served directly.

Your Honor, we believe that the relief is crafted to more effectively provide notice of filings and developments to talc claimants, given that the debtor may have outdated, if

any, service information for any one claimant, and individual claimants may not fully appreciate the relief requested in any individual motion that they receive.

In addition, Your Honor, the debtor seeks authority to redact home addresses and email addresses for individuals listed on the debtor's creditor matrix. This relief we believe is necessary to mitigate the risk of identity theft and to avoid jeopardizing the safety of individuals who, unbeknownst to the debtor, are survivors of domestic violence or stalking by publishing their home addresses without any advance notice or opportunity to opt out or take protective measures.

Finally, Your Honor, the debtor seeks Court approval of the form and manner of case commencement notice as appended to the motion at Docket Number 13. Your Honor, as with the other motions, we shared this with our proposed DIP lenders who did provide comments to this motion, as well as with Ms. Champion. Ms. Champion did not raise any specific issues prior to this hearing, but I will turn to her now and see if there's anything else that she wanted to raise before the Court.

THE COURT: Thank you.

Ms. Champion.

MS. CHAMPION: Your Honor, nothing really substantive. Just wondering if are there only 15 law firms involved, not 20? Is that the reasoning for that?

MR. BUCHTA: Ms. Champion, once you get beyond the top 15, you're talking firms that represent fewer than 10 or so claimants in an individual basis. And so in our mind, it was just the quantum of cases had dropped pretty precipitously by the time you hit number 15. And that's kind of why we do the cutoff point, especially because, as I mentioned, we have more than 90 percent of our claimants that are covered just by doing the top 15, and then there's kind of a smattering of firms that comprise the last 10 percent.

MS. CHAMPION: I just want to make sure that we cast as wide a net as we possibly can in getting creditor participation.

MR. BUCHTA: And, Your Honor, we're happy to increase the list to the top 20 --

MS. CHAMPION: So I can defer to the Court.

MR. BUCHTA: -- if Your Honor would prefer that as well.

THE COURT: I think that makes --

MR. BUCHTA: Sure.

THE COURT: -- sense for that.

Is there anyone else who wishes to weigh in on the motion to authorize the debtor to file the list of the top law firms approving the notice of commencement of the case and redacting personally identifiable information?

(No audible response)

THE COURT: Hearing none.

So pursuant to Federal Rule of Bankruptcy Procedure 2002(m), the Court may designate the matters about which the entity to whom and the form and manner in which a notice must be sent. In this case, the debtor has represented it's subject to thousands of pending claims asserted by the talc claimants and seeks authority to file the list as modified on the record here for the top 20 law firms representing the talc claimants based on the volume of those claims and related factors.

In addition, the debtor has indicated, while they're not aware of any, that they will notify any unrepresented claimants directly by mail. So with that, the debtors seek to redact the home addresses and email addresses of any individual creditors to prevent identity theft, domestic violence situations, et cetera.

Pursuant to 11 U.S.C. Section 107, the Bankruptcy Court for cause may protect an individual with respect to the following types of information identified as personally identifiable information, and F.R.B.P. 9037 provides for protective orders directing redaction or limitation in certain circumstances.

This Court has previously entered such orders, for example, in the Roman Catholic Diocese of Syracuse, New York. Here, the Court grants the motion at Docket 13 as modified on the record. However, the Court has specific revisions to the

notice of commencement that has been proposed as the clerk's office does want to issue its own traditional 341 notice along with the notice to be sent out in its official form that will go out.

It will also remove the non-dischargeability complaint section as that is in the clerk's notice. So, long story short, the Court needs its own Word version in order to make those changes. And we would also be changing the address at the tail end to the Syracuse Clerk if that motion is granted and substituting the debtor's counsel's information as opposed to the clerk's office information in that notice because as it sits right now, it looks like it's an official notice coming out from the Bankruptcy Court clerk's office. That is not something that the clerk would entertain. It's a notice that's been provided and blessed by the Court but is coming from debtor's counsel.

In addition, the Court has its own language that it's going to be adding warning anyone who is filing a claim to avoid any personally identifiable information or filing a motion to seal specific requests in the event that anyone files. In many instances, it would be a pro se talc claimant, and they put things on the record that they don't want on the record, and then we have to deal with that behind the scenes to make sure that that's properly restricted to not provide any PII or medical information or other things that they don't want

on the record.

So that is a long-winded granting of the motion with the Court's revisions on the record. And, again, if the order, as well as the debtor's proposed notice can be sent to chambers in Word form once you have revised with whatever comments that you've heard from the lender and the U.S. Trustee, then the Court will revise that and actually probably redline that so you can see the revisions and allow that to be used along with the traditional notice of commencement of Chapter 11 case.

MR. BUCHTA: Thank you, Your Honor. We'll work with chambers to get that finished.

THE COURT: Thank you.

MR. BUCHTA: With that, Your Honor, that's the last motion that I have before the Court. At this time, I'd like to turn it over to my colleague Mr. Ijaz.

MR. IJAZ: Thank you, Your Honor. Once again, Ibrahim Ijaz, proposed counsel to the debtor and debtor-in-possession, with Jones Day.

I'd like to take you a little higher up on the docket to Docket Number 6, which is our claims and noticing agent retention application.

Your Honor, the debtor seeks to appoint Kurtzman Carson Consultants LLC d/b/a Verita Global as the claims and noticing agent in this case pursuant to 28 U.S.C. Section 156(c) and Section 105(a) of the Bankruptcy Code, as well as

Local Bankruptcy Rule 3002-1(a), and this would be effective as of the petition date.

We solicited proposals from various claims agents and believe Verita is well qualified to serve as the claims and noticing agent here. Verita's professionals have significant experience in noticing, claims administration, solicitation, balloting, and facilitating other administrative aspects of Chapter 11 cases, and have acted as claims and noticing agents in many large bankruptcy cases nationwide. The debtor anticipates there will be more than 2500 creditors or other interested entities to be noticed in this case, so utilization of Verita will relieve the Court and the debtor of a significant administrative burden.

We respectfully request that the undisputed fees and expenses incurred by Verita be treated as administrative expenses pursuant to 28 U.S.C. Section 156(c) and 11 U.S.C. Section 503(b)(1)(A), and be paid in the ordinary course of business without further application to or order of the Court.

We shared the application with the U.S. Trustee's Office, as well as the proposed DIP lender, counsel to the proposed DIP lender, and did not receive any comments, but, again, I'd like to turn the podium over in case there were any questions or comments.

THE COURT: Thank you.

Ms. Champion?

MS. CHAMPION: Thank you, Your Honor. I have no additional comments or questions. We discussed this motion prior to the hearing and the debtor clarified a couple things for me, and I have no objection based on that.

THE COURT: Thank you.

Is there anyone else who wishes to be heard on the claims agent motion?

(No audible response)

THE COURT: Hearing none. As indicated on the record, Section 156(c) of Title 28 of the U.S. Code, which governs the staffing and expenses of the Court, authorizes the Court to use facilities other than those of the Office of the Clerk of the Bankruptcy Court in the administration of the bankruptcy cases. Local Bankruptcy Rule 3002-1(a) provides, upon motion, the Court may permit a third party to perform the docketing and processing of claims at the estate's expense.

Section 105(a) of the Bankruptcy Code further provides that the Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. In light of that, the Court grants the motion as requested.

The Court does have one change, and I'm not quite sure what paragraph it actually is, but it references the claims agent's obligation to file a certificate of service within seven days, and the Court would like to add at the tail

end of that sentence, "in accordance with any confidentiality protocols established by the Court." So, we want to make it clear that any of the redacting of addresses or other personally identifiable information is also clarified on the certificates of service that will be filed.

MR. IJAZ: It's very important, Your Honor. Thank you. We'll make that change and get that submitted.

Thank you. With that, I'd like to turn the podium over to my colleague Mr. Reynolds.

MR. REYNOLDS: Good afternoon, Your Honor. For the record, Dan Reynolds, Jones Day, proposed counsel to the debtor.

I'm going to take you through the last two motions that remain to be heard first, understanding that we're going to take a break and come back to hear some of the others. I imagine that the second motion, the DIP, will be one of the ones that we come back and discuss after a break, but before that I'm going to be starting with the employee motion, which can be found at Docket Number 14. Pursuant to that motion, the debtor is seeking authorization, but not direction, to pay the prepetition compensation, prepetition benefits, prepetition business expenses, and other obligations arising out of the debtor's relationship with its employees.

Briefly, as of the petition date, the debtor has approximately 127 employees who consist roughly of 38 salaried

employees and 89 hourly employees. While the debtor's employees work in six different states, more than a quarter of the debtor's employees work in this district. Finally, approximately 50 of the debtor's employees are covered by two separate collective bargaining agreements related to our operations at our Bath County, South Carolina facility, and our operations and facilities located in the Townships of Fowler and Diana here in New York.

The debtor's hourly employees are generally paid on a weekly basis, while the debtor's salaried employees are generally paid on a biweekly basis. This Friday's upcoming payroll via our payroll processor ADP will include both hourly and salaried employees.

The obligations that the debtors are seeking to pay on an interim and final basis are summarized on page 5 of the motion. As Your Honor will see, the categories of claims we are seeking authority to pay on an interim basis are generally routine categories of expenses for this type of motion such as wages, payroll taxes, payroll processor fees, paid time off, and health and welfare benefits.

I am of course happy to answer any questions regarding the claims that we are seeking interim authority to pay.

THE COURT: The interim authority, the Court understood that the sales incentive plan was not being paid on

an interim basis, is that correct?

MR. REYNOLDS: That's absolutely correct, Your Honor.

THE COURT: Okay, that was the only question that the Court had for that.

MR. REYNOLDS: What I will -- I do want to give the Court the opportunity, while there are no accrued or outstanding obligations due and owing under our non-insider severance program, we are requesting authority pursuant to the interim order to continue that program post-petition.

Now, because there are only non-insiders in that program and it is an ordinary course program, the only thing that the order need say because there are no prepetition obligations being paid is that we won't pay any insiders. And the interim order does provide that, if there is a severance event, no insiders will receive severance pay.

THE COURT: Thank you.

MR. REYNOLDS: And as we just discussed, on a final basis, however, we are seeking authority to pay certain relatively de minimis prepetition claims related to our non-insider incentive and retention plans, and continue those plans post-petition. If at this time you would like me to walk through those programs, I'm happy to now, or we can save those for the final hearing where we will seek authority to pay those prepetition claims and continue those programs post-petition.

THE COURT: Why don't we save that for the final, but

the Court also understands that for the employee wages nothing exceeds the 507 cap of the 17,150 for now. The sales program is a different structure that there are a couple of requests being made for, five of those was my understanding that was going to exceed that cap, is that correct?

MR. REYNOLDS: That's exactly correct, Your Honor.

THE COURT: Well, on an interim basis that is not being approved, so I'm sure that will be a discussion with the U.S. Trustee or committee for another day.

Why don't we hear from the U.S. Trustee if you -- have you concluded your presentation?

MR. REYNOLDS: Yes, Your Honor.

THE COURT: Thank you.

Ms. Champion?

MS. CHAMPION: Your Honor, I have nothing further to add. We'll be looking for that as well and you know we'll be weighing in on the final hearing basis, hopefully we know the input from the committee, but at this stage the interim provisions as stated on the record we have no objection to.

THE COURT: Thank you.

Is there anyone else who has any objection or any comment on the wage motion?

(No audible response)

THE COURT: As previously indicated, Section 363(b)(1) provides that the trustee, in this case the debtor-

in-possession, after notice and a hearing may use, sell, or lease other than in the ordinary course of business property of the estate. In addition, Section 105 authorizes the Bankruptcy Court to issue any order, process, or judgment that's necessary or appropriate to carry out the provisions of the Code.

The debtor seeks an order authorizing, but not directing, payment of the prepetition compensation, prepetition benefits, and prepetition business expenses for the approximate 127 employees.

Courts have routinely allowed first day wage orders that allow payment of employees' prepetition wages, along with others. Courts have allowed the orders and, in doing so, have usually found that the distribution will enable a successful reorganization, and make even the disfavored creditors better off. And that is the Jevic Holding case.

Based on the record before it, the limitation on the amounts paid within the caps of 507, and not paying anything out on the sales incentive plan, as discussed, the Court will authorize the interim amount, which is $212,500, I believe.

And does it make sense to adjourn this out to correspond with the February 25th? I don't know if you have weekly payroll or --

MR. REYNOLDS: So, when we -- we have both weekly and biweekly payroll. And so when we scheduled the interim and final amounts, we wanted to make sure that we had in the

interim amount all that we needed to continue things in the ordinary course through the next payroll period, and the same for the final amount, pegging that more likely than not in our prepetition guess, on the 21st day.

So, what I would say is that we would need the entire interim amount regardless of when in the next 21 days Your Honor would want to come back on this. And then on a final amount, we would like to have this hearing on a final basis within 21 days on that March 4th hearing. If that was going to be pushed further, we would provide a supplemental interim order with precise numbers to get us to whenever the final hearing would be.

THE COURT: Understood. Ms. Champion, did you -- the Court is inclined just to roll all of these together to the 25th, recognizing that the money may shift a little bit and also recognizing the goals for final hearings to give these employees comfort, as well as just streamlining the bankruptcy process, do you have any objection or thoughts on adjourning this to the February 25th date?

MS. CHAMPION: That makes sense to me, Your Honor, as well. Thank you.

THE COURT: Okay.

MR. REYNOLDS: Just so I'm absolutely clear --

THE COURT: Yes.

MR. REYNOLDS: -- because I want to -- on employees,

we do not miss -- on the interim order that would be granted today, we would have the full interim amount sought in our draft interim order, then we'd come back on the 25th, but in the next -- within this payroll period we would have the full authority sought in the interim order?

THE COURT: That would be my understanding based on what you've represented. We would do a further interim hearing on the 25th, schedule a final from there. Again, we've got some questions that the U.S. Trustee would like addressed. We certainly don't want there to be any interruption in payroll that doesn't do a reorganizing debtor and liquidating debtor any good for anyone. So, certainly -- as long as that interim amount, that 212,500 gets you through next Wednesday and your payroll --

MR. REYNOLDS: It absolutely does, Your Honor.

THE COURT: Okay. So, that should be sufficient, and we will look to you then for that revised order, Counselor.

MR. REYNOLDS: Thank you very much, Your Honor.

With that, I'll take you to our last motion to be heard before the break, which is our DIP financing motion, which can be found at Docket Number 17.

And, as Ms. Lennox said in her beginning presentation, this case depends on three legs to a stool for us to get to a value-maximizing transaction for the benefit of all of our stakeholders, most importantly our creditors. And the

first leg of the stool, which is the stool -- which is the motion in front of you today on an interim basis, is the DIP. And to be frank, Your Honor, this highly negotiated DIP provides very attractive terms to the debtor.

As discussed in Mr. Mendelsohn's declaration, the DIP was negotiated at the same time as the stalking horse bids and, as a result, our final bidders submitted DIP proposals that were nearly on substantially the same terms, but were much more favorable in terms of interest rates and fees than we had received from any other bidder looking to provide a stand-alone DIP.

If we turn to slides 18 and 19 in the presentation that Ms. Lennox had, you will see the material terms on the DIP. And because of the substantial number of people still on the phone, if Your Honor would like, I'm happy to just walk through these terms --

THE COURT: Yes.

MR. REYNOLDS: -- for the record for those who cannot see the presentation, just so we're all on the same page.

So, our debtor, Vanderbilt Minerals, LLC, is the borrower under this agreement, and Commodore Materials Funding, LLC, an affiliate of our stalking horse bidder and an affiliate of Right Lane, will be the agent and lender.

The total quantum of the proposed DIP financing is $15 million, at a 7.5 percent interest rate, with a default

interest rate of two percent. That interest will be PIKed interest, so we will not be making cash payments of interest during the case.

There's a commitment fee of $75,000, fully earned on the closing date of the interim, which is 0.5 percent of the overall quantum of the DIP, and that is payable at sale closing if the successful bidder -- if Right Lane's affiliates are not a successful bidder; otherwise, if they are, it will be a credit bid towards the purchase price. There's also an exit fee of one percent.

The DIP will mature through various milestones, but the ultimate maturity of the DIP financing will be four months from yesterday's petition date.

There is a professional fee carveout provided in this, and I want to talk a little bit about the professional fee carveout and how we are going to -- oh, excuse me, the default interest is PIK, but the normal cash -- the normal interest is cash interest. I apologize. And the non-default will be paid in cash at seven percent during the case.

So, I had said that all interest was PIK and I was wrong. If we go to the default portion of the interest, if there is a default, it will be in PIK, but the normal interest of seven percent will be in cash. My apologies for the misspeaking.

So, back to the professional fee carveout. Exhibit A

to the DIP motion is our approved budget, and in the approved budget there is a line item for restructuring obligations and there includes our budget for some, but not all, of the anticipated professional fees in this Chapter 11 case.

What do I mean by some, but not all? As we've been talking about throughout today, we all anticipate that a committee will be involved in this case, and we did not presume the negotiation that is bound to occur between the committee, the debtor, and the DIP lender regarding the appropriate budget for the committee's fees. So, once a committee is appointed, that negotiation will occur with the estate fiduciaries, of course, making sure that that budget is appropriate, but then, once that budget is resolved, an amended approved budget will be signed off by the parties as contemplated in both the interim and proposed final DIP orders.

So, I just wanted to highlight that while that line item does not have committee fees in it now, it's not because we're saying no committee fees, what we're saying is we understand that a committee is coming and there will be a negotiation.

THE COURT: Thank you.

MR. REYNOLDS: On top of that, Your Honor, we are seeking authority under the interim order to draw $6.5 million of the DIP, and then the remainder of the DIP will become available at the entry of the final order of $8.5 million,

assuming that the other preconditions to lending for that delayed draw have been met.

Now, we've talked about those milestones a little bit today, but those milestones include the entry of the settlement order, they include the entry of the final DIP order as the two most prominent ones.

So, with that, Your Honor, I just want to also point out that this is a very clean DIP. And what do I mean by a clean DIP? Because the debtor did not have a prepetition lender, we do not have an institutional secured creditor who needs to be primed, is trying to roll up some of their prepetition debt into post-petition loan, or even receive adequate protection. In fact, via our investigation so far, there are no liens on the debtor's assets that we are aware of.

There are two aspects of the DIP that I want to highlight, I just highlighted the first one, which was the restructuring fees line item in the approved budget. The second item that I want to highlight, which does not come into play in the interim order, but I just want to highlight it as it goes towards how the DIP, the settlement order, and the sale process are interconnected pieces.

So, in the DIP, in Section 10.23, there is what is described as a call right. What is the call right? The debtor's charted course to the successful completion of this Chapter 11 case relies on the final DIP order, but the sale

process and the settlement order, as Ms. Lennox explained earlier today, the potential bidders that we discussed who prepetition were only interested in acquiring not only the debtor's assets, but the non-debtor assets that are needed to create the most popular product, VEEGUM, and those assets are coming through the settlement. And so our DIP lenders, in order to provide the final draw on the DIP, demanded recourse to the assets that would come in via the settlement. So, we can't draw the final 8.5 until the settlement is entered because then we have a right to those assets.

Now, the other interesting concept of all of this is, once the settlement order is approved and the settlement is closed, at this time it's not contemplated that we will bring those settlement assets immediately into the estate. Why not? Because it's an unnecessary expense to the estate for us to negotiate separate agreements, transition services agreements, and other type of standard agreements with RTVH to bring those assets into the estate and then to operate those assets in the estate during the time between the entry of the settlement order and the ultimate close of the sale. So, instead we will have the right under the proposed settlement order to call those assets after the close of the settlement order into the estate, and we currently are contemplating doing it in the moment of time before the close of the sale.

So, the settlement order will be entered, we will get

the sale process lined up, we'll bring the settlement assets into the estate, we'll sell all of the assets, including the settlement assets. But to get the final draw on the DIP the secured -- our proposed DIP lender required recourse towards our ability to call those assets in. And that's what 10.23 is, if after the entry of the final order there is an uncured default under the DIP that allows the DIP lender to exercise remedies, one of the remedies that they will have is the ability to draw those assets into the estate under this approved settlement agreement, so that they can become DIP collateral and they can exercise their remedies against the entire package.

So that call right doesn't really come into play until the final DIP order is entered, we have the option via the entry of the settlement order to call those assets into the estate, but it just goes back to show that this case does rest on these three interlocked components and the way to maximize the overall value of the estate is to make sure that this package of assets was made available to potential bidders.

So, with that, Your Honor, based on the testimony provided in the Mendelsohn and Vomero declarations, we believe that the debtor's entry into the DIP documents is a sound exercise of its business judgment and in the best interests of the estate. The debtor respectfully submits that the three-part test commonly articulated to determine when a debtor may

obtain financing under Section 364(c) of the Bankruptcy Code has been met. As described in the Mendelsohn declaration, unsecured credit was not available to this debtor. The financing provided by the DIP loan is the best available financing that will allow the debtor to continue to operate in the ordinary course of business while pursuing and closing the transactions necessary to maximize the value of the debtor's estate for all creditors.

Finally, as I described, this transaction is fair, reasonable, and adequate given the circumstances.

So, with that, Your Honor, I anticipate that you will have a number of questions for me, I anticipate that a number of people on the phone, including the Office of the U.S. Trustee and others, may have questions or comments, and I understand that after those questions and comments we're probably going to take a break and think about things. So, what I would ask Your Honor is, what is the most helpful way for the Court to move forward? Would you like to hear from others first or would you like to ask questions of me first?

THE COURT: Let me ask you a question, and then we'll hear from the others. The language that was in this motion said that there was -- that the assets were unencumbered, that were not encumbered by any secured funded debt, and that you represented that there were judgment searches, lien searches. So, none of these jury verdicts have been reduced to judgments

or executions against any of these assets that they actually are encumbered, just not by your traditional secured lender?

MR. REYNOLDS: We have run a lien search, Your Honor, and the result of that investigation is that there are no liens on these assets that we are aware of. Of course, if liens become apparent, we will work with those lien party to make sure that they receive the protections that they are due under the Bankruptcy Code, but as of right now we are aware of no lien holders.

THE COURT: Thank you.

MR. REYNOLDS: Okay. So, just to be absolutely clear, there are capital leases that are owned by -- are in the name of a non-debtor that we utilize and under the intercompany service agreements we pay a fee towards the non-debtor. So, we are utilizing equipment leases that are subject to liens, but the party who is under that obligation is a non-debtor and we are simply paying a fee for it.

So, there are liened assets in our production, but we aren't the primary obligor and so -- and so it's a little precise, but on our assets there are no liens.

THE COURT: And that -- presumably, if there's a capital lease and another non-debtor, you're not pledging that as part of your DIP collateral?

MR. REYNOLDS: We are pledging our ability to use it --

THE COURT: Use it, right.

MR. REYNOLDS: -- but not our -- the actual --

THE COURT: Asset.

MR. REYNOLDS: -- equipment. Correct, Your Honor.

THE COURT: Thank you.

Why don't we open it up to Ms. Champion and see if there's anyone else who'd like to weigh in on the 364 DIP financing motion.

MS. CHAMPION: Thank you, Your Honor, Erin Champion for the United States Trustee. Your Honor, this is a little unusual circumstance in the fact that when we have a Chapter 11 case like this, you know, we usually have a liened secured lender coming in and, you know, post-petition financing, but here the debtor is walking into this case with no prepetition secured lender and very little trade debt, and it just kind of maybe begs the question of what does the debtor really need to continue operating. It's a little bit, you know, which came first, chicken or the egg kind of thing. Well, we need this to get the sale done and we need the settlement agreement to be approved to get the final DIP financing, but in the meantime then we've locked up all the assets.

So, I say that just -- to just -- these are observations, these are concerns that my office has that I don't know if we really have a good handle on what the asset base is. This is so critical for a committee to be involved in

this question. So, I don't really -- I don't want to hold up whatever financing the debtor needs immediately, but I do have to raise these concerns to the Court that it's -- you know, we're not exactly comfortable with how all of these key pieces are so integral and we don't have those other pieces approved or before the Court yet.

So, those are my comments, Your Honor.

THE COURT: Thank you. Is there anyone else who wishes to be heard on the DIP motion?

I believe we have someone in the court who would like to --

MR. BELLUCK: Yes, Your --

THE COURT: Oh, if you hold on one minute --

MR. BELLUCK: Yes, Your Honor, of course.

THE COURT: Okay. We have one more in the courtroom and then we'll turn to you, sir.

MR. LAZEROWITZ: Yes, good afternoon again, Your Honor, Evan Lazerowitz, Robinson & Cole, on behalf of the Kazan, McClain law firm, and thank you again for the privilege of appearing before you *pro hac vice*.

Your Honor, the DIP has several objectionable provisions. Obviously, we reserve all of our rights to object to the DIP on a final basis. And given that we're here on an interim basis, I want to focus on one particularly problematic element of the DIP and those are the milestones, and

specifically the 21-day milestone for approval of the insider 9019 settlement.

The Court's approval of the milestones, even on an interim basis, may effectively lock these cases onto a preordained trajectory designed to lock in the debtor's settlement with its insiders, affiliates, and parent, in an attempt to immunize it from any meaningful review by a committee. And worse, you know, as was described a minute ago, the DIP effectively incorporates approval of the 9019 settlement as a material precondition, it requires the Court to approve it or the DIP goes into default.

And so at bottom, Your Honor, the assets available to compensate the creditors of the estate, many of whom are individuals injured by and suffering and dying from injuries sustained from exposure to the asbestos-containing talc of this debtor, include two presently known sources. This is barely day one, so the schedules have not been filed, but the two presently known sources appear to us to be the asset sale and insider recoveries, as is common in many cases, and both need to be carefully scrutinized. Authorizing the debtor to release its insiders from all known or unknown claims in what is frankly a rushed manner without any creditor input would really turn the Chapter 11 process on its head.

And so I know this has been reiterated by other claimants and by the United States Trustee, it's absolutely

critical that a committee, once appointed, have a meaningful opportunity to weigh in on the milestones and, equally importantly, sufficient time to actually conduct a thorough investigation to determine whether actionable claims exist -- and the fact that there's been a settlement reached by the independent managers suggest that there are claims -- and assess and potentially respond to the 9019 motion. But it's simply, patently infeasible, just as a logistical matter, for the committee to do so in the less than 21-day period under the milestones, and in fact that's even less time because the committee, as we heard, won't be appointed for several weeks.

The debtor notes in its 9019 motion that counsel to the independent committee reviewed hundreds of documents, interviewed key employees, in an investigation that commenced in September of 2025, almost five months before filing. And so the debtor doesn't really provide any meaningful explanation why the releases need to be proved immediately, months before the sale is set to close, which it's predicated upon, before a committee will be fully constituted, and in fact even before schedules may be filed.

And so we reserve all of our rights with respect to the DIP and the other first day motions. We respectfully request that if the Court approves the DIP on an interim basis it make clear that nothing in the order approves the milestones or prejudices the right of a committee to object to the

milestones or any other provision of the DIP.

Thank you. Unless Your Honor has any questions, that concludes my remarks.

THE COURT: No, thank you.

MR. LAZEROWITZ: Thank you, Your Honor.

THE COURT: Thank you.

Counselor on video, I believe that you had some comments as well?

MR. BELLUCK: Yes, thank you, Your Honor, Joe Belluck again from Belluck Law.

I wanted to echo the comments of the Trustee and also the counsel that just spoke. I want to point out that, you know, no committee has been formed, we have not chosen counsel and consultants, and want to reserve all our rights to scrutinize this transaction, especially if in any way it's tied to settlements or releases, it is extremely concerning.

And, again, I don't want to belabor this, but just to highlight the continued discussion about affiliates and non-party debtor -- non-debtor parties raises extreme red flags to us about the entanglement of all the entities involved here.

THE COURT: Thank you.

Is there anyone else on video who wishes to be heard?

(No audible response)

THE COURT: Anyone else in the courtroom?

(No audible response)

THE COURT: I believe you wanted to address that.

MR. REYNOLDS: Yes, there were a number of comments, Your Honor, and what I would say to start is that our fundamental job is to maximize the value of this estate. And so the -- I think one of the commentators said that the two major sources of recovery, which is common in the case, the intercompany settlement and the sale, and that is correct. And our job is through the sale to maximize the recovery the estate receives for substantially all of its assets and then to make sure that as much of that value is available to the debtor's stakeholders.

And while every day we are in Chapter 11 the price for our assets does not necessarily go up, it will hopefully through a marketing process, but just staying in Chapter 11 for longer will more likely than not diminish the value of our assets. On top of that, there will be, as previewed, there are significant costs to existing in bankruptcy. And so we need to maximize the value of the sale in order to benefit all stakeholders and through our marketing process -- and we'll talk about this more at the bid procedures hearing, what was made absolutely clear by non-debtor interested third parties in our assets is that the only way to maximize the value of our assets is to make sure that we get those assets we need from the non-debtors and include them as part of the sale.

And so the milestones in the DIP are certainly

designed with one thing in mind, which is to get us to a sale process that has all the assets in that sale process that we need to maximize value. And so the marketing -- I would say that the milestones that we have and we've designed, we've worked very hard to make sure that they were achievable, and I think they were achievable for two clear reasons. Reason number one is we ran a very long, very expedited prepetition marketing process where these assets have already been subject to scrutiny by multiple bidders who have been participating in the process who are ready to go. We are hoping to get higher and better bids, but we had a very robust process before the auction.

And then on the settlement side -- and this is getting ahead of ourselves for whenever the settlement hearing is -- an independent board member with independent counsel whose job was to determine the right settlement between the parties conducted this investigation; it wasn't the company, it wasn't Jones Day, it was an independent member of our board of members and who was represented by independent counsel. And of course people are going to want to examine that, but that was -- we're not starting from zero on that.

And so, respectfully, we have designed these milestones so we end up with the largest pie at the end of the day, and that is what really is in everyone's best interest and that is what we're trying to accomplish.

THE COURT: Understood, Mr. Reynolds. The problem is this is not just a traditional sale transaction where the parties would be comfortable, where you've had a data room and you've had the marketing and you've tested it, and obviously there's a universe of buyers for these type of assets that would be separate and distinct from a traditional 363. You've got huge releases, you've got a huge deal, recognizing the equipment is coming back in the estate to maximize the value through a sale process, but part of this whole process is transparency and notice and opportunity.

So, while we have the debtor here asking for additional time for the schedules to be filed, we don't have a committee, we don't have a 341 notice. By the time -- counsel's comments were duly noted and also a concern of the Court that by the time anybody gets up to speed with any of these transactions it's going to be a done deal. All of the protections that this buyer and DIP lender is going to want is already going to be so ordered by the Court and that whole process is going to be for naught, there's no undoing that or unraveling that once those things get approved, and recognizing the goal is to maximize the value for the talc claimants here.

So, the Court needs to balance those, those competing issues with schedules, with deadlines. I know the lender, Commodore, is in the courtroom as well with lead counsel, I don't know if there's a representative, but the Court

recognizes DIP financing at some limited basis is going to be necessary in order to fund these various expenses that the Court has approved, at least through next week. The Court would ask that you regroup with your team and see what exactly needs to be approved between now and next Wednesday on an interim basis for -- I didn't mark up the budget on a weekly basis -- to get the debtor where they need to be with rights reserved as indicated for -- to give the DIP lender sufficient comfort that they are getting some protections and liens, while giving the opportunities to the parties, the U.S. Trustee and a committee, to still take a look at some of these and some additional milestones.

What was talked about at the outset of the case and was proposed in light of the current status of where we are right now with hearings, they're just too tight, they're just too tight. We need a committee involved. The good news is it sounds like, with the independent investigation, all of that can be perhaps shared with the committee counsel and the committee's financial adviser, whoever gets appointed, and really expedite that process to make them comfortable, but there is millions of dollars here and transactions, and it sounds like that investigation has been going on for at least six months and now we are going to fast track it without the transparency and the opportunity for the constituents, who are the talc claimants realistically, to have any type of

meaningful participation and support this process that we're going through.

So, with that said, do you have questions for the Court before we take a brief adjournment?

MR. REYNOLDS: So, I just want to make sure that we have our adjournment homework correct, and then I do want to give prior to our adjournment counsel to our DIP lenders, if they want to, the opportunity to say anything they need. But it appears that our homework on the DIP is to find the appropriate interim draw until the next hearing on Friday the 22nd, and then agree to -- oh --

THE COURT: Wednesday the 22nd --

MR. REYNOLDS: Wednesday the 22nd, excuse me.

THE COURT: -- the 25th -- Wednesday, February 25th, yes.

MR. REYNOLDS: I got the Wednesday right and the day wrong. Okay. So, Friday the 25th?

COUNSEL: Wednesday.

THE COURT: Wednesday the 25th.

MR. REYNOLDS: Wednesday the 25th. All right. Okay, so Wednesday the 25th.

And so we will do that, and then we will also discuss with our DIP lender the protections that they need to provide us that -- the funding within that week. We will also discuss with our team on the critical vendor motion the appropriate

amount of critical vendor payments within that week as well --

THE COURT: Yes.

MR. REYNOLDS: -- and that will certainly influence the amount of the draw that we need, and we will -- all the other relief that we have included will go into account in that one-week draw as well.

I don't believe that there are any other financial number questions on any of Mr. Buchta's numbers, besides -- motions besides the critical vendor motion.

THE COURT: I don't believe there were numbers, and then it was just kind of the extended dates that the Court threw out.

One thing that the Court did want to note that I didn't on the other interim motions, the Court would establish the day before, February 24th at noon for objections, recognizing those are on an interim basis while all the parties come to the table here. So, I wanted to make sure I mark that off the Court's task list, so when the revised order are submitted then that could be the date. Hopefully, it gives everyone some time to digest.

So, then the --

MR. REYNOLDS: And for any -- excuse me.

THE COURT: I'm sorry. So then the other, the other homework, so to speak, was the dates that the Court will throw out again that I had on one of the motions here, if you just

give me one moment, recognizing things are going quickly here. I believe we had -- so we have Wednesday, February 25th -- and, again, the Court was just going to put everything at 2 o'clock just to be consistent, so people weren't -- Wednesday, March 4th at 2 o'clock; Wednesday, March 18th at 2 o'clock. I do have a Tuesday, April 7th in Utica and, again, we would have to stick with 2 o'clock.

Let me just pull up the rest of my calendar here. Then we have April 15th at 2 o'clock, and then we go to May 15th at 2 o'clock.

And, again, we can certainly, if the parties agree upon different dates, the Court will certainly make itself available, recognizing that these are critical matters that need to be heard timely and recognizing most of these things are usually front-end-loaded with hearing dates and things like that. So, if there's other dates, if you could just provide the Court with one or two options in order to fit to a schedule that satisfies the various constituents, the Court will do everything that it can to accommodate, whether that's here or in Syracuse.

And then the Court will go regroup with what else I need to so order and we'll allow -- it is 2 o'clock right now, Mr. Reynolds --

MR. REYNOLDS: Your Honor --

THE COURT: Certainly, Counsel --

MR. REYNOLDS: -- counsel for the DIP lender would like to speak, I believe he has a question.

THE COURT: Certainly.

MR. AGAY: Good morning, Your Honor, David Agay from McDonald Hopkins on behalf of the Commodore entities, and also representing Right Lane Capital, which is above those entities. I'm here with Mr. Jeffrey Dove from the Barclay Damon firm. I don't believe that my *pro hac* is on file yet, so I'm asking the Court's indulgence to let me speak and ask some questions.

THE COURT: Certainly.

MR. AGAY: Thank you, Your Honor. I do have a question, Your Honor, you had mentioned your interest in understanding the interim needs of the debtor through next Wednesday, which is February --

THE COURT: 25th.

MR. AGAY: -- 25th, yes, at 2:00 p.m. Are you suggesting that you would have another interim DIP hearing on that February 25th or a final?

THE COURT: Yes, another interim.

MR. AGAY: Okay. And --

THE COURT: And then presumably we would schedule a final from that point.

MR. AGAY: Okay. Understood, Your Honor. And then I didn't -- and if I missed this, I apologize, I didn't hear what the U.S. Trustee's process would be between now and then with

the 341 meeting and the committee being appointed, I didn't know how that timing lined up. So that's my question.

THE COURT: Well, certainly. And, Mr. Agay, you've identified the issue, we don't send out the 341 meeting, it's the Court's understanding, until the schedules are filed. In this instance, we will have the largest -- 20-largest talc in lieu of that. So, presumably then the Trustee can facilitate trying to get a committee together, but I think that the balance of the schedules wouldn't be due until March 26th.

So -- but I will certainly turn over to Ms. Champion to weigh in on the question.

MS. CHAMPION: Well, I was just looking at some possible dates, Your Honor, and I was thinking -- I think the debtor had asked for the 26th to be the deadline to file schedules. If we even just bumped that back by a week to the 19th, then we can have a 341 meeting the following week. I would have to check our schedule, but kind of just that's -- would be the general idea. And that 341 notice, Your Honor, would go out right away at the Clerk's Office, I believe.

And then as far as when we can get a committee together, I can't really answer that question. We do have email addresses for counsel, so we're going to try to get them out right away, rather than sometimes we end up having to mail solicitations. So, we'll just -- all I can say is that we'll do it as fast as we can. We have to have an organizational

meeting. I mean, there is a lot of logistical things involved in it.

MR. AGAY: Yeah, Your Honor, what I'm hearing is really pushing the entirety of this process back by at least three or four weeks, based on what the U.S. Trustee just said, and I'll have to talk to my client, but in all candor that's not what my client signed up for.

And I understand, I totally respect the Court's concerns and the process, this is not my first time to the rodeo in a significant Chapter 11 case, but still, before a few months ago, we were a stranger to this company and this process. The debtor came to us through its advisers seeking financing and asking us if we wanted to buy the company, and they were the ones who said to us, oh, you need these other assets to sort of complete the package as part -- so, as we were leading up to this case, we negotiated a transaction based on the debtor's projections of what their financing needs were for essentially the first 50, 60 days of the case, and that is what we're here with. And now, if we're being asked to push back the process by another three or four weeks, essentially we're being asked to fund more money out of the DIP.

And so, by definition, the financing need is going to go up and I just -- obviously, I haven't talked to my client -- I can't say that they're up for that, in all candor. We're not looking to bully anybody, we're not looking to jam anybody as

part of this process. I would point out, Your Honor, that not only are we here as DIP financiers, we're here to buy the company and, through that transaction, we are going to provide enormous value to the estate and a recovery for the talc creditors in this case, who are going to take the lion's share, if not all of those assets after admin claims are paid as part of this process.

Your Honor and talc counsel pointed out the issue about the releases, that doesn't involve us, right? We're just looking for the assets and now we're being asked to get tangled in the gears of that fight between the company and the talc creditors, and that just puts us in a very difficult position and I'm not sure anybody is out there in the market that is willing to be put in that position on a very uncertain timeline.

So, I know that there's going to be a recess and we're going to have all these conversations out in the hall, and I'm going to have to talk to my client about all this, but I just want to be up front with the Court that these are our concerns.

THE COURT: Thank you, Mr. Agay.

MR. AGAY: Thank you.

THE COURT: And the Court certainly --

MS. CHAMPION: And, Your Honor --

THE COURT: Oh, go ahead, Ms. Champion.

MS. CHAMPION: You know, that's the deadline that the debtor asked, you know. I mean, my office is required to hold a 341 meeting, we can't do that without schedules. So, you know, the date that we notice the 341 date will depend on how quickly they can get that together. I mean, I'm willing to do whatever I can do, but I need to have the information.

THE COURT: Thank you.

And, Mr. Agay, the Court recognizes Commodore is a, what's been represented, unrelated third party purchaser that -- again, if we had just the stalking horse bid and the auction process along with a DIP loan, it would be a vastly different situation. When we have the third leg of these settlements, understanding that you are not driving that process, but that that's what gives you the whole operating entities that your client needs, the Court is well aware of the realities of that and that we can't separate the third leg from the other two.

So, the Court is cognizant of that and I guess would have asked that the debtor had originally proposed to you before all of these documentations perhaps a little extra time, recognizing that perhaps the Northern District might be a little bit longer than perhaps some of the other fellow districts in the State of New York.

With that said --

MR. AGAY: That's not disparaging the Northern District, Your Honor, at all.

(Laughter)

THE COURT: Oh, I'm not disparaging it at all, nor am I disparaging my other colleagues throughout the state. So, it's just these -- we have a large constituency who are very well invested obviously in the outcome personally, financially of this case for the injuries that they have allegedly suffered, and we just need to balance all of that.

So, to the extent if there is some additional discussions, I think it's part of an overall discussion of when can we get the schedules filed and get the 341, Ms. Champion, how quickly you think you can get a committee formed, and if there's any wiggle room in any of those deadlines and what that looks like, you've pointed out the obvious, does that create a hole where we have to go where there's additional ask above 15 million. That's a different -- totally different discussion that we recognize we don't want to scare your client away, I just feel like there's some discussions behind the scenes that might make everyone a little bit more comfortable with what's being asked.

MR. AGAY: Your Honor, to the extent that we were to continue it to -- and I'm not negotiating with Your Honor, I just want to understand --

THE COURT: Understood --

MR. AGAY: -- where your head is at --

THE COURT: -- yes.

MR. AGAY: -- to the extent we were to continue it to another interim hearing next Wednesday, the 25th, are you -- is Your Honor saying that we would do that with the current time line without prejudice to anybody to object to it at that second interim hearing?

THE COURT: That's what I envisioned because that was the deal that was presented to me. Again, I'm negotiating with all the parties up here with my robe on, which is not -- I don't consider that to be my rule, but I am certainly sharing many of the concerns with objections that have been raised here today. So, I would envision perhaps that the debtor takes a look at their budget and says what exactly do we need from the DIP funding through next Wednesday, and do more of what I consider a bare-bones order, keeping those milestones in place for now subject to objection, and then hopefully people can get comfortable with a little bit more information to make this process proceed.

MR. AGAY: Thank you, Your Honor.

THE COURT: Does that answer your question, Mr. Agay?

MR. AGAY: Those answer my questions. Thank you, Your Honor.

THE COURT: Thank you.

I see a lot of other questions on the -- please, come on up before we break.

MR. REYNOLDS: Oh, I was just making myself

available. If there's other people in the courtroom --

MS. BUSCH: I just --

MR. REYNOLDS: -- who need to get up and speak --

MS. BUSCH: -- I'd like to ask a question. Lisa Busch from Simmons Hanly Conroy.

THE COURT: Certainly, Ms. Busch. I forgot you had your hand up. I apologize.

MS. BUSCH: That's okay. A lot going on here today. I just would request that the debtor file the presentation that they provided to the Court today so that it's on the docket and those of us that are not in the courtroom can see it. That's all.

THE COURT: Is that acceptable?

MR. REYNOLDS: Of course, Your Honor.

MS. BUSCH: Thank you.

MR. BARNOWSKI: Your Honor, Dan Barnowski, Katten, for Ben Pickering, the independent manager of the company. To the extent it will help, as Mr. Agay said earlier, I'll quote him, this is not Katten's first rodeo. We've done a lot of independent manager representations and investigations in the past, and you are correct, there is a four-and-a-half-month investigation involving interviews and documents. And to the extent it will help expedite the back end of the process, we will pledge to you we will meet with whoever is on the committee and share with them as much as we can share with

them, protecting privilege where necessary, to try to bring them up to speed as fast as possible so that they can get comfortable with our investigation.

THE COURT: Thank you, sir. That's very helpful, I appreciate that very much.

Mr. Reynolds, did you have any further questions before we figure out a time for an adjournment?

MR. REYNOLDS: No, Your Honor, I think that is appropriate at this time, and we of course are going to make ourselves available at Your Honor's schedule. I don't know what your Court calendar is like for the rest of the day.

THE COURT: You are it for the rest of the day, tomorrow is a different story, but we will -- how much time, Mr. Reynolds, Mr. Sullivan, do you think that you need to probably hop on a call with the U.S. Trustee and perhaps figure out just the conclusion of today's hearing, and what we need to adjourn and what we need for a DIP number?

MR. REYNOLDS: It's 2:11 right now, what I would suggest is that by 3 o'clock we should at least have an update for Your Honor if we're ready to go forward. So, why don't we guarantee to give you an update by 3:00 and everybody, if that update is positive, plan on coming back at 3:15?

THE COURT: That makes sense.

Mr. Sullivan, did you have anything further?

MR. SULLIVAN: No, Your Honor, that makes sense.

THE COURT: Thank you.

Is there anyone on the video who has anything further, for now, before we adjourn?

(No audible response)

THE COURT: So, court will adjourn until 3 o'clock -- or you'll report back at 3 o'clock and then we will -- the Court will take the bench back at 3:15, was that your expectation, sir?

MR. REYNOLDS: Yes, Your Honor.

THE COURT: Okay. And hopefully we can make some rulings on the outstanding matters that have not been ruled upon, and we will hear back in about an hour.

Thank you.

(Recess at 2:12 p.m./Reconvened at 3:16 p.m.)

MR. REYNOLDS: Good afternoon again, Your Honor. For the record, Dan Reynolds, Jones Day, proposed counsel for the debtor.

So I'd like to thank the Court, to start, for giving the parties the feedback which allowed us to put ourselves into a small room and work out a proposed deal for Your Honor that has been agreed to tentatively by our DIP lender and the United States Trustee's Office.

So, what I propose to do -- well, first off, I'd also then like to thank the United States Trustee's Office for making themselves available and for their feedback. And I

would like to thank our DIP lender who under this proposed deal, despite being put in a very uncomfortable position, has agreed to work with us for this upcoming week without changing any of the key economic terms of the DIP, and so we'd like to express our thanks to them as well.

And so, with that, I'd like to propose the deal that the parties worked out to Your Honor and read it into the record. I would then like to hand the virtual podium over to the United States Trustee, who's going to discuss some other topics, and then allow counsel to the DIP lender and anyone else to have their opportunity to speak as well.

So, the deal as agreed to by the parties is for a one-week interim draw of $3 million, 325,000 of that would be bookmarked for critical vendors. And you may and parties on the phone may go that's the whole amount of the interim relief that's sought, and that's correct and it's intentional, and there's two reasons why. Reason why one is that we are focused on vendors who could disrupt operations during this week and, going back with our CRO, we thought that this number was the appropriate number on that. And then second, frankly, because we have only a week here of critical vendor time, we expect increased activity during that week, and so we think that the 325,000 is the number that we need to maintain operations during the week.

Second of all, there will be another 833,000

bookmarked for the carveout. How do we reach that number? Under the DIP order there was $2.25 million that was going to be placed in the carveout immediately and we divided it by three. So, whatever the carveout was, it was 2.5 or 2.25, whatever it was we divided by three, one week, it goes into the carveout.

As part of the deal to provide us this week of financing, the DIP lender has agreed to provide a reservation of rights limited to the United States Trustee's Office and the to-be-formed committee to object to the milestones through the hearing next week, where we'll all get back together and decide what's next, but the reservation of rights at this point lasts for those two parties until next week.

In addition, after conversations with the United States Trustee's Office, we're going to work and aim and commit to file our schedules by March 12th, which would be ten days o additional relief under our schedules motion that was first discussed at the first part of the hearing.

So that is most of the framework of the deal and, unless you have any immediate questions for me, and I can come back after the United States Trustee speaks as well, I would hand the virtual podium off to the United States Trustee.

THE COURT: That's fine. Thank you.

Ms. Champion?

MS. CHAMPION: Thank you, Your Honor, yes.

Well, first of all, as for the reservation of rights piece, I mean, it's very generous of the lender, but I think the U.S. Trustee and a committee to be formed should just have a reservation of rights, you know, as it stands because the committee is not even formed yet to be able to object to where their potential recovery is going. So, I appreciate the reservation of rights on that.

As for the -- and as for the committee, Your Honor, I do want to just let the Court know that the U.S. Trustee's Office is making every effort to expedite that process. We have the materials ready to go out today by email. So, we're hoping that we get a quick response from interested parties and we'll try to get that formed as soon as we can.

And then of course the committee will need to retain counsel and that process is a little bit out of the hands of the U.S. Trustee's Office, but we will do whatever we need to facilitate the process to get the committee up and running, and hopefully they can participate in some meaningful way at the next hearing.

As for the schedules and 341 date, March 12th works for a deadline for the schedules to be filed, and my office has -- in the meantime, Your Honor, we've notified the Clerk's Office that we will hold a 341 meeting date on March 19th, a week later, at 10:00 a.m. And that will be -- we don't have capabilities yet to conduct that via Zoom, so at this point in

time it's going to be conducted via telephone and that information will be on the docket.

THE COURT: Thank you.

MS. CHAMPION: I think that's all for my part.

THE COURT: Thank you.

MR. REYNOLDS: With that, it's been indicated to me that the DIP lender does not need to say anything further. And so, with that, I'm happy to take any questions you have or cede the virtual podium to anyone else on the phone who may want to speak.

THE COURT: Is there anyone else in the courtroom who wishes to be heard?

(No audible response)

THE COURT: Is there anyone else on the video who wishes to be heard?

(No audible response)

THE COURT: Hearing none. Was there anything further before I kind of go through our remaining matters that I have not yet ruled on?

MR. REYNOLDS: No, Your Honor, I don't think there is. I think -- and I think this will be part of the case management motion that we'll work out, but one of the important things is if we're coming back in a week to know if we're here or if we're in Syracuse.

THE COURT: Certainly. The Court -- a couple things

-- on the case management, the Court will grant the change to the Syracuse venue. And, in addition to your notice, the Court will issue its own intra-district order, so it's clear on the docket and not in addition to terms. It can be in two places, the Court isn't opposed to that, but it will issue its own intra-district transfer.

And quite frankly, I went back based on Ms. Champion's concern, and it actually looks like it's ten minutes closer to Syracuse than it is to Utica, so -- but certainly it's without prejudice if there's some reason why personal injury claimants want to be in Syracuse, we can always work through that if there's a need for us to be here.

So, the Court will docket its own intra-district venue change order and grant that part. And then I guess the balance for omnibus court dates, why don't we regroup next week on that. And then I've thrown out some dates with you and obviously you can always communicate for process purposes with chambers if there's additional dates that you think you need, if there's an accommodation reason, the Court will do everything within its ability to accommodate additional dates as necessary.

So then we've granted -- so I guess we've granted on a limited basis the case management Docket 4, and we should probably just adjourn that to February 25th to then finalize the dates going forward, does that make sense?

MR. SULLIVAN: Your Honor, I think it does. One thing we did ask as part of that order is that we also schedule or direct a hearing on the settlement motion and the bid procedures. So, we would like to revise the order to include a paragraph that sets those hearings, if we could, please.

THE COURT: Okay. So I guess the question then is, because the DIP milestones haven't officially been --

MR. REYNOLDS: Your Honor, what I would say is that because the milestones will remain in the interim order subject to the objection rights of the to-be-formed committee and the United States Trustee, I think it makes good sense to schedule those hearings knowing that those objection rights exist, and we'll all be back in here in a week and we can talk about the matter further.

THE COURT: So, were those the matters that had to be heard before March 9th --

MR. SULLIVAN: Correct, Your Honor.

THE COURT: -- was that the date?

MR. REYNOLDS: Yes.

MR. SULLIVAN: Yes.

THE COURT: Okay. So why don't we go ahead, understanding that that's the posture that we are at for the Wednesday, March 4th at 2 o'clock.

MR. SULLIVAN: Yes, Your Honor, yes.

THE COURT: I think for clarity purposes for people

who didn't participate that we should do a brief application shortening time to the extent that we don't need the ten pages of intro, you know, we can skip those things and just get right to the meat of what we're doing to make sure people have notice. And then I would suggest that we have a -- again, just for the current purposes, we're on such tight time frames, for objections due at noon the day before. It just gives us some time frames and then we can hopefully go out to a more reasonable schedule of time.

MR. SULLIVAN: So, Your Honor -- and I apologize -- Your Honor, just two things then. So, we will take that piece, we won't include that piece in the case management order, as I had suggested, instead it will arise from the application for the order shortening time?

THE COURT: I think so. I think that that --

MR. SULLIVAN: Yeah, that --

THE COURT: -- makes sense because --

MR. SULLIVAN: -- makes good sense, Your Honor.

THE COURT: -- otherwise we're kind of cutting some corners under the rules.

MR. SULLIVAN: And should we populate the case management order with the dates the Court has provided thus far and include that in that order and submit it or is that --

THE COURT: I think we hold off --

MR. REYNOLDS: I think just the next --

THE COURT: -- on that --

MR. REYNOLDS: -- just the 25th.

THE COURT: Yeah, just the 25th for now, and then we can just do a supplemental order once we've confirmed timelines.

MR. SULLIVAN: Yes, Your Honor.

THE COURT: Okay.

MR. REYNOLDS: And I just want to be absolutely sure for the record, the objection deadline one day before the hearing would be for the bid procedures motion and the settlement motion that are tentatively scheduled for March the 4th.

THE COURT: Correct.

MR. REYNOLDS: So, March the 3rd would be the objection deadline. Would the Court allow us to set a 4:00 p.m. time on that objection deadline?

THE COURT: The problem is, when all those objections come in, the Court doesn't have the manpower to necessarily go through all of those. So that's just as much for our purposes and making sure that we are prepared for the hearing.

MR. REYNOLDS: I totally understand that Wednesday, March the 4th is the objection deadline, what time would you like it on March the 4th? Is it midnight, is it --

THE COURT: No, March the 3rd.

MR. REYNOLDS: Oh, March the 3rd.

THE COURT: March the 4th at 2:00 --

MR. REYNOLDS: Okay, is the --

THE COURT: -- is the hearing, right? That's a Wednesday. Just let me -- I believe that that is where we are.

THE CLERK: Yes, it is, Judge.

THE COURT: Okay.

MR. REYNOLDS: If the hearing is at 2:00, when would you like the objection deadline to be, 24 hours before 2:00 as well?

THE COURT: March 3rd at noon -- I was saying noon.

MR. REYNOLDS: Oh, great.

THE COURT: I was trying to say 2 o'clock for hearings, noon for deadlines, just to be consistent, very similar to the interim orders that the Court previously approved to adjourn to February 25th, so have a noon, February 24th deadline. And that also, quite frankly, gives the parties time to negotiate a resolution. Recognizing on those court dates the U.S. Trustee would be in court for our Chapter 7 and Chapter 11 matters that take up most of that day, so that -- therein lies the other reason for the noon date because I'm in court for most of that time that day.

MR. REYNOLDS: Understand completely. Thank you, Your Honor.

THE COURT: So then we have resolved, as put on the record, the interim critical vendor motion at Docket 12, there

will be an interim order with that for the $325,000, and then that will be adjourned to the February 25th at 2:00 for control purposes.

We have an interim DIP order as agreed upon. The Court probably needs to make a few more findings on that in just a moment. And then the motion to extend the schedules at Docket 5 has been extended to -- on consent of the debtor to March 12th.

Did I get most of those correctly?

MR. REYNOLDS: You got all of them correct, Your Honor.

THE COURT: I could hear the grumblings through the walls of why did we file in the Northern District of New York again?

MR. REYNOLDS: Absolutely not.

THE COURT: Doc 5, the motion to extend schedules, would be granted on a final order, recognizing that the debtor could come back if necessary. So that is granted on a final order.

Was there something else, Mr. Reynolds?

MR. REYNOLDS: I think, if I could just get a moment with my colleagues, other than the interim DIP order that we want to go through for the record, I just want to make sure that all the relief has been granted on the other orders, I believe it has, but just a moment to --

THE COURT: Certainly.

MR. REYNOLDS: -- make sure we're a hundred percent on that.

(Pause)

MR. REYNOLDS: So, Your Honor, I think we're all set on everything but the DIP. We will send revised orders for those that need it that we've discussed today to your chambers, once we get a chance to run back at the office, I would hope to get them over to you late this afternoon or early this evening.

And then, with that, I think that all that remains is the DIP, which as I have it the only substantive changes to the interim order is to reduce the interim draw to three million, to schedule a second interim hearing for a week from now, and to enter into the reservation of rights regarding -- have the reservation of rights regarding the milestones that I read into the record put into the order.

THE COURT: That is the Court's understanding. Ms. Champion, is that your understanding as well?

MS. CHAMPION: Yes, Your Honor. Thank you.

THE COURT: Thank you.

So, before I so order that, I do want to make some findings on the record here.

In order to obtain DIP financing with the 364 liens, the debtor must show that financing on an unsecured basis was not available, which has been demonstrated from the

declarations submitted in support from Eric Mendelsohn, the managing director of Greenhill & Company at Docket 18, similar representations by Dean Vomero, the chief restructuring officer of the debtor, at Docket 19 regarding the circumstances of this financing.

The debtor has a need for post-petition financing, that there's insufficient sources of working capital to pay operating costs, and that the funds are necessary to prevent immediate and irreparable harm; that the debtor has executed and exercised business judgment; that the terms are negotiated in good faith and financial accommodations extended in good faith, and there is a benefit to the estate.

Based on the record before it and the declarations previously referenced, the Court finds that the proposed financing is an exercise of sound and reasonable business judgment; that the financing is in the best interests of the estate and its creditors; that the credit transaction is necessary to preserve the assets of the estate, and is necessary, essential, and appropriate for the continued operation of debtor's businesses; that the terms of the transaction are fair, reasonable, and adequate given the circumstances of the borrower and the proposed lender; and that the financing agreement was negotiated in good faith and at arm's length between the debtor on one hand and the lender, Commodore, on the other hand. That's based on Mid-State

Raceway, 320 B.R. 40.

Based employee that, the Court will approve the interim DIP request as modified today here on the record and will look to you, look to debtor's counsel for that, and we will turn that around as quickly as we can. We will look to you also for the other orders, both in Word form and upload them as well. And to the extent when the Court receives those orders, I will have assumed that you have obtained everyone's necessary input and consent once those are presented to the Court, so we will get those docketed as soon as possible after that.

MR. REYNOLDS: With that, Your Honor, unless anyone else has any business for the Court, thank you very much for your time on such limited notice, and we'll see you next week.

THE COURT: Thank you.

Anyone else have anything? Ms. Champion?

MS. CHAMPION: Nothing further from the U.S. Trustee. Thank you, Your Honor.

THE COURT: Thank you.

Is there anything else by Teams video for anyone else?

(No audible response)

THE COURT: Anyone else in the courtroom?

(No audible response)

THE COURT: Thank you all.

MR. REYNOLDS: Thank you.

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

We, KAREN WATSON and TRACEY WILLIAMS, court approved transcribers, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of our ability.

/s/ Karen Watson

KAREN WATSON

/s/ Tracey Williams

TRACEY WILLIAMS

J&J COURT TRANSCRIBERS, INC. DATE: February 20, 2026